

PUBLIC DISCLOSURE

September 25, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

1st Source Bank
RSSD# 991340

100 North Michigan Street
South Bend, Indiana 46601

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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INSTITUTION'S CRA RATING

1st source Bank's Overall CRA Rating: Outstanding

Performance Test Rating Table

The following table indicates the performance level of 1st Source Bank with respect to the lending, investment, and service test.

1 st Source Bank			
Performance Levels	Performance Tests		
	Lending Test	Investment Test	Service Test
Outstanding	✓		
High Satisfactory		✓	✓
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

** Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating*

Summary of Major Factors that Support the Rating

Lending Test:

- Excellent responsiveness to credit needs in its assessment areas, considering the number and amount of home mortgage and small business loans in its assessment areas;
- A small percentage of its loans are made in the assessment area;
- A good geographic distribution of loans in the assessment areas;
- An adequate distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank;
- An excellent record of serving the credit needs of highly economically disadvantaged areas in its assessment areas, low-income individuals, or businesses with gross annual revenues of \$1 million or less;
- Extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies; and
- The bank is a leader in making community development loans.

Investment Test:

- A significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position;
- Makes significant use of innovative or complex qualified investments; and
- Excellent responsiveness to credit and community development needs.

Service Test:

- The bank's service delivery systems are accessible to geographies and individuals of different income levels in its assessment areas;
- To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals;
- Its services do not vary in a way that inconveniences its assessment areas, particularly low- and moderate-income geographies and low- and moderate-income individuals; and
- Provides a relatively high level of community development services.

1st SOURCE BANK

DESCRIPTION OF THE INSTITUTION

1st Source Bank (1st Source), with assets of \$8.4 billion as of June 30, 2023, is headquartered in South Bend, Indiana. It is organized under a one-bank holding company, 1st Source Corporation, which also has assets of \$8.4 billion, as of June 30, 2023. The holding company also owns one active non-bank subsidiary, 1st Source Master Trust. As of June 30, 2023, the bank had approximately \$6.2 billion in loans and \$7.0 billion in deposits. As shown in the table below, the bank is primarily a commercial lender, with commercial loans representing 81.9 percent of the loan portfolio.

Loan Portfolio Composition As of June 30, 2023		
Loan Product	\$(000s)	% of Portfolio
Commercial	5,090,898	81.9
Residential Real Estate	473,277	7.6
Consumer	296,556	4.8
Other	225,320	3.6
Agriculture	131,613	2.1
Total	6,217,664	100.0
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>		

The bank offers savings accounts and time deposits of various types ranging from shorter-term to longer-term certificates of deposit. Credit products include commercial, residential real estate, agricultural, and consumer loans. The bank offers both mortgages placed in its portfolio and mortgages sold on the secondary market. In addition, the bank participates in a number of federally guaranteed loan programs with the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), U.S. Small Business Administration (SBA), and the U.S. Department of Agriculture (USDA), including its Farm Service Agency (FSA). Moreover, 1st Source's products include innovative and flexible loans, primarily to facilitate homeownership for non-traditional banking customers.

The bank offers a number of alternative retail delivery services, including mobile banking, internet banking, and automated teller machines (ATMs). Under its Side-by-Side Retail Banking, the bank offers a service in which customers and bankers face the same screen to work through transactions together. In addition, the bank employs numerous customer service and bilingual lending staff, including a dedicated Spanish-speaking financial education coordinator.

The bank's website, www.1stsource.com, provides customers with the ability to open a variety of products online: personal loans, home equity lines of credit (HELOCs), home equity loans, home

improvement loans, credit cards, as well as deposit and checking accounts. Further, the bank's online banking and bill pay features include traditional online and mobile banking applications as well as bank-to-bank transfers; Zelle allowing transfers between individuals or businesses; Mobile Wallet payment allowing tap-and-pay functionality with participating merchants; and Card Valet allowing customers to set controls over their debit card use. The bank has contracted with the Club 720 application, an all-in-one platform for down payment assistance, credit building, and wealth-building education. Marketing is done through a variety of sources including television, radio, outdoor digital signs, yard banners, direct mail, and newspapers.

The bank is a large interstate bank with branches located in the 12 assessment areas presented in the table below:

Assessment Area	Partial or Full MSA	Full Counties Included
South Bend-Mishawaka, IN-MI MSA #43780	Full	St. Joseph (Indiana), Cass (Michigan)
Elkhart-Goshen, IN MSA #21140	Full	Elkhart
Fort Wayne, IN MSA #23060	Full	Allen, Whitley
Gary, IN MD #23844	Partial	Porter
Michigan City-Laporte, IN MSA #33140	Full	Laporte
Lafayette-West Lafayette, IN MSA #29200	Partial	Tippecanoe
Eastern Non-MSA Indiana	Non-MSA	Huntington, Wells
Northeastern Non-MSA Indiana	Non-MSA	DeKalb
Western Non-MSA Indiana	Non-MSA	Fulton, Kosciusko, Marshall, Pulaski, Starke
Niles-Benton Harbor, MI MSA #35660	Full	Berrien
Kalamazoo-Portage, MI MSA #28020	Full	Kalamazoo
North Port-Sarasota-Bradenton, FL MSA #35840	Partial	Sarasota

During the evaluation period, the bank did not open any new branches but did close a branch in the South Bend-Mishawaka, IN-MI MSA. ATM changes include a new cash-only ATM in a moderate-income tract in the Michigan City MSA, two closed ATMs (one full-service and one cash-only) in middle-income census tracts in the South Bend-Mishawaka, IN-MI MSA, and one closed cash-only ATM in an upper-income census tract in the Niles-Benton Harbor MSA. The bank has also opened two loan production offices (LPO) – one in its delineated Fort Wayne MSA and one in Indianapolis, which is not delineated in the combined assessment area. The LPO in Fort Wayne is located in a moderate-income census tract and operates by appointment-only. In total, the bank has 78 branches, two LPOs, and 100 ATMs with additional ATM availability provided through the bank's agreements with the Cirrus and Accel networks. Approximately one fifth (21.8 percent), or 17 of the bank's 78 branches are located in a low- or moderate-income census tract.

The following tables show a breakdown of the bank's branches in each assessment area by census tract income designation.

Distribution of Branches by Assessment Area and Census Tract Income Designation										
Assessment Area	Low		Moderate		Middle		Upper		Total	
	#	%	#	%	#	%	#	%	#	%
South Bend-Mishawaka, IN-MI MSA	0	0.0	6	7.7	11	14.1	6	7.7	23	29.5
Elkhart-Goshen, IN MSA	0	0.0	0	0.0	7	9.0	2	2.6	9	11.5
Fort Wayne, IN MSA*	0	0.0	1	1.3	4	5.1	3	3.8	9	11.5
Gary, IN MD	0	0.0	0	0.0	7	9.0	2	2.6	9	11.5
Western Non-MSA Indiana	0	0.0	3	3.8	5	6.4	1	1.3	9	11.5
Michigan City-Laporte, IN MSA	0	0.0	1	1.3	3	3.8	1	1.3	5	6.4
Lafayette-West Lafayette, IN MSA	1	1.3	1	1.3	0	0.0	1	1.3	3	3.8
Eastern Non-MSA Indiana	0	0.0	1	1.3	1	1.3	0	0.0	2	2.6
Northeastern Non-MSA Indiana	0	0.0	1	1.3	0	0.0	0	0.0	1	1.3
Niles-Benton Harbor, MI MSA	0	0.0	2	2.6	1	1.3	2	2.6	5	6.4
Kalamazoo-Portage, MI MSA	0	0.0	0	0.0	1	1.3	1	1.3	2	2.6
North Port-Sarasota-Bradenton, FL MSA	0	0.0	0	0.0	1	1.3	0	0.0	1	1.3
Total	1	1.3	16	20.5	41	52.6	19	24.4	78	100.0
*One branch in Fort Wayne, IN MSA is located in census tracts designated as unknown-income reflected in the total number.										

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

At its previous evaluation conducted on June 7, 2021, the bank was rated **Outstanding** under the CRA.

SCOPE OF THE EXAMINATION

1st Source Bank's CRA performance was evaluated using the Federal Financial Institution Examination Council's (FFIEC) Large Institution CRA Examination Procedures. The CRA performance evaluation assesses the bank's responsiveness and effectiveness in meeting the credit and community development needs in its assessment areas. The bank's performance was evaluated within the context of information about the institution including asset size, financial condition, market presence of other financial institutions, the combined record of aggregate lenders in each assessment area, as well as local economic and demographic characteristics.

Assessment areas chosen for full-scope review evaluations were selected based on the bank's presence in the assessment area, the needs of communities located in the assessment areas, and consideration of the level of review applied during previous performance evaluations. The following presents the full- and limited-scope review assessment areas selected as part of the current evaluation.

Full-Scope Review:

- South Bend-Mishawaka, IN-MI MSA #43780 (South Bend-Mishawaka, IN-MI MSA)
- Elkhart-Goshen, IN MSA #21140 (Elkhart-Goshen, IN MSA)
- Fort Wayne, IN MSA #23060 (Fort Wayne, IN MSA)
- Western Non-MSA Indiana
- Niles-Benton Harbor, MI MSA #35660 (Niles-Benton Harbor, MI MSA)
- North Port-Sarasota-Bradenton, FL MSA #35840 (North Port-Sarasota-Bradenton, FL MSA)

Limited-Scope Review:

- Gary, IN MD #23844 (Gary, IN MD)
- Michigan City-Laporte, IN MSA #33140 (Michigan City-Laporte, IN MSA)
- Lafayette-West Lafayette, IN MSA #29200 (Lafayette-West Lafayette, IN MSA)
- Eastern Non-MSA Indiana
- Northeastern Non-MSA Indiana
- Kalamazoo-Portage, MI MSA #28020 (Kalamazoo-Portage, MI MSA)

The full-scope review assessment areas are the only assessment areas given consideration when assessing the bank's ratings. Assessment areas under limited-scope review were evaluated for consistency with the bank's overall performance. Performance in the South Bend-Mishawaka, IN-MI MSA #43780 received the greatest weight in the analysis as it is the bank's primary market, the bank is the deposit market leader in the MSA, and a plurality (29.5 percent) of all branches are in this MSA. The Fort Wayne, IN MSA #23060 and the Elkhart – Goshen, IN MSA #21140 also received greater weight in the analysis as in aggregate they comprise of 23.0 percent of the branches and are the largest markets for the bank in the state of Indiana; the bank's primary state of operations.

Lending analysis was based on 2021 and 2022 Home Mortgage Disclosure Act (HMDA)- and CRA-reportable loans, specifically mortgage originations and loans to small businesses. CRA-reportable small business loans received greater weight in the analysis as they serve as the bank's primary loan product. Also, the narrative analysis to evaluate the bank's performance focused on the more recent 2022 figures; 2021 figures were used for comparison purposes. Tables for 2022 lending data are included in each of the assessment area discussions, while 2021 lending data tables are included in Appendix A of this evaluation.

Performance within all assessment areas was evaluated using the following performance standards:

- **Level of Lending Activity:** The bank's HMDA-reportable and CRA-reportable loans, originated from January 1, 2021, through December 31, 2022, were reviewed to determine the responsiveness to credit needs in the assessment areas.

- ***Lending in the Assessment Area:*** HMDA-reportable and CRA-reportable loans, originated from January 1, 2021, through December 31, 2022, were analyzed to determine the percentage of loans originated in the bank's combined assessment area.
- ***Geographic Distribution of Lending in the Assessment Area:*** HMDA-reportable and CRA-reportable small business loans, originated from January 1, 2021, through December 31, 2022, were analyzed to determine the extent to which the bank is lending in census tracts of different income levels, particularly those designated as low- or moderate-income.
- ***Lending to Borrowers of Different Incomes and to Businesses of Different Sizes:*** HMDA-reportable and CRA-reportable loans originated from January 1, 2021, through December 31, 2022, were analyzed to determine the distribution among borrowers of different income levels, particularly low- or moderate-income borrowers, and to businesses of different revenue sizes.
- ***Community Development Lending:*** The number, dollar volume, innovativeness and complexity of community development loans originated from June 8, 2021, through September 25, 2023, were reviewed.
- ***Innovative or Flexible Lending Practices:*** The degree to which the bank uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals or geographies and small businesses and farms was assessed.
- ***Investments:*** Qualified investments and grants from June 8, 2021, through September 25, 2023, were reviewed to determine the bank's responsiveness to community development needs. Qualified investments were also evaluated to determine the bank's use of innovative or complex investments.
- ***Services:*** The distribution of the bank's branch offices, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services were reviewed from June 8, 2021, through September 25, 2023.

In addition, 12 community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. Refer to individual assessment area summaries for community representative information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

1st Source Bank's performance relative to the lending test is rated Outstanding. Factors

contributing to the rating include: lending activity reflects excellent responsiveness to assessment area credit needs; a small percentage of loans were originated in the bank's assessment area; loans reflect good geographic distribution throughout the bank's assessment area, including low- and moderate-income geographies; the bank demonstrates an adequate distribution of loans among individuals of different income levels and businesses of different revenue sizes; the bank has excellent responsiveness to credit and community development needs of low-income individuals and very small businesses; the bank is a leader in making community development loans; and the bank makes extensive use of innovative and/or flexible lending practices to address the credit needs of low- or moderate-income individuals or geographies.

Level of Lending Activity

1st Source Bank's lending levels reflect excellent responsiveness to credit needs in its assessment area, considering the number and amount of home mortgage, small business, and small farm loans extended in 2021 and 2022.

During 2021 and 2022, the bank originated 48,129 HMDA- and CRA-reportable loans, of which 9.6 percent were HMDA-reportable, 89.2 were CRA-reportable small business loans, and 1.1 percent were CRA-reportable small farm loans. This indicates the bank continues to be a predominately commercial lender. The following table presents the bank's level of lending activity across the combined assessment area during the review period.

Summary of Lending Activity January 1, 2021 – December 31, 2022				
Loan Type	#	%	\$(000s)	%
Home Improvement	951	2.0	53,941	1.4
Home Purchase	1,197	2.5	314,103	8.2
Multi-Family Housing	8	0.0	47,856	1.3
Refinancing	2,395	5.0	372,775	9.7
Loan Purpose NA	82	0.2	2,259	0.1
Total HMDA Reportable	4,633	9.6	790,934	20.7
Total Small Business Reportable	42,943	89.2	2,956,567	77.3
Total Small Farm Reportable	553	1.1	76,326	2.0
Total Loans	48,129	100.0	3,823,827	100.0
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>				

The 2021 and 2022 CRA Loan Application Register (LAR) represents all of the eligible small business and small farm loans the bank originated. The level of lending activity since the previous evaluation represents a significant increase by both the number of loans and the dollar volume of small business loans, because small business loans were previously being reported as combined originations when originated to the same business. The difference in origination numbers was largely isolated to clients in the bank's national car rental agency and construction equipment portfolios.

To better compare the bank's level of lending activity across the combined assessment area during the review period to the previous review period, the following table excludes the bank's national car rental agency and construction equipment portfolios.

Summary of Lending Activity National Car Rental, Construction Equipment, Renewal Loans Excluded January 1, 2021 – December 31, 2022				
Loan Type	#	%	\$(000s)	%
Home Improvement	951	6.8	53,941	3.1
Home Purchase	1,197	8.6	314,103	17.8
Multi-Family Housing	8	0.1	47,856	2.7
Refinancing	2,395	17.1	372,775	21.1
Loan Purpose NA	82	0.6	2,259	0.1
Total HMDA Reportable	4,633	33.2	790,934	44.8
Total Small Business Reportable	8,923	63.8	927,091	52.5
Total Small Farm Reportable	419	3.0	47,608	2.7
Total Loans	13,975	100.0	1,765,633	100.0
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>				

The bank made 13,975 HMDA- and CRA-reportable loans, excluding the national car rental and construction equipment loans, during the review period totaling \$1.8 billion. Rising interest rates in late 2021 and 2022 caused lending overall to decline since the previous evaluation. At the previous evaluation, which considered lending from calendar year 2019 and 2020, the bank made 14,712 HMDA-reportable and CRA-reportable small business loans during the review period totaling \$2.0 billion. HMDA-reportable loans have declined by 15.2 percent by number (from 5,462 to 4,633) while small business reportable loans have declined by a smaller rate, 3.5 percent (from 9,250 to 8,923). Furthermore, dollar volume originations for small business loans declined by 9.8 percent. All categories of HMDA-reportable loans declined in origination numbers except for home improvement loans, which saw an increase of 46.1 percent by volume. Refinances continue to make up the largest portion of the bank's HMDA-reportable loans at 17.1 percent this evaluation and 22.2 percent at the previous evaluation. Additionally, in 2021, approximately one third of all HMDA loans were refinance loans, due to the low-interest rate environment. Community representatives across assessment areas stated home prices are rising due to inflation, and there are

inventory shortages due to the low rates acquired by many borrowers in the strong refinance market in 2019 and 2020.

Assessment Area Concentration

1st Source Bank made a small percentage of loans in its assessment area. The bank originated 26.5 percent of its loans by number and 43.8 percent by dollar amount inside its assessment area. Small business loan performance was 18.6 percent by number and 31.9 percent by dollar volume, which was significantly below the very high level of HMDA originations at 91.8 percent by number and 83.4 percent by dollar amount. Small farm reportable loans represented a much smaller proportion of total loans, but also had a significantly higher percentage inside the assessment area, at 91.9 percent by number and 92.7 percent by dollar amount.

The following table summarizes the bank's lending inside and outside its assessment areas for HMDA-reportable and CRA-reportable (small business and small farm) loans from January 1, 2021, through December 31, 2022.

Lending In & Out of the Assessment Area January 1, 2021 – December 31, 2022								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	893	93.9	48,226	89.4	58	6.1	5,715	10.6
Home Purchase – Conventional	964	85.5	236,901	77.9	163	14.5	67,104	22.1
Refinancing	2,242	93.6	338,507	90.8	153	6.4	34,268	9.2
Multi-Family Housing	7	87.5	23,219	50.6	1	12.5	23,637	49.8
Home Purchase – FHA	59	92.2	8,342	92.3	5	7.8	694	7.7
Home Purchase – VA	6	100.0	1,062	100.0	0	0.0	0	0.0
Loan Purpose Not Applicable	82	100.0	2,259	100.0	0	0.0	0	0.0
Total HMDA Reportable	4,253	91.8	659,516	83.4	380	8.2	131,418	16.6
Total Small Business Reportable	7,971	18.6	943,788	31.9	34,972	81.4	2,012,779	68.1
Total Small Farm Reportable	508	91.9	70,771	92.7	45	8.1	5,555	7.3
Total Loans	12,732	26.5	1,674,075	43.8	35,397	73.5	2,149,752	56.2
<i>Note: Percentages may not add up to 100.0 due to rounding.</i>								

In prior years, including the years used to analyze lending in and out of the assessment area for the previous CRA performance evaluation, the bank excluded a substantial number of commercial loans, resulting in the under reporting distinct loan renewals made to small businesses as separate originations, as required by Regulation BB – Community Reinvestment. The difference in originations was largely isolated to clients in the bank's national car rental agency and construction equipment portfolios.

To better compare the bank's lending in and out of the assessment area across the combined assessment area during the review period to the previous review period, the following table excludes the bank's national car rental agency and construction equipment portfolio loans.

Lending In & Out of the Assessment Area National Car Rental, Construction Equipment, Renewal Loans Excluded January 1, 2021 – December 31, 2022								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	893	93.9	48,226	89.4	58	6.1	5,715	10.6
Home Purchase – Conventional	964	85.5	236,901	77.9	163	14.5	67,104	22.1
Refinancing	2,242	93.6	338,507	90.8	153	6.4	34,268	9.2
Multi-Family Housing	7	87.5	23,219	50.6	1	12.5	23,637	49.8
Home Purchase – FHA	59	92.2	8,342	92.3	5	7.8	694	7.7
Home Purchase – VA	6	100.0	1,062	100.0	0	0.0	0	0.0
Loan Purpose Not Applicable	82	100.0	2,259	100.0	0	0.0	0	0.0
Total HMDA Reportable	4,253	91.8	659,516	83.4	380	8.2	131,418	16.6
Total Small Business Reportable	5,642	63.2	609,270	65.7	3,281	36.8	317,821	34.3
Total Small Farm Reportable	386	92.1	43,811	92.0	33	7.9	3,797	8.0
Total Loans	10,281	73.6	1,312,597	74.3	3,694	26.4	453,036	25.7
<i>Note: Percentages may not add up to 100.0 due to rounding.</i>								

With the national car rental agency, construction equipment, and renewal portfolios excluded, the bank originated a high percentage of loans in its assessment area. Specifically, the total amount of loans increases to 73.6 percent by number and 74.3 percent by dollar amount inside its assessment area during the review period of 2021 and 2022. The small business loan performance at 63.2 percent by number and 65.7 percent by dollar volume was still below the very high level of HMDA originations at 91.8 percent by number and 83.4 percent by dollar amount. The bank's overall performance is comparable with the previous evaluation where 75.9 percent of total loans by number, and 78.3 percent of total loans by dollar were originated in the assessment area.

Because the concentration rate is influenced so greatly by the inclusion of the national car rental agency and construction equipment loans, this component of the lending test received lesser weight than the other lending test components.

Geographic and Borrower Distribution

The geographic distribution of HMDA-reportable and small business loans reflects good penetration throughout the combined assessment area. The bank had a high percentage of geographic loan dispersion in each of the assessment areas, including loans originated in 99.0

percent of its census tracts in its primary and most weighted market (South Bend-Mishawaka, IN-MI MSA). Due to the low percentage of agricultural loans in the bank's portfolio, small farm loans were not considered in the geographic distribution rating. Please refer to the state and individual assessment area summaries for further detail.

The distribution of borrowers reflects overall adequate penetration among customers of different income levels and businesses of different sizes in the combined assessment area. The bank's performance was equivalent to aggregate lender performance to low- and moderate-income borrowers and small businesses. Due to the low percentage of agricultural loans in the bank's portfolio, small farm loans were not considered in the borrower distribution rating. Please refer to the state and individual assessment area summaries for further detail.

1st Source Bank exhibits an excellent record of serving the credit needs of highly economically disadvantaged geographies in its assessment areas, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

1st Source Bank makes extensive use of innovative and flexible loan products across all branches, with some specialty programs available in only certain assessment areas. However, the bank had a significant drop, 75.0 percent, in innovative and flexible lending since the last evaluation. At the previous evaluation, the bank originated \$161.6 million dollars in innovative and flexible loan products, excluding 2020 Paycheck Protection Program (PPP) loans, while in 2021 and 2022, the bank originated \$41.2 million in the same programs.

The greatest contributing factor of the decline in these lending programs was the overall decrease in SBA loans and their demand. In 2019 and 2020, the bank originated 519 SBA loans totaling \$121.2 million dollars, while in 2021 and 2022, the bank originated 77 SBA loans totaling \$16.3 million dollars. The demand for SBA loans was high during the pandemic and the rate environment precipitated by it. The average SBA loan amount did decrease from approximately \$234,000 to approximately \$212,000, demonstrating a willingness from the bank to make smaller dollar loans.

Though lending was down in most of the innovative and flexible loan programs, the Community Development Mortgage continues to be an area of growth for the bank, with the program originating 15.1 percent more loans by number and 50.2 percent more loans by dollar this evaluation period compared to the previous evaluation. The bank has invested resources into this program, including dedicating a full-time loan officer to it. The loan officer travels throughout the assessment areas to educate borrowers on the program. The bank has also introduced new innovative and flexible lending programs since the last exam such as the Title IX Loan Program (Fort Wayne only) and Minority Business Program.

Lending volumes for each activity are detailed in the following table accompanied by a short description of each program.

Innovative and Flexible Lending Programs 2021 and 2022		
Loan Program	Number of Loans	Dollar Amount
Small Business Administration Programs	77	\$16,314,729
Farm Service Agency/USDA Guaranteed Farm Loans	5	\$1,747,500
Community Development Mortgage	84	\$9,439,841
Community Homebuyers Corporation (South Bend Only)	18	\$1,763,920
Habitat for Humanity Mortgage Purchase Program	81	\$2,237,807
Habitat for Humanity Mortgage Origination Program	15	\$2,432,600
Credit Builder Program	653	\$789,350
Pathfinder Services Auto Loan Program	11	\$96,374
Federal Home Loan Bank of Indianapolis Program	109	\$898,466
Healthcare Financing Program	62	\$460,035
Unsecured Home Improvement Loans	516	\$2,713,266
Loan Reclamation Program	47	\$1,003,549
Title IX Loan Program (Fort Wayne Only)*	4	\$580,416
USDA Mortgage*	2	\$342,423
2022 Hurricane Relief Loan Program (Sarasota Only)*	2	\$200,000
Minority Business Builder Loan Program*	12	\$110,000
4H Loan Program*	13	\$34,871
Total	1,711	\$41,165,147
2021 Paycheck Protection Program (PPP)	3,236	\$261,313,810
Total with PPP	6,632	\$343,574,362
<i>*Denotes a program that is new since the last evaluation or being evaluated for the first time.</i>		

SBA Loans: 1st Source is a preferred lender with SBA, enabling it to process applications for the 7(a), 504, Express and Small Loan Advantage programs. The bank has been a Gold Star SBA lender for the last ten years and has a dedicated SBA department. The bank's participation in this program allows borrowers who may not otherwise qualify for small business credit to obtain such financing through the bank.

FSA/USDA Loans: The bank offers these federally guaranteed loans to farmers and agricultural borrowers who may not otherwise qualify for credit. The bank started offering the USDA Mortgage to rural consumers in 2021.

Community Development Mortgage: This program provides credit opportunity for first time homebuyers that earn less than 80 percent of median family income who may not be able to demonstrate creditworthiness through traditional means, such as credit reports. The bank is not only willing to accept non-traditional proof of creditworthiness, but it also provides down payment assistance through the Federal Home Loan Bank assistance program.

Community Homebuyers Corporation (CHC): The bank closes Community Development Block Grant loans on behalf of CHC. These provide down payment and closing cost assistance to first time homebuyers in the bank's South Bend-Mishawaka, IN-MI assessment area.

Habitat for Humanity (Habitat) Mortgage Purchase Program: 1st Source purchases mortgage loans from Habitat affiliates, providing the funds needed to build additional affordable homes across the bank's assessment areas.

Habitat for Humanity Mortgage Origination Program: The bank originates and services all such loans originated by Habitat for Humanity to support affordable housing needs. Habitat has fewer resources available to dedicate to mortgage servicing.

Credit Builder Program: The bank provides small dollar loans, secured by certificates of deposit, to banking customers wishing to build traditional credit. This program is of particular responsiveness to non-traditional banking customers who need assistance in entering financial markets.

Pathfinder Services Auto Loan Program: In this partnership, the bank works with Indiana nonprofit, Pathfinder Services, to guarantee loans of up to \$10,000 (as of 2023) to purchase used vehicles.

Federal Home Loan Bank (FHLB) of Indianapolis: 1st Source and FHLB partner on programs to facilitate homeownership and home repair in the combined assessment area.

- Affordable Housing Program (AHP): Provides funding for borrowers purchasing, rehabilitating, or constructing affordable rental housing.
- Homeownership Opportunities Program (HOP): Provides down payment and closing cost assistance to low- and moderate-income (LMI) first time homebuyers.
- Neighborhood Impact Program (NIP): Provides grants of up to \$7,500 for LMI homeowners to make repairs and rehabilitate their homes.
- Accessibility Modifications Program (AMP): Provides grants of up to \$15,000 for LMI homeowners, who are also seniors or disabled, for construction of accessibility features to accommodate homeowners' physical challenges.
- Home Boost: Pilot Special Purpose Credit Program opened September 5, 2023, that provides \$15,000 of down payment assistance for first-time minority homebuyers with household income up to 120 percent Area Median Income (AMI).

Elevate Program: Another FHLB of Indianapolis program but focused on providing up to \$20,000 to a small business with revenues under \$1 million; three small businesses received \$57,495 in 2021 and 2022.

Healthcare Financing Program: This product is to individuals facing challenges with medical expenses. Loans cover the costs of copays and other out-of-pocket medical fees.

Unsecured Home Improvement Loans: This flexible loan product carries an interest rate below that of standard unsecured loans and allows for the use of non-traditional credit for underwriting purposes.

Loan Reclamation Program: The bank offers loan restructuring program discussions for all customers whose loan payments are 15 or more days in arrears.

Paycheck Protection Program (PPP): Made available through the existing U.S. Small Business Administration (SBA) 7(a) lending program to provide forgivable loans to help small businesses maintain payrolls during the COVID-19 pandemic.

Title X Loan Program: Revolving loan fund created by the City of Fort Wayne and is designed to mimic the SBA 504 program. This program is available to most for-profit businesses located in Allen County, Indiana.

Hurricane Relief Program: Program developed to assist Sarasota County, Florida homeowners impacted by 2022 Hurricane Ian.

Minority Business Builder Loan Program: A Special Purpose Loan Program developed to provide loans up to \$10,000, with special terms to help with working capital and fixed asset purchases.

4H Loan Program: A cattle purchase program the bank created for 4H minors and their parents.

Community Development Lending

1st Source Bank is a leader in making community development loans. During the evaluation period the bank originated 197 loans totaling \$510.8 million throughout its combined assessment area. When compared to the previous evaluation of 374 loans totaling \$709.1 million, the bank decreased the number of loans by 47.3 percent and the dollar volume by 28.0 percent; however, a difference in review time periods and the availability of the Paycheck Protection Program (PPP) also needs to be considered. The previous evaluation included loans from the 2020 and 2021 rounds of the PPP in response to the COVID-19 pandemic which totaled 90 loans for \$85.3 million. When excluding

the PPP loans from the comparison and comparing loans from the 36-month time period of the previous evaluation period and the 28-month period of the current evaluation, the dollar volume by monthly average increased slightly by 5.3 percent. The ratio of community development loans to the bank's asset size is approximately 6.1 percent. The bank provided a qualified community development loan in every assessment area except the North Port-Sarasota-Bradenton, FL MSA assessment area, where the bank's presence is limited to one branch and the market is highly competitive.

As mentioned above, the bank makes extensive use of innovative and flexible loan products across all branches. Several of these programs address affordable housing needs in the assessment area, which is particularly responsive as community representatives from all full-scope assessment areas noted it as an area of need. Of note, the bank made 84 community development mortgages totaling \$9.4 million and 81 Habitat for Humanity Mortgage Purchase Program loans totaling \$2.2 million.

The majority of the bank's community development loans in this evaluation period went towards revitalization/stabilization projects. The following table presents the bank's community development loans throughout its combined assessment area during the review period.

Community Development Loans June 8, 2021 - September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Full Review Assessment Areas (AA)										
South Bend-Mishawaka, IN-MI MSA	38	10,437	10	14,520	0	0	34	89,037	82	113,993
Elkhart-Goshen, IN MSA	6	2,150	5	3,800	0	0	20	69,660	31	75,610
Fort Wayne, IN MSA	7	12,510	3	800	2	1,000	8	27,506	20	41,816
Western Non-MSA Indiana	1	51	3	213	7	37,655	0	0	11	37,919
Niles-Benton Harbor, MI MSA	0	0	0	0	0	0	2	15,630	2	15,630
North Port-Sarasota Bradenton, FL MSA	0	0	0	0	0	0	0	0	0	0
Limited Review AAs										
Michigan City-Laporte, IN MSA	0	0	1	12,000	0	0	4	40,000	5	52,000
Lafayette-West Lafayette, IN MSA	3	350	0	0	0	0	5	33,084	8	33,434
Eastern Non-MSA Indiana	1	2,000	2	6,500	0	0	1	20,000	4	28,500
Northeastern Non-MSA Indiana	0	0	0	0	0	0	2	4,000	2	4,000
Gary, IN MD	2	554	5	1,350	0	0	1	4,000	8	5,904
Kalamazoo-Portage, MI MSA	2	2,335	5	4,917	0	0	3	22,893	10	30,145
Broader Statewide or Regional	0	0	1	2,500	0	0	13	69,359	14	71,859
Total	60	30,386	35	46,600	9	38,655	93	395,168	197	510,811
<i>Note: Dollar amounts are rounded and not reflective of exact figures.</i>										

INVESTMENT TEST

1st Source Bank's record of performance relative to the Investment Test is High Satisfactory based on a significant level of qualified investments in the assessment area, particularly those that are not routinely provided by private investors, occasionally in a leadership position. These investments demonstrate the significant use of innovative or complex qualified investments and provide excellent responsiveness to the credit and community development needs of the assessment area.

During the evaluation period, the bank originated approximately \$38.0 million in current period investments. The majority of the bank's current period investments were directed towards investing in mortgage-backed securities for affordable home loan financing and community service municipal bonds. Complex and innovative investments include Low-Income Housing Tax Credits (LIHTC) which benefit low-and moderate-income individuals. These investments demonstrate the use of innovative and complex qualified investments and provide excellent

responsiveness to the credit and community development needs of the assessment area, as affordable housing was noted as a need by community representatives from all full-scope assessment areas. In addition to current period investments, the bank maintained \$42.9 million in prior period investments and maintained \$16.2 million in total unfunded investments. Overall, the bank originated and/or maintained a total of \$80.9 million in current and prior period investments across its combined assessment area. The bank had a qualified investment in every individual assessment area.

The following table presents the bank's community development investments throughout its combined assessment area during the review period.

Community Development Investments (Dollars in 000s) June 8, 2021 - September 25, 2023						
Assessment Area	Current and Prior Period			Current Period Totals (\$)	Prior Period Outstanding (\$)	Current Period Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
Full Review AAs						
South Bend-Mishawaka, IN-MI MSA	16,974	2,640	1,506	11,959	9,161	6,556
Elkhart-Goshen, IN MSA	4,181	250	250	2,190	2,490	0
Fort Wayne, IN MSA	10,590	0	500	3,426	7,663	1,930
Western, IN Non-MSA	5,486	0	579	3,211	2,855	1,791
Niles-Benton Harbor, MI MSA	4,040	0	0	2,565	1,475	1,630
North Port-Sarasota- Bradenton, FL MSA	5,289	0	0	3,657	1,633	0
Limited Review AAs						
Eastern IN Non-MSA	1,258	0	0	0	1,258	0
Gary, IN MD	10,545	490	0	4,880	6,155	1,995
Lafayette-West Lafayette, IN MSA	3,885	590	0	1,788	2,687	0
Michigan City-LaPorte, IN MSA	2,574	220	0	813	1,981	0
Northeastern, IN Non- MSA	73	0	0	0	73	0
Kalamazoo-Portage, MI MSA	7,017	0	0	3,172	3,845	1,978
Other						
Broader Statewide or Regional Area (BSRA)	0	0	1,962	291	1,672	291
Total	71,912	4,190	4,797	37,952	42,948	16,171
Total Current Period and Prior Period in Combined AAs and BSRA				80,900		
Note: Dollar amounts are rounded and not reflective of exact figures.						

In addition, 1st Source Bank distributed a total of \$3.4 million in qualified grants and donations in the current evaluation period. The donations were made to organizations which serve a variety of purposes including those focused on affordable housing, community service, economic development, and revitalization/stabilization. When compared to the previous evaluation, in which \$3.8 million of grants and donations were disbursed, total giving decreased by 10.0 percent. However, considering the differences between the 36-month period of the previous evaluation and the 28-month period of this evaluation, the monthly averages were \$104,624 and \$121,086, respectively. This equates to the monthly average increasing by 15.7 percent. The bank provided

591 individual donations, and the largest donation provided during the evaluation period was to an economic development organization for \$125,000. The bank provided a grant or donation in every individual assessment area. Please refer to the individual assessment area sections of the performance evaluation for additional detail on community development investments, grants, and donations.

The following table presents the bank's community development donations throughout its combined assessment area during the review period.

Community Development Donations June 8, 2021 - September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize / Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Full Review AAs										
South Bend-Mishawaka, IN-MI MSA	6	211,000	108	867,750	66	308,723	1	25,000	181	1,412,473
Elkhart-Goshen, IN MSA	18	108,030	38	96,070	29	35,780	0	0	85	239,880
Fort Wayne, IN MSA	5	43,500	24	346,080	18	68,755	0	0	47	458,335
Western Non-MSA Indiana	0	0	50	80,049	30	185,592	2	1,000	82	266,641
Niles-Benton Harbor MI MSA	0	0	5	11,820	9	58,094	0	0	14	69,914
North Port-Sarasota-Bradenton, FL MSA	2	15,000	1	500	2	6,800	0	0	5	22,300
Limited Review AAs										
Michigan City-Laporte, IN MSA	3	68,450	29	217,722	16	15,535	0	0	48	301,707
Lafayette - West Lafayette, IN MSA	1	5,000	23	38,990	4	8,750	0	0	28	52,740
Eastern Non-MSA Indiana	1	10,000	6	8,435	7	8,160	0	0	14	26,595
Northeastern Non-MSA Indiana	0	0	3	370	2	1,225	0	0	5	1,595
Gary, IN MD	4	54,000	12	31,375	12	22,918	0	0	28	108,293
Kalamazoo-Portage, MI MSA	2	10,000	9	20,365	5	31,500	0	0	16	61,865
Broader Statewide or Regional Area	2	800	24	44,794	12	322,500	0	0	38	368,094
Total	44	525,780	332	1,764,320	212	1,074,332	3	26,000	591	3,390,432
<i>Note: Dollar amounts are rounded and not reflective of exact figures.</i>										

SERVICE TEST

1st Source Bank's performance relative to the Service Test is rated High Satisfactory based on the following major factors in the assessment areas that contributed to the rating: delivery systems are accessible to the bank's geographies and individuals of different income levels in the combined assessment area; the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and individuals; services do not vary in a way that inconveniences the assessment area, particularly LMI geographies and individuals; and the bank provides a relatively high level of community development services.

Retail Services

The bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Its services (including business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. In total, the bank has 78 branches, two LPOs, and 100 ATMs with additional ATM availability provided through the bank's agreements with the Cirrus and Accel networks. Approximately one fifth, or 21.8 percent (17) of the bank's 78 branches are located in a low- or moderate-income census tract. The bank offers a number of alternative retail delivery services, including mobile banking, and internet banking through the bank's website, www.1stsource.com. The website provides customers with the ability to open a variety of products online: personal loans, home equity lines of credit (HELOCs), home equity loans, home improvement loans, credit cards, as well as deposit and checking accounts. Further, the bank's online banking and bill pay features include traditional online and mobile banking applications as well as bank-to-bank transfers; Zelle allowing transfers between individuals or businesses; Mobile Wallet payment allowing tap-and-pay functionality with participating merchants; and Card Valet allowing customers to set controls over their debit card use.

Community Development Services

1st Source Bank provides a relatively high level of community development services. During the review period, the bank provided 5,905 hours of community development service hours. This is below its performance at the previous evaluation during which time it provided 7,760 community development service hours. When comparing service hours by the 36-month time period of the previous evaluation period and the 28-month period of the current evaluation, the decrease was only 2.2 percent. The bank provided service hours in every assessment area except the Northeastern Non-MSA Indiana assessment area, where the bank's presence is limited to one

branch, and the assessment area includes one rural county (DeKalb) with few opportunities. The bank's services were highly responsive to assessment area needs, with a large portion supporting financial education benefiting low- and moderate-income individuals and geographies, as well as small businesses.

The following table presents the bank's community development service hours throughout its combined assessment area during the review period.

Community Development Services Hours June 8, 2021 - September 25, 2023						
Assessment Area	Affordable Housing	Community Service	Economic Development	Revitalize/Stabilize	Total	% of Total
Full Review AAs						
South Bend-Mishawaka, IN-MI MSA	496	949	640	86	2,170	36.7
Elkhart-Goshen, IN MSA	0	238	232	0	470	8.0
Fort Wayne, IN MSA	36	701	168	0	905	15.3
Western Non-MSA Indiana	34	251	303	3	591	10.0
Niles-Benton Harbor, MI MSA	4	139	144	0	287	4.9
North Port-Sarasota FL MSA	3	0	0	0	3	0.1
Limited Review AAs						
Michigan City-Laporte, IN MSA	57	340	162	0	558	9.4
Lafayette - West Lafayette, IN MSA	0	214	174	0	388	6.6
Eastern Non-MSA Indiana	0	13	84	0	97	1.6
Northeastern Non-MSA Indiana	0	0	0	0	0	0.0
Gary, IN MD	51	138	83	9	280	4.7
Kalamazoo-Portage, MI MSA	12	43	103	0	158	2.7
Total	693	3,026	2,093	98	5,905	100.0
% of Total	11.7	51.2	35.4	1.7	100.0	
<i>Note: Hours figures are rounded and not reflective of exact figures.</i>						

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.

SOUTH BEND-MISHAWAKA, IN-MI MSA – Full Review

CRA RATING FOR South Bend-Mishawaka, IN-MI MSA: OUTSTANDING

The Lending Test is rated: Outstanding

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

1st Source Bank's overall performance in the South Bend-Mishawaka IN-MI MSA #43780 is Outstanding.

The bank's performance relative to the Lending Test is Outstanding. The bank displays a good geographic distribution of loans in its assessment area. The bank demonstrates adequate distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank. The bank exhibits an excellent record of serving the credit needs of highly economically disadvantaged areas in the assessment area, as well as low-income individuals consistent with safe and sound operations. The bank demonstrates an extensive use of innovative and flexible practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies. The bank is a leader in making community development loans.

1st Source Bank's record of performance relative to the Investment Test in the South Bend-Mishawaka, IN-MI MSA is High Satisfactory based on a significant level of qualified community development investments and grants, particularly those that are not routinely provided by private investors, occasionally in a leadership position. These investments demonstrate the extensive use of innovative or complex qualified investments and provide excellent responsiveness to the credit and community development needs of the assessment area.

1st Source Bank's performance relative to the Service Test is High Satisfactory based on the following factors: delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area; services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low and moderate-income individuals; record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and low- and moderate-income individuals; and the bank is a leader in providing community development services.

SCOPE OF THE EXAMINATION

1st Source Bank's operations in the South Bend-Mishawaka, IN-MI MSA received a full-scope review. The scope of examination is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTH BEND-MISHAWAKA, IN-MI MSA #43780

The South Bend-Mishawaka, IN-MI MSA consists of St. Joseph County in Indiana and Cass County in Michigan, in their entireties, which is unchanged from the previous evaluation. The physical delineation of the assessment area has not changed but the census tract designations have. There are a total of 97 census tracts comprised of nine low-, 23 moderate-, 37 middle-, 27 upper-income census tracts, along with one unknown-income census tract. This represents a change from the previous evaluation due to census tract designation changes where the assessment area contained 86 census tracts comprised of 11 low-, 19 moderate-, 37 middle-, and 19 upper-income census tracts. The unknown census tract is Notre Dame University's campus.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	11	9	-2
Moderate	19	23	+4
Middle	37	37	0
Upper	19	27	+8
Unknown	0	1	+1
Total	86	97	+11
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

The South Bend-Mishawaka, IN-MI MSA is 1st Source Bank's primary market. The bank operates its main office, 22 branches, and 36 Automated Teller Machines (ATMs) (25 full-service and 11 cash-only) in this assessment area. There are no branches in low-income census tracts. Approximately 26.1 percent of these branches (6 of 23) and 30.6 percent of ATMS (11 of 36) are in moderate-income census tracts. The main office is now located in a moderate-income census tract wherein the previous evaluation, the main office's census tract designation was low-income. Approximately 47.8 percent of the branches (11 of 23) and 47.2 percent of the ATMs (17 of 36) are in middle-income census tracts. Lastly, 26.1 percent of these branches (6 of 23) and approximately 22.2 percent of these ATMs (8 of 36) are in upper-income census tracts. One branch, located on a college campus, was closed in 2023. Two ATMs (one full-service and one cash-only), both in middle-income census tracts, closed in 2022.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2022, ranked 1st Source first among 16 institutions serving the assessment area. The bank had a majority of deposits in the MSA, with 50.2 percent of the market share. This is substantially higher than the number two and three market shareholders, PNC Bank N.A. and Lake City Bank, which held 8.8 percent and 8.1 percent of the market share, respectively. Deposits in this assessment area represent 45.0 percent of the bank's overall deposit totals.

In 2022, the bank was ranked second in the number of HMDA-reportable originations out of 327 institutions, with 627 originations. The market leader was Notre Dame Credit Union with 921 originations. In 2022, the bank ranked fourth among 93 CRA reporters with 449 originations, while the market leader, American Express, originated 848 loans followed by JP Morgan Chase Bank N.A. with 833 originations.

Information regarding census related and business demographic characteristics of the assessment area is provided in the following table.

2022 South Bend-Mishawaka, IN-MI MSA 43780 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	9	9.3	3,990	5.1	1,282	32.1	15,880	20.3
Moderate	23	23.7	15,898	20.3	3,148	19.8	13,805	17.6
Middle	37	38.1	32,766	41.8	2,945	9.0	16,903	21.6
Upper	27	27.8	25,427	32.4	626	2.5	31,778	40.6
Unknown	1	1.0	285	0.4	151	53.0	0	0.0
Total AA	97	100.0	78,366	100.0	8,152	10.4	78,366	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	8,283	2,882	3.3	34.8	3,971	47.9	1,430	17.3
Moderate	34,349	15,532	17.6	45.2	13,501	39.3	5,316	15.5
Middle	61,636	38,926	44.2	63.2	15,426	25.0	7,284	11.8
Upper	38,450	30,519	34.6	79.4	4,270	11.1	3,661	9.5
Unknown	738	280	0.3	37.9	299	40.5	159	21.5
Total AA	143,456	88,139	100.0	61.4	37,467	26.1	17,850	12.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	561	4.7	485	4.5	71	6.9	5	3.7
Moderate	2,747	23.0	2,456	22.7	266	25.9	25	18.4
Middle	5,035	42.1	4,559	42.2	408	39.7	68	50.0
Upper	3,553	29.7	3,235	30.0	280	27.2	38	27.9
Unknown	66	0.6	63	0.6	3	0.3	0	0.0
Total AA	11,962	100.0	10,798	100.0	1,028	100.0	136	100.0
Percentage of Total Businesses:				90.3		8.6		1.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	0.3	1	0.3	0	0.0	0	0.0
Moderate	25	7.9	24	7.8	1	10.0	0	0.0
Middle	216	68.1	211	69.0	5	50.0	0	0.0
Upper	75	23.7	70	22.9	4	40.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	317	100.0	306	100.0	10	100.0	1	100.0
Percentage of Total Farms:				96.5		3.2		0.3

Source: 2022 FFIEC Census Data

2022 Dun & Bradstreet Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Population Characteristics

The following table presents the population trends for the assessment area, counties which make up the assessment area, the state of Indiana, and the state of Michigan. As indicated by the 2020 U.S. Census Bureau, St. Joseph County, Indiana experienced a 2.1 percent population gain since 2015, while Cass County, Michigan experienced a 0.7 percent decline in the same period. The overall assessment area (South Bend-Mishawaka, IN-MI MSA) experienced a modest gain in population of 1.7 percent. The assessment area's population growth was comparable to the entire state of Michigan, but lower than the state of Indiana. According to a community representative, the metro area's population has been stable for several years, but there has been some intra-county movement in St. Joseph County, away from the principal city of South Bend, Indiana and into small communities such as New Carlisle, North Liberty, and Lake City, Indiana.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	319,198	324,501	1.7
St. Joseph County, Indiana	267,246	272,912	2.1
Cass County, Michigan	51,952	51,589	-0.7
State of Indiana	6,568,645	6,785,528	3.3
State of Michigan	9,900,571	10,077,331	1.8
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

Income Characteristics

Based upon 2022 FFIEC Census Data, the South Bend-Mishawaka, IN-MI MSA had 37.9 percent of its families by family income classified as either low- (20.3 percent) or moderate-income (17.6 percent). The percentage of families residing within the assessment area that live below the poverty line is 10.4 percent, which is above the state of Michigan rate of 9.2 percent and the state of Indiana rate of 8.9 percent.

According to 2016-2020 American Community Survey data, the median family income (MFI) for St. Joseph and Cass Counties were \$70,508 and \$69,948, respectively, with both counties experiencing increases from 2015. The overall assessment area rate of increase of 11.7 percent was driven mostly by the increases seen in Cass County (13.9 percent). Cass County's MFI grew faster than the state of Michigan as a whole (11.0 percent) but remains \$5,552 (in 2020 dollars) or 7.3 percent lower than the state of Michigan as a whole. The assessment area and St. Joseph County, Indiana both grew at a faster rate than the state of Indiana as a whole at 9.7 percent. One community representative noted that income in the area is stable. The majority (81.3 percent) of the 78,366 families residing in the assessment area live in St. Joseph County. It should be further noted that the MFI for low-

income families is defined as 50.0 percent or less of MFI, moderate-income as between 50.0 and 80.0 percent of MFI, middle-income as between 80.0 and 120.0 percent of MFI, and upper-income as greater than 120.0 percent of MFI. Please refer to the Appendix D: Glossary for a definition of the various income definitions used in this evaluation.

The following table compares the median family income (MFI) for the assessment area, the counties that makeup the assessment area, and the states of Indiana and Michigan.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Assessment Area	63,033	70,437	11.7
St. Joseph County, Indiana	63,496	70,508	11.0
Cass County, Michigan	61,409	69,948	13.9
State of Indiana	66,777	73,265	9.7
State of Michigan	68,010	75,470	11.0
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

Housing Characteristics

Based upon 2022 FFIEC Census Data, the assessment area includes 143,456 housing units; the majority are owner-occupied, representing 61.4 percent of the units, followed by 26.1 percent rental units, and 12.4 percent vacant housing units. The median age of housing stock in the assessment area is 59 years, which is older than the average in both the state of Indiana as a whole (46 years) and the state of Michigan as a whole (49 years).

The following table displays the housing cost burden of renters and homeowners in the assessment area, the counties that make up the assessment area, the state of Indiana, and the state of Michigan. 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. Renters across all income levels in the assessment area experience this burden at 40.2 percent. Owners across all income levels in the assessment area experience this burden at a much lower level, at 15.1 percent. Low-income renters are the most cost burdened group in all geographies analyzed, with Cass County, Michigan having the lowest relative rate of cost burdened renters at 66.6 percent. Moderate-income renters in all geographies are relatively less cost burdened than all renters, with Cass County, Michigan again having the lowest relative rate of cost burdened renters at 21.5 percent. Low-income homeowners are the most burdened in the state of Michigan as a whole. The assessment area and the geographies compared are generally comparable in cost-burdened rates.

According to FFIEC HMDA loan and application records, home mortgage trends reflect increases in home mortgage activity in 2021 and 2022 across the assessment area and broader region. These trends suggest a continued increase in demand for home purchases, driving up home values and indicating that housing cost burden will remain elevated. According to the 2020 U.S. Census, the assessment area had a median housing value of \$138,216 and median gross rent of \$817.

A community representative stated that all types of affordable housing are a major need, but there have been government incentives that have increased supply. The community representative also stated residents are supportive of this government intervention, while they have seen opposition to these types of programs in other more rural counties. One initiative to get more single-family homes built that St. Joseph County has worked on is to bring national home builders to the area to bring costs down, as previously the area only had local and smaller regional builders.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	70.4	30.0	40.2	57.1	22.5	15.1
St. Joseph County, Indiana	70.9	31.1	40.7	57.3	20.7	14.7
Cass County, Michigan	66.6	21.5	35.9	56.0	29.5	17.1
State of Indiana	73.3	26.8	41.0	57.2	22.9	15.1
State of Michigan	74.2	31.3	43.2	61.7	26.5	18.2
<i>Cost Burden is housing cost that equals 30 percent or more of household income.</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Employment Characteristics

The following table presents unemployment rates between 2018 and 2022 in the assessment area, the counties that make up the assessment area, the state of Michigan, and the state of Indiana. All geographies have experienced declines in unemployment rates since the COVID-19 pandemic levels in 2020. The unemployment rate in St. Joseph County (3.4 percent) is lower than the unemployment rate in Cass County (4.5 percent), and thus the 3.6 percent unemployment rate in the assessment area is driven more by St. Joseph County's much larger population. This trend is also seen at the state level, where the state of Indiana has a lower employment rate, 3.0 percent, than the state of Michigan, 4.2 percent. A community representative stated that the state of Michigan had greater COVID-19 pandemic-related restrictions, which may explain the higher unemployment rate in 2020. The representative also stated other state-level employment

differences include Michigan's large labor union participation and Indiana's business-friendly policies. Another notable difference in the states is the legalization of marijuana for medical and recreational use in Michigan, causing assessment area businesses to rethink drug policies as stricter drug policies have a harder time recruiting employees.

Unemployment Rates (%)					
Area	2018	2019	2020	2021	2022
Assessment Area	3.6	3.7	8.7	4.7	3.6
St. Joseph County, Indiana	3.5	3.6	8.6	4.6	3.4
Cass County, Michigan	4.1	4.3	9.1	5.1	4.5
State of Indiana	3.4	3.3	7.3	3.9	3.0
State of Michigan	4.2	4.1	10.0	5.8	4.2
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

According to the U.S Bureau of Labor Statistics, as of the second quarter of 2022, the largest industries in the assessment area, by number of employees, are healthcare and social services (20,390), manufacturing (15,720), and retail (14,125).

Community Representatives

Two community representatives were contacted, one from an economic development organization and one from an affordable housing organization. Community representatives stated the population of the counties have been stable, although there has been some intra-county movement. Since the COVID-19 pandemic, there has been some movement away from the city and into smaller towns that are doing well, such as Lake City and New Carlisle. Enrollment at the University of Notre Dame is steady, but enrollment at the other secondary institutions is down. Both representatives noted that there is a lack of affordable housing driven by inventory shortage and high construction costs, and that a possible solution would be for a large regional or national builder to come in and start developments. The representatives further added that there is an increasing need for down payment assistance for mortgages to help bridge funding gaps for homeownership. Since the COVID-19 pandemic, the rising interest rates have made homeownership much less affordable. There are some mixed-income housing projects in the City of South Bend. The affordable housing representative stated that mortgage delinquencies were not rising yet, but auto and credit card delinquencies were increasing. The representatives stated small businesses have mostly recovered from the COVID-19 pandemic, especially on the Indiana side of the border.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH BEND-MISHAWAKA, IN-MI MSA #43780

LENDING TEST

1st Source Bank's performance relative to the Lending Test in the South Bend-Mishawaka, IN-MI MSA is rated Outstanding based on the following major factors: the geographic distribution of loans reflects good penetration throughout the assessment area; the distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes; the bank exhibits an excellent record of serving the credit needs of low-income individuals and areas and very small businesses. 1st Source Bank is a leader in making community development loans and the bank makes extensive use of innovative and flexible lending practices in serving assessment area credit needs.

The bank participates in a number of loan programs designed to assist low- and moderate-income borrowers. These include the Community Homebuyers Corporation and Community Development Mortgage loans available to first time home buyers in South Bend which provides eligible participants down payment and closing cost assistance. Portfolio lending on a fixed interest rate loan is available for buyers through the Habitat for Humanity program as well as the use of Federal Home Loan Bank programs, which also provide down payment and closing cost assistance to low- and moderate-income buyers.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar 2021 and prior were analyzed based on the 2011-2015 American Community Survey income designations data¹. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

The bank's lending activities reflect good distribution throughout the assessment area, particularly in low- and moderate-income geographies. In 2022, the bank's rate of home mortgage lending within low-and moderate-income census tracts was deemed good as the bank's performance was comparable to the aggregate lenders and the assessment area demographics, which had changed from 2021 to 2022. Additionally, the bank's performance with respect to small business loans was also good given the bank's performance within low-income census tracts was above aggregate lenders and above the percentage of small businesses but below the aggregate of lenders and the percentage of small business within moderate-income census tracts. The bank's distribution of

¹ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

lending across geographies of different income levels in 2021 within home mortgage and small business loans was mostly consistent with 2022 figures.

For purposes of this analysis, small business loans were used as the primary factor for determining the rating. Additionally, both 2022 and 2021 figures were used to evaluate the bank's performance, though 2022 figures are featured in the narrative and 2021 figures are used to comparison and are detailed in Appendix A. Finally, when determining performance, the comparison to aggregate lender figures was weighted more heavily than the assessment area demographics (percentage of owner-occupied housing units or percentage of small businesses).

A gap analysis was completed as part of the evaluation. In 2022, the bank originated HMDA-reportable loans in 92.8 percent of all census tracts in the assessment area with originations in 55.6 percent of all low-income census tracts and 91.3 percent of all moderate-income census tracts. The bank's performance with respect to small business originations was strong as well, with originations in 89.7 percent of all census tracts in the assessment area, originations in 88.9 percent of low-income census tracts, and originations in 91.3 percent of moderate-income census tracts. Combined, the bank had just one upper-income census tract with no loans and originated loans in 99.0 percent of its census tracts in the assessment area. Based upon this analysis, there were no conspicuous, unexplained lending gaps in the assessment area.

HMDA Reportable Lending

In 2021 and 2022, the bank's rate of HMDA-reportable lending within low- and moderate-income census tracts was good. The bank's 2021 and 2022 HMDA-reportable lending in the assessment area was concentrated in home purchase, refinance, and home improvement loans, which comprised 100.0 percent of the HMDA loans originated. Due to the lack of volume, multi-family loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

Home purchase loans represented 31.6 percent of the bank's HMDA-reportable loans originated in South Bend-Mishawaka, IN-MI MSA assessment area in 2022. The bank made 1.5 percent of its loans in low-income census tracts, which was comparable to the performance of the aggregate of lenders at 2.8 percent and the demographic of owner-occupied units in low-income census tracts at 3.3 percent. The bank made 17.2 percent of its home purchase loans in moderate-income census tracts which was below the performance of the aggregate of lenders at 21.4 percent and comparable to the 17.6 percent demographic of owner-occupied units in moderate-income census tracts. The bank made 42.4 percent of its home purchase loans, by number, in middle-income census tracts. This was comparable to the aggregate of lenders at 42.8 percent and the 44.2 percent demographic of owner-occupied units in middle-income census tracts. Lastly, in 2022 the bank

made 37.4 percent of its home purchase loans in upper-income census tracts. This was above the aggregate of lenders at 32.6 percent, and the demographic of owner-occupied units in upper-income census tracts at 34.6 percent. The bank's performance in 2021 was consistent with 2022 performance.

Refinance Loans

Refinance loans represented 42.4 percent of the bank's HMDA-reportable loans originated in the South Bend-Mishawaka, IN-MI MSA assessment area in 2022. The bank made 1.5 percent of its loans in low-income census tracts, which was comparable to the performance of the aggregate of lenders at 1.9 percent and comparable to the demographic of owner-occupied units in low-income census tracts at 3.3 percent. The bank made 13.2 percent of its refinance loans in moderate-income census tracts which was comparable to the performance of the aggregate of lenders at 13.9 percent and below the 17.6 percent demographic of owner-occupied units in moderate-income census tracts. The bank made 42.5 percent of its refinance loans, by number, in middle-income census tracts. This was comparable to the aggregate of lenders at 44.8 percent and the 44.2 percent demographic of owner-occupied units in middle-income census tracts. Lastly, in 2022 the bank made 42.5 percent of its refinance loans, by number in upper-income census tracts. This was above the aggregate of lenders at 39.2 percent of such loans by number and the demographic of owner-occupied units in upper-income census tracts at 34.6 percent. The bank's performance in 2021 exceeded 2022 performance. In 2021, the bank made 2.3 percent of its loans in low-income census tracts, which was comparable to the performance of the aggregate of lenders at 2.1 percent and slightly below the demographic of owner-occupied units in low-income census tracts at 4.0 percent. The bank made 8.3 percent of its refinance loans in moderate-income census tracts which was slightly above the performance of the aggregate of lenders at 5.6 percent and below the 12.1 percent demographic of owner-occupied units in moderate-income census tracts.

Home Improvement Loans

Home Improvement loans represented 26.0 percent of the bank's HMDA-reportable loans originated in South Bend-Mishawaka, IN-MI MSA assessment area in 2022. The bank made 1.8 percent of its loans in low-income census tracts, which was comparable to the performance of the aggregate of lenders at 1.7 percent and the demographic of owner-occupied units in low-income census tracts at 3.3 percent. The bank made 18.4 percent of its home improvement loans in moderate-income census tracts which was slightly above the performance of the aggregate of lenders at 15.6 percent and comparable to the 17.6 percent demographic of owner-occupied units in moderate-income census tracts. The bank made 35.0 percent of its home improvement loans, by number, in middle-income census tracts. This was below the aggregate of lenders at 41.8 percent and the 44.2 percent demographic of owner-occupied units in middle-income census tracts. Lastly, in 2022 the bank made 44.8 percent of its home improvement loans, by number, in upper-income

census tracts. This was above the aggregate of lenders at 40.9 percent of such loans by number, and the demographic of owner-occupied units in upper-income census tracts at 34.6 percent. The bank's performance in 2021 was consistent with 2022 performance.

The following table summarizes the bank's 2022 HMDA-reportable lending in the assessment area, while 2021 tables are available in Appendix A.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: South Bend-Mishawaka, IN-MI MSA 43780							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	3	1.5	2.8	372	0.7	1.4	3.3
Moderate	34	17.2	21.4	3,890	7.0	13.4	17.6
Middle	84	42.4	42.8	24,413	44.0	42.3	44.2
Upper	74	37.4	32.6	26,517	47.8	42.7	34.6
Unknown	3	1.5	0.5	298	0.5	0.2	0.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	198	100.0	100.0	55,490	100.0	100.0	100.0
Refinance Loans							
Low	4	1.5	1.9	186	0.5	1.1	3.3
Moderate	35	13.2	13.9	2,484	6.7	9.9	17.6
Middle	113	42.5	44.8	17,056	46.0	42.6	44.2
Upper	113	42.5	39.2	17,306	46.7	46.4	34.6
Unknown	1	0.4	0.2	49	0.1	0.1	0.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	266	100.0	100.0	37,081	100.0	100.0	100.0
Home Improvement Loans							
Low	3	1.8	1.7	80	1.1	1.2	3.3
Moderate	30	18.4	15.6	1,100	14.7	12.4	17.6
Middle	57	35.0	41.8	2,425	32.4	40.2	44.2
Upper	73	44.8	40.9	3,870	51.8	46.2	34.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	163	100.0	100.0	7,475	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	3.6	0	0.0	0.6	5.6
Moderate	0	0.0	42.9	0	0.0	44.6	35.9
Middle	0	0.0	46.4	0	0.0	35.0	48.5
Upper	0	0.0	7.1	0	0.0	19.8	9.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	10	1.6	2.4	638	0.6	1.2	3.3
Moderate	99	15.8	17.6	7,474	7.5	14.5	17.6
Middle	254	40.5	43.1	43,894	43.9	41.9	44.2
Upper	260	41.5	36.5	47,693	47.7	42.2	34.6
Unknown	4	0.6	0.3	347	0.3	0.2	0.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	627	100.0	100.0	100,046	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Small Business Loans

The bank's performance with respect to the geographic distribution of small business loans was good. In 2022, the bank made 6.5 percent of its small business loans, by number, in low-income census tracts, which was comparable to both the aggregate of lenders at 4.3 percent and the 4.7 percent of total businesses in this assessment area located in such census tracts. The bank made 15.9 percent of its small business loans, by number, in moderate-income census tracts, which was below the aggregate of lenders at 21.3 percent of such loans in these census tracts and below the 23.0 percent of total businesses located in moderate-income census tracts. In 2022, the bank made 36.8 percent of its small business loans, by number, in middle-income census tracts, which was below both the aggregate of lenders which made 40.8 percent, and the 42.1 percent of total businesses located in such census tracts. Lastly, the bank made 39.7 percent its small business loans, by number, in upper-income census tracts. The bank's performance was above both the aggregate of lenders at 32.5 percent and the 29.7 percent of total businesses that are located in such census tracts. In 2021, the bank's overall lending was a greater volume than 2022. The bank's lending in low- and moderate-income census tracts was comparable compared to aggregate peer and thus is considered good.

The following table presents the geographic distribution of small business loans in the assessment area in 2022; 2021 tables are available in Appendix A.

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: South Bend-Mishawaka, IN-MI MSA 43780							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Low	31	6.5	4.3	4,711	4.3	5.0	4.7
Moderate	76	15.9	21.3	18,374	16.8	21.5	23.0
Middle	176	36.8	40.8	37,039	33.8	39.1	42.1
Upper	190	39.7	32.5	47,597	43.5	33.6	29.7
Unknown	5	1.0	0.5	1,782	1.6	0.6	0.6
Tract-Unk	0	0.0	0.6	0	0.0	0.2	
Total	478	100.0	100.0	109,503	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

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

For the purposes of this review, loans made in calendar year 2021 or prior were analyzed based on 2011-2015 American Community Survey income designations for individuals². Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

The distribution of loans in 2022 reflects, given the product lines offered, adequate penetration among individuals of different income levels including low- and moderate-income individuals and businesses of different sizes (which was weighted more heavily). In 2022, the bank's performance relative to home mortgage loans was good, given the bank's performance amongst low-income borrowers was below the aggregate of lenders and assessment area, but with moderate-income borrowers, the bank's performance was comparable to the aggregate of lenders and above the assessment area demographics.

In 2022, with respect to loans to small businesses, the bank's performance was adequate as the bank's lending to businesses reporting annual revenues of \$1 million or less was below the aggregate of lenders and significantly below the percentage of total businesses operating in the assessment area; however, a substantial majority of loans were made to businesses with revenues of less than \$1 million in loan sizes of less than \$100,000. Lastly, the bank's distribution of lending to borrowers of different income levels in 2021 exceeded the distribution of loans in 2022.

HMDA Reportable Lending

In 2021 and 2022, the bank's performance relative to home mortgage loans was good. Due to the lack of volume, multi-family loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

In 2022, the bank made 13.1 percent of its home purchase loans, by number, to low-income borrowers, which was slightly above the aggregate of lenders which made 10.5 percent of these loans and below the 20.3 percent demographic of low-income families within the assessment area. The bank made 19.7 percent of its home purchase loans, by number, to moderate-income borrowers, which was comparable to both the aggregate of lenders which made 22.0 percent of these loans to moderate-income borrowers and the 17.6 percent demographic of moderate-income families within the assessment area. The bank made 17.2 percent of its home purchase loans, by number, to middle-income borrowers, which was below the aggregate of lenders which made 21.1 percent of these loans and the 21.6 demographic percent of middle-income families within the

² Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

assessment area. Lastly, the bank made 40.9 percent of its home purchase loans, by number, to upper-income borrowers, which was above the aggregate of lenders which made 30.4 percent of these loans and was comparable to the 40.6 percent demographic of upper-income families within the assessment area. Lending performance in 2021 was consistent with 2022 performance.

Refinance Loans

In 2022, the bank made 13.2 percent of its refinance loans, by number, to low-income borrowers, which was below the aggregate of lenders which made 18.9 percent of these loans and below the 20.3 percent demographic of low-income families within the assessment area. The bank made 19.5 percent of its refinance loans, by number, to moderate-income borrowers, which was below the aggregate of lenders which made 22.4 percent of these loans to moderate-income borrowers; however, this was comparable to the 17.6 percent demographic of moderate-income families within the assessment area. The bank made 16.2 percent of its refinance loans, by number, to middle-income borrowers, which was below the aggregate of lenders which made 22.1 percent of these loans and the 21.6 demographic percent of middle-income families within the assessment area. Lastly, the bank made 43.2 percent of its refinance loans, by number, to upper-income borrowers, which was above the aggregate of lenders which made 28.9 percent of these loans and slightly above the 40.6 percent demographic of upper-income families within the assessment area. Lending performance in 2021 was consistent with 2022 performance.

Home Improvement Loans

In 2022, the bank made 12.3 percent of its home improvement loans, by number, to low-income borrowers, which was below the aggregate of lenders which made 21.1 percent of these loans and the 20.3 percent demographic of low-income families within the assessment area. The bank made 17.8 percent of its home improvement loans, by number, to moderate-income borrowers, which was comparable to the aggregate of lenders which made 17.8 percent of these loans to moderate-income borrowers and to the 17.6 percent demographic of moderate-income families within the assessment area. The bank made 22.1 percent of its home improvement loans, by number, to middle-income borrowers, which was comparable the aggregate of lenders which made 21.3 percent of these loans and the 21.6 demographic percent of middle-income families within the assessment area. Lastly, the bank made 41.7 percent of its home improvement loans, by number, to upper-income borrowers, which was above the aggregate of lenders which made 36.8 percent of these loans and was comparable to the 40.6 percent demographic of upper-income families within the assessment area. The bank's lending performance in 2021 exceeded 2022 performance. In 2021, the bank made 9.7 percent of its home improvement loans, by number, to low-income borrowers, which was below the aggregate of lenders which made 27.5 percent of these loans and the 21.5 percent demographic of low-income families within the assessment area. The bank made 25.7 percent of its home improvement loans, by number, to moderate-income borrowers, which was

above the aggregate of lenders which made 17.2 percent of these loans to moderate-income borrowers and above the 17.6 percent demographic of moderate-income families within the assessment area.

The following table presents the borrower distribution of HMDA-reportable loans in the assessment area in 2022; 2021 tables are available in Appendix A.

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: South Bend-Mishawaka, IN-MI MSA 43780							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	\$%	
Home Purchase Loans							
Low	26	13.1	10.5	2,841	5.1	5.4	20.3
Moderate	39	19.7	22.0	5,642	10.2	15.0	17.6
Middle	34	17.2	21.1	6,002	10.8	18.8	21.6
Upper	81	40.9	30.4	38,020	68.5	46.6	40.6
Unknown	18	9.1	15.9	2,985	5.4	14.2	0.0
Total	198	100.0	100.0	55,490	100.0	100.0	100.0
Refinance Loans							
Low	35	13.2	18.9	2,007	5.4	10.5	20.3
Moderate	52	19.5	22.4	3,832	10.3	16.7	17.6
Middle	43	16.2	22.1	5,516	14.9	20.8	21.6
Upper	115	43.2	28.9	22,805	61.5	42.9	40.6
Unknown	21	7.9	7.8	2,921	7.9	9.2	0.0
Total	266	100.0	100.0	37,081	100.0	100.0	100.0
Home Improvement Loans							
Low	20	12.3	21.1	571	7.6	18.0	20.3
Moderate	29	17.8	17.8	1,030	13.8	10.9	17.6
Middle	36	22.1	21.3	1,478	19.8	19.6	21.6
Upper	68	41.7	36.8	4,071	54.5	47.8	40.6
Unknown	10	6.1	3.0	325	4.3	3.7	0.0
Total	163	100.0	100.0	7,475	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	81	12.9	14.6	5,419	5.4	7.6	20.3
Moderate	120	19.1	21.0	10,504	10.5	14.9	17.6
Middle	113	18.0	21.5	12,996	13.0	19.1	21.6
Upper	264	42.1	31.4	64,896	64.9	46.2	40.6
Unknown	49	7.8	11.5	6,231	6.2	12.3	0.0
Total	627	100.0	100.0	100,046	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Small Business Loans

The bank's performance relative to small business loans was adequate. In 2022, the bank made 478 small business loans, of which 30.1 percent of its small business loans, by number, were to businesses reporting annual revenues of \$1 million or less. The bank's performance was well below the aggregate of lenders, which made 52.2 percent of such loans, by number. The bank's performance was also significantly below the percentage of businesses reporting annual revenues of \$1 million or less at 90.3 percent. However, of the small business loans, nearly half, or 48.5 percent were made in amounts of \$100,000 or less, which are considered most beneficial to small businesses. This was significantly below the aggregate at 90.5 percent. However, to businesses with annual revenues of \$1 million or less, 70.8 percent of the loans made were for \$100,000 or less.

The bank's performance in 2021 exceeded 2022 in that the bank made 1,540 loans, of which 37.6 percent were to businesses with annual revenues of \$1 million or less, 72.9 percent were made in amounts of \$100,000 or less, and 90.8 percent of loans made to businesses with annual revenues of \$1 million or less were for \$100,000 or less.

The following table presents the borrower distribution of small business loans in 2022; 2021 tables are available in Appendix A.

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: South Bend-Mishawaka, IN-MI MSA 43780							
	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	144	30.1	52.2	18,365	16.8	29.1	90.3
Over \$1 Million	256	53.6		76,084	69.5		8.6
Revenue Unknown	78	16.3		15,054	13.7		1.1
Total	478	100.0		109,503	100.0		100.0
By Loan Size							
\$100,000 or Less	232	48.5	90.5	12,208	11.1	28.8	
\$100,001 - \$250,000	98	20.5	4.5	17,845	16.3	16.8	
\$250,001 - \$1 Million	148	31.0	5.0	79,450	72.6	54.4	
Total	478	100.0	100.0	109,503	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	102	70.8		4,913	26.8		
\$100,001 - \$250,000	20	13.9		3,432	18.7		
\$250,001 - \$1 Million	22	15.3		10,020	54.6		
Total	144	100.0		18,365	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Lending

1st Source Bank is a leader in making community development loans. During the evaluation period the bank originated 82 loans totaling \$114.0 million in the assessment area. When compared to the previous evaluation of 148 loans totaling \$193.7 million, the bank decreased the number of loans by 44.6 percent and the dollar volume by 41.1 percent. However, it is important to take into consideration that 32 of those loans totaling \$26.4 million were PPP loans, which boosted community development lending. No loans extended in this time period were towards the PPP. The bank increased its lending to affordable housing projects by 68.9 percent by dollar volume and the majority of the bank's community development loans went towards affordable housing projects. As affordable housing was noted as a major need in the community by community representatives, this lending is particularly responsive to the needs of the community. However, the bank did not originate any loans that qualified as economic development. The majority of the bank's dollars went to community services primarily benefiting low- and moderate-income

individuals and/or geographies and revitalization/stabilization projects. As affordable housing was noted as a need by community representatives.

The following table presents the bank's community development loans in the assessment area during the review period.

Community Development Loans June 8, 2021 - September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
South Bend-Mishawaka, IN-MI MSA	38	10,437	10	14,520	0	0	34	89,037	82	113,993

INVESTMENT TEST

1st Source Bank's record of performance relative to the Investment Test in the South Bend-Mishawaka, IN-MI MSA #43780 is rated High Satisfactory based on a significant level of qualified community development investments and grants, particularly those that are not routinely provided by private investors, occasionally in a leadership position. These investments demonstrate the extensive use of innovative or complex qualified investments and provide excellent responsiveness to the credit and community development needs of the assessment area.

During the evaluation period the bank made \$12.0 million in total community development investments that consisted of \$10.5 million for affordable housing purposes and \$0.5 million for community services and \$1.0 million for economic development. Additionally, there was \$9.2 million in outstanding balances on the date of the performance evaluation from investments the bank had made in prior periods. The bank demonstrated extensive use of innovative or complex investment in a project eligible for Low-Income Housing Tax Credits (LIHTC) which provides affordable housing for low- and moderate-income individuals. This is particularly responsive to assessment area credit needs as community representatives identified affordable housing as a major need.

The following table presents the bank's qualified community development investments during the review period:

Community Development Investments (Dollars in 000s) June 8, 2021 - September 25, 2023						
Assessment Area	Current Period Investments			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
South Bend-Mishawaka, IN-MI MSA	10,459	500	1,000	11,959	9,160	6,556

Additionally, 1st Source Bank distributed a total of \$1.4 million in 181 qualified grants and donations in the current evaluation period. The grants and donations were made to organizations which serve a variety of purposes, but the majority of dollars went to community service organizations. When compared to the previous evaluation of 200 qualified donations totaling \$1.6 million, the bank decreased the number of donations by 9.5 percent. When comparing the dollar amount of grants and donations by the 36-month time period of the previous evaluation and the 28-month period of the current evaluation; the increase by monthly average was 12.5 percent. The following table presents the bank's qualified community development donations during the review period.

Community Development Donations June 8, 2021 - September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
South Bend-Mishawaka, IN-MI MSA	6	211,000	108	867,750	66	308,723	1	25,000	181	1,412,473

SERVICE TEST

1st Source Bank's record of performance relative to the Service Test in the South Bend-Mishawaka, MI-IN, MSA #43780 is rated High Satisfactory. The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area; the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals; services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals; and the bank is a leader in providing community development services.

Retail Services

The distribution of the branch offices and ATMs is performed using current data (2022) and any changes in the median family income level of the geographies where the branches are located.

The bank's retail delivery services are accessible to the geographies and individuals of different income levels in the assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- and moderate-income individuals. Services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals.

1st Source Bank maintains its main office and 22 branches in the assessment area, as well as 36 ATMs, 25 of which are full-service and 11 of which are cash-only. During the evaluation period the bank closed one branch, one cash-only, and one-full-service ATM. Six of the branches, or 26.1 percent, are located in a moderate-income census tract.

Bank locations are open Monday through Friday with standard hours from 9:00 a.m. to 5:00 p.m., and open on Saturdays with limited hours, typically until noon. All products and services are consistent among all branches. The bank offers free ATMs through its network, internet and mobile banking, call center (Monday through Saturday), and automated telephone banking service to meet the needs of the bank's assessment area.

Community Development Services

1st Source Bank is a leader in making community development services in the assessment area. Bank employees provided 2,170 hours within this assessment area which is 36.7 percent of the total 5,905 total hours of qualified community development services in all assessment areas. This represents a decrease of 5.7 percent compared to the previous evaluation during which time the bank provided 2,302 hours of community development service hours. However, when comparing service hours by the 36-month time period of the previous evaluation period and the 28-month period of the current evaluation, the bank increased its service hours by 21.3 percent.

The services were performed for a number of organizations primarily those which focused on affordable housing, community service, and economic development. These activities included a large amount of financial literacy, serving on organization boards, and fundraising. The following table presents the bank's qualified community development services during the review period. The services provided to affordable housing organizations are particularly responsive, as community representatives noted a lack of affordable housing in the area.

Community Development Services June 8, 2021 - September 25, 2023						
Assessment Area	Affordable Housing	Community Service	Economic Development	Revitalize /Stabilize	Total Hours	% of Total
	# Hours	# Hours	# Hours	# Hours		
South Bend-Mishawaka, IN-MI MSA	496	949	640	86	2,170	36.7

INDIANA

CRA RATING FOR INDIANA³: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

1st Source Bank's performance relative to the Lending Test in the state of Indiana is rated High Satisfactory based on the following factors as determined by the full-scope assessment areas: the bank demonstrates good geographic distribution, particularly to low- and moderate-income geographies in its assessment area. 1st Source Bank displays an adequate distribution of loans among individuals of different incomes and businesses of different sizes, given the product lines offered by the bank. The bank exhibits a good record of serving the credit needs of low- and moderate-income individuals and small businesses with gross annual revenues of \$1 million or less. The bank makes use of innovative or flexible practices in serving assessment area credit needs. Further, the bank makes a relatively high level of community development loans.

1st Source's performance relative to the Investment Test in the state of Indiana is rated High Satisfactory. The bank provided a significant level of investments, particularly those that are not provided by private investors, occasionally in a leadership position. The bank makes rare use of innovative and/or complex investments to support community initiatives. The bank exhibited good responsiveness to credit and community development needs.

1st Source's performance relative to the Service Test in the state of Indiana is High Satisfactory based on the following factors: delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area; record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals; services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals; and the bank provides a relatively high level of community development services.

SCOPE OF THE EXAMINATION

The following three full-scope assessment areas contributed to the rating for Indiana: Elkhart-Goshen IN MSA #21140, Fort Wayne, IN MSA #23060, and Western, IN Non-MSA with each given equal weight given the institution's branching, lending, and deposit presence in each of the

³ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

assessment areas. Limited-scope assessment areas included Gary, IN MD #23844, Lafayette-West Lafayette, IN MSA #29200, Michigan City-LaPorte, IN MSA #33140; Eastern, IN Non-MSA; and Northeastern, IN Non-MSA. The scope of examination is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN INDIANA

1st Source Bank maintains eight assessment areas in Indiana, five of which are metropolitan areas and three are non-metropolitan areas. The bank maintains a total of 47 branches and 55 ATMs in these assessment areas. Some of the major cities include Elkhart, Goshen, Fort Wayne, Lafayette, New Haven, Bluffton, and Columbia City. In addition, bank clientele has ATM access through the Cirrus and Accel networks. Please refer to the individual Indiana assessment area summary for demographic and economic conditions. The following table presents the branches located in Indiana.

2022 Distribution of Branches Among Census Tracts State of Indiana												
	Low Income		Moderate Income		Middle Income		Upper Income		Unknown Income		Total	
Assessment Area	#	%	#	%	#	%	#	%	#	%	#	%
Fort Wayne, IN MSA	0	0.0	1	2.1	4	8.5	3	6.4	1	2.1	9	19.1
Elkhart-Goshen, IN MSA	0	0.0	0	0.0	7	14.9	2	4.3	0	0.0	9	19.1
Western Indiana Non-MSA	0	0.0	3	6.4	5	10.6	1	2.1	0	0.0	9	19.1
Gary, Indiana MD	0	0.0	0	0.0	7	14.9	2	4.3	0	0.0	9	19.1
Lafayette-West Lafayette, Indiana MSA	1	2.1	1	2.1	0	0.0	1	2.1	0	0.0	3	6.4
Michigan City-LaPorte, Indiana MSA	0	0.0	1	2.1	3	6.4	1	2.1	0	0.0	5	10.6
Eastern Indiana Non-MSA	0	0.0	1	2.1	1	2.1	0	0.0	0	0.0	2	4.3
Northeastern Indiana Non-MSA	0	0.0	1	2.1	0	0.0	0	0.0	0	0.0	1	2.1
Total	1	2.1	8	17.0	27	57.4	10	21.3	1	2.1	47	100.0

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA

LENDING TEST

1st Source Bank's performance relative to the Lending Test in Indiana is rated High Satisfactory based on the following factors as determined by the full-scope assessment areas: the bank demonstrates good geographic distribution, particularly to low- and moderate-income

geographies in its assessment area. 1st Source Bank displays an adequate distribution of loans among individuals of different incomes and businesses of different sizes, given the product lines offered by the bank. 1st Source exhibits a good record of serving the credit needs of low- and moderate-income individuals and small businesses with gross annual revenues of \$1 million or less. The bank makes use of innovative or flexible practices in serving assessment area credit needs. Further, the bank makes a relatively high level of community development loans.

The bank participates in a number of loan programs designed to assist low- and moderate-income borrowers. These include Loan Reclamation, Flexible Consumer and Mortgage, and SBA Loan Programs. Some of the most notable products that are beneficial to the community area include the Credit Builder Loan Program, Unsecured Home Improvement lending, and Community Development Mortgage program that aids first time homebuyers utilizing non-traditional credit sources and can be combined with down payment assistance.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar 2021 and prior were analyzed based on the 2011-2015 American Community Survey income designations data⁴. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

1st Source Bank's lending activities reflect good distribution throughout the state of Indiana, particularly in low- and moderate-income geographies. In the Elkhart-Goshen, IN MSA, the bank's performance with home mortgage and small business loans was excellent overall given the good performance among home mortgage lending and excellent small business lending given that the bank's performance in key metrics was comparable or above peer performance and demographics. In the Fort Wayne, IN MSA, the bank's performance with home mortgage and small business loans was good overall, given the good performance among small business lending and excellent home mortgage lending given performance in low- and moderate-income census tracts was above the aggregate lenders. The bank's performance was excellent particularly in the Western, IN Non-MSA as it originated loans in all census tracts and was comparable to aggregate lenders and assessment area demographics by percentage in low- and moderate-income census in HMDA-reportable lending and exceeded aggregate lenders in low- and moderate-income census tracts in small business lending.

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

For the purposes of this review, loans made in calendar year 2021 or prior were analyzed based on 2011-2015

⁴ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

American Community Survey income designations for individuals⁵. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

1st Source Bank's lending activities reflect adequate distribution, particularly in its assessment areas, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank. In the Elkhart-Goshen, IN MSA, the bank's performance with home mortgage and small business loans was adequate given the performance among low- and moderate-income borrowers and businesses of different sizes was generally comparable to aggregate lenders and assessment area demographics by percentage. In the Fort Wayne, IN MSA, the bank's performance with home mortgage and small business loans was adequate given the performance among low- and moderate-income borrowers and businesses of different sizes. The bank's performance was adequate in the Western, IN Non-MSA, performance in home mortgage lending was excellent, while performance in small business lending was adequate.

Community Development Lending

1st Source Bank makes a relatively high level community development loans in the state of Indiana. Specifically, the bank originated 92 qualified community development loans totaling \$290.7 million. Within the three full-scope review assessment areas, the bank originated 62 qualified community development loans totaling \$155.3 million, which represents 67.4 percent of all community development lending in the state by number and 53.4 percent by dollar. This represents a decrease by number and dollar from the previous evaluation, which had originated 157 loans totaling \$429.9 million. By month, this represents a 41.4 percent decrease by number and 32.4 percent decrease by dollar. The previous evaluation had elevated levels of lending activity due in part to the number of PPP loans during the COVID-19 pandemic. The majority of the bank's community development loans by number and dollar went towards revitalization/stabilization projects. There were three community development loans that were originated within the Broader Statewide or Regional Area (BSRA). In addition to the innovative and flexible lending programs available across all the assessment areas, the bank originated four Title IX Loan Program Loans totaling \$580,416. This is a revolving loan fund created by the City of Fort Wayne and is designed to mimic the SBA 504 program. As this program promotes small businesses growth, it is particularly responsive, as community representatives noted that small businesses in the area are struggling to remain open.

The following table presents the bank's community development loans in the state of Indiana during the review period.

⁵ Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

Community Development Loans June 8, 2021 - September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Elkhart-Goshen, IN MSA	6	2,150	5	3,800	0	0	20	69,660	31	75,610
Fort Wayne, IN MSA	7	12,510	3	800	2	1,000	8	27,506	20	41,816
Western, IN Non-MSA	1	51	3	213	7	37,655	0	0	11	37,919
Limited Review AAs	6	2,904	8	19,850	0	0	13	101,084	27	123,838
Broader Statewide or Regional Area	0	0	1	2,500	0	0	2	9,000	3	11,500
Total	20	17,615	20	27,163	9	38,655	43	207,250	92	290,683

INVESTMENT TEST

1st Source Bank's performance relative to the Investment Test in the state of Indiana is rated High Satisfactory. The bank made a significant level of qualified community development investments and donations, particularly those not routinely provided by private investors, rarely in a leadership position. The bank makes rare use of innovative and/or complex investments to support community initiatives.

During the evaluation period the bank made \$16.3 million of qualified community development investments. Additionally, as of the date of the performance evaluation there was \$25.2 million of outstanding balances from prior period investments. Of the combined investment amounts of \$45.1 million there was \$5.7 million that were unfunded. Investments for affordable housing purposes made up 87.0 percent of current period community development investments. The Fort Wayne IN MSA and the Gary IN MSA with \$11.1 million and \$11.0 million, respectively, had the largest concentrations of investment dollars. Investments within the eight assessment areas included both mortgage-backed securities and Low-Income Housing Tax Credits (LIHTC) which are complex investments designed to encourage the development of affordable housing.

The following table presents the bank's qualified community development investments during the review period.

Community Development Investments (Dollars in 000s) June 8, 2021 - September 25, 2023						
Assessment Area	Current Period Investments			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
Full Review AAs						
Elkhart-Goshen, IN MSA	1,940	250	0	2,190	2,490	0
Fort Wayne, IN MSA	2,926	0	500	3,426	7,663	1,930
Western, IN Non-MSA	2,631	0	579	3,211	2,855	1,791
Limited Review AAs						
Eastern IN Non-MSA	0	0	0	0	1,258	0
Gary, IN MD	4,880	0	0	4,880	6,155	1,995
Lafayette-West Lafayette, IN MSA	1,198	590	0	1,788	2,687	0
Michigan City-LaPorte, IN MSA	593	220	0	813	1,981	0
Northeastern, IN Non-MSA	0	0	0	0	73	0
Total	14,168	1,060	1,079	16,308	25,162	5,716

Within the three full-scope review assessment areas, the bank had \$964,856 in contributions aiding 235 unique organizations primarily for community service and economic development purposes. This represented 66.3 percent of total Indiana donations, which amounted to \$1,455,786. This is a decrease since the previous evaluation where the bank made \$1.9 million in contributions. When the difference in review periods is considered, this evaluation had a monthly average of \$51,992 while the previous evaluation had a monthly average of \$52,655, which is a decrease of only 1.3 percent. The bank demonstrates good responsiveness to credit and community development needs.

The following table presents the bank's qualified community development donations during the review period.

Community Development Donations June 8, 2021 - September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Elkhart-Goshen, IN MSA	18	108,030	38	96,070	29	35,780	0	0	85	239,880
Fort Wayne, IN MSA	5	43,500	24	346,080	18	68,755	0	0	47	458,335
Western, IN Non-MSA	0	0	50	80,049	30	185,592	2	1,000	82	266,641
Limited Review AAs	9	137,450	73	296,892	41	56,588	0	0	123	490,930
Total	32	288,980	185	819,091	118	346,715	2	1,000	337	1,455,786

SERVICE TEST

1st Source Bank's performance relative to the Service Test in the state of Indiana is rated High Satisfactory based on the following factors: delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment area; the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals; services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals; and the bank provides a relatively high level of community development services.

Retail Services

The distribution of the branch offices and ATMs is performed using current data (2022) and any changes in the median family income level of the geographies where the branches are located.

1st Source Bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals.

There are a total of 27 branches and 34 ATMs between the three assessment areas and services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment areas, particularly low- or moderate-income geographies or low- or moderate-income individuals. Additional ATM access is available through the Cirrus and Accel network. In Elkhart, Indiana MSA, none of the branches or ATMs are in low- or moderate-income census tracts. In Fort

Wayne, Indiana MSA, the bank has a branch with a full-service ATM in a moderate-income census tract and a new LPO is located in a moderate-income census tract. The new LPO was opened on August 2, 2021. There is another branch in a highly commercialized area in the Indiana University-Purdue University campus whose census tract has been designated as unknown. In Western, Indiana Non-MSA, the bank has three branches in a moderate-income census tract, two of which have a full-service ATM, and one has a cash-only ATM; the bank also has one cash-only ATM in a low-income census tract in Western, Indiana Non-MSA. The bank opened a cash-only ATM in Michigan City, Indiana on June 2, 2023. All product offerings by the bank were available through each of the branches. The bank provides standard hours of operation.

Community Development Services

1st Source Bank provides a relatively high level of community development services. The bank provided 1,966 hours of qualified services in the three full-scope assessment areas, which represented 59.8 percent of the 3,287 cumulative hours of such services in the state by the bank. Services primarily involved financial literacy, serving on the board of an organization, or fundraising. Please refer to the individual Indiana assessment area summary for more details. The total number of hours for the state at the last evaluation was 4,283 in 36 months or an average of 119 hours a month, compared to this evaluation period where total hours were 3,287 or 117 hours a month.

The following table presents the bank's qualified community development services during the review period.

Community Development Services June 8, 2021 – September 25, 2023						
Assessment Area	Affordable Housing # Hours	Community Service # Hours	Economic Development # Hours	Revitalize / Stabilize # Hours	Total Hours	% of Total
Elkhart-Goshen, IN MSA	0	238	232	0	470	14.3
Fort Wayne, IN MSA	36	701	168	0	905	27.5
Western, IN Non-MSA	34	251	303	3	591	18.0
Limited Review AAs	107	704	503	9	1,323	40.2
Total	177	1,894	1,206	12	3,287	100.0

ELKHART-GOSHEN, IN MSA – Full Review

SCOPE OF THE EXAMINATION

1st Source Bank's operations in Elkhart-Goshen, Indiana MSA received a full-scope review. The scope for this assessment area is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ELKHART-GOSHEN, IN MSA #21140

The Elkhart-Goshen, Indiana, MSA consists of Elkhart County in its entirety. This is unchanged since the previous evaluation. The assessment area consists of a total of 45 census tracts comprised of two low-, 10 moderate-, 22 middle-, and 11 upper-income census tracts. This represents a change from the previous evaluation where the assessment area contained one low-, seven moderate-, 23 middle-, and five upper-income census tracts.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	1	2	+1
Moderate	7	10	+3
Middle	23	22	-1
Upper	5	11	+6
Unknown	0	0	0
Total	36	45	+9
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

1st Source Bank has nine branches, 10 full-service ATMs, and one cash-only ATM in the assessment area. The bank has seven branches in middle-income census tracts and two branches in upper-income census tracts. Each branch is accompanied by an ATM, with one of them being the cash-only ATM.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2022, ranked the bank third in the market among 16 institutions serving the assessment area, with 18.8 percent of the market share. The two institutions with the largest market share of deposits were JP Morgan Chase Bank N.A. and Lake City Bank with 28.9 percent and 23.1 percent, respectively. Deposits in this assessment area represent 13.3 percent of the bank's overall deposit totals.

1st Source Bank ranked sixth in 2022 with 221 total HMDA originations within the MSA among 219 HMDA reporters, while Interra Credit Union was first with 703 originations. Ranked second was Cardinal Financial Company with 420 originations. The bank was sixth in 2022 among 72 CRA reporters with 189 originations, while the market leader was JP Morgan Chase Bank N.A. with 708 originations. American Express ranked second with 488 total CRA originations.

Information regarding census-related and business demographic characteristics of the assessment area is provided in the following table.

2022 Elkhart-Goshen, IN MSA 21140 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	4.4	2,133	4.2	595	27.9	9,643	19.2
Moderate	10	22.2	9,739	19.4	1,703	17.5	9,264	18.5
Middle	22	48.9	25,501	50.8	1,850	7.3	11,385	22.7
Upper	11	24.4	12,831	25.6	272	2.1	19,912	39.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	45	100.0	50,204	100.0	4,420	8.8	50,204	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	3,794	1,184	2.3	31.2	2,007	52.9	603	15.9
Moderate	17,708	8,620	16.9	48.7	6,712	37.9	2,376	13.4
Middle	40,920	27,262	53.5	66.6	10,499	25.7	3,159	7.7
Upper	16,967	13,898	27.3	81.9	2,180	12.8	889	5.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	79,389	50,964	100.0	64.2	21,398	27.0	7,027	8.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	167	2.1	153	2.2	11	1.1	3	3.5
Moderate	1,517	19.1	1,283	18.6	218	22.3	16	18.8
Middle	4,423	55.7	3,811	55.4	568	58.1	44	51.8
Upper	1,837	23.1	1,634	23.7	181	18.5	22	25.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7,944	100.0	6,881	100.0	978	100.0	85	100.0
Percentage of Total Businesses:				86.6		12.3		1.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	0.4	1	0.4	0	0.0	0	0.0
Moderate	7	2.7	7	2.8	0	0.0	0	0.0
Middle	118	46.1	115	46.0	3	50.0	0	0.0
Upper	130	50.8	127	50.8	3	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	256	100.0	250	100.0	6	100.0	0	0.0
Percentage of Total Farms:				97.7		2.3		0.0
Source: 2022 FFIEC Census Data								
2022 Dun & Bradstreet Data								
2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Population Characteristics

The following table presents the population trends for the assessment area and the state of Indiana. The assessment area experienced modest gain in population of 3.2 percent. According to community representatives, the area has sustained a stable growth trend in the population due to no major changes in industry. This growth is consistent with the population growth occurring throughout the state of Indiana at 3.3 percent during the same time.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	200,685	207,047	3.2
State of Indiana	6,568,645	6,785,528	3.3
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

Income Characteristics

Based upon 2022 FFIEC Census Data, the assessment area had 37.7 percent of its families by family income classified as either low- (19.2 percent) or moderate-income (18.5 percent). The percentage of families residing within the assessment area that live below the poverty line is 8.8 percent, which is comparable to the state of Indiana rate of 8.9 percent.

Based on 2016-2020 American Community Survey data, the median family income (MFI) for Elkhart-Goshen, Indiana MSA was \$70,610, increasing 16.3 percent from 2015. The state of Indiana experienced a lower growth rate of 9.7 percent; however, MFI remains higher than that of the assessment area. According to a community representative, salaries in Elkhart County have been increasing, especially for those in the manufacturing industry. Businesses increased their wages to stay competitive and retain skilled workers. Given Elkhart County is one of the largest manufacturing presences in the state, it is outpacing the state of Indiana.

The following table compares the median family income (MFI) for the assessment area and the state of Indiana.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Assessment Area	60,694	70,610	16.3
State of Indiana	66,777	73,265	9.7
<i>Source: 2011 – 2015 U.S. Census Bureau American Community Survey 2016 – 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

Housing Characteristics

Based upon 2022 FFIEC Census Data, the assessment area includes 79,389 housing units; the majority are owner-occupied, representing 64.2 percent of the units, followed by 27.0 percent rental units and 8.9 percent vacant housing units. The median age of housing stock in the assessment area is 49 years, which is older than the average in the state of Indiana as a whole (46 years).

The following table presents the recent housing cost burden 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. Across all income levels, 37.9 percent of residents in Elkhart County are experiencing a rental cost burden, which is less than the state of Indiana of 41.0 percent. A greater percentage of low- and moderate-income residents in Elkhart County are experiencing a rental cost burden compared to the state of Indiana, at 74.6 percent and 27.7 percent, respectively. Community representatives have noted there have been no new significant multi-family housing buildings for the past 20 years. Multi-family housing typically are homes that are occupied by low- and moderate-income families. The high cost of building materials and the lack of steady funding to build them results in many low- and moderate-income families renting units that are relatively expensive. This limits the supply of rental units and homes. Across all income levels, 14.3 percent of owners in Elkhart County are experiencing a housing cost burden, which is slightly less than the state of Indiana. A slightly smaller percentage of low- and moderate-income residents in the Elkhart County are experiencing a housing cost burden compared to the state of Indiana at 55.5 percent and 22.6 percent, respectively.

According to the FFIEC HMDA loan and application records, home mortgage trends reflect increases in home mortgage activity in recent years across the assessment area. This trend suggests a continued increase in demand for home purchases, driving home values and indicating that housing cost burdens for low- and moderate-income homeowners will remain elevated. According to the U.S. Census data, the assessment area had a median housing value of \$149,291 and median gross rent of \$821. A community representative noted that due to the difficulties in finding an affordable home, some residents have chosen to move out of the city and into the suburban

neighborhoods.

Housing Cost Burden						
Area	Cost Burden (%) – Renters			Cost Burden (%) – Owners		
	Low Income	Moderate Income	All Renters	Moderate Income	Low Income	All Owners
Assessment Area	74.6	27.7	37.9	55.5	22.6	14.3
State of Indiana	73.3	26.8	41.0	57.2	22.9	15.1
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Employment Characteristics

The following table presents unemployment rates between 2018 and 2022 in the assessment area and the state of Indiana. Overall, both have experienced a decline in unemployment rates. Notable increases were observed in 2020 due to the widespread economic downturn caused by the COVID-19 pandemic. Since then, unemployment rates in both the state and assessment area have declined, even below that of pre-pandemic rates. Although unemployment rates have been decreasing, a community representative has noted there is a need to find qualified employees in healthcare (registered nurses and nursing assistants) and manufacturing (tool and die makers), especially as the older populations are retiring. The community representative stated residents require jobs that cover the cost of living.

Unemployment Rates (%)					
Area	2018	2019	2020	2021	2022
Assessment Area	2.6	3.1	7.7	2.8	2.5
State of Indiana	3.4	3.3	7.3	3.9	3.0
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

According to the U.S. Bureau of Labor Statistics, as of the second quarter of 2022, the assessment area has a large majority of its employees by number in manufacturing (77,114), followed by healthcare (10,242), and retail trade (9,844). A community representative confirmed the work in Elkhart County is primarily manufacturing, specializing in boats and recreational vehicles (RVs).

Community Representatives

Two community representatives with a focus on economic development and affordable housing were contacted to increase understanding of the credit needs and market conditions within the assessment area. The community representatives stated the most common need of the community

is affordable housing. Due to the high costs of raw materials, building high priced homes creates a cost burden for low- and moderate-income individuals. Although the community has a strong presence of manufacturing employment with salaries matching or outpacing the state of Indiana, other industries need to do the same, so low-income families can be relieved of their housing cost burdens. Financial education is a need, especially for first time home buyers. Community organizations have been working to fill this gap with programs focusing on tax credits, financial literacy, and investing in the quality of life.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ELKHART-GOSHEN, IN MSA #21140

LENDING TEST

The geographic distribution of loans reflects excellent penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, adequate penetration among individuals of different income levels and among businesses of different sizes. 1st Source exhibits a good record of serving the credit needs of low- and moderate-income individuals and small businesses with gross annual revenues of \$1 million or less. The bank is a leader in making community development loans, and the bank makes use of innovative or flexible practices in serving assessment area credit needs.

1st Source Bank makes effective use of several products in its loan programs: Loan Reclamation, Flexible Consumer and Mortgage, and SBA Loan Programs. Some of the most notable products that are beneficial to the community area are the Credit Builder Loan Program, Unsecured Home Improvement lending, and Community Development Mortgage program that aids first time homebuyers utilizing non-traditional credit sources and can be combined with down payment assistance.

The bank participates in several loan programs designed to assist low- and moderate-income borrowers. This includes the use of Flexible Consumer and Mortgage Loan Programs, which provides healthcare, credit building, and mortgage assistance. The Loan Reclamation Program assist loan restructuring when they are past due on their loans. The bank offers its SBA Loan Programs to assists qualified small businesses in obtaining financing when it would not otherwise be available through standard lending channels.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar 2021 and prior were analyzed based on the 2011-

2015 American Community Survey income designations data⁶. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

1st Source Bank's lending activities reflect excellent distribution throughout the assessment area, particularly to low- and moderate-income census tracts. In 2022, the bank's rate of home mortgage lending within low- and moderate-income census tracts was good. Within low-income census tracts, the bank's performance was comparable to the aggregate lenders and the owner-occupied demographics. Within moderate-income census tracts, the bank's performance was above the aggregate lenders and the owner-occupied demographics. Additionally, the bank's performance with respect to small business lending was excellent, given that the bank's performance in key metrics was comparable or above peer performance and demographics. The bank's distribution of lending across geographies of different income levels in 2021 within home mortgage and small business loans was mostly consistent with 2022 figures.

For purposes of this analysis, small business loans were used as the primary factor for determining the rating given the bank is primarily focused on commercial lending. Additionally, both 2021 and 2022 figures were used to evaluate the bank's performance, though 2022 figures are featured in the narrative and 2021 figures are used to comparison and detailed in Appendix A. Finally, when determining performance, the comparison to aggregate lender figures was weighted more heavily than the assessment area demographics (i.e., percentage of owner-occupied housing units or percentage of borrowers by income levels) as it is a better measure of loan demand.

A gap analysis was completed as part of the evaluation. In 2022, the bank originated HMDA and/or CRA small business loans in all low- and moderate-income tracts in the assessment area. Based upon this analysis, there was no conspicuous, unexplained lending gaps in the assessment area.

HMDA Reportable Lending

In 2021 and 2022, the bank's rate of HMDA-reportable lending within low- and moderate-income census tracts was good. The bank's 2021 and 2022 HMDA-reportable lending in the assessment area was concentrated in home purchase, refinance, and home improvement loans, which comprised 100.0 percent of the HMDA loans originated. Due to the lack of volume, multi-family loans were not considered within the analysis of HMDA-reportable lending.

⁶ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

Home Purchase Loans

Home purchase loans represented 26.7 percent of the bank's HMDA-reportable loans originated in the Elkhart-Goshen, IN MSA assessment area in 2022. Within low-income census tracts, the bank originated 3.4 percent of its home purchase loans, which was comparable to the 3.2 percent of the aggregate lenders and the 2.3 percent of owner-occupied housing units located in low-income tracts. Within moderate-income census tracts, the bank originated 20.3 percent of its home purchase loans, which was above the aggregate lenders and owner-occupied demographics at 16.7 percent and 16.9 percent, respectively. Within middle-income census tracts, the bank originated 45.8 percent of its home purchase loans in 2022. This was below the aggregate lenders and owner-occupied demographics at 52.7 percent and 53.5 percent, respectively. The bank originated 30.5 percent of its home purchase loans in upper-income census tracts, which was above the aggregate lenders and owner-occupied demographics at 27.4 percent and 27.3 percent, respectively. The bank's performance in 2021 was below its 2022 performance. In 2021, the bank did not originate home purchase loans within low-income census tracts, which was comparable to the aggregate lenders and owner-occupied demographics at 0.5 percent and 0.4 percent, respectively. Within moderate-income census tracts, the bank originated 7.5 percent of its home purchase loans, which was below the aggregate lenders and owner-occupied demographics at 12.9 percent and 12.3 percent, respectively. Within middle-income census tracts, the bank originated 65.7 percent of its home purchase loans in 2022. This was comparable to the aggregate lenders at 65.9 percent and the owner-occupied demographics at 63.7 percent. The bank originated 26.9 percent of its home purchase loans in upper-income census tracts, which was above the aggregate lenders at 20.7 percent and the owner-occupied demographics at 23.7 percent.

Refinance Loans

Refinance loans represented 43.0 percent of the bank's HMDA-reportable loans originated in the Elkhart-Goshen, IN MSA assessment area in 2022. Within low-income census tracts, the bank did not originate refinance loans, which was comparable to both the 1.3 percent of the aggregate lenders and the 2.3 percent of owner-occupied housing units located in low-income tracts. Within moderate-income census tracts, the bank originated 22.1 percent of its refinance loans, which was above the aggregate lenders and owner-occupied demographics at 14.5 percent and 16.9 percent, respectively. Within middle-income census tracts, the bank originated 46.3 percent of its refinance loans. This was below the aggregate lenders and owner-occupied demographics at 50.2 percent and 53.5 percent, respectively. The bank originated 31.6 percent of its refinance loans in upper-income census tracts, which was comparable to the aggregate lenders at 34.0 percent and above the owner-occupied demographics 27.3 percent.

The bank's performance in 2021 was below its 2022 performance. In 2021, the bank did not originate refinance loans within low-income census tracts, which was comparable to the aggregate

lenders at 0.1 percent and the owner-occupied housing units at 0.4 percent. Within moderate-income census tracts, the bank originated 6.1 percent of its refinance loans, which was slightly below the aggregate lenders at 8.8 percent and below the owner-occupied demographics at 12.3 percent. Within middle-income census tracts, the bank originated 65.7 percent of its refinance loans. This was comparable to the aggregate lenders at 64.3 percent and the owner-occupied demographics at 63.7 percent. The bank originated 28.2 percent of its refinance loans in upper-income census tracts, which was comparable to the aggregate lenders at 26.8 percent and above the owner-occupied demographics at 23.7 percent.

Home Improvement Loans

Home improvement loans represented 30.3 percent of the bank's HMDA-reportable loans originated in the Elkhart-Goshen, IN MSA assessment area in 2022. Within low-income census tracts, the bank did not originate home improvement loans, which was comparable to both the 1.2 percent of the aggregate lenders and the 2.3 percent of owner-occupied housing units located in low-income tracts. Within moderate-income census tracts, the bank originated 14.9 percent of its home improvement loans, which was comparable to the aggregate lenders and owner-occupied demographics at 13.0 percent and 16.9 percent. Within middle-income census tracts, the bank originated 59.7 percent of its home improvement loans in 2022. This was above the aggregate lenders and owner-occupied demographics at 50.5 percent and 53.5 percent, respectively. The bank originated 25.4 percent of its home improvement loans in upper-income census tracts, which was well below the aggregate lenders at 35.3 percent and comparable to owner-occupied demographics at 27.3 percent. The bank's performance in 2021 was consistent with 2022 figures.

The following table presents the bank's 2022 HMDA-reportable lending in the assessment area; 2021 tables are available in Appendix A.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Elkhart-Goshen, IN MSA 21140							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	##	##	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	2	3.4	3.2	440	2.4	2.7	2.3
Moderate	12	20.3	16.7	2,713	15.0	12.1	16.9
Middle	27	45.8	52.7	6,065	33.6	50.7	53.5
Upper	18	30.5	27.4	8,859	49.0	34.5	27.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	59	100.0	100.0	18,077	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	1.3	0	0.0	1.0	2.3
Moderate	21	22.1	14.5	2,842	18.3	11.9	16.9
Middle	44	46.3	50.2	6,787	43.6	50.1	53.5
Upper	30	31.6	34.0	5,932	38.1	37.0	27.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	95	100.0	100.0	15,561	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	1.2	0	0.0	1.3	2.3
Moderate	10	14.9	13.0	267	4.9	9.2	16.9
Middle	40	59.7	50.5	2,143	39.3	42.1	53.5
Upper	17	25.4	35.3	3,041	55.8	47.4	27.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	67	100.0	100.0	5,451	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	14.3
Moderate	0	0.0	13.8	0	0.0	23.9	31.7
Middle	0	0.0	75.9	0	0.0	70.5	49.6
Upper	0	0.0	10.3	0	0.0	5.6	4.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	2	0.9	2.4	440	1.1	2.0	2.3
Moderate	43	19.5	14.9	5,822	14.9	12.4	16.9
Middle	111	50.2	51.6	14,995	38.4	51.1	53.5
Upper	65	29.4	31.1	17,832	45.6	34.5	27.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	221	100.0	100.0	39,089	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Small Business Loans

The bank's performance with respect to small business loans was excellent. In 2022, the bank originated 214 small business loans in the Elkhart-Goshen, IN MSA assessment area. The bank originated 1.4 percent of their small business loans within low-income census tracts, which was comparable to the aggregate lenders and percentage of total businesses at 1.5 percent and 2.1 percent, respectively. In moderate-income census tracts, the bank originated 21.5 percent of their small business loans, which was above both the aggregate lenders and percentage of total business at 17.7 percent and 19.1 percent, respectively. In middle-income census tracts, the bank originated 59.8 percent of loans, which was above the aggregate lenders and percentage of total businesses at 53.8 percent and 55.7 percent, respectively. In upper-income census tracts, the bank originated 17.3 percent of their small business loans, which was below the aggregate lenders and percentage of total businesses at 26.1 percent and 23.1 percent, respectively. The bank's performance in 2021 was consistent with 2022 figures, although lending volume was significantly higher in 2021.

The following table presents the bank's 2022 small business lending in the assessment area; 2021 tables are available in Appendix A.

Distribution of 2022 Small Business Lending By Income Level of Geography							
Assessment Area: Elkhart-Goshen, IN MSA 21140							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	3	1.4	1.5	656	1.2	0.8	2.1
Moderate	46	21.5	17.7	16,477	30.8	17.6	19.1
Middle	128	59.8	53.8	30,013	56.0	57.7	55.7
Upper	37	17.3	26.1	6,423	12.0	23.6	23.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	1.0	0	0.0	0.2	
Total	214	100.0	100.0	53,569	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

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

For the purposes of this review, loans made in calendar year 2021 or prior were analyzed based on 2011-2015 American Community Survey income designations for individuals⁷. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

1st Source Bank's lending activities reflect adequate distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

In 2022, the bank's performance relative to HMDA-reportable lending was adequate. Lending to low-income borrowers was comparable to aggregate lenders and below the percentage of low-income families in the assessment area. Lending to moderate-income borrowers was below the aggregate lenders and comparable to the percentage of moderate-income families in the assessment area. For loans to small businesses in 2022, the bank's performance was adequate. The bank's lending to business reporting annual revenue of \$1 million or less was below aggregate lenders and significantly below the percentage of total businesses operating in the assessment area. The bank's lending distribution among individuals of different income levels in 2021 within home mortgage was mostly consistent with 2022 figures, but 2021 small business figures exceeded 2022 performance.

For purposes of this analysis, small business loans received the greater weight when determining the rating given the bank is primarily focused on commercial lending. In addition, when determining performance, the comparison to aggregate lender figures were weighted more heavily than the assessment area demographics (i.e., families by family income or total businesses) as it is a better measure of loan demand.

HMDA Reportable Lending

In 2021 and 2022, the bank's rate of HMDA-reportable lending to low- and moderate-income borrowers was adequate. Due to the lack of volume, multi-family loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

In 2022, the bank originated 8.5 percent of its home purchase loans to low-income borrowers, which is comparable to aggregate lenders at 10.4 percent and well below the low-income families in the assessment area at 19.2 percent. The bank originated 11.9 percent of its home purchase loans

⁷ Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

to moderate-income borrowers, which was well below the aggregate lenders at 26.7 percent and below the moderate-income families in the assessment area 18.5 percent. The bank originated 16.9 percent of its home purchase loans to middle-income borrowers, which was below the aggregate lenders and middle-income families in the assessment area at 25.5 percent and 22.7 percent, respectively. The bank originated 42.4 percent of its home purchase loans to upper-income borrowers, which was significantly above the aggregate lenders at 20.7 percent and slightly above the upper-income families in the assessment area at 39.7 percent. The bank's performance in 2021 is similar in that originations to low-income families were comparable to peer, while originations to moderate-income families were below peer.

Refinance Loans

In 2022, the bank originated 16 refinance loans, or 16.8 percent, to low-income borrowers, which was comparable to aggregate lenders at 14.5 percent and comparable to the low-income families in the assessment area at 19.2 percent. The bank originated 16.8 percent of its refinance loans to moderate-income borrowers, which was below the aggregate lenders at 25.9 percent and comparable to moderate-income families in the assessment area at 18.5 percent. The bank originated 14.7 percent of its refinance loans to middle-income borrowers, which was well below the aggregate lenders and below middle-income families in the assessment area at 27.3 percent and 22.7 percent, respectively. The bank originated 47.4 percent of its refinance loans to upper-income borrowers, which was significantly above the aggregate lenders at 25.1 percent and above the upper-income families in the assessment area at 39.7 percent.

The bank's performance in 2021 was below its 2022 performance. In 2021, the bank originated 5.2 percent of its refinance loans to low-income borrowers, which was comparable to the aggregate lenders at 7.2 percent and well below the low-income families in the assessment area at 19.0 percent. The bank originated 12.2 percent of its refinance loans to moderate-income borrowers, which was below the aggregate lenders and the moderate-income families in the assessment area at 19.4 percent and 18.1 percent, respectively.

Home Improvement Loans

In 2022, the bank originated 7.5 percent of its home improvement loans to low-income borrowers, which was below aggregate lenders at 10.4 percent and below the low-income families in the assessment area at 19.2 percent. The bank originated 20.9 percent of its home improvement loans to moderate-income borrowers, which was comparable to both the aggregate lenders at 19.8 percent and to moderate-income families in the assessment area at 18.5 percent. The bank originated 20.9 percent of its home improvement loans to middle-income borrowers, which was below the aggregate lenders and comparable to the middle-income families in the assessment area at 31.6 percent and 22.7 percent, respectively. The bank originated 44.8 percent of its home improvement

loans to upper-income borrowers, which was well above the aggregate lenders at 34.7 percent and above the upper-income families in the assessment area at 39.7 percent.

The bank's performance in 2021 was below its 2022 performance. The bank originated 8.6 percent of its home improvement loans to low-income borrowers, which was comparable to the aggregate lenders at 10.6 percent and well below the low-income families in the assessment area at 19.0 percent. The bank also originated 12.1 percent of its home improvement loans to moderate-income borrowers, which was below the aggregate lenders and the moderate-income families in the assessment area at 17.2 percent and 18.1 percent, respectively.

The following table presents the bank's 2022 HMDA-reportable lending in the assessment area; 2021 tables are available in Appendix A.

Distribution of 2022 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Elkhart-Goshen, IN MSA 21140							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	5	8.5	10.4	706	3.9	6.0	19.2
Moderate	7	11.9	26.7	1,116	6.2	19.4	18.5
Middle	10	16.9	25.5	2,636	14.6	26.7	22.7
Upper	25	42.4	20.7	10,291	56.9	31.3	39.7
Unknown	12	20.3	16.7	3,328	18.4	16.6	0.0
Total	59	100.0	100.0	18,077	100.0	100.0	100.0
Refinance Loans							
Low	16	16.8	14.5	1,222	7.9	8.9	19.2
Moderate	16	16.8	25.9	1,217	7.8	21.0	18.5
Middle	14	14.7	27.3	1,694	10.9	27.0	22.7
Upper	45	47.4	25.1	10,854	69.8	34.2	39.7
Unknown	4	4.2	7.1	574	3.7	8.9	0.0
Total	95	100.0	100.0	15,561	100.0	100.0	100.0
Home Improvement Loans							
Low	5	7.5	10.4	180	3.3	6.4	19.2
Moderate	14	20.9	19.8	551	10.1	15.0	18.5
Middle	14	20.9	31.6	522	9.6	26.6	22.7
Upper	30	44.8	34.7	3,964	72.7	49.3	39.7
Unknown	4	6.0	3.5	234	4.3	2.7	0.0
Total	67	100.0	100.0	5,451	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	26	11.8	11.4	2,108	5.4	6.9	19.2
Moderate	37	16.7	24.9	2,884	7.4	19.4	18.5
Middle	38	17.2	26.4	4,852	12.4	26.4	22.7
Upper	100	45.2	24.9	25,109	64.2	33.6	39.7
Unknown	20	9.0	12.4	4,136	10.6	13.6	0.0
Total	221	100.0	100.0	39,089	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Small Business Loans

The bank's performance relative to small business lending was adequate. In 2022, the bank originated 29.9 percent of its small business loans to businesses with revenues of \$1 million or less. This rate was below the aggregate of 48.7 percent and significantly below the percentage of total

businesses in the assessment area at 86.6 percent. Of the small business loans, nearly half, 46.3 percent, were made in amounts of \$100,000 or less, which are considered most beneficial to small businesses. Of the loans made to businesses with \$1 million or less, a majority, or 67.2 percent, were made in amounts of \$100,000 or less.

The bank's 2021 performance exceeded 2022's performance. The bank made 13.7 percent of its small business loans to businesses with revenues of \$1 million or less. This rate was significantly below the aggregate lenders at 40.8 percent and the percentage of total businesses in the assessment area at 86.7 percent. However, of the small business loans, 84.5 percent were made in amounts of \$100,000 or less, which are considered most beneficial to small businesses. Additionally, of the loans made to businesses with \$1 million or less, a large majority, or 88.0 percent, were made in amounts of \$100,000 or less.

The following table presents the bank's 2022 small business lending in the assessment area; 2021 tables are available in Appendix A.

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Elkhart-Goshen, IN MSA 21140							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	64	29.9	48.7	7,350	13.7	30.9	86.6
Over \$1 Million	128	59.8		42,885	80.1		12.3
Revenue Unknown	22	10.3		3,334	6.2		1.1
Total	214	100.0		53,569	100.0		100.0
By Loan Size							
\$100,000 or Less	99	46.3	88.9	5,705	10.6	24.7	
\$100,001 - \$250,000	46	21.5	5.4	8,336	15.6	16.5	
\$250,001 - \$1 Million	69	32.2	5.7	39,528	73.8	58.8	
Total	214	100.0	100.0	53,569	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	43	67.2		1,995	27.1		
\$100,001 - \$250,000	13	20.3		2,373	32.3		
\$250,001 - \$1 Million	8	12.5		2,982	40.6		
Total	64	100.0		7,350	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Lending

1st Source Bank is a leader in making community development loans. Overall, the bank originated 31 community development loans totaling \$75.6 million in the assessment area. The loans were primarily to organizations/businesses that are focused on revitalizing and/or stabilizing the community. Overall, the volume of community development loans represents a decrease from the previous evaluation period when the bank originated 53 loans for \$138.3 million. By month, the previous evaluation originated 1.4 loans worth \$3.8 million per month, whereas this evaluation originated 1.1 loans worth \$2.7 million per month. This represents a 21.4 percent decrease by number and 28.9 percent decrease by dollar. However, the previous evaluation had elevated levels of lending activity due in part to the number of PPP loans during the COVID-19 pandemic. In 2021 and 2022, the bank made eight Community Development Mortgages totaling approximately \$1.0 million. This program provides credit opportunity for first time homebuyers that earn less than 80 percent of median family income who may not be able to demonstrate creditworthiness through traditional means, such as credit reports. These loans demonstrate the use of innovative underwriting standards and are particularly responsive to the credit and community development needs of the assessment area, as affordable housing was noted as a need by community representatives.

The following table presents the bank's community development loans in the assessment area during the review period.

Community Development Loans by June 8, 2021 - September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Elkhart- Goshen, IN MSA	6	2,150	5	3,800	0	0	20	69,660	31	75,610

INVESTMENT TEST

1st Source Bank's performance relative to the Investment Test in the Elkhart-Goshen, IN MSA is rated Low Satisfactory as it made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, rarely in a leadership position. The bank makes no use of innovative and/or complex investments to support community initiatives and demonstrates good responsiveness to credit and community development needs.

During the evaluation period the bank made \$2.2 million dollars in total community development investments that consisted of \$1.9 million for affordable housing purposes and \$0.3 million for community services. Additionally, there were \$2.5 million in outstanding balances on the date of the performance evaluation from investments the bank had made in prior periods. Affordable housing purposes made up the preponderance of the investments at 89.3 percent of the combined total of \$4.7 million.

The following table presents the bank's qualified community development investments during the review period.

Community Development Investments (Dollars in 000s) June 8, 2021 – September 25, 2023						
Assessment Area	Current Period Investments			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
Elkhart-Goshen, IN MSA	1,940	250	0	2,190	2,490	0

1st Source distributed \$239,880 in 85 qualified donations in the current evaluation period. Most of the donations were distributed amongst organizations providing community service, followed by economic development and affordable housing. This represents a decrease of number and dollar since the previous evaluation period where 132 donations totaling \$569,543 were made. This is a 35.6 percent decrease by number and 57.9 percent decrease by dollar. However, when considering the difference in review periods, the performances demonstrate a 17.2 percent decrease by number and 45.8 percent decrease by dollar in monthly donations.

The following table presents the bank's qualified community development donations during the review period.

Community Development Donations June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Elkhart-Goshen, IN MSA	18	108,030	38	96,070	29	35,780	0	0	85	239,880

SERVICE TEST

1st Source's performance relative to the Service Test in the Elkhart-Goshen, Indiana MSA is rated Low Satisfactory based on the following factors: delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area; services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals; and the bank provides an adequate level of community development services.

Retail Services

The distribution of the branch offices and ATMs is performed using current data (2022) and any changes in the median family income level of the geographies where the branches are located.

1st Source Bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. The bank operates a total of nine branches and ten ATMs. Seven branches are in middle-income census tracts and two branches are in upper-income census tracts. Each branch is accompanied by an ATM, one of which is a cash-only ATM.

Bank locations are open Monday through Friday with standard hours typically from 9:00 a.m. to 5:00 p.m. and limited hours on Saturdays typically until noon. All products and services are consistent among all branches. The bank offers ATMs, internet and mobile banking, telephone banking services, and eBanking products to increase access and provide additional services to customers.

Community Development Services

1st Source Bank provides an adequate level of community development services. Bank employees provided 470 hours, or 8.0 percent of the 5,905 total hours of qualified community development services in the assessment area. This represents a decrease of hours of 40.0 percent compared to the previous evaluation period of 783 hours. By month, the previous evaluation had 21.8 hours per month, whereas this evaluation had 16.8 hours per month. This represents a 22.9 percent decrease by month. The service hours were primarily directed towards providing community service and economic development. Service hours focusing on economic development are particularly responsive, as a community representative noted small businesses struggling, specifically

restaurants, due to a lack of available workforce.

The following table presents the bank's qualified community development services during the review period.

Community Development Services June 8, 2021 – September 25, 2023						
Assessment Area	Affordable Housing	Community Service	Economic Development	Revitalize/ Stabilize	Total Hours	% of Total
	# Hours	# Hours	# Hours	# Hours		
Elkhart-Goshen, IN MSA	0	238	232	0	470	8.0

FORT WAYNE, INDIANA MSA – Full Review

SCOPE OF THE EXAMINATION

1st Source Bank's operations in Fort Wayne, Indiana MSA received a full-scope review. The scope for this assessment area is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE FORT WAYNE, IN MSA #23060

The Fort Wayne, Indiana MSA consist of Allen and Whitley Counties in their entireties. This is unchanged since the previous evaluation. The assessment area consists of a total of 104 census tracts comprised of eight low-, 26 moderate-, 44 middle-, 23 upper-, and three unknown-income census tracts. This represents a change from the previous evaluation where the assessment area contained 12 low-, 24 moderate-, 42 middle-, 22 upper-, and three unknown-income census tracts totaling 103 census tracts. The unknown census tracts are around Purdue University in Fort Wayne.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	12	8	-4
Moderate	24	26	+2
Middle	42	44	+2
Upper	22	23	+1
Unknown	3	3	0
Total	103	104	+1
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020			

1st Source Bank has nine branches and nine full-service ATMs. The bank has one branch in a census tract with unknown-income (Indiana University-Purdue University campus), one branch in a moderate-income census tract, four branches in middle-income census tracts, and three branches in upper-income census tracts. Each branch is accompanied by an ATM. A new Loan Production Office (LPO) was opened in a moderate-income census tract in 2021.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2022, ranked the bank eighth in the market among 21 institutions serving the assessment area, with 4.9 percent of the market share. The two institutions with the largest market share of deposits were JP Morgan Chase Bank N.A. and Lake City Bank with 21.5 percent and 13.4 percent, respectively. Deposits in the assessment area represent 6.8 percent of the bank's overall deposit totals.

1st Source Bank was 23rd in 2022 total HMDA originations within the MSA among 320 HMDA reporters with 166 originations. The market leader was Three Rivers Federal Credit Union with 1,873 originations followed by Ruoff Mortgage Company with 1,342 originations. The bank was tenth in 2022 among 103 CRA reporters in originations with 174 originations. JP Morgan Chase Bank N.A. ranked first with 1,640 originations followed by American Express with 1,158 total CRA originations.

Information regarding census related and business demographic characteristics of the assessment area is provided in the following table.

2022 Fort Wayne, IN MSA 23060 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	8	7.7	5,320	5.2	2,010	37.8	19,858	19.3
Moderate	26	25.0	20,653	20.1	3,324	16.1	19,328	18.8
Middle	44	42.3	43,789	42.6	2,935	6.7	22,941	22.3
Upper	23	22.1	32,981	32.1	952	2.9	40,729	39.6
Unknown	3	2.9	113	0.1	48	42.5	0	0.0
Total AA	104	100.0	102,856	100.0	9,269	9.0	102,856	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	10,837	3,562	3.2	32.9	5,443	50.2	1,832	16.9
Moderate	38,713	19,784	17.6	51.1	15,055	38.9	3,874	10.0
Middle	77,376	50,570	45.1	65.4	21,296	27.5	5,510	7.1
Upper	46,531	38,117	34.0	81.9	6,260	13.5	2,154	4.6
Unknown	878	160	0.1	18.2	618	70.4	100	11.4
Total AA	174,335	112,193	100.0	64.4	48,672	27.9	13,470	7.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	648	3.9	572	3.8	73	4.5	3	1.8
Moderate	3,238	19.3	2,810	18.7	406	25.3	22	13.2
Middle	6,989	41.6	6,230	41.4	686	42.7	73	43.7
Upper	5,187	30.9	4,824	32.1	297	18.5	66	39.5
Unknown	751	4.5	603	4.0	145	9.0	3	1.8
Total AA	16,813	100.0	15,039	100.0	1,607	100.0	167	100.0
Percentage of Total Businesses:				89.4		9.6		1.0
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	22	5.0	21	4.8	1	14.3	0	0.0
Middle	263	59.8	260	60.0	3	42.9	0	0.0
Upper	154	35.0	151	34.9	3	42.9	0	0.0
Unknown	1	0.2	1	0.2	0	0.0	0	0.0
Total AA	440	100.0	433	100.0	7	100.0	0	0.0
Percentage of Total Farms:				98.4		1.6		0.0
Source: 2022 FFIEC Census Data								
2022 Dun & Bradstreet Data								
2016-2020 U.S. Census Bureau: American Community Survey								
79								
Note: Percentages may not total 100.0 percent due to rounding.								

Population Characteristics

The following table presents the population trends for the assessment area, counties which make up the assessment area, and the state of Indiana. The assessment area experienced a gain in population of 5.8 percent between 2015 and 2020. According to a community representative, this growth is likely due to the people moving into Fort Wayne, Indiana, which is in Allen County and reflected in the table below. The community representative noted the city is growing as there are colleges, universities, and businesses in or entering the market. The representative anticipated this is the beginning of larger growth, as employers continue to enter the market. This growth is outpacing the population growth occurring throughout the state of Indiana at 3.3 percent during the same time period.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	396,783	419,601	5.8
Allen County, Indiana	363,453	385,410	6.0
Whitley County, Indiana	33,330	34,191	2.6
State of Indiana	6,568,645	6,785,528	3.3
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

Income Characteristics

Based upon 2022 FFIEC Census Data, the assessment area had 38.1 percent of its families by family income classified as either low- (19.3 percent) or moderate-income (18.8 percent). The percentage of families residing within the assessment area that live below the poverty line is 9.0 percent, which is comparable to the state of Indiana rate of 8.9 percent.

Based on 2016-2020 American Community Survey data, the median family income (MFI) for the assessment area was \$71,896, increasing 8.4 percent from 2015. Of the two counties, Allen County is increasing slightly more than Whitley County, with 8.2 percent and 7.3 percent, respectively. The state of Indiana outpaced the assessment area's growth at 9.7 percent. According to a community representative, salaries in Fort Wayne have been increasing recently due to growth in small and large businesses. The community representative noted that the city has been slow to match that of the state of Indiana as the community has historically had a lower cost of living.

The following table compares the median family income (MFI) for the assessment area, the counties that makeup the assessment area, and the state of Indiana.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Assessment Area	66,299	71,896	8.4
Allen County, Indiana	66,015	71,419	8.2
Whitley County, Indiana	69,657	74,725	7.3
State of Indiana	66,777	73,265	9.7
<i>Source: 2011 – 2015 U.S. Census Bureau American Community Survey 2016 – 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

Housing Characteristics

Based upon 2022 FFIEC Census Data, the assessment area includes 174,335 housing units; the majority are owner-occupied, representing 64.4 percent of the units, followed by 27.9 percent rental units and 7.7 percent vacant housing units. The median age of housing stock in the assessment area is 53 years, which is older than the average in the state of Indiana as a whole (46 years).

The following table presents the recent housing cost burden within the assessment area, the counties which makeup 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. Across all income levels, 39.5 percent of residents in the assessment area are experiencing a rental cost burden, which is slightly less than the state of Indiana at 41.0 percent. Low-income residents in Allen County are experiencing the highest rental cost burden of 76.6 percent compared to Whitley County and the state of Indiana. Moderate-income residents in Whitley County are experiencing the highest rental cost burden at 41.7 percent compared to Allen County and the state of Indiana. Across all income levels, 12.7 percent of owners within the assessment area are experiencing a housing cost burden, which is less than the state of Indiana at 15.1 percent. Low- and moderate-income owners in Whitley County are experiencing the highest housing cost burden at 61.5 percent and 23.7 percent compared to Allen County and the state of Indiana.

According to the FFIEC HMDA loan and application records, home mortgage trends reflect increases in home mortgage activity in recent years across the assessment area. This trend suggests a continued increase in demand for home purchases, driving home values and indicating that housing cost burdens for low- and moderate-income homeowners will remain elevated, though lower than in other parts of the state. According to the 2020 U.S. Census, the assessment area had a median housing value of \$138,149 and median gross rent of \$788.

A community representative, with a specialty in affordable housing, stated that investors are

purchasing properties to offer as rentals, leading to a shortage of houses for purchase. The community has seen investors raise rents while simultaneously allowing the property to remain in or fall into a state of disrepair. However, residents have continued to rent due to low housing inventory, rising interest rates, and a distrust for financial institutions due to its history of larger financial institutions leaving the community. Another community representative noted that it is difficult for developers and banks to create affordable housing as there are not many existing affordable homes in the area. As a result, they run into pricing issues. Affordable housing is especially needed near places of employment and near Purdue University. The university brings hundreds of students who are also in need of rental units while in school. Also, post-graduation, about 75 percent of them become permanent residents, increasing the demand for housing.

Housing Cost Burden						
Area	Cost Burden (%) – Renters			Cost Burden (%) – Owners		
	Low Income	Moderate Income	All Renters	Moderate Income	Low Income	All Owners
Assessment Area	76.1	24.2	39.5	53.5	20.4	12.7
Allen County, Indiana	76.6	23.1	39.8	52.6	20.1	12.5
Whitley County, Indiana	65.1	41.7	33.7	61.5	23.7	14.7
State of Indiana	73.3	26.8	41.0	57.2	22.9	15.1
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Employment Characteristics

The following table presents unemployment rates between 2018 and 2022 in the assessment area, the counties which makeup the assessment area, and the state of Indiana. Overall, all geographies have experienced decreased unemployment rates. Notable increases are observed in 2020 due to the widespread economic downturn caused by the COVID-19 pandemic. Since then, unemployment rates in both areas have declined, even below that of pre-pandemic rates. Although the unemployment rate has been decreasing, a community representative has noted there is a need to find employees to fill positions as the number of employers is constantly growing. Some of the primary industries that need employees are in manufacturing and healthcare, specifically the entry level positions. However, the community representative stated that due to the lack of benefits and career advancement with entry level positions, residents have not been applying to them.

Unemployment Rates (%)					
Area	2018	2019	2020	2021	2022
Assessment Area	3.1	3.1	7.7	3.9	2.8
Allen County, Indiana	3.2	3.1	7.9	4.0	2.9
Whitley County, Indiana	2.9	3.0	6.1	3.0	2.4
State of Indiana	3.4	3.3	7.3	3.9	3.0
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics					

According to the U.S. Bureau of Labor Statistics, as of the second quarter of 2022, the assessment area has many of its residents employed in manufacturing (35,538), healthcare (35,475), and retail trade (23,024). A community representative stated the biggest employers in the market have been Amazon, hospitals, and Fort Wayne Metals. Automobile manufacturing continues to be a large industry. Due to the supply chain issue with semi-conductors, many vehicles are fully assembled and waiting for parts to become available.

Community Representatives

Two community representatives with a focus on economic development and affordable housing were contacted to increase understanding of the credit needs and market conditions within the assessment area. The community representatives agreed on the most common needs of the community. The incentives for builders to construct high value homes do not align with the incentives of buyers who want affordable options. Overall, the need for affordable housing for low-, moderate-, and middle-income individuals and families is still high. Financial institutions need to continue being active in their communities and partner with community projects, which will help bring back trust in banking. This can be accomplished through community organization initiatives focusing on small business outreach and financial education classes for first time homebuyers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS FORT WAYNE, IN MSA #23060

LENDING TEST

The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, adequate penetration among individuals of different income levels and among businesses of different sizes. 1st Source Bank also exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes a relatively high level of community development loans, and the bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

The bank participates in several loan programs designed to assist low- and moderate-income borrowers. This includes the use of Flexible Consumer and Mortgage Loan Programs, which provides healthcare, credit building, and mortgage assistance. The Loan Reclamation Program assists in loan restructuring when customers are past due on their loans. The bank offers its SBA Loan Programs to assist qualified small businesses in obtaining financing when it would not otherwise be available through standard lending channels. The bank participates in the Title IX program, which is a revolving loan fund created by the City of Fort Wayne and is designed to mimic the SBA 504 program. It provides an incentive for industrial expansion that creates permanent private sector jobs. This program is available to most for-profit businesses located in Allen County, Indiana.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar 2021 and prior were analyzed based on the 2011-2015 American Community Survey income designations data⁸. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

1st Source Bank's lending activities reflect good distribution throughout the assessment area particularly to low- and moderate-income census tracts. In 2022, the bank's rate of home mortgage lending within low- and moderate-income census tracts was excellent, as it was above aggregate lenders and owner-occupied demographics. The bank's performance with respect to small business lending was good due to comparable performance to aggregate lenders and demographics. The bank's distribution of lending across geographies of different income levels in 2021 within home mortgage and small business loans was mostly consistent with 2022 figures.

For purposes of this analysis, small business loans were used as the primary factor for determining the rating given the bank is primarily focused on commercial lending. Additionally, both 2022 and 2021 figures were used to evaluate the bank's performance, though 2022 figures are featured in the narrative and 2021 figures are used for comparison and detailed in Appendix A. Finally, when determining performance, the comparison to aggregate lender figures was weighted more heavily than the assessment area demographics (i.e., percentage of owner-occupied housing units or percentage of borrowers by income levels) as it is a better measure of loan demand.

A gap analysis was completed as part of the evaluation. In 2022, the bank originated HMDA and/or CRA small business loans in six of eight low-income census tracts (75.0 percent) and within 24 of 26 moderate-income census tracts (92.3 percent). Overall, the bank made loans in 92 of 104 (88.5 percent) in the assessment area. Based upon this analysis, there was no conspicuous,

⁸ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

unexplained lending gaps in the assessment area.

HMDA Reportable Lending

In 2021 and 2022, the bank's rate of HMDA-reportable lending within low- and moderate-income census tracts was excellent. The bank's 2021 and 2022 HMDA-reportable lending in the assessment area was concentrated in home purchase, refinance, and home improvement loans. Due to the lack of volume, multi-family loans were not considered within the analysis of HMDA-reportable lending. However, the bank participated in the Habitat for Humanity Mortgage Purchase Program, in which 67 loans were purchased within the assessment area. Given these loans are coded as Loan Purpose Not Applicable, they are not reflected within the following loan tables but were included within the overall analysis.

Home Purchase Loans

Home purchase loans represented 18.9 percent of the bank's HMDA-reportable loans originated in Fort Wayne, IN MSA assessment area in 2022. Within low-income census tracts, the bank originated 4.5 percent of its home purchase loans, which was slightly above the 2.0 percent of the aggregate lenders and comparable to the 3.2 percent of owner-occupied housing units located in low-income tracts. Within moderate-income census tracts, the bank originated 4.5 percent of its home purchase loans, which was well below the aggregate lenders and owner-occupied demographics at 15.1 percent and 17.6 percent, respectively. Within middle-income census tracts, the bank originated 40.9 percent of its home purchase loans in 2022. This was comparable to the aggregate lenders and below the owner-occupied demographics at 41.0 percent and 45.1 percent, respectively. The bank originated 50.0 percent of its home purchase loans in upper-income census tracts, which was above the aggregate lenders and well above the owner-occupied demographics at 41.7 percent and 34.0 percent, respectively.

The bank's performance in 2021 exceeded the performance in 2022. The bank originated 2.0 percent of its home purchase loans within low-income census tracts, which was comparable to the aggregate lenders at 3.2 percent and below the owner-occupied demographics at 6.1 percent. Within moderate-income census tracts, the bank originated 18.4 percent of its home purchase loans, which was above the aggregate lenders and the owner-occupied demographics at 15.1 percent and 13.6 percent, respectively.

Refinance Loans

Refinance loans represented 27.5 percent of the bank's HMDA-reportable loans originated in the assessment area in 2022. Within low-income census tracts, the bank originated 7.8 percent of its refinance loans, which was above the aggregate lenders and the owner-occupied housing units

located in low-income tracts at 1.5 percent and 3.2 percent, respectively. Within moderate-income census tracts, the bank originated 7.8 percent of its refinance loans, which was below the aggregate lenders and owner-occupied demographics at 13.1 percent and 17.6 percent, respectively. Within middle-income census tracts, the bank originated 46.9 percent of its refinance loans. This was comparable to the aggregate lenders and owner-occupied demographics at 45.3 percent and 45.1 percent, respectively. The bank originated 37.5 percent of its refinance loans in upper-income census tracts, which was slightly below the aggregate lenders at 40.0 percent and above the owner-occupied demographics 34.0 percent.

The bank's performance in 2021 exceeded the performance of 2022. The bank originated 2.5 percent of its refinance loans within low-income census tracts, which was comparable to the aggregate lenders at 1.2 percent and below the owner-occupied demographics at 6.1 percent. Within moderate-income census tracts, the bank originated 12.9 percent of its refinance loans, which was above the aggregate lenders at 9.7 percent and comparable to the owner-occupied demographics at 13.6 percent, respectively.

Home Improvement Loans

Home improvement loans represented 24.9 percent of the bank's HMDA-reportable loans originated in the assessment area in 2022. Within low-income census tracts, the bank originated 1.7 percent of its home improvement loans, which was comparable to the 2.1 percent of the aggregate lenders and the 3.2 percent of owner-occupied housing units located in low-income tracts. Within moderate-income census tracts, the bank originated 12.1 percent of its home improvement loans, which was comparable to the aggregate lenders at 12.8 percent and below the owner-occupied demographics at 17.6 percent. Within middle-income census tracts, the bank originated 55.2 percent of its home improvement loans in 2022. This was well above the aggregate lenders and above the owner-occupied demographics at 39.9 percent and 45.1 percent, respectively. The bank originated 31.0 percent of its home improvement loans in upper-income census tracts, which was below the aggregate lenders and the owner-occupied demographics at 45.0 percent and 34.0 percent, respectively.

The bank's performance in 2021 exceeded its performance in 2022. In 2021, the bank originated 6.3 percent of its home improvement loans within low-income census tracts, which was slightly above the 3.8 percent of the aggregate lenders and comparable to the 6.1 percent of owner-occupied housing units. Within moderate-income census tracts, the bank originated 18.8 percent of its home improvement loans, which was above the aggregate lenders at 11.7 percent and the owner-occupied demographics at 13.6 percent.

The following table presents the bank's 2022 HMDA-reportable lending in the assessment area; 2021 tables are available in Appendix A.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Fort Wayne, IN MSA 23060							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	2	4.5	2.0	128	1.1	0.9	3.2
Moderate	2	4.5	15.1	354	2.9	9.5	17.6
Middle	18	40.9	41.0	3,503	29.0	35.0	45.1
Upper	22	50.0	41.7	8,094	67.0	54.4	34.0
Unknown	0	0.0	0.1	0	0.0	0.2	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	44	100.0	100.0	12,079	100.0	100.0	100.0
Refinance Loans							
Low	5	7.8	1.5	228	2.3	0.2	3.2
Moderate	5	7.8	13.1	374	3.8	2.7	17.6
Middle	30	46.9	45.3	3,926	40.2	79.7	45.1
Upper	24	37.5	40.0	5,236	53.6	17.2	34.0
Unknown	0	0.0	0.2	0	0.0	0.2	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	64	100.0	100.0	9,764	100.0	100.0	100.0
Home Improvement Loans							
Low	1	1.7	2.1	20	0.6	1.8	3.2
Moderate	7	12.1	12.8	220	6.7	9.0	17.6
Middle	32	55.2	39.9	2,005	60.8	36.4	45.1
Upper	18	31.0	45.0	1,055	32.0	52.7	34.0
Unknown	0	0.0	0.1	0	0.0	0.2	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	58	100.0	100.0	3,300	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	15.2	0	0.0	2.3	5.6
Moderate	0	0.0	28.8	0	0.0	16.5	30.4
Middle	0	0.0	40.9	0	0.0	39.5	46.8
Upper	0	0.0	12.1	0	0.0	32.3	14.8
Unknown	0	0.0	3.0	0	0.0	9.4	2.4
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	19	8.2	1.9	645	2.4	0.7	3.2
Moderate	59	25.3	14.3	2,084	7.7	6.7	17.6
Middle	90	38.6	42.1	9,799	36.4	56.3	45.1
Upper	65	27.9	41.5	14,401	53.5	35.6	34.0
Unknown	0	0.0	0.2	0	0.0	0.8	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	233	100.0	100.0	26,929	100.0	100.0	100.0

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Small Business Loans

The bank's performance with respect to the geographic distribution of small business loans was good. The bank originated five loans, or 2.6 percent, within low-income census tracts, which was comparable to the aggregate lenders and the percentage of total businesses at 3.2 percent and 3.9 percent, respectively. Within moderate-income census tracts, the bank originated 33 loans, or 17.4 percent, which was also comparable to the aggregate lenders and the percentage of total business at 18.1 percent and 19.3 percent, respectively. In middle-income census tracts, the bank originated 77 loans, or 40.5 percent, which was comparable to the aggregate lenders and the percentage of total businesses at 40.4 percent and 41.6 percent, respectively. In upper-income census tracts, the bank originated 69 loans, or 36.3 percent, which was slightly above the aggregate lenders and above the percentage of total businesses at 33.7 percent and 30.9 percent, respectively. In 2021, the bank's performance was consistent with 2022 figures.

The following table presents the bank's 2022 small business lending in the assessment area; 2021 tables are available in Appendix A.

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: Fort Wayne, IN MSA 23060							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	5	2.6	3.2	690	1.5	3.1	3.9
Moderate	33	17.4	18.1	7,796	17.3	19.5	19.3
Middle	77	40.5	40.4	21,520	47.8	41.1	41.6
Upper	69	36.3	33.7	13,013	28.9	28.0	30.9
Unknown	6	3.2	4.2	1,988	4.4	8.2	4.5
Tract-Unk	0	0.0	0.5	0	0.0	0.1	
Total	190	100.0	100.0	45,007	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

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

For the purposes of this review, loans made in calendar year 2021 or prior were analyzed based on 2011-2015 American Community Survey income designations for individuals⁹. Loans made in calendar year 2022 or

⁹ Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

1st Source Bank's lending activities reflect adequate distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

In 2022, the bank's performance relative to HMDA-reportable lending was good, as lending to low-income borrowers was comparable to aggregate lenders and below demographics. Lending to moderate-income borrowers was below both aggregate and demographic lenders. The bank's 2021 lending performance exceeded the performance in 2022. For loans to small businesses in 2022, the bank's performance was adequate. The bank's lending to businesses reporting annual revenue of \$1 million or less was below the peer performance and percentage of total businesses operating in the assessment area in 2022. The bank's 2021 performance was slightly better.

For purposes of this analysis, small business loans received the greater weight when determining the rating given the bank is primarily focused on commercial lending. In addition, when determining performance, the comparison to aggregate lender figures were weighted more heavily than the assessment area demographics (i.e., families by family income or total businesses) as it is a better measure of loan demand.

1st Source Bank exhibits a good record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations. 1st Source Bank makes use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. These are exhibited by the bank's effective use of several products in its loan programs: Loan Reclamation, Flexible Consumer and Mortgage, and SBA Loan Programs. Some of the most notable products that are beneficial to the community area include the Credit Builder Loan Program, Unsecured Home Improvement lending, Community Development Mortgage program that aids first time homebuyers utilizing non-traditional credit sources and can be combined with down payment assistance, and the Title IX program, which is a revolving loan fund created by the city of Fort Wayne.

HMDA Reportable Lending

In 2021 and 2022, the bank's rate of HMDA-reportable lending to low- and moderate-income borrowers was good. Due to the lack of volume, multi-family loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

In 2022, the bank originated 13.6 percent of its home purchase loans to low-income borrowers, which was slightly above the aggregate lenders at 10.9 percent and below the low-income families in the assessment area at 19.3 percent. The bank originated 9.1 percent of its home purchase loans to moderate-income borrowers, which was well below the aggregate lenders and below the moderate-income families in the assessment area at 22.8 percent and 18.8 percent, respectively. The bank originated 25.0 percent of its home purchase loans to middle-income borrowers, which was slightly above the aggregate lenders and middle-income families in the assessment area at 22.5 percent and 22.3 percent, respectively. The bank originated 47.7 percent of its home purchase loans to upper-income borrowers, which was significantly above the aggregate lenders at 28.5 percent and above the upper-income families in the assessment area at 39.6 percent.

The bank's performance in 2021 exceeded its 2022 performance. In 2021, the bank originated 18.4 percent of its home purchase loans to low-income borrowers, which was above the aggregate lenders at 10.0 percent and comparable to the low-income families in the assessment area at 20.0 percent. The bank originated 24.5 percent of its home purchase loans to moderate-income borrowers, which was comparable to the aggregate lenders at 23.9 percent and above the moderate-income families in the assessment area at 18.0 percent.

Refinance Loans

In 2022, the bank originated 18.8 percent of its refinance loans to low-income borrowers, which was above aggregate lenders at 14.3 percent and comparable to the low-income families in the assessment area at 19.3 percent. The bank originated 17.2 percent of its refinance loans to moderate-income borrowers, which was below the aggregate lenders at 26.7 percent and comparable to moderate-income families in the assessment area at 18.8 percent. The bank originated 20.3 percent of its refinance loans to middle-income borrowers, which was comparable to both the aggregate lenders and to the middle-income families in the assessment area at 22.4 percent and 22.3 percent, respectively. The bank originated 40.6 percent of its refinance loans to upper-income borrowers, which was well above the aggregate lenders at 27.4 percent and comparable to the upper-income families in the assessment area at 39.6 percent. The bank's performance in 2021 was largely consistent with 2022 figures.

Home Improvement Loans

In 2022, the bank originated 13.8 percent of its home improvement loans to low-income borrowers, which was comparable to the aggregate lenders at 11.6 percent and below the low-income families in the assessment area at 19.3 percent. The bank originated 19.0 percent of its home improvement loans to moderate-income borrowers, which was comparable to the aggregate lenders at 21.6

percent and comparable to moderate-income families in the assessment area at 18.8 percent. The bank originated 29.3 percent of its home improvement loans to middle-income borrowers, which was above the aggregate lenders and middle-income families in the assessment area at 23.4 percent and 22.3 percent, respectively. The bank originated 32.8 percent of its home improvement loans to upper-income borrowers, which was below the aggregate lenders and the upper-income families in the assessment area at 41.3 percent and 39.6 percent, respectively.

The bank's performance in 2021 slightly exceeded 2022 figures. In 2021, the bank originated 21.9 percent of its home improvement loans to low-income borrowers, which was well above the aggregate lenders at 11.6 percent and comparable to the low-income families in the assessment area at 20.0 percent. The bank originated 21.9 percent of its home improvement loans to moderate-income borrowers, which was comparable to the aggregate lenders at 21.0 percent and above the moderate-income families in the assessment area at 18.0 percent.

The following table presents the bank's 2022 HMDA-reportable lending in the assessment area; 2021 tables are available in Appendix A.

Distribution of 2022 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Fort Wayne, IN MSA 23060							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	6	13.6	10.9	436	3.6	5.8	19.3
Moderate	4	9.1	22.8	736	6.1	16.9	18.8
Middle	11	25.0	22.5	1,968	16.3	21.6	22.3
Upper	21	47.7	28.5	8,569	70.9	41.0	39.6
Unknown	2	4.5	15.3	370	3.1	14.7	0.0
Total	44	100.0	100.0	12,079	100.0	100.0	100.0
Refinance Loans							
Low	12	18.8	14.3	595	6.1	2.7	19.3
Moderate	11	17.2	26.7	986	10.1	6.6	18.8
Middle	13	20.3	22.4	1,333	13.7	6.8	22.3
Upper	26	40.6	27.4	6,760	69.2	11.8	39.6
Unknown	2	3.1	9.1	90	0.9	72.0	0.0
Total	64	100.0	100.0	9,764	100.0	100.0	100.0
Home Improvement Loans							
Low	8	13.8	11.6	201	6.1	6.6	19.3
Moderate	11	19.0	21.6	343	10.4	16.2	18.8
Middle	17	29.3	23.4	1,373	41.6	22.2	22.3
Upper	19	32.8	41.3	1,219	36.9	52.0	39.6
Unknown	3	5.2	2.1	164	5.0	2.9	0.0
Total	58	100.0	100.0	3,300	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	26	11.2	11.7	1,232	4.6	4.3	19.3
Moderate	26	11.2	23.4	2,065	7.7	11.6	18.8
Middle	41	17.6	22.4	4,674	17.4	14.0	22.3
Upper	66	28.3	30.0	16,548	61.5	26.9	39.6
Unknown	74	31.8	12.5	2,410	8.9	43.2	0.0
Total	233	100.0	100.0	26,929	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Small Business Loans

The bank's performance relative to small business lending was adequate. In 2022, the bank originated 60 loans, or 31.6 percent, to businesses with revenues of \$1 million or less. This rate was well below the aggregate lenders and significantly below the percentage of total businesses in the assessment area at 52.1 percent and 89.4 percent, respectively. Of the small business loans, 43.2 percent were made in amounts of \$100,000 or less, which are considered most beneficial to small businesses. Of the loans made to businesses with \$1 million or less, a majority, or 65.0 percent, were made in amounts of \$100,000 or less.

In 2021, the bank's performance was slightly better with the bank originating 36.9 percent of its loans to businesses with revenues of \$1 million or less, which was below the aggregate lenders at 46.6 percent and significantly below the percentage of total businesses in the assessment area at 89.3 percent. Of the small business loans, 68.1 percent were made in amounts of \$100,000 or less, which are considered most beneficial to small businesses. Of the loans made to businesses with \$1 million or less, a large majority or 80.7 percent, were made in amounts of \$100,000 or less.

The following table presents the borrower distribution of small business loans in 2022; 2021 tables are available in Appendix A.

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Fort Wayne, IN MSA 23060							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	60	31.6	52.1	7,801	17.3	32.3	89.4
Over \$1 Million	101	53.2		29,076	64.6		9.6
Revenue Unknown	29	15.3		8,130	18.1		1.0
Total	190	100.0		45,007	100.0		100.0
By Loan Size							
\$100,000 or Less	82	43.2	89.5	4,369	9.7	25.8	
\$100,001 - \$250,000	50	26.3	4.6	8,786	19.5	14.9	
\$250,001 - \$1 Million	58	30.5	5.9	31,852	70.8	59.4	
Total	190	100.0	100.0	45,007	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	39	65.0		1,858	23.8		
\$100,001 - \$250,000	12	20.0		1,799	23.1		
\$250,001 - \$1 Million	9	15.0		4,144	53.1		
Total	60	100.0		7,801	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Lending

1st Source Bank makes a relatively high level community development loans. Overall, the bank originated 20 community development loans totaling \$41.8 million in the assessment area. The loans were primarily to organizations/businesses that are focused on affordable housing and revitalization/stabilization by number and dollar. Overall, the volume of community development loans represents a decrease by number and dollar from the previous evaluation period when the bank originated 39 loans for \$48.5 million. By month, this represents a 34.3 percent decrease by number and a 10.9 percent increase by dollar. Of the community development loans originated during the last evaluation period, nine such loans for \$5.1 million were originated as part of the PPP in response to the COVID-19 pandemic in efforts to stabilize the assessment area. Thus, when accounting for PPP loans and the difference in months in evaluation period, the bank's lending increased by 24.0 percent by dollar.

In 2021 and 2022, the bank made nine Community Development Mortgages totaling approximately \$668,900. This program provides credit opportunity for first time homebuyers that earn less than 80 percent of median family income, who may not be able to demonstrate

creditworthiness through traditional means, such as credit reports. These loans demonstrate the use of innovative underwriting standards and provide excellent responsiveness to the credit and community development needs of the assessment area, as affordable housing was noted as a need by a community representative.

The following table presents the bank's community development loans in the assessment area during the review period.

Community Development Loans June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Fort Wayne, IN MSA	7	12,510	3	800	2	1,000	8	27,506	20	41,816

INVESTMENT TEST

1st Source Bank's performance relative to the Investment Test in the Fort Wayne, IN MSA is rated High Satisfactory as it made a significant level of qualified community development investments and donations, particularly those not routinely provided by private investors, rarely in a leadership position. The bank makes occasional use of innovative and/or complex investments to support community initiatives and demonstrates good responsiveness to credit and community development needs.

During the evaluation period the bank made \$3.4 million dollars in total community development investments that consisted of \$2.9 million for affordable housing purposes and \$0.5 million for economic development. Additionally, there were \$7.7 million in outstanding balances on the date of the performance evaluation from investments the bank had made in prior periods. Of the combined \$11.1 million there was \$1.9 million that was unfunded. At the previous evaluation, the bank largely participated in mortgage-backed securities. In this evaluation period, the bank made investments into Low-Income Housing Tax Credits (LIHTC), showing targeted efforts toward the affordable housing need cited by community representatives.

The following table presents the bank's qualified community development investments during the review period.

Community Development Investments (Dollars in 000s) June 8, 2021 – September 25, 2023						
Assessment Area	Current Period Investments			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
Fort Wayne, IN MSA	2,926	0	500	3,426	7,663	1,930

1st Source distributed \$458,335 in 47 qualified donations in the current evaluation period. Most of the donations were distributed amongst organizations providing community service, followed by economic development and affordable housing. This represents a decrease of number but an increase in dollar since the previous evaluation period of 75 donations totaling \$386,702. This is a 37.3 percent decrease by number and 18.5 percent increase by dollar. However, when considering the difference in review periods, the performance demonstrates a 19.2 percent decrease by number and 52.4 percent increase by dollar.

The following table presents the bank's qualified community development donations during the review period.

Community Development Donations June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Fort Wayne, IN MSA	5	43,500	24	346,080	18	68,755	0	0	47	458,335

SERVICE TEST

1st Source's performance relative to the Service Test in the Fort Wayne, Indiana MSA is rated Outstanding based on the following factors: delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area; services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals; and the bank is a leader in providing community development services.

Retail Services

The distribution of the branch offices and ATMs is performed using current data (2022) and any changes in the median family income level of the geographies where the branches are located.

1st Source Bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals.

The bank operates a total of nine branches and nine ATMs. The bank has one branch in a census tract with unknown-income (Indiana University-Purdue University campus), one branch in a moderate-income census tract, four branches in middle-income census tracts, and three branches in upper-income census tracts. Each branch is accompanied by an ATM. A new LPO was opened in a moderate-income census tract in 2021.

Bank locations are open Monday through Friday with standard hours typically from 9:00 a.m. to 5:00 p.m. and limited hours on Saturdays typically until noon. All products and services are consistent among all branches. The bank offers ATMs, internet and mobile banking, telephone banking services, and eBanking products to increase access and provide additional services to customers.

Community Development Services

1st Source Bank is a leader in providing community development services. Bank employees provided 905 hours, or 15.3 percent of the 5,905 total hours of qualified community development services in the assessment area. This represents an increase of hours of 30.2 percent compared to the previous evaluation period of 695 hours. By month, the previous evaluation had 19.3 hours per month, whereas this evaluation had 32.3 hours per month. This represents a 67.4 percent increase by month. The service hours were primarily directed towards providing community service followed by economic development and affordable housing. While the hours dedicated to affordable housing make up the smallest portion service hours, they were highly impactful. During these hours, bank staff partnered with Habitat for Humanity to provided financial education to low- and moderate-income homebuyers; one community representative noted this a major need is the assessment area, making this activity particularly responsive.

The following table presents the bank's qualified community development services during the review period.

Community Development Services June 8, 2021 – September 25, 2023						
Assessment Area	Affordable Housing	Community Service	Economic Development	Revitalize/ Stabilize	Total Hour s	% of Total
	# Hours	# Hours	# Hours	# Hours		
Fort Wayne, IN MSA	36	701	168	0	905	15.3

WESTERN INDIANA NON-MSA – Full Review

SCOPE OF THE EXAMINATION

1st Source Bank's operations in Western, Indiana Non-MSA received a full-scope review. The scope for this assessment area is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE WESTERN INDIANA NON-MSA¹⁰

The Western, Indiana Non-MSA consist of Fulton, Kosciusko, Marshall, Pulaski, and Starke Counties in their entirety. This is unchanged since the previous evaluation. The assessment area consists of a total of 50 census tracts comprised of one low-, five moderate-, 35 middle-, and nine upper-income census tracts. This represents a change from the previous evaluation where the assessment area contained zero low-, five moderate-, 36 middle-, and seven upper-income census tracts totaling 48 census tracts. There are no distressed or underserved middle-income tracts in the assessment area.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

¹⁰ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	1	+1
Moderate	5	5	0
Middle	36	35	-1
Upper	7	9	+2
Unknown	0	0	0
Total	48	50	+2
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

1st Source Bank has nine branches and 15 ATMs (eight full service and seven cash-only). The bank has three branches in moderate-income census tracts, five branches in middle-income census tracts, and one branch in an upper-income census tract. Each branch is accompanied by an ATM except for one branch.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2022, ranked the bank second in the market among 20 institutions serving the assessment area, with 18.5 percent of the market share. The institution with the largest market share of deposits was Lake City Bank with 35.4 percent. Deposits in the assessment area represent 11.9 percent of the bank's overall deposit totals.

1st Source Bank was fourth in 2022 total HMDA originations within the assessment area among 264 HMDA reporters with 252 originations. First Federal Savings Bank was the market leader with 518 originations followed by Ruoff Mortgage Company with 473 originations. The bank was fifth in 2022 among 78 CRA reporters in originations with 291 originations. The market leader was U.S. Bank with 580 originations in 2022 followed by American Express with 400 originations.

Information regarding census related and business demographic characteristics of the assessment area is provided in the following table.

2022 Western IN Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	2.0	918	1.9	186	20.3	8,525	17.9
Moderate	5	10.0	3,964	8.3	553	14.0	9,000	18.9
Middle	35	70.0	34,016	71.6	2,676	7.9	10,533	22.2
Upper	9	18.0	8,620	18.1	457	5.3	19,460	41.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	50	100.0	47,518	100.0	3,872	8.1	47,518	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,570	514	1.0	32.7	782	49.8	274	17.5
Moderate	8,672	4,028	7.6	46.4	3,209	37.0	1,435	16.5
Middle	61,531	39,079	73.3	63.5	11,008	17.9	11,444	18.6
Upper	14,424	9,659	18.1	67.0	2,056	14.3	2,709	18.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	86,197	53,280	100.0	61.8	17,055	19.8	15,862	18.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	293	4.0	244	3.7	47	7.8	2	1.5
Moderate	1,031	14.2	914	14.0	101	16.9	16	11.7
Middle	4,698	64.7	4,235	64.9	358	59.8	105	76.6
Upper	1,241	17.1	1,134	17.4	93	15.5	14	10.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7,263	100.0	6,527	100.0	599	100.0	137	100.0
Percentage of Total Businesses:				89.9		8.2		1.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	2	0.3	2	0.3	0	0.0	0	0.0
Moderate	28	3.9	27	3.9	1	7.7	0	0.0
Middle	602	84.4	590	84.4	11	84.6	1	100.0
Upper	81	11.4	80	11.4	1	7.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	713	100.0	699	100.0	13	100.0	1	100.0
Percentage of Total Farms:				98.0		1.8		0.1
Source: 2022 FFIEC Census Data								
2022 Dun & Bradstreet Data								
2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Population Characteristics

The following table presents the population trends for the assessment area, its counties, the entire Non-MSA Indiana, and the state of Indiana from 2015 to 2020. Of the five counties comprising the bank's assessment area, only two of the counties experienced population increases with Kosciusko County leading with 2.9 percent followed by Starke County with 1.1 percent. The other three counties experienced decreases led by Pulaski County with 4.1 percent, Marshall County with 1.8 percent, and Fulton County with 0.2 percent. For comparison purposes, the state of Indiana experienced a 3.3 percent population gain while all non-MSA counties in Indiana experienced an overall decline of 0.3 percent.

Community representatives were concerned the supply of affordable housing was limited for the residents, especially for low- and moderate-income families. Residents' income could not keep pace with the rising housing costs, which could lead to residents choosing to live further from the community for affordable options and commuting into the counties for employment. Additionally, a community representative noted that once students go to universities outside the community, they typically do not return.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	181,636	182,700	0.6
Fulton County, Indiana	20,527	20,480	-0.2
Kosciusko County, Indiana	77,983	80,240	2.9
Marshall County, Indiana	46,962	46,095	-1.8
Pulaski County, Indiana	13,047	12,514	-4.1
Starke County, Indiana	23,117	23,371	1.1
Non-MSA Indiana	1,475,951	1,471,133	-0.3
State of Indiana	6,568,645	6,785,528	3.3
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

Income Characteristics

Based upon 2022 FFIEC Census Data, the assessment area had 36.8 percent of its families by family income classified as either low- (17.9 percent) or moderate-income (18.9 percent). The percentage of families residing within the assessment area that live below the poverty line is 8.1 percent, which is below the state of Indiana rate of 8.9 percent.

According to 2016-2020 American Community Survey data, all five counties in the assessment area experienced an increase in median family income (MFI) from 2015 to 2020. Most of the counties had growth over eight percent. Starke County increased by 10.1 percent, Kosciusko and Pulaski counties increased by 9.8 percent, and Fulton County increased by 8.8 percent. Marshall County had the smallest increase at 5.7 percent. Only Starke and Kosciusko Counties outpaced the state of Indiana at 9.7 percent. A community representative stated Marshall County residents may not be receiving as large of an MFI increase due to many of the salaried workers living in the surrounding counties and commuting into the county for work. Another community representative has noted that while Starke County's MFI has risen over the past several years, it has only marginally kept up with rising cost of living.

The following table compares the median family income (MFI) for the assessment area, the counties that makeup the assessment area, the entire Non-MSA Indiana, and the state of Indiana.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Assessment Area	62,894	68,180	8.4
Fulton County, Indiana	59,442	64,657	8.8
Kosciusko County, Indiana	66,786	73,298	9.8
Marshall County, Indiana	65,119	68,813	5.7
Pulaski County, Indiana	56,098	61,569	9.8
Starke County, Indiana	54,707	60,246	10.1
Non-MSA Indiana	60,873	67,032	10.1
State of Indiana	66,777	73,265	9.7
<i>Source: 2011 – 2015 U.S. Census Bureau American Community Survey 2016 – 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

Housing Characteristics

Based upon 2022 FFIEC Census Data, the assessment area includes 86,197 housing units; the majority are owner-occupied, representing 61.8 percent of the units, followed by 19.8 percent rental units and 18.4 percent vacant housing units. The median age of housing stock in the assessment area is 54 years, which is older than the average in the state of Indiana as a whole (46 years).

The following table presents the recent housing cost burdens for the five individual counties within the assessment area, the bank's assessment area, the Non-MSA Indiana, 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. Renters

across all income levels in the assessment area experience this burden at 35.6 percent. Marshall County had the highest number of all renters experiencing a rental cost burden at 43.1 percent. Consistent with all communities, low-income renters experienced greater rental cost burdens than moderate-income renters. Homeowners across all income levels in the assessment area experience a cost burden at 14.5 percent. Marshall County had the highest number of all homeowners experiencing a housing cost burden at 16.5 percent. Consistent with all communities, low-income homeowners experienced greater rental cost burdens than moderate-income homeowners.

According to FFIEC HMDA loan and application records, home mortgage trends reflect increases in home mortgage activity in recent years across the counties and the broader region. These trends suggest a continued increase in demand for home purchases, driving up home values and indicating that housing cost burdens for low- and moderate-income homeowners will remain elevated. According to the 2022 U.S. Census, the assessment area had a median housing value of \$138,079 and median gross rent of \$757.

Community representatives noted that housing availability is limited, and the cost of building materials is a major factor that limits the development of affordable housing. One community representative stated that using the Indiana Housing and Community Development Authority tax credits would be beneficial to build permanent supportive housing mixed with low-income housing alternatives.

Housing Cost Burden						
Area	Cost Burden (%) – Renters			Cost Burden (%) – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	72.3	23.4	35.6	52.2	21.2	14.5
Fulton County, Indiana	63.1	34.3	34.9	54.8	18.6	15.0
Kosciusko County, Indiana	77.0	21.8	32.9	47.6	21.8	12.8
Marshall County, Indiana	75.4	20.5	43.1	56.0	24.4	16.5
Pulaski County, Indiana	65.2	20.8	32.6	49.3	21.2	15.7
Starke County, Indiana	58.6	21.7	31.5	57.3	16.3	15.3
Non-MSA Indiana	66.5	20.4	34.4	53.2	19.9	14.4
State of Indiana	73.3	26.8	41.0	57.2	22.9	15.1
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Employment Characteristics

The following table presents the unemployment rates between 2018 and 2022 for the assessment area, the five individual counties which makeup the assessment area, the Non-MSA Indiana, and the state of Indiana. Overall, all geographies have experienced decreased unemployment rates. Notable increases are observed in 2020 due to the widespread economic downturn caused by the COVID-19 pandemic. Since then, unemployment rates in both areas have declined, even below that of pre-pandemic rates. Although unemployment rates have been decreasing, a community representative noted there is a need to find employees to fill positions as the number of employers is constantly growing. Some of the primary industries that need employees are in manufacturing, healthcare, and retail trade. A community representative stated the decreasing population, seasonal agricultural and tourism jobs, lack of childcare services, and limited transportation have held back the potential growth in employment.

Unemployment Rates (%)					
Area	2018	2019	2020	2021	2022
Assessment Area	3.1	3.1	6.6	3.3	2.7
Fulton County, Indiana	3.3	3.1	6.7	3.6	3.0
Kosciusko County, Indiana	2.6	2.8	6.3	3.0	2.5
Marshall County, Indiana	3.2	3.1	6.6	2.9	2.6
Pulaski County, Indiana	3.1	3.0	6.2	3.2	2.6
Starke County, Indiana	4.3	4.3	8.2	4.7	3.8
Non-MSA Indiana	3.2	3.1	6.7	3.3	2.8
State of Indiana	3.4	3.3	7.3	3.9	3.0
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics					

According to the U.S. Bureau of Labor Statistics, as of the second quarter of 2022, the assessment area has many of its residents employed in manufacturing (24,280), retail trade (7,397), and healthcare (5,265). However, much of the community is agriculturally based as well. A community representative stated the biggest employers in the market have been companies related to industrial solar projects, education, a potato factory, Southwire wire and cable manufacturing, and Hersey's Salted Snacks. Manufacturing has a focus on furniture, boats, and recreational vehicles.

Community Representatives

Four community representatives with a focus on affordable housing and economic development were contacted to increase the understanding of the credit needs and market conditions within the assessment area. The focus of the community representatives included the lack of available housing in the community, the need to retain the population and fill employment opportunities,

the need for financial education, the lack of healthcare/childcare options, and food insecurity. One community representative noted that housing tax credits to build permanent supportive housing mixed with low-income housing alternatives are essential.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS WESTERN INDIANA NON-MSA

LENDING TEST

The geographic distribution of loans reflects excellent penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, adequate penetration among individuals of different income levels and among businesses of different sizes. 1st Source Bank also exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes a relatively high level of community development loans, and the bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

The bank participates in several loan programs designed to assist low- and moderate-income borrowers and small businesses. These include the use of Federal Home Loan Bank programs which provide down payment and closing cost assistance to low- and moderate-income buyers. The bank also made over 47 Unsecured Home Improvement Loans under a program which utilizes non-traditional credit and has a minimum loan amount of \$1,000.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar 2021 and prior were analyzed based on the 2011-2015 American Community Survey income designations data¹¹. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

1st Source Bank's lending activities reflect excellent distribution throughout the assessment area particularly to low- and moderate-income census tracts. In 2022, the bank's rate of home mortgage lending within low- and moderate-income census tracts was good. Within low-income census tracts, the bank's performance was comparable to the aggregate lenders and the owner-occupied demographics. Within moderate-income census tracts, the bank's performance was comparable to the aggregate lenders and above the owner-occupied demographics. In 2021, the bank's performance was consistent. Additionally, the bank's performance with respect to small business lending was excellent due to performance well above peer and demographics in the low-income

¹¹ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

census tracts, and comparable to peer and below demographics in the moderate-income census tracts. The bank's 2021 small business lending performance was mostly consistent with 2022 figures.

For purposes of this analysis, small business loans were used as the primary factor for determining the rating given the bank is primarily focused on commercial lending. Additionally, both 2022 and 2021 figures were used to evaluate the bank's performance, though 2022 figures are featured in the narrative and 2021 figures are used to comparison and detailed in Appendix A. Finally, when determining performance, the comparison to aggregate lender figures was weighted more heavily than the assessment area demographics (i.e., percentage of owner-occupied housing units or percentage of borrowers by income levels) as it is a better measure of loan demand.

A gap analysis was completed as part of the evaluation. In 2022, the bank originated HMDA and/or CRA small business loans in the sole low-income census tracts and within all five of the moderate-income census tracts. Overall, the bank made loans in 49 of 50 (98.0 percent) in the assessment area. Based upon this analysis, there was no conspicuous, unexplained lending gaps in the assessment area.

HMDA Reportable Lending

In 2021 and 2022, the bank's rate of HMDA-reportable lending within low- and moderate-income census tracts was good. The bank's 2021 and 2022 HMDA-reportable lending in the assessment area was concentrated in home purchase, refinance, and home improvement loans. Due to the lack of volume, multi-family loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

Home purchase loans represented 29.0 percent of the bank's HMDA-reportable loans originated in Western, IN Non-MSA assessment area in 2022. Within low-income census tracts, the bank originated 1.4 percent of its home purchase loans, which was comparable to the 1.5 percent of the aggregate lenders and the 1.0 percent of owner-occupied housing units located in low-income tracts. Within moderate-income census tracts, the bank originated 11.0 percent of its home purchase loans, which was comparable to the aggregate lenders and above the owner-occupied demographics at 10.9 percent and 7.6 percent, respectively. Within middle-income census tracts, the bank originated 72.6 percent of its home purchase loans in 2022. This was above the aggregate lenders and comparable to the owner-occupied demographics at 66.2 percent and 73.3 percent, respectively. The bank originated 15.1 percent of its home purchase loans in upper-income census tracts, which was below the aggregate lenders and the owner-occupied demographics at 21.5 percent and 18.1 percent, respectively. The bank's performance in 2021 was largely consistent.

Refinance Loans

Refinance loans represented 38.9 percent of the bank's HMDA-reportable loans originated in the assessment area in 2022. Within low-income census tracts, the bank originated 1.0 percent of its refinance loans, which was comparable to the aggregate lenders and owner-occupied demographics at 0.7 percent and 1.0 percent, respectively. Within moderate-income census tracts, the bank originated 14.3 percent of its refinance loans, which was above the aggregate lenders and the owner-occupied demographics at 7.5 percent and 7.6 percent, respectively. Within middle-income census tracts, the bank originated 78.6 percent of its refinance loans. This was above the aggregate lenders and owner-occupied demographics at 72.0 percent and 73.3 percent, respectively. The bank originated 6.1 percent of its refinance loans in upper-income census tracts, which was well below the aggregate lenders and the owner-occupied demographics at 19.9 percent and 18.1 percent, respectively. The bank's performance in 2021 was largely consistent.

Home Improvement Loans

Home improvement loans represented 31.7 percent of the bank's HMDA-reportable loans originated in the assessment area in 2022. Within low-income census tracts, the bank originated 3.8 percent of its home improvement loans, which was comparable to the 1.6 percent of the aggregate lenders and above the 1.0 percent of owner-occupied housing units located in low-income tracts. Within moderate-income census tracts, the bank originated 6.3 percent of its home improvement loans, which was comparable to the aggregate lenders and owner-occupied demographics at 6.8 percent and 7.6 percent, respectively. Within middle-income census tracts, the bank originated 77.5 percent of its home improvement loans in 2022. This was above the aggregate lenders and owner-occupied demographics at 68.8 percent and 73.3 percent, respectively. The bank originated 12.5 percent of its home improvement loans in upper-income census tracts, which was below the aggregate lenders and the owner-occupied demographics at 22.9 percent and 18.1 percent, respectively. The bank's performance in 2021 was largely consistent.

The following table presents the bank's 2022 HMDA-reportable lending in the assessment area; 2021 tables are available in Appendix A.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Western IN Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	1	1.4	1.5	58	0.3	1.1	1.0
Moderate	8	11.0	10.9	861	4.8	7.8	7.6
Middle	53	72.6	66.2	11,533	64.2	62.9	73.3
Upper	11	15.1	21.5	5,516	30.7	28.2	18.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	73	100.0	100.0	17,968	100.0	100.0	100.0
Refinance Loans							
Low	1	1.0	0.7	56	0.6	0.4	1.0
Moderate	14	14.3	7.5	1,312	14.0	5.7	7.6
Middle	77	78.6	72.0	7,314	78.2	68.2	73.3
Upper	6	6.1	19.9	665	7.1	25.8	18.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	98	100.0	100.0	9,347	100.0	100.0	100.0
Home Improvement Loans							
Low	3	3.8	1.6	73	1.8	0.6	1.0
Moderate	5	6.3	6.8	131	3.3	4.4	7.6
Middle	62	77.5	68.8	3,162	79.7	68.5	73.3
Upper	10	12.5	22.9	601	15.1	26.5	18.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	80	100.0	100.0	3,967	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	3.5
Moderate	0	0.0	8.7	0	0.0	1.3	29.5
Middle	1	100.0	65.2	465	100.0	28.5	56.4
Upper	0	0.0	26.1	0	0.0	70.2	10.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	465	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	5	2.0	1.1	187	0.6	0.8	1.0
Moderate	27	10.7	8.8	2,304	7.3	6.6	7.6
Middle	193	76.6	68.6	22,474	70.8	63.4	73.3
Upper	27	10.7	21.5	6,782	21.4	29.2	18.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	252	100.0	100.0	31,747	100.0	100.0	100.0

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Small Business Loans

The bank's performance with respect to the geographic distribution of small business loans was excellent. In 2022, the bank originated 315 small business loans in the assessment area. The bank originated 92 loans, or 29.2 percent, within low-income census tracts, which was well above the aggregate lenders and the percentage of total businesses at 4.1 percent and 4.0 percent, respectively. In moderate-income census tracts, the bank originated 32 loans, or 10.2 percent, which was comparable to the aggregate lenders at 10.1 percent and below the percentage of total business at 14.2 percent. In middle-income census tracts, the bank originated 166 loans, or 52.7 percent, which was below the aggregate lenders and percentage of total businesses at 66.9 percent and 64.7 percent, respectively. Within upper-income census tracts, the bank originated 25 loans, or 7.9 percent, which was below the aggregate lenders and percentage of total businesses at 17.9 percent and 17.1 percent, respectively.

The bank's 2021 lending performance was mostly consistent with 2022 figures. In 2021, the assessment area had no low-income census tracts. Within moderate-income census tracts, the bank's performance of 25.2 percent was well above the aggregate lenders at 13.2 percent and above the percentage of total businesses at 18.0 percent, respectively.

The following table presents the bank's 2022 small business lending in the assessment area; 2021 tables are available in Appendix A.

Distribution of 2022 Small Business Lending By Income Level of Geography							
Assessment Area: Western IN Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	92	29.2	4.1	8,865	18.5	6.7	4.0
Moderate	32	10.2	10.1	8,466	17.6	10.1	14.2
Middle	166	52.7	66.9	26,158	54.5	63.3	64.7
Upper	25	7.9	17.9	4,484	9.3	19.6	17.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	1.1	0	0.0	0.2	
Total	315	100.0	100.0	47,973	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

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

For the purposes of this review, loans made in calendar year 2021 or prior were analyzed based on 2011-2015 American Community Survey income designations for individuals¹². Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

1st Source Bank's lending activities reflect adequate distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

In 2021 and 2022, the bank's performance relative to HMDA-reportable lending was excellent. In 2022, lending to low-income borrowers was comparable or above aggregate lenders and below the percentage of low-income families in the assessment area. Lending to moderate-income borrowers was also comparable or above the aggregate lenders and the percentage of moderate-income families in the assessment area. The bank's overall HMDA-reportable lending performance in 2021 was comparable. For loans to small businesses in 2022, the bank's performance was adequate. The bank's lending to businesses reporting annual revenue of \$1 million or less was significantly below the percentage of total businesses operating in the assessment area in 2022 and below peer lending. For loans to small businesses in 2021, the bank's performance exceeded its 2022 performance. The bank's lending to businesses reporting annual revenue of \$1 million or less was comparable to peer lending and significantly below the percentage of businesses operating in the assessment area. Due to loan volume, 2021 was weighted more heavily, therefore the bank's performance relative to small business lending is adequate.

For purposes of this analysis, small business loans received the greater weight when determining the rating given the bank is primarily focused on commercial lending. In addition, when determining performance, the comparison to aggregate lender figures were weighted more heavily than the assessment area demographics (i.e., families by family income or total businesses) as it is a better measure of loan demand.

HMDA Reportable Lending

In 2021 and 2022, the bank's rate of HMDA-reportable lending to low- and moderate-income borrowers was excellent. Due to the lack of volume, multi-family loans were not considered within the analysis of HMDA-reportable lending.

¹² Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

Home Purchase Loans

In 2022, the bank originated 12.3 percent of its home purchase loans to low-income borrowers, which was above the aggregate lenders at 9.2 percent and below the low-income families in the assessment area at 17.9 percent. The bank originated 11.0 percent of its home purchase loans to moderate-income borrowers, which was well below the aggregate lenders and below the moderate-income families in the assessment area at 22.4 percent and 18.9 percent, respectively. The bank originated 27.4 percent of its home purchase loans to middle-income borrowers, which was above the aggregate lenders and middle-income families in the assessment area at 23.4 percent and 22.2 percent, respectively. The bank originated 45.2 percent of its home purchase loans to upper-income borrowers, which was significantly above the aggregate lenders at 28.6 percent and above the upper-income families in the assessment area at 41.0 percent.

The bank's performance in 2021 slightly exceeded 2022 figures. In 2021, the bank originated 12.2 percent of its home purchase loans to low-income borrowers, which was above the aggregate lenders at 6.8 percent and below the low-income families in the assessment area at 15.8 percent. The bank originated 21.1 percent of its home purchase loans to moderate-income borrowers, which was comparable to the aggregate lenders at 21.0 percent and slightly above the moderate-income families in the assessment area at 18.7 percent.

Refinance Loans

In 2022, the bank originated 10.2 percent of its refinance loans to low-income borrowers, which was below the aggregate lenders and the low-income families in the assessment area at 13.5 percent and 17.9 percent, respectively. The bank originated 38.8 percent of its refinance loans to moderate-income borrowers, which was well above the aggregate lenders and the moderate-income families in the assessment area at 21.8 percent and 18.9 percent, respectively. The bank originated 26.5 percent of its refinance loans to middle-income borrowers, which was comparable to the aggregate lenders and above the middle-income families in the assessment area at 26.7 percent and 22.2 percent, respectively. The bank originated 24.5 percent of its refinance loans to upper-income borrowers, which was below the aggregate lenders at 31.2 percent and well below the upper-income families in the assessment area at 41.0 percent.

The bank's performance in 2021 was slightly below than 2022 figures. In 2021, the bank originated 9.3 percent of its refinance loans to low-income borrowers, which was above the aggregate lenders at 6.4 percent and below the low-income families in the assessment area at 15.8 percent. The bank originated 16.1 percent of its refinance loans to moderate-income borrowers, which was comparable to the aggregate lenders at 16.8 percent and slightly below the moderate-income families in the assessment area at 18.7 percent.

Home Improvement Loans

In 2022, the bank originated 6.3 percent of its home improvement loans to low-income borrowers, which was comparable to the aggregate lenders at 7.7 percent and well below the low-income families in the assessment area at 17.9 percent. The bank originated 18.8 percent of its home improvement loans to moderate-income borrowers, which was comparable to the aggregate lenders and the moderate-income families in the assessment area at 18.6 percent and 18.9 percent, respectively. The bank originated 32.5 percent of its home improvement loans to middle-income borrowers, which was above the aggregate lenders and well above the middle-income families in the assessment area at 24.9 percent and 22.2 percent, respectively. The bank originated 40.0 percent of its home improvement loans to upper-income borrowers, which was below the aggregate lenders and comparable to the upper-income families in the assessment area at 45.0 percent and 41.0 percent, respectively. The bank's performance in 2021 was consistent with 2022.

The following table presents the bank's 2022 HMDA-reportable lending in the assessment area; 2021 tables are available in Appendix A.

Distribution of 2022 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Western IN Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	9	12.3	9.2	806	4.5	4.6	17.9
Moderate	8	11.0	22.4	1,125	6.3	15.1	18.9
Middle	20	27.4	23.4	3,155	17.6	20.5	22.2
Upper	33	45.2	28.6	11,589	64.5	44.1	41.0
Unknown	3	4.1	16.4	1,293	7.2	15.7	0.0
Total	73	100.0	100.0	17,968	100.0	100.0	100.0
Refinance Loans							
Low	10	10.2	13.5	760	8.1	7.8	17.9
Moderate	38	38.8	21.8	3,459	37.0	15.2	18.9
Middle	26	26.5	26.7	2,569	27.5	22.6	22.2
Upper	24	24.5	31.2	2,559	27.4	45.4	41.0
Unknown	0	0.0	6.8	0	0.0	9.0	0.0
Total	98	100.0	100.0	9,347	100.0	100.0	100.0
Home Improvement Loans							
Low	5	6.3	7.7	175	4.4	4.7	17.9
Moderate	15	18.8	18.6	516	13.0	13.0	18.9
Middle	26	32.5	24.9	1,221	30.8	18.3	22.2
Upper	32	40.0	45.0	1,985	50.0	60.2	41.0
Unknown	2	2.5	3.8	70	1.8	3.7	0.0
Total	80	100.0	100.0	3,967	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	24	9.6	10.5	1,741	5.6	5.5	17.9
Moderate	61	24.3	20.9	5,100	16.3	14.6	18.9
Middle	72	28.7	24.6	6,945	22.2	20.8	22.2
Upper	89	35.5	32.7	16,133	51.6	46.3	41.0
Unknown	5	2.0	11.3	1,363	4.4	12.8	0.0
Total	251	100.0	100.0	31,282	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Small Business Loans

The bank's performance relative to small business lending was adequate. In 2022, the bank originated 119 loans, or 37.8 percent, to businesses with revenues of \$1 million or less. This rate was below the aggregate lenders at 54.9 percent and significantly below the percentage of total businesses in the assessment area at 89.9 percent. Of the small business loans, 62.9 percent were made in amounts of \$100,000 or less, which are considered most beneficial to small businesses. Of the loans made to businesses with \$1 million or less, a large majority or 73.9 percent, were made in amounts of \$100,000 or less.

In 2021, the bank's performance exceeded its 2022 performance. The bank originated 47.5 percent, to businesses with revenues of \$1 million or less. This rate was comparable to the aggregate lenders at 48.5 percent and significantly below the percentage of total businesses in the assessment area at 90.0 percent. Of the small business loans, 85.2 percent were made in amounts of \$100,000 or less, which are considered most beneficial to small businesses. Lending was slightly below the aggregate lenders at 89.4 percent. Of the loans made to businesses with \$1 million or less, a substantial majority or 92.8 percent, were made in amounts of \$100,000 or less.

The following table presents the borrower distribution of small business loans in 2022; 2021 tables are available in Appendix A

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Western IN Non MSA							
	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses
	#	%	%	\$(000)	%	%	%
By Revenue							
\$1 Million or Less	119	37.8	54.9	10,241	21.3	30.4	89.9
Over \$1 Million	169	53.7		31,925	66.5		8.2
Revenue Unknown	27	8.6		5,807	12.1		1.9
Total	315	100.0		47,973	100.0		100.0
By Loan Size							
\$100,000 or Less	198	62.9	89.7	7,605	15.9	28.9	
\$100,001 - \$250,000	62	19.7	5.3	10,996	22.9	18.3	
\$250,001 - \$1 Million	55	17.5	5.0	29,372	61.2	52.8	
Total	315	100.0	100.0	47,973	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	88	73.9		3,707	36.2		
\$100,001 - \$250,000	25	21.0		4,512	44.1		
\$250,001 - \$1 Million	6	5.0		2,022	19.7		
Total	119	100.0		10,241	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Lending

1st Source Bank makes a relatively high level of community development loans. Overall, the bank originated 11 community development loans totaling \$37.9 million in the assessment area. The loans were primarily to organizations/businesses that are focused on economic development by number and dollar. In 2021, the bank made three SBA 504 loans totaling \$2.3 million, demonstrating the use of complex and flexible underwriting requirements. This is particularly responsive to the needs of the assessment area, as community representatives noted lack of available funding for small businesses in the area. Overall, the volume of community development loans represents a decrease from the previous evaluation period when the bank originated 28 loans for \$84.5 million. By month, this represents a 49.5 percent decrease by number and a 42.3 percent decrease by dollar. However, the previous evaluation had elevated levels of lending activity due in part to the number of PPP loans during the COVID-19 pandemic.

The following table presents the bank's community development loans in the assessment area during the review period.

Community Development Loans June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Western, IN Non-MSA	1	51	3	213	7	37,655	0	0	11	37,919

INVESTMENT TEST

1st Source Bank's performance relative to the Investment Test in the assessment area is rated High Satisfactory as it made a significant level of qualified community development investments and donations, particularly those not routinely provided by private investors, rarely in a leadership position. The bank makes rare use of innovative and/or complex investments to support community initiatives and demonstrates good responsiveness to credit and community development needs.

During the evaluation period the bank made \$3.2 million dollars in total community development investments that consisted of \$2.6 million for affordable housing purposes and \$0.6 million for economic development. Additionally, there were \$2.9 million in outstanding balances on the date of the performance evaluation from investments the bank had made in prior periods. Of the combined \$6.1 million there was \$1.8 million that was unfunded. The bank maintained several prior period Low-Income Housing Tax Credits. These investments demonstrate the use of innovative and complex qualified investments and are particularly responsive to the credit and community development needs of the assessment area, as affordable housing was noted as a need by community representatives in the assessment area.

The following table presents the bank's qualified community development investments during the review period.

Community Development Investments (Dollars in 000s) June 8, 2021 – September 25, 2023						
Assessment Area	Current Period Investment			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
Western, IN Non-MSA	2,631	0	579	3,211	2,855	1,791

1st Source distributed \$266,641 in 82 qualified donations in the current evaluation period. Most of the donations were distributed amongst organizations providing community service, followed by economic development and revitalization/stabilization. This represents a decrease of number and dollar volume since the previous evaluation period of 110 donations totaling \$350,990. This is a 25.5 percent decrease by number and 24.0 percent decrease by dollar. However, when considering the difference in review periods, the performances demonstrate a 4.2 percent decrease by number and 2.3 percent increase by dollar.

The following table presents the bank's qualified community development donations during the review period.

Community Development Donations June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Western, IN Non-MSA	0	0	50	80,049	30	185,592	2	1,000	82	266,641

SERVICE TEST

1st Source's performance relative to the Service Test in the assessment area is rated High Satisfactory based on the following factors: delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment area; services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals; and the bank provides a relatively high level of community development services.

Retail Services

The distribution of the branch offices and ATMs is performed using current data (2022) and any changes in the median family income level of the geographies where the branches are located.

1st Source Bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. The bank operates a total of nine branches and 15 ATMs. Each

branch is accompanied by an ATM, with the exception of one branch. The bank has three branches in moderate-income census tracts, five branches in middle-income census tracts, and one branch in an upper-income census tract.

Bank locations are open Monday through Friday with standard hours typically from 9:00 a.m. to 5:00 p.m. and limited hours on Saturdays typically until noon. All products and services are consistent among all branches. The bank offers ATMs, internet and mobile banking, telephone banking services, and eBanking products to increase access and provide additional services to customers.

Community Development Services

1st Source Bank provides a relatively high level of community development services. Bank employees provided 591 hours, or 10.0 percent of the 5,905 total hours of qualified community development services in the assessment area. This represents a decrease of hours of 42.9 percent compared to the previous evaluation period of 1,035 hours. By month, the previous evaluation had 28.8 hours per month, whereas this evaluation had 21.1 hours per month. This represents a 26.7 percent decrease by month. The service hours were primarily directed towards providing economic development followed by community service, affordable housing, and revitalization/stabilization. Service hours directed toward economic development are particularly responsive, as the community struggles to maintain residents after high school graduation, resulting in small businesses struggling to find employees.

The following table presents the bank's qualified community development services during the review period.

Community Development Services June 8, 2021 – September 25, 2023						
Assessment Area	Affordable Housing	Community Service	Economic Development	Revitalize/Stabilize	Total Hours	% of Total
	# Hours	# Hours	# Hours	# Hours		
Western, IN Non-MSA	34	251	303	3	591	10.0

EASTERN INDIANA NON-MSA – Limited Review

SCOPE OF THE EXAMINATION

1st Source Bank's operations in the Eastern Indiana Non-MSA received a limited-scope review. The scope for this assessment area is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE EASTERN INDIANA NON-MSA¹³

The Eastern Indiana Non-MSA consists of Huntington and Wells Counties in their entirety. This is unchanged since the previous evaluation. The assessment area consists of a total of 16 census tracts comprised of two moderate-, 10 middle-, and four upper-income census tracts. This represents a change from the previous evaluation where the assessment area contained three moderate-, nine middle-, and four upper-income census tracts. There are no distressed or underserved middle-income tracts in the assessment area.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

¹³ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	3	2	-1
Middle	9	10	+1
Upper	4	4	0
Unknown	0	0	0
Total	16	16	0
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020			

1st Source Bank has two branches and two ATMs (one full-service and one cash-only). The bank has one branch in a moderate-income census tract and one branch in a middle-income census tract. Each branch is accompanied by an ATM.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2022, ranked the bank eighth in the market among 11 institutions serving the assessment area, with 4.3 percent of the market share. The two institutions with the largest market share of deposits were First Federal Savings Bank and PNC Bank N.A. with 17.3 percent and 16.5 percent, respectively. Deposits in this assessment area represent 1.0 percent of the bank's overall deposit totals.

1st Source Bank was twelfth in 2022 total HMDA originations within the assessment area counties among 153 HMDA Reporters with 45 originations, compared to Ruoff Mortgage Company Inc. which ranked first with 200 originations and Three Rivers Federal Credit Union which ranked second with 161 originations. The bank was thirteenth in 2022 among 55 CRA reporters in originations with 22 originations, compared to American Express which ranked first with 148 originations and JP Morgan Chase Bank N.A. which ranked second with 146 originations.

Information regarding census-related and business demographic characteristics of the assessment area is provided in the following table.

2022 Eastern IN Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,515	14.4
Moderate	2	12.5	1,914	11.0	258	13.5	3,654	21.0
Middle	10	62.5	10,283	59.1	689	6.7	3,940	22.6
Upper	4	25.0	5,216	30.0	192	3.7	7,304	41.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	16	100.0	17,413	100.0	1,139	6.5	17,413	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	3,357	1,912	9.7	57.0	1,026	30.6	419	12.5
Middle	17,104	11,663	59.0	68.2	4,218	24.7	1,223	7.2
Upper	7,572	6,199	31.3	81.9	894	11.8	479	6.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	28,033	19,774	100.0	70.5	6,138	21.9	2,121	7.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	235	10.0	209	9.9	21	10.9	5	12.5
Middle	1,436	61.3	1,287	60.9	122	63.5	27	67.5
Upper	673	28.7	616	29.2	49	25.5	8	20.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,344	100.0	2,112	100.0	192	100.0	40	100.0
Percentage of Total Businesses:				90.1		8.2		1.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	0.8	2	0.8	0	0.0	0	0.0
Middle	148	57.1	145	57.1	3	60.0	0	0.0
Upper	109	42.1	107	42.1	2	40.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	259	100.0	254	100.0	5	100.0	0	0.0
Percentage of Total Farms:				98.1		1.9		0.0
Source: 2022 FFIEC Census Data								
2022 Dun & Bradstreet Data								
2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Eastern Indiana Non-MSA	Consistent	Consistent	Consistent

The institution's lending, investment, and service performance in the area is consistent with the institution's performance for the state of Indiana.

Of note, the bank participated in the Habitat for Humanity Mortgage Purchase Program, in which 14 loans were purchased within the assessment area. Given these loans are coded as Loan Purpose Not Applicable, they are not reflected within the following HMDA-lending tables but were included within the overall analysis.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Eastern IN Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	25.0	11.0	142	19.1	7.8	9.7
Middle	5	62.5	59.6	554	74.5	57.9	59.0
Upper	1	12.5	29.4	48	6.5	34.3	31.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	8	100.0	100.0	744	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	6	30.0	11.4	435	27.6	7.9	9.7
Middle	12	60.0	55.3	1,019	64.7	53.2	59.0
Upper	2	10.0	33.3	120	7.6	38.8	31.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	20	100.0	100.0	1,574	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	17.6	10.2	51	6.8	5.1	9.7
Middle	10	58.8	61.5	426	57.2	64.9	59.0
Upper	4	23.5	28.3	268	36.0	30.0	31.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	17	100.0	100.0	745	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	44.4	0	0.0	30.1	11.3
Middle	0	0.0	55.6	0	0.0	69.9	72.9
Upper	0	0.0	0.0	0	0.0	0.0	15.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	12	20.3	11.2	681	19.8	8.1	9.7
Middle	39	66.1	58.7	2,301	66.9	57.3	59.0
Upper	8	13.6	30.1	458	13.3	34.6	31.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	59	100.0	100.0	3,440	100.0	100.0	100.0

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: Eastern IN Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	8	34.8	9.2	929	26.8	10.6	10.0
Middle	7	30.4	55.3	1,307	37.7	45.0	61.3
Upper	8	34.8	35.1	1,234	35.6	44.3	28.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.4	0	0.0	0.1	
Total	23	100.0	100.0	3,470	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Eastern IN Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	3	37.5	13.6	177	23.8	8.2	14.4
Moderate	4	50.0	29.5	400	53.8	22.2	21.0
Middle	0	0.0	21.6	0	0.0	21.9	22.6
Upper	0	0.0	19.4	0	0.0	31.9	41.9
Unknown	1	12.5	15.8	167	22.4	15.7	0.0
Total	8	100.0	100.0	744	100.0	100.0	100.0
Refinance Loans							
Low	6	30.0	14.5	481	30.6	9.2	14.4
Moderate	5	25.0	24.1	413	26.2	20.8	21.0
Middle	4	20.0	25.2	100	6.4	24.0	22.6
Upper	5	25.0	27.3	580	36.8	35.4	41.9
Unknown	0	0.0	8.9	0	0.0	10.6	0.0
Total	20	100.0	100.0	1,574	100.0	100.0	100.0
Home Improvement Loans							
Low	3	17.6	10.7	51	6.8	5.9	14.4
Moderate	5	29.4	23.0	121	16.2	20.0	21.0
Middle	3	17.6	25.1	142	19.1	22.3	22.6
Upper	6	35.3	38.5	431	57.9	50.0	41.9
Unknown	0	0.0	2.7	0	0.0	1.7	0.0
Total	17	100.0	100.0	745	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	12	20.3	13.1	709	20.6	8.2	14.4
Moderate	14	23.7	26.0	934	27.2	21.5	21.0
Middle	7	11.9	23.3	242	7.0	22.3	22.6
Upper	11	18.6	25.4	1,011	29.4	34.6	41.9
Unknown	15	25.4	12.2	544	15.8	13.3	0.0
Total	59	100.0	100.0	3,440	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Eastern IN Non MSA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	6	26.1	53.2	320	9.2	31.3	90.1
Over \$1 Million	7	30.4		1,661	47.9		8.2
Revenue Unknown	10	43.5		1,489	42.9		1.7
Total	23	100.0		3,470	100.0		100.0
By Loan Size							
\$100,000 or Less	12	52.2	91.5	470	13.5	26.6	
\$100,001 - \$250,000	6	26.1	3.9	854	24.6	14.5	
\$250,001 - \$1 Million	5	21.7	4.6	2,146	61.8	58.8	
Total	23	100.0	100.0	3,470	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	5	83.3		195	60.9		
\$100,001 - \$250,000	1	16.7		125	39.1		
\$250,001 - \$1 Million	0	0.0		0	0.0		
Total	6	100.0		320	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Loans June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Eastern, IN Non-MSA	1	2,000	2	6,500	0	0	1	20,000	4	28,500

Community Development Investments (Dollars in 000s) June 8, 2021 – September 25, 2023						
Assessment Area	Current Period Investments			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
Eastern IN Non-MSA	0	0	0	0	1,258	0

Community Development Donations June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Eastern, IN Non-MSA	1	10,000	6	8,435	7	8,160	0	0	14	26,595

Community Development Services June 8, 2021 – September 25, 2023						
Assessment Area	Affordable Housing	Community Service	Economic Development	Revitalize/ Stabilize	Total Hours	% of Total
	# Hours	# Hours	# Hours	# Hours		
Eastern, IN Non-MSA	0	13	84	0	97	1.6

GARY, IN MD – Limited Review

SCOPE OF THE EXAMINATION

1st Source Bank's Operations in the Gary, IN MD received a limited-scope review. The scope for this assessment area is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE GARY, IN MD #23844 ¹⁴

The Gary, IN, MD consists of Porter County in its entirety. This is unchanged since the previous evaluation. Excluded are Jasper, Lake, and Newton Counties which are also part of the MD. The assessment area consists of a total of 43 census tracts comprised of one moderate-, 19 middle-, and 19 upper-income census tracts. There are also four unknown census tracts. This represents a change from the previous evaluation where the assessment area contained one moderate-, 14 middle-, 15 upper-income census tracts and three unknown income census tracts.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

¹⁴ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	1	1	0
Middle	14	19	+5
Upper	15	19	+4
Unknown	3	4	+1
Total	33	43	+10
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020			

1st Source Bank has nine branches and nine full-service ATMs operating within the assessment area. The bank has seven branches in middle-income census tracts and two branches in upper-income census tracts. Each branch is accompanied by an ATM.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2022, ranked the bank third in the market among 11 institutions serving the assessment area, with 18.7 percent of the market share. The two institutions with the largest market share of deposits were JP Morgan Chase Bank N.A. and Centier Bank both with 24.1 percent. Deposits in this assessment area represent 11.8 percent of the bank's overall deposit totals.

1st Source Bank was eighth in 2022 total HMDA originations within the MD among 302 HMDA Reporters with 133 originations, compared to Centier Bank which ranked first with 589 originations and Horizon Bank which ranked second with 284 originations. The bank was sixth in 2022 among 77 CRA reporters with 111 originations, compared to JP Morgan Chase Bank N.A. which ranked first with 936 originations and American Express which ranked second with 629 originations.

Information regarding census-related and business demographic characteristics of the assessment area is provided in the following table.

2022 Gary, IN MD 23844 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	6,707	15.3
Moderate	1	2.3	786	1.8	265	33.7	6,667	15.2
Middle	19	44.2	21,692	49.4	2,182	10.1	9,343	21.3
Upper	19	44.2	21,433	48.8	620	2.9	21,210	48.3
Unknown	4	9.3	16	0.0	0	0.0	0	0.0
Total AA	43	100.0	43,927	100.0	3,067	7.0	43,927	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,699	753	1.5	44.3	780	45.9	166	9.8
Middle	35,721	21,785	44.7	61.0	11,466	32.1	2,470	6.9
Upper	31,692	26,242	53.8	82.8	3,994	12.6	1,456	4.6
Unknown	159	8	0.0	5.0	125	78.6	26	16.4
Total AA	69,271	48,788	100.0	70.4	16,365	23.6	4,118	5.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	394	4.9	370	5.0	20	3.9	4	4.4
Middle	3,254	40.8	2,995	40.6	233	46.0	26	28.6
Upper	4,252	53.3	3,945	53.5	246	48.5	61	67.0
Unknown	74	0.9	66	0.9	8	1.6	0	0.0
Total AA	7,974	100.0	7,376	100.0	507	100.0	91	100.0
Percentage of Total Businesses:				92.5		6.4		1.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	64	37.2	63	37.1	1	50.0	0	0.0
Upper	108	62.8	107	62.9	1	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	172	100.0	170	100.0	2	100.0	0	0.0
Percentage of Total Farms:				98.8		1.2		0.0
Source: 2022 FFIEC Census Data								
2022 Dun & Bradstreet Data								
2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Gary, IN MD	Consistent	Below	Below

The institution's lending performance in the area is consistent with the institution's lending performance for the state of Indiana. The investment and service performance in the area is below the institution's performance for the state of Indiana; however, it does not change the rating for the state.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Gary, IN MD 23844							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	3.8	2.1	288	4.5	2.0	1.5
Middle	10	38.5	45.8	2,161	33.7	37.7	44.7
Upper	15	57.7	52.1	3,958	61.8	60.4	53.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	26	100.0	100.0	6,407	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	2.9	1.6	130	1.6	1.3	1.5
Middle	23	33.8	45.1	2,467	29.6	40.5	44.7
Upper	43	63.2	53.3	5,746	68.9	58.2	53.8
Unknown	0	0.0	0.1	0	0.0	0.1	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	68	100.0	100.0	8,343	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	1.4	0	0.0	1.3	1.5
Middle	20	51.3	35.7	665	39.8	33.4	44.7
Upper	19	48.7	62.9	1,006	60.2	65.3	53.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	39	100.0	100.0	1,671	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0.9
Middle	0	0.0	74.2	0	0.0	66.5	70.3
Upper	0	0.0	19.4	0	0.0	9.0	27.4
Unknown	0	0.0	6.5	0	0.0	24.5	1.4
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	2.3	1.8	418	2.5	1.7	1.5
Middle	53	39.8	44.4	5,293	32.2	39.5	44.7
Upper	77	57.9	53.8	10,710	65.2	57.7	53.8
Unknown	0	0.0	0.0	0	0.0	1.2	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	133	100.0	100.0	16,421	100.0	100.0	100.0

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: Gary, IN MD 23844							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	8	8.2	4.0	1,468	8.0	4.2	4.9
Middle	30	30.6	40.4	5,110	27.9	39.7	40.8
Upper	60	61.2	54.7	11,769	64.1	55.4	53.3
Unknown	0	0.0	0.3	0	0.0	0.6	0.9
Tract-Unk	0	0.0	0.6	0	0.0	0.1	
Total	98	100.0	100.0	18,347	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Gary, IN MD 23844							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	3	11.5	4.2	542	8.5	2.3	15.3
Moderate	4	15.4	20.1	867	13.5	14.1	15.2
Middle	4	15.4	22.7	796	12.4	21.1	21.3
Upper	12	46.2	32.2	3,208	50.1	41.6	48.3
Unknown	3	11.5	20.9	994	15.5	20.9	0.0
Total	26	100.0	100.0	6,407	100.0	100.0	100.0
Refinance Loans							
Low	5	7.4	8.5	551	6.6	5.1	15.3
Moderate	19	27.9	23.2	2,013	24.1	18.3	15.2
Middle	19	27.9	26.7	2,533	30.4	25.0	21.3
Upper	22	32.4	30.6	3,129	37.5	38.9	48.3
Unknown	3	4.4	10.9	117	1.4	12.8	0.0
Total	68	100.0	100.0	8,343	100.0	100.0	100.0
Home Improvement Loans							
Low	2	5.1	5.1	23	1.4	2.5	15.3
Moderate	12	30.8	14.5	390	23.3	11.5	15.2
Middle	9	23.1	24.6	286	17.1	21.2	21.3
Upper	16	41.0	53.0	972	58.2	63.0	48.3
Unknown	0	0.0	2.7	0	0.0	1.8	0.0
Total	39	100.0	100.0	1,671	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	10	7.5	5.6	1,116	6.8	3.1	15.3
Moderate	35	26.3	20.3	3,270	19.9	15.1	15.2
Middle	32	24.1	24.4	3,615	22.0	22.1	21.3
Upper	50	37.6	34.3	7,309	44.5	41.9	48.3
Unknown	6	4.5	15.4	1,111	6.8	17.8	0.0
Total	133	100.0	100.0	16,421	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Gary, IN MD 23844							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	33	33.7	52.0	3,746	20.4	33.9	92.5
Over \$1 Million	46	46.9		11,642	63.5		6.4
Revenue Unknown	19	19.4		2,959	16.1		1.1
Total	98	100.0		18,347	100.0		100.0
By Loan Size							
\$100,000 or Less	45	45.9	92.8	2,446	13.3	35.4	
\$100,001 - \$250,000	29	29.6	3.6	5,143	28.0	16.6	
\$250,001 - \$1 Million	24	24.5	3.6	10,758	58.6	48.0	
Total	98	100.0	100.0	18,347	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	20	60.6		945	25.2		
\$100,001 - \$250,000	9	27.3		1,515	40.4		
\$250,001 - \$1 Million	4	12.1		1,286	34.3		
Total	33	100.0		3,746	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Loans June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Gary, IN MD	2	554	5	1,350	0	0	1	4,000	8	5,904

Community Development Investments (Dollars in 000s) June 8, 2021 – September 25, 2023						
Assessment Area	Current Period Investments			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
Gary, IN MD	4,880	0	0	4,880	6,155	1,995

Community Development Donations June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Gary, IN MD	4	54,000	12	31,375	12	22,918	0	0	28	108,293

Community Development Services June 8, 2021 – September 25, 2023						
Assessment Area	Affordable Housing	Community Service	Economic Development	Revitalize/ Stabilize	Total Hours	% of Total
	# Hours	# Hours	# Hours	# Hours		
Gary, IN MD	51	138	83	9	280	4.7

LAFAYETTE-WEST LAFAYETTE, IN MSA – Limited Review

SCOPE OF THE EXAMINATION

1st Source Bank's operations in the Lafayette-West Lafayette, IN MSA received a limited-scope review. The scope for this assessment area is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE LAFAYETTE-WEST LAFAYETTE, IN MSA #29200 ¹⁵

The Lafayette-West Lafayette, IN MSA consists of Tippecanoe County in its entirety. This is unchanged since the previous evaluation. Excluded are Benton, Carroll, and Warren Counties which are also part of the MSA. The assessment area consists of a total of 43 census tracts comprised of three low-, nine moderate-, 17 middle-, and 10 upper-income census tracts. There are also four unknown census tracts. This represents a change from the previous evaluation where the assessment area contained three low-, nine moderate-, 11 middle-, 11 upper-income census tracts and three unknown income census tracts.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

¹⁵ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	3	3	0
Moderate	9	9	0
Middle	11	17	+6
Upper	11	10	-1
Unknown	3	4	+1
Total	37	43	+6
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

1st Source Bank has three branches and three full-service ATMs operating within the assessment area. The bank has one branch in a low-income census tract, one branch in a moderate-income census tract, and one branch in an upper-income census tract. Each branch is accompanied by an ATM.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2022, ranked the bank ninth in the market among 15 institutions serving the assessment area, with 2.4 percent of the market share. The two institutions with the largest market share of deposits were JP Morgan Chase Bank N.A. and First Merchants Bank with 33.4 percent and 25.0 percent, respectively. Deposits in this assessment area represent 1.4 percent of the bank's overall deposit totals.

1st Source Bank was 31st in 2022 total HMDA originations within the MSA among 254 HMDA Reporters with 29 originations, compared to Purdue Federal Credit Union which ranked first with 817 originations and Ruoff Mortgage Company Inc which ranked second with 305 originations. The bank was thirteenth in 2022 among 72 CRA reporters with 36 originations, compared to JP Morgan Chase Bank N.A. which ranked first with 592 originations and American Express ranked second with 436 originations.

Information regarding census-related and business demographic characteristics of the assessment area is provided in the following table.

2022 Lafayette-West Lafayette, IN MSA 29200 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	3	7.0	2,398	5.9	629	26.2	8,466	20.9
Moderate	9	20.9	5,705	14.1	703	12.3	6,765	16.7
Middle	17	39.5	18,381	45.5	1,573	8.6	8,341	20.6
Upper	10	23.3	13,897	34.4	482	3.5	16,864	41.7
Unknown	4	9.3	55	0.1	33	60.0	0	0.0
Total AA	43	100.0	40,436	100.0	3,420	8.5	40,436	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	5,845	1,111	2.8	19.0	4,155	71.1	579	9.9
Moderate	13,920	4,907	12.4	35.3	7,468	53.6	1,545	11.1
Middle	33,224	17,962	45.4	54.1	13,806	41.6	1,456	4.4
Upper	20,296	15,584	39.4	76.8	3,393	16.7	1,319	6.5
Unknown	3,843	0	0.0	0.0	3,300	85.9	543	14.1
Total AA	77,128	39,564	100.0	51.3	32,122	41.6	5,442	7.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	576	9.7	517	9.4	59	14.4	0	0.0
Moderate	1,482	24.9	1,334	24.3	137	33.3	11	22.4
Middle	2,081	34.9	1,927	35.0	135	32.8	19	38.8
Upper	1,608	27.0	1,521	27.7	69	16.8	18	36.7
Unknown	211	3.5	199	3.6	11	2.7	1	2.0
Total AA	5,958	100.0	5,498	100.0	411	100.0	49	100.0
Percentage of Total Businesses:				92.3		6.9		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	2	0.9	1	0.5	1	16.7	0	0.0
Moderate	8	3.8	8	3.9	0	0.0	0	0.0
Middle	105	49.3	100	48.3	5	83.3	0	0.0
Upper	98	46.0	98	47.3	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	213	100.0	207	100.0	6	100.0	0	0.0
Percentage of Total Farms:				97.2		2.8		0.0
Source: 2022 FFIEC Census Data								
2022 Dun & Bradstreet Data			140					
2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Lafayette-West Lafayette, IN MSA	Consistent	Below	Consistent

The institution's lending and service performance in the area is consistent with the institution's lending and service performance for the state of Indiana. The investment performance in the area is below the institution's performance for the state of Indiana; however, it does not change the rating for the state.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Lafayette-West Lafayette, IN MSA 29200							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	3.6	0	0.0	2.3	2.8
Moderate	2	20.0	15.3	215	7.3	10.2	12.4
Middle	3	30.0	40.4	1,247	42.3	40.0	45.4
Upper	5	50.0	40.6	1,484	50.4	47.4	39.4
Unknown	0	0.0	0.1	0	0.0	0.1	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	10	100.0	100.0	2,946	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	2.3	0	0.0	1.4	2.8
Moderate	0	0.0	11.8	0	0.0	8.6	12.4
Middle	6	46.2	48.1	310	20.2	48.0	45.4
Upper	7	53.8	37.8	1,223	79.8	42.0	39.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	13	100.0	100.0	1,533	100.0	100.0	100.0
Home Improvement Loans							
Low	1	16.7	2.7	20	7.6	2.2	2.8
Moderate	1	16.7	9.6	45	17.1	6.6	12.4
Middle	3	50.0	42.8	183	69.6	41.4	45.4
Upper	1	16.7	44.9	15	5.7	49.7	39.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	6	100.0	100.0	263	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	18.1	0	0.0	4.2	9.7
Moderate	0	0.0	38.9	0	0.0	37.4	22.3
Middle	0	0.0	31.9	0	0.0	55.4	42.6
Upper	0	0.0	9.7	0	0.0	2.2	7.8
Unknown	0	0.0	1.4	0	0.0	0.9	17.7
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	1	3.4	3.2	20	0.4	2.5	2.8
Moderate	3	10.3	14.0	260	5.5	15.4	12.4
Middle	12	41.4	42.9	1,740	36.7	45.0	45.4
Upper	13	44.8	39.8	2,722	57.4	36.9	39.4
Unknown	0	0.0	0.1	0	0.0	0.2	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	29	100.0	100.0	4,742	100.0	100.0	100.0

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: Lafayette-West Lafayette, IN MSA 29200							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	10	25.0	7.9	2,455	33.6	10.6	9.7
Moderate	10	25.0	22.3	2,126	29.1	32.0	24.9
Middle	14	35.0	37.1	1,826	25.0	27.2	34.9
Upper	6	15.0	30.0	909	12.4	26.8	27.0
Unknown	0	0.0	2.0	0	0.0	3.0	3.5
Tract-Unk	0	0.0	0.8	0	0.0	0.3	
Total	40	100.0	100.0	7,316	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Lafayette-West Lafayette, IN MSA 29200							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	7.0	0	0.0	4.0	20.9
Moderate	1	10.0	19.6	293	9.9	14.3	16.7
Middle	2	20.0	21.3	393	13.3	20.4	20.6
Upper	7	70.0	38.7	2,260	76.7	48.9	41.7
Unknown	0	0.0	13.4	0	0.0	12.5	0.0
Total	10	100.0	100.0	2,946	100.0	100.0	100.0
Refinance Loans							
Low	1	7.7	12.6	90	5.9	7.4	20.9
Moderate	1	7.7	24.1	35	2.3	19.2	16.7
Middle	3	23.1	22.8	133	8.7	22.3	20.6
Upper	8	61.5	30.6	1,275	83.2	40.3	41.7
Unknown	0	0.0	9.9	0	0.0	10.8	0.0
Total	13	100.0	100.0	1,533	100.0	100.0	100.0
Home Improvement Loans							
Low	1	16.7	6.3	20	7.6	3.8	20.9
Moderate	1	16.7	17.6	45	17.1	11.2	16.7
Middle	2	33.3	26.8	131	49.8	25.7	20.6
Upper	1	16.7	45.1	15	5.7	55.7	41.7
Unknown	1	16.7	4.3	52	19.8	3.6	0.0
Total	6	100.0	100.0	263	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	2	6.9	8.9	110	2.3	4.9	20.9
Moderate	3	10.3	20.6	373	7.9	15.4	16.7
Middle	7	24.1	22.2	657	13.9	21.0	20.6
Upper	16	55.2	36.8	3,550	74.9	47.0	41.7
Unknown	1	3.4	11.6	52	1.1	11.8	0.0
Total	29	100.0	100.0	4,742	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Lafayette-West Lafayette, IN MSA 29200							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	17	42.5	52.6	1,626	22.2	35.3	92.3
Over \$1 Million	19	47.5		4,520	61.8		6.9
Revenue Unknown	4	10.0		1,170	16.0		0.8
Total	40	100.0		7,316	100.0		100.0
By Loan Size							
\$100,000 or Less	21	52.5	91.7	985	13.5	31.4	
\$100,001 - \$250,000	10	25.0	4.4	1,747	23.9	18.1	
\$250,001 - \$1 Million	9	22.5	3.9	4,584	62.7	50.5	
Total	40	100.0	100.0	7,316	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	12	70.6		495	30.4		
\$100,001 - \$250,000	4	23.5		631	38.8		
\$250,001 - \$1 Million	1	5.9		500	30.8		
Total	17	100.0		1,626	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Loans June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Lafayette-West Lafayette, IN MSA	3	350	0	0	0	0	5	33,084	8	33,434

Community Development Investments (Dollars in 000s) June 8, 2021 – September 25, 2023						
Assessment Area	Current Period Investments			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
Lafayette-West Lafayette, IN MSA	1,198	590	0	1,788	2,687	0

Community Development Donations June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Lafayette-West Lafayette, IN MSA	1	5,000	23	38,990	4	8,750	0	0	28	52,740

Community Development Services June 8, 2021 – September 25, 2023						
Assessment Area	Affordable Housing	Community Service	Economic Development	Revitalize/ Stabilize	Total Hours	% of Total
	# Hours	# Hours	# Hours	# Hours		
Lafayette-West Lafayette, IN MSA	0	214	174	0	388	6.6

MICHIGAN CITY-LAPORTE, IN MSA– Limited Review

SCOPE OF THE EXAMINATION

1st Source Bank’s operations in the Michigan City-LaPorte, IN MSA received a limited-scope review. The scope for this assessment area is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MICHIGAN CITY-LAPORTE, IN MSA #33140 ¹⁶

The Michigan City-LaPorte, IN MSA consists of LaPorte County in its entirety. This is unchanged since the previous evaluation. The assessment area consists of a total of 31 census tracts comprised of nine moderate-, 13 middle-, and seven upper-income census tracts. There are also two unknown census tracts, one of which consists of the entirety of Lake Michigan. This represents a change from the previous evaluation where the assessment area contained two low-, eight moderate-, eight middle-, 10 upper-, and one unknown income census tracts.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

¹⁶ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	2	0	-2
Moderate	8	9	+1
Middle	8	13	+5
Upper	10	7	-3
Unknown	1	2	+1
Total	29	31	+2
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

1st Source Bank has five branches and six ATMs (four full-service and two cash-only) in the assessment area. The bank has one branch in a moderate-income census tract, three branches in middle-income census tracts, and one branch in an upper-income census tract. Each branch has its own ATM. A new cash-only ATM in a moderate-income tract was opened in 2023.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2022, ranked the bank second in the market among eight institutions serving the assessment area, with 15.3 percent of the market share. Horizon Bank was the dominant bank in the assessment area with 55.3 percent share of deposits. Deposits in this assessment area represent 4.8 percent of the bank's overall deposit totals.

1st Source Bank was fifth in 2022 total HMDA originations within the MSA among 247 HMDA Reporters with 133 originations, compared to Horizon Bank which ranked first with 581 originations and Rocket Mortgage which ranked second with 206 originations. The bank was fifth in 2022 among 63 CRA reporters in originations with 127 originations, compared to JP Morgan Chase Bank N.A. which ranked first with 350 originations and American Express which ranked second with 345 originations.

Information regarding census-related and business demographic characteristics of the assessment area is provided in the following table.

2022 Michigan City-LaPorte, IN MSA 33140 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	5,915	21.4
Moderate	9	29.0	6,290	22.7	1,356	21.6	4,436	16.0
Middle	13	41.9	14,816	53.6	1,321	8.9	6,488	23.5
Upper	7	22.6	6,508	23.5	369	5.7	10,811	39.1
Unknown	2	6.5	36	0.1	16	44.4	0	0.0
Total AA	31	100.0	27,650	100.0	3,062	11.1	27,650	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	12,499	5,829	18.6	46.6	4,941	39.5	1,729	13.8
Middle	24,940	17,586	56.2	70.5	4,859	19.5	2,495	10.0
Upper	11,740	7,864	25.1	67.0	1,610	13.7	2,266	19.3
Unknown	52	18	0.1	34.6	18	34.6	16	30.8
Total AA	49,231	31,297	100.0	63.6	11,428	23.2	6,506	13.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,115	26.8	1,022	27.2	82	24.2	11	19.6
Middle	2,075	50.0	1,860	49.5	187	55.2	28	50.0
Upper	953	22.9	867	23.1	69	20.4	17	30.4
Unknown	11	0.3	10	0.3	1	0.3	0	0.0
Total AA	4,154	100.0	3,759	100.0	339	100.0	56	100.0
Percentage of Total Businesses:				90.5		8.2		1.3
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	6	2.8	6	2.9	0	0.0	0	0.0
Middle	125	57.9	123	58.6	2	33.3	0	0.0
Upper	84	38.9	80	38.1	4	66.7	0	0.0
Unknown	1	0.5	1	0.5	0	0.0	0	0.0
Total AA	216	100.0	210	100.0	6	100.0	0	0.0
Percentage of Total Farms:				97.2		2.8		0.0
Source: 2022 FFIEC Census Data								
2022 Dun & Bradstreet Data								
2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Michigan City-Laporte, IN MSA	Below	Consistent	Consistent

The institution's investment and service performance in the area is consistent with the institution's investment and service performance overall in the state. Due to the performance in small business lending, this assessment area is below the state's High Satisfactory rating for lending; however, it does not change the rating for the state.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Michigan City-LaPorte, IN MSA 33140							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	7	20.6	18.4	920	15.4	13.5	18.6
Middle	13	38.2	55.1	3,099	51.8	50.8	56.2
Upper	14	41.2	26.5	1,968	32.9	35.6	25.1
Unknown	0	0.0	0.1	0	0.0	0.1	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	34	100.0	100.0	5,987	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	6.9	14.8	275	5.2	11.7	18.6
Middle	38	65.5	58.7	3,683	69.8	57.6	56.2
Upper	16	27.6	26.5	1,319	25.0	30.6	25.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	58	100.0	100.0	5,277	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	9.8	11.9	163	6.9	9.9	18.6
Middle	23	56.1	58.5	1,163	49.1	49.3	56.2
Upper	14	34.1	29.7	1,041	44.0	40.7	25.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	41	100.0	100.0	2,367	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	35.7	0	0.0	34.1	53.4
Middle	0	0.0	64.3	0	0.0	65.9	31.8
Upper	0	0.0	0.0	0	0.0	0.0	14.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	15	11.3	16.0	1,358	10.0	13.7	18.6
Middle	74	55.6	56.9	7,945	58.3	53.5	56.2
Upper	44	33.1	27.1	4,328	31.8	32.8	25.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	133	100.0	100.0	13,631	100.0	100.0	100.0

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: Michigan City-LaPorte, IN MSA 33140							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	37	3.9	22.6	9,245	14.2	27.7	26.8
Middle	869	92.1	48.6	49,138	75.5	41.4	50.0
Upper	38	4.0	27.3	6,729	10.3	30.3	22.9
Unknown	0	0.0	0.3	0	0.0	0.4	0.3
Tract-Unk	0	0.0	1.2	0	0.0	0.2	
Total	944	100.0	100.0	65,112	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Michigan City-LaPorte, IN MSA 33140							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	7	20.6	10.6	767	12.8	6.0	21.4
Moderate	10	29.4	20.9	1,385	23.1	15.1	16.0
Middle	10	29.4	19.3	1,318	22.0	17.2	23.5
Upper	6	17.6	27.1	2,414	40.3	40.6	39.1
Unknown	1	2.9	22.0	103	1.7	21.0	0.0
Total	34	100.0	100.0	5,987	100.0	100.0	100.0
Refinance Loans							
Low	9	15.5	14.2	522	9.9	8.8	21.4
Moderate	17	29.3	25.6	1,499	28.4	19.9	16.0
Middle	20	34.5	24.3	1,599	30.3	24.8	23.5
Upper	12	20.7	25.0	1,657	31.4	34.2	39.1
Unknown	0	0.0	10.9	0	0.0	12.2	0.0
Total	58	100.0	100.0	5,277	100.0	100.0	100.0
Home Improvement Loans							
Low	4	9.8	8.9	160	6.8	5.3	21.4
Moderate	1	2.4	21.0	25	1.1	13.2	16.0
Middle	12	29.3	25.2	509	21.5	20.7	23.5
Upper	22	53.7	43.4	1,621	68.5	59.6	39.1
Unknown	2	4.9	1.5	52	2.2	1.1	0.0
Total	41	100.0	100.0	2,367	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	20	15.0	11.4	1,449	10.6	6.7	21.4
Moderate	28	21.1	22.5	2,909	21.3	16.2	16.0
Middle	42	31.6	21.6	3,426	25.1	19.3	23.5
Upper	40	30.1	29.0	5,692	41.8	40.7	39.1
Unknown	3	2.3	15.6	155	1.1	17.1	0.0
Total	133	100.0	100.0	13,631	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Michigan City-LaPorte, IN MSA 33140							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	37	3.9	50.5	2,599	4.0	35.9	90.5
Over \$1 Million	897	95.0		60,928	93.6		8.2
Revenue Unknown	10	1.1		1,585	2.4		1.3
Total	944	100.0		65,112	100.0		100.0
By Loan Size							
\$100,000 or Less	881	93.3	91.6	44,966	69.1	33.1	
\$100,001 - \$250,000	36	3.8	4.7	6,771	10.4	19.5	
\$250,001 - \$1 Million	27	2.9	3.7	13,375	20.5	47.4	
Total	944	100.0	100.0	65,112	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	30	81.1		1,317	50.7		
\$100,001 - \$250,000	6	16.2		982	37.8		
\$250,001 - \$1 Million	1	2.7		300	11.5		
Total	37	100.0		2,599	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Loans June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Michigan City-LaPorte, IN MSA	0	0	1	12,000	0	0	4	40,000	5	52,000

Community Development Investments (Dollars in 000s) June 8, 2021 – September 25, 2023						
Assessment Area	Current Period Investments			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
Michigan City-LaPorte, IN MSA	593	220	0	813	1,981	0

Community Development Donations June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Michigan City-LaPorte, IN MSA	3	68,450	29	217,722	16	15,535	0	0	48	301,707

Community Development Services June 8, 2021 – September 25, 2023						
Assessment Area	Affordable Housing	Community Service	Economic Development	Revitalize/ Stabilize	Total Hours	% of Total
	# Hours	# Hours	# Hours	# Hours		
Michigan City-LaPorte, IN MSA	57	340	162	0	558	9.4

NORTHEASTERN INDIANA NON-MSA – Limited Review

SCOPE OF THE EXAMINATION

1st Source Bank's Northeastern Indiana MSA received a limited-scope review. The scope for this assessment area is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NORTHEASTERN INDIANA NON-MSA¹⁷

The Northeastern Indiana Non-MSA consists of DeKalb County in its entirety. This is unchanged since the previous evaluation. The assessment area consists of a total of nine census tracts comprised of one moderate-, five middle-, and three upper-income census tracts. This represents a change from the previous evaluation where the assessment area contained eight middle- and one upper-income census tracts. There are no distressed or underserved middle-income tracts in the assessment area.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

¹⁷ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	0	1	+1
Middle	8	5	-3
Upper	1	3	+2
Unknown	0	0	0
Total	9	9	0
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

1st Source Bank has one branch with one full-service ATM in the assessment area. This branch is in a moderate-income census tract.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2022, ranked the bank 10th in the market among 11 institutions serving the assessment area, with 0.6 percent of the market share. The two institutions with the largest market share of deposits were Lake City Bank and The Garrett State Bank with 25.7 percent and 20.4 percent, respectively. Deposits in this assessment area represent 0.1 percent of the bank's overall deposit totals.

1st Source Bank was 24th in 2022 total HMDA originations within the MSA among 122 HMDA Reporters with 12 originations compared to Ruoff Mortgage Company which ranked first with 144 originations and Three Rivers Federal Credit Union which ranked second with 130 originations. The bank was 15th in 2022 among 50 CRA reporters in originations with eight originations, compared to U.S. Bank which ranked first with 104 originations, 11 of which are purchased loans. Ranked second in CRA-reporters was Capital One with 93 originations.

Information regarding census-related and business demographic characteristics of the assessment area is provided in the following table.

2022 Northeastern IN Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,078	17.6
Moderate	1	11.1	1,501	12.7	297	19.8	1,961	16.6
Middle	5	55.6	5,615	47.7	489	8.7	2,833	24.1
Upper	3	33.3	4,662	39.6	215	4.6	4,906	41.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	9	100.0	11,778	100.0	1,001	8.5	11,778	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	2,718	1,603	12.0	59.0	872	32.1	243	8.9
Middle	8,370	6,358	47.5	76.0	1,470	17.6	542	6.5
Upper	7,074	5,427	40.5	76.7	1,174	16.6	473	6.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	18,162	13,388	100.0	73.7	3,516	19.4	1,258	6.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	393	24.9	347	24.6	39	27.1	7	29.2
Middle	658	41.7	583	41.3	63	43.8	12	50.0
Upper	527	33.4	480	34.0	42	29.2	5	20.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,578	100.0	1,410	100.0	144	100.0	24	100.0
Percentage of Total Businesses:				89.4		9.1		1.5
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	1.4	2	1.4	0	0.0	0	0.0
Middle	72	51.8	72	51.8	0	0.0	0	0.0
Upper	65	46.8	65	46.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	139	100.0	139	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0
Source: 2022 FFIEC Census Data								
2022 Dun & Bradstreet Data								
2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Northeastern Indiana Non-MSA	Consistent	Consistent	Below

The institution's lending and investment service performance in the area is consistent with the institution's lending and investment performance overall in the state. However, the bank did not have any service hours in this assessment area, so it is below the performance of the overall High Satisfactory performance of the service test for the state of Indiana; however, it does not change the rating for the state.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Northeastern IN Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	15.6	0	0.0	11.1	12.0
Middle	2	100.0	47.2	384	100.0	43.9	47.5
Upper	0	0.0	37.2	0	0.0	45.0	40.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	2	100.0	100.0	384	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	40.0	9.8	216	26.4	7.3	12.0
Middle	2	40.0	46.1	295	36.0	43.0	47.5
Upper	1	20.0	44.1	308	37.6	49.7	40.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	5	100.0	100.0	819	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	5.9	0	0.0	3.0	12.0
Middle	3	60.0	52.5	198	60.7	51.5	47.5
Upper	2	40.0	41.5	128	39.3	45.6	40.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	5	100.0	100.0	326	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	16.7	0	0.0	8.5	19.7
Middle	0	0.0	33.3	0	0.0	62.3	21.2
Upper	0	0.0	50.0	0	0.0	29.3	59.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	16.7	12.5	216	14.1	9.5	12.0
Middle	7	58.3	47.0	877	57.4	43.7	47.5
Upper	3	25.0	40.5	436	28.5	46.8	40.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	12	100.0	100.0	1,529	100.0	100.0	100.0

Source: 2022 FFIEC Census Data

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: Northeastern IN Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	33.3	24.7	1,635	34.0	20.1	24.9
Middle	5	41.7	43.5	1,920	39.9	56.2	41.7
Upper	3	25.0	30.8	1,252	26.0	23.3	33.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	1.0	0	0.0	0.3	
Total	12	100.0	100.0	4,807	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Northeastern IN Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	0	0.0	8.0	0	0.0	4.5	17.6
Moderate	0	0.0	26.3	0	0.0	18.4	16.6
Middle	0	0.0	21.6	0	0.0	21.2	24.1
Upper	2	100.0	26.6	384	100.0	39.6	41.7
Unknown	0	0.0	17.5	0	0.0	16.2	0.0
Total	2	100.0	100.0	384	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	12.0	0	0.0	7.1	17.6
Moderate	1	20.0	22.4	140	17.1	16.7	16.6
Middle	2	40.0	26.2	116	14.2	25.8	24.1
Upper	2	40.0	29.5	563	68.7	38.6	41.7
Unknown	0	0.0	10.0	0	0.0	11.8	0.0
Total	5	100.0	100.0	819	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	11.0	0	0.0	5.9	17.6
Moderate	1	20.0	22.9	100	30.7	19.0	16.6
Middle	0	0.0	19.5	0	0.0	20.1	24.1
Upper	4	80.0	45.8	226	69.3	54.6	41.7
Unknown	0	0.0	0.8	0	0.0	0.5	0.0
Total	5	100.0	100.0	326	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	0	0.0	9.4	0	0.0	5.3	17.6
Moderate	2	16.7	23.8	240	15.7	17.7	16.6
Middle	2	16.7	23.4	116	7.6	22.3	24.1
Upper	8	66.7	30.7	1,173	76.7	40.8	41.7
Unknown	0	0.0	12.7	0	0.0	13.9	0.0
Total	12	100.0	100.0	1,529	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Northeastern IN Non MSA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	1	8.3	49.0	35	0.7	17.4	89.4
Over \$1 Million	11	91.7		4,772	99.3		9.1
Revenue Unknown	0	0.0		0	0.0		1.5
Total	12	100.0		4,807	100.0		100.0
By Loan Size							
\$100,000 or Less	3	25.0	92.2	149	3.1	33.0	
\$100,001 - \$250,000	3	25.0	3.9	558	11.6	15.0	
\$250,001 - \$1 Million	6	50.0	3.9	4,100	85.3	52.0	
Total	12	100.0	100.0	4,807	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	1	100.0		35	100.0		
\$100,001 - \$250,000	0	0.0		0	0.0		
\$250,001 - \$1 Million	0	0.0		0	0.0		
Total	1	100.0		35	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Loans June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Northeastern, IN Non-MSA	0	0	0	0	0	0	2	4,000	2	4,000

Community Development Investments (Dollars in 000s) June 8, 2021 – September 25, 2023						
Assessment Area	Current Period Investments			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
Northeastern, IN Non-MSA	0	0	0	0	73	0

Community Development Donations June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Northeastern, IN Non-MSA	0	0	3	370	2	1,225	0	0	5	1,595

Community Development Services June 8, 2021 – September 25, 2023						
Assessment Area	Affordable Housing	Community Service	Economic Development	Revitalize/ Stabilize	Total Hours	% of Total
	# Hours	# Hours	# Hours	# Hours		
Northeastern, IN Non-MSA	0	0	0	0	0	0

MICHIGAN

CRA RATING FOR MICHIGAN¹⁸: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

1st Source Bank's performance relative to the Lending Test in the state of Michigan is rated High Satisfactory based on the following factors as determined by the full-scope assessment areas: the geographic distribution of loans reflects good penetration throughout the assessment area; the distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes; the bank exhibits an adequate record of serving the credit needs of low-income individuals and areas and small businesses with gross annual revenues of \$1 million or less; 1st Source Bank makes a relatively high level of community development loans; and the bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

1st Source Bank's performance relative to the Investment Test in the state of Michigan is rated High Satisfactory based on a significant use of qualified investments in the assessment area, particularly those that are not routinely provided by private investors, although rarely in a leadership position. These investments demonstrate the occasional use of innovative or complex qualified investments and provide good responsiveness to the credit and community development needs of the assessment area.

1st Source Bank's performance relative to the Service Test in the state of Michigan is rated Low Satisfactory based on the following factors: delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area; record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals; and services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals. Lastly, the bank provides an adequate level of community development services.

SCOPE OF THE EXAMINATION

The ratings for the state of Michigan were based on a full-scope review of the Niles-Benton Harbor, MI MSA. A limited-scope assessment area review was conducted on the Kalamazoo-Portage, MI

¹⁸ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

MSA. The scope of examination is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MICHIGAN

1st Source Bank maintains two assessment areas in Michigan: the Kalamazoo-Portage, MI MSA #28020 and the Niles-Benton Harbor, MI MSA #35660. The bank maintains a total of seven branches in Michigan and seven ATMs. Individual assessment area summaries pertaining to the economic and demographic conditions can be found within the evaluation.

The bank delineates the full Niles-Benton Harbor, MI MSA, which consists of Berrien County in its entirety. The Niles-Benton Harbor MSA has five branches and five ATMs (four full-service and one cash-only). The bank has two branches in moderate-income census tracts, one branch in a middle-income census tract, and two branches in upper-income census tracts. One cash-only ATM in an upper-income census tract closed in 2021.

The bank delineates the entire Kalamazoo-Portage, MI MSA, which is made up of the entirety of Kalamazoo County and operates two branches and two full-service ATMs. The branches and their respective ATMs are in a middle- and an upper-income census tract.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MICHIGAN

LENDING TEST

The geographic distribution of loans reflects good penetration throughout the assessment area; the distribution of borrowers reflects, given the product lines offered, good penetration among borrowers of different income levels and businesses of different sizes; the bank exhibits an adequate record of serving the credit needs of low-income individuals and areas and very small businesses; 1st Source Bank makes a relatively high level of community development loans; and the bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

The bank participates in a number of loan programs designed to assist low- and moderate-income borrowers. These include Loan Reclamation, Flexible Consumer and Mortgage, and SBA Loan Programs. Some of the most notable products that are beneficial to the community are the Credit Builder Loan Program, Unsecured Home Improvement lending, and Community Development Mortgage program that aids first time homebuyers utilizing non-traditional credit sources and can be combined with down payment assistance.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar 2021 and prior were analyzed based on the 2011-2015 American Community Survey income designations data¹⁹. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

The geographic distribution of loans reflects good penetration throughout the assessment area. The bank's rate of HMDA-reportable lending within its low- and moderate-income census tracts was good. Additionally, the bank's performance with respect to small business lending was good given the bank's performance within low-and moderate-income census tracts.

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

For the purposes of this review, loans made in calendar year 2021 or prior were analyzed based on 2011-2015 American Community Survey income designations for individuals²⁰. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

The bank's lending activities reflect good distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank. The bank's performance in lending in aggregate numbers by percentage in home purchase, refinances, and home improvement loans was near that of aggregate lenders among both low- and moderate-income borrowers. The bank was below aggregate lenders by percentage in small business lending. The bank makes use of innovative and flexible lending practices in a safe and sound manner serving assessment area credit needs. The bank offers Small Business Administration Programs, Credit Builder Programs, and Unsecured Home Improvement Loans.

Community Development Lending

1st Source Bank makes a relatively high level of community development loans in the state of Michigan. During the evaluation period the bank originated 23 loans totaling \$106.1 million in the assessment areas and broader statewide areas. This is a decrease by number but increase by dollar since the previous evaluation period, where the bank originated 39 loans totaling \$84.7 million. Of the community development loans originated during this evaluation period, the loans in the Broader Statewide or Regional Area (BSRA) were largely in Saginaw County. The majority of the

¹⁹ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

²⁰ Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

bank's community development loans went to fund revitalization/stabilization projects. In 2022, the bank originated 19 Unsecured Home Improvement loans in the Niles-Benton Harbor, MI MSA totaling \$93,898, demonstrating the bank's willingness to utilize innovative and flexible underwriting standards.

The following table presents the bank's community development loans in the state of Michigan during the review period.

Community Development Loans June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Niles-Benton Harbor, MI MSA	0	0	0	0	0	0	2	15,630	2	15,630
Kalamazoo-Portage, MI MSA	2	2,335	5	4,917	0	0	3	22,893	10	30,145
Broader Statewide or Regional Area	0	0	0	0	0	0	11	60,359	11	60,359
Total	2	2,335	5	4,917	0	0	16	98,882	23	106,134
<i>Note: Dollar amounts are rounded and not reflective of exact figures.</i>										

INVESTMENT TEST

1st Source Bank's record of performance relative to the Investment Test in the state of Michigan is rated High Satisfactory based on a significant use of qualified investments in the assessment areas, particularly those that are not routinely provided by private investors, although rarely in a leadership position. These investments demonstrate the occasional use of innovative investments, and good responsiveness to the credit needs of the community.

During the evaluation period the bank made \$5.8 million of qualified affordable housing investments. Additionally, as of the date of the performance evaluation there was \$5.3 million of outstanding balances from prior period investments that were also for affordable housing purposes. Of the combined investment amounts of \$11.1 million there was \$7.0 million, or 63.4 percent made in the Kalamazoo-Portage MSA. Of the \$11.1 million, the bank had unfunded commitments \$3.6 million. New investments in the current evaluation period include mortgage-backed securities for affordable home loan financing and investment in a project eligible for Low-Income Housing Tax Credits. These investments provide excellent responsiveness to the credit and community development needs of the assessment area, as affordable housing was noted as a need by a community representative. Additionally, the investment in a project eligible for Low-

Income Housing Tax Credits demonstrates the use of innovative and complex qualified investments

The following table presents the bank's qualified community development investments during the review period:

Community Development Investments (Dollars in 000s) June 8, 2021 – September 25, 2023						
Assessment Area	Current Period Investments			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
Niles-Benton Harbor, MI MSA	2,565	0	0	2,565	1,475	1,630
Kalamazoo-Portage, MI MSA	3,172	0	0	3,172	3,845	1,978
Total	5,737	0	0	5,737	5,320	3,608

In addition, during the evaluation period, 1st Source Bank had \$131,779 in qualified donations in the state of Michigan. The majority of donations went to economic development and community service organizations. This is a decrease from the previous evaluation where the bank donated \$250,326. When the time period difference of the evaluations is accounted for, this evaluation had a monthly average of \$4,706 while the previous evaluation had a monthly average of \$6,954, a 32.3 percent decrease.

The following table presents the bank's qualified community development donations during the review period.

Community Development Donations June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Niles-Benton, Harbor MI MSA	0	0	5	11,820	9	58,094	0	0	14	69,914
Kalamazoo-Portage, MI MSA	2	10,000	9	20,365	5	31,500	0	0	16	61,865
Total	2	10,000	14	32,185	14	89,594	0	0	30	131,779
Note: Dollar amounts are rounded and not reflective of exact figures.										

SERVICE TEST

1st Source Bank's performance relative to the Service Test in the state of Michigan is Low Satisfactory based on the following factors: delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area; services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and /or low- and moderate-income individuals; and the bank provided an adequate level of community development services.

Retail Services

The distribution of the branch offices and ATMs is performed using current data (2022) and any changes in the median family income level of the geographies where the branches are located.

1st Source Bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. No branches have been closed or opened in this state during this evaluation period. The bank operates a total of seven branches and seven ATMs in the assessment areas. The bank has two branches and two ATM's (one full-service and one cash-only) located in moderate-income census tract. The bank maintains two branches and two ATMs in middle-income census tracts and three branches and three ATMs in upper-income census tracts. There was one ATM closing in an upper-income census tract in the Niles MI MSA. ATM availability to bank clientele is also provided through the Cirrus and Accel networks.

Community Development Services

1st Source Bank provides an adequate level of community development services. Within the state of Michigan, the bank provided 445 hours of eligible community development service, which represented 7.5 percent of the bank's overall total of 5,905 hours. This is a decrease from the previous evaluation where bank employees provided 1,139 hours during the evaluation period. The services were performed for a number of organizations but primarily those who focused on community service and economic development. Service hours provided to economic development organizations are particularly responsive, as a community representative noted that small businesses are struggling due to a lack of available workforce.

The following table presents the bank's qualified community development services during the review period:

Community Development Services June 8, 2021 – September 25, 2023						
Assessment Area	Affordable Housing	Community Service	Economic Development	Revitalize /Stabilize	Total Hours	% of Total
	# Hours	# Hours	# Hours	# Hours		
Niles-Benton Harbor, MI MSA	4	139	144	0	287	4.9
Kalamazoo-Portage, MI MSA	12	43	103	0	158	2.7
Total	16	182	247	0	445	7.5

NILES – BENTON HARBOR, MI MSA - Full Review

SCOPE OF THE EXAMINATION

1st Source Bank's operations in the Niles-Benton Harbor, MI MSA received a full-scope review. The scope of examination is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NILES – BENTON HARBOR, MI MSA #35660

The Niles-Benton Harbor, MI MSA consists of Berrien County in its entirety, which is unchanged from the previous evaluation. The assessment area consists of a total of 54 census tracts comprised of six low-, seven moderate-, 23 middle-, and 16 upper-income census tracts and two unknown-income census tracts comprised entirely of Lake Michigan. This represents a change from the previous evaluation where the assessment area contained seven low-, seven moderate-, 22 middle-, and 12 upper-income census tracts and one unknown census tract.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	7	6	-1
Moderate	7	7	0
Middle	22	23	+1
Upper	12	16	+4
Unknown	1	2	+1
Total	49	54	+5
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

1st Source Bank maintains five branches in the assessment area, four of which contain a full-service ATM and one of which also has a cash-only ATM. The bank has two branches in moderate-income census tracts, one branch in a middle-income census tract, and two branches in upper-income census tracts. One cash-only ATM in an upper-income census tract closed in 2021.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2022, ranked the bank fifth in the market among eight institutions that serve the assessment area, with 8.2 percent of the market share. The two institutions with the largest market share of deposits were Fifth Third Bank N.A. and Huntington National Bank with 33.3 percent and 21.1 percent, respectively. Deposits in this assessment area are approximately 2.8 percent of the bank's overall deposit totals.

1st Source Bank ranked 13th in 2022 total HMDA originations within the MSA among 271 HMDA Reporters with 75 originations. The market leader was United with 770 originations followed by Honor Credit Union with 701 originations. In 2022, the bank ranked eighth among 75 CRA reporters in originations, with 64 originations. The market leader was JP Morgan Chase N.A with 576 originations followed by American Express with 442 originations.

Information regarding census-related and business demographic characteristics of the assessment area is provided in the following table.

2022 Niles, MI MSA 35660 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	6	11.1	3,555	8.7	1,438	40.5	9,282	22.8
Moderate	7	13.0	6,033	14.8	946	15.7	7,211	17.7
Middle	23	42.6	17,037	41.9	1,557	9.1	7,228	17.8
Upper	16	29.6	13,618	33.5	590	4.3	16,966	41.7
Unknown	2	3.7	444	1.1	238	53.6	0	0.0
Total AA	54	100.0	40,687	100.0	4,769	11.7	40,687	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	7,146	2,512	5.6	35.2	3,884	54.4	750	10.5
Moderate	11,846	6,099	13.6	51.5	3,705	31.3	2,042	17.2
Middle	33,524	19,784	44.0	59.0	6,514	19.4	7,226	21.6
Upper	24,278	16,334	36.3	67.3	3,584	14.8	4,360	18.0
Unknown	851	252	0.6	29.6	468	55.0	131	15.4
Total AA	77,645	44,981	100.0	57.9	18,155	23.4	14,509	18.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	630	9.5	560	9.3	65	12.4	5	5.7
Moderate	832	12.5	749	12.4	67	12.7	16	18.4
Middle	2,671	40.1	2,444	40.4	193	36.7	34	39.1
Upper	2,490	37.4	2,258	37.3	200	38.0	32	36.8
Unknown	38	0.6	37	0.6	1	0.2	0	0.0
Total AA	6,661	100.0	6,048	100.0	526	100.0	87	100.0
Percentage of Total Businesses:				90.8		7.9		1.3
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	2	0.6	2	0.7	0	0.0	0	0.0
Moderate	38	12.2	37	12.5	1	6.3	0	0.0
Middle	196	63.0	184	62.4	12	75.0	0	0.0
Upper	75	24.1	72	24.4	3	18.8	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	311	100.0	295	100.0	16	100.0	0	0.0
Percentage of Total Farms:				94.9		5.1		0.0
Source: 2022 FFIEC Census Data								
2022 Dun & Bradstreet Data								
2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Population Characteristics

The following table presents the population trends for the assessment area and the state of Michigan. As indicated by the 2020 U.S. Census Bureau, the assessment area experienced a modest decline in population since 2015, around 0.8 percent, while the state of Michigan increased modestly by 1.8 percent. According to a community representative, the county's population has been stable for many years. As of the 2020 U.S. Census, 21.7 percent of the population is age 17 or younger, 58.2 percent of the population is age 18 – 65, and 19.7 percent of the population in the assessment area is age 65 or older; this is comparable to the state of Michigan.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	155,565	154,316	-0.8
State of Michigan	9,900,571	10,077,331	1.8
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

Income Characteristics

Based upon 2022 FFIEC Census Data, the assessment area had 40.5 percent of its families by family income classified as either low- (22.8 percent) or moderate-income (17.7 percent). The percentage of families residing within the assessment area that live below the poverty line is 11.7 percent, which is above the state of Michigan rate of 9.2 percent.

Based on 2016-2020 American Community Survey data, the median family income for the assessment area was \$67,533, which reflected an increase of 7.2 percent from 2015. Both the median family income and the rate of increase were below the state of Michigan's at \$75,470 (in 2020 dollars) and 11.0 percent. A community representative stated that incomes in the area have been growing at a slower rate than other areas in Michigan, noting that even the near-by Kalamazoo area is outpacing them.

The following table compares the median family income (MFI) for the assessment area and the state of Michigan.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Assessment Area	62,976	67,533	7.2
State of Michigan	68,010	75,470	11.0

*Source: 2011 - 2015 U.S. Census Bureau American Community Survey
2016 - 2020 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.*

Housing Characteristics

Based upon 2022 FFIEC Census Data, the assessment area includes 77,645 housing units; the majority are owner-occupied, representing 57.9 percent of the units, followed by 23.4 percent rental units and 18.7 percent vacant housing units. The median age of housing stock in the assessment area is 59 years, which is older than the average in the state of Michigan as a whole (49 years).

The following table details the housing cost burden of renters and homeowners in the assessment area and in the state of Michigan. 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. Renters across all income levels in the assessment area experience this burden at 42.5 percent, which is consistent with the state of Michigan overall at 43.2 percent. Additionally, owners across all income levels in the assessment area and the state of Michigan experience this burden at the same rate, 18.2 percent.

According to FFIEC HMDA loan and application records, home mortgage trends reflect increases in home mortgage activity in 2022 and 2021, across the assessment area and broader region. These trends suggest a continued increase in demand for home purchases, driving up home values and indicating that housing cost burden will remain elevated. According to the 2020 U.S. Census, the assessment area had a median housing value of \$157,461 and median gross rent of \$757.

A community representative stated that the development of more multi-family housing units has been the focus for expanding affordable housing in the county; however, there is a need for single-family housing as well. The assessment area and state of Michigan are generally comparable in cost-burdened rates of renters and owners.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	73.1	31.2	42.5	60.8	27.8	18.2
State of Michigan	74.2	31.3	43.2	61.7	26.5	18.2
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Employment Characteristics

The following table presents unemployment rates between 2018 and 2022 in the assessment area and the state of Michigan. Both geographies have experienced decreases in unemployment rates from the COVID-19 pandemic levels in 2020. The assessment area unemployment rate is slightly higher than the state of Michigan at 4.6 percent and 4.2 percent, respectively. A community representative noted that unemployment is low, therefore employers (especially restaurants) are struggling to attract and maintain employees.

Unemployment Rates (%)					
Area	2018	2019	2020	2021	2022
Assessment Area	4.3	4.1	9.0	5.8	4.6
State of Michigan	4.2	4.1	10.0	5.8	4.2
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

According to the U.S. Bureau of Labor Statistics, as of the second quarter of 2022, the largest industries in the assessment area, by number of employees are manufacturing (12,417), healthcare and social services (7,491), and accommodation and food services (6,425).

Community Representatives

One community representative from an economic development organization was contacted. The representative described the area as a smaller metropolitan statistical area with long-time stable population and lower wage growth. The representative stated that the COVID-19 pandemic lockdowns in the state of Michigan had a large impact on the business community of the county, which relies on manufacturing, retail, and restaurants, and to a lesser extent – tourism. Furthermore, they stated that most businesses have recovered from the COVID-19 pandemic, but some have struggled to remain open. The representative also stated that local financial institutions are involved and there are non-profit loan programs and state funded initiatives available, and thus access to capital is sufficient. Access to technical business knowledge and quality employees is a need for business owners in the area. Berrien County is in the southwest corner of Michigan and has a large shoreline with Lake Michigan, which makes the area near the lake desirable for retirees and vacation homes. The second home and short-term rental market affect the housing market in general. The representative stated the cities of Niles, which is more inland, needs the most development and rehabilitation. The representative stated more affordable housing is a need, but the county has taken some steps to expand low-income housing and multi-family housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NILES – BENTON HARBOR, MI MSA #35660

LENDING TEST

The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, good penetration among borrowers of different income levels and businesses of different sizes. The bank exhibits an adequate record of serving the credit needs of low-income individuals and areas and small businesses with gross annual revenues of \$1 million or less. 1st Source Bank makes a relatively high level of community development loans, and the bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar 2021 and prior were analyzed based on the 2011-2015 American Community Survey income designations data²¹. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

The bank's lending activities reflect good distribution throughout the assessment area. The bank's rate of home mortgage lending within low-and moderate-income census tracts was deemed good as the bank's performance was largely comparable to aggregate lenders or comparable to the assessment area demographics. The bank's HMDA-Reportable loan performance in 2021 exceeded 2022 figures. Additionally, the bank's performance with respect to small business lending was good given the bank's performance within moderate-income census tracts, which was above the percentage of small businesses.

For purposes of this analysis, small business loans were the primary, but not sole factor for determining the rating. When determining performance, the comparison to aggregate lender figures were weighted more heavily than the assessment area demographics (percentage of owner-occupied housing units and percentages of small businesses).

A gap analysis was completed as part of the evaluation. In 2022, by census tract, the bank originated HMDA reportable loans in 53.7 percent of all census tracts in the assessment area with originations in one of the six low-income census tracts (16.7 percent) and loans in three of the seven moderate-income census tracts (42.9 percent). The bank originated small business loans in 28 of 54 census tracts (51.9 percent), with originations in two of the six low-income census tracts (33.3 percent) and loans in four of the seven moderate-income census tracts (57.1 percent). As only 5.6 of

²¹ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

owner-occupied units and 9.5 percent of business are located in low-income tracts and 13.6 percent of owner-occupied units and 12.5 percent of small businesses are located in moderate-income tracts, there is limited opportunity for lending in low- and moderate-income tracts. Based upon this analysis, there were no conspicuous, unexplained lending gaps in the assessment area.

HMDA Reportable Lending

In 2021 and 2022, the bank's rate of HMDA-reportable lending within low- and moderate-income census tracts was good. The bank's 2021 and 2022 HMDA-reportable lending in the assessment area was concentrated in home purchase, refinance, and home improvement loans, which comprised 100.0 percent of the HMDA loans originated. Due to the lack of volume, multi-family loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

In 2022, home purchase loans represented 29.3 percent of all home mortgage loans made in the assessment area. The bank originated 4.5 percent of its home purchase loans in its low-income census tracts. This was comparable to both the aggregate lender's distribution of 3.0 percent and the owner-occupied unit distribution of 5.6 percent. The bank originated 13.6 percent of its home purchase loans in moderate-income census tracts which was below the performance of the aggregate of lenders at 17.1 percent and comparable to the 13.6 percent demographic of owner-occupied units in moderate-income census tracts. The bank originated 59.1 percent of its home purchase loans in middle-income census tracts. This was well above the aggregate of lenders at 40.9 percent and the 44.0 percent demographic of owner-occupied units in middle-income census tracts. Lastly, the bank originated 22.7 percent of its home purchase loans in upper-income census tracts. This was well below the aggregate of lenders at 38.7 percent of such loans by number and the demographic of owner-occupied units in upper-income census tracts at 36.3 percent.

The performance in 2021 exceeded the performance in 2022. The bank originated 4.8 percent of its home purchase loans in its low-income census tracts. This is slightly above the aggregate at 2.3 percent and comparable to the 5.7 percent demographic of owner-occupied units in low-income census tracts. The bank originated 19.0 percent of its home purchase loans in moderate-income census tracts, which is above both the aggregate and percentage of owner-occupied units in moderate-income census tracts, at 15.3 percent and 13.7 percent, respectively.

Refinance Loans

In 2022, refinance loans represented 49.3 percent of all home mortgage loans made in the assessment area. The bank originated no refinance loans in its low-income census tracts. This is comparable to the aggregate lender's distribution of 1.6 percent and below the owner-occupied

unit distribution of 5.6 percent. The bank originated 10.8 percent of its refinance loans in moderate-income census tracts which was slightly below the performance of the aggregate of lenders at 13.2 percent and below the 13.6 percent demographic of owner-occupied units in moderate-income census tracts. The bank originated 40.5 percent of its refinance loans in middle-income census tracts. This was below the aggregate of lenders at 48.2 percent and the 44.0 percent demographic of owner-occupied units in middle-income census tracts. Lastly, the bank originated 48.6 percent of its refinance loans, by number in upper-income census tracts. This was above the aggregate of lenders at 36.8 percent and the demographic of owner-occupied units in upper-income census tracts at 36.3 percent.

The bank's performance in 2021 exceeded their performance in 2022. The bank did not originate any refinance loans in its low-income census tracts. This was comparable to the aggregate at 1.1 percent and below the 5.7 percent demographic of owner-occupied units in low-income census tracts. The bank originated 20.4 percent of its refinance loans in its moderate-income census tracts, which was above both the aggregate and percentage of owner-occupied units in moderate-income census tracts, at 11.0 percent and 13.7 percent, respectively.

Home Improvement Loans

In 2022, home improvement loans represented 21.3 percent of all home mortgage loans made in the assessment area. The bank originated no home improvement loans in its low-income census tracts. This was slightly below the aggregate lenders' distribution of 2.5 percent and below the owner-occupied unit distribution of 5.6 percent. The bank originated 12.5 percent of its home improvement loans in moderate-income census tracts, which was comparable to both the performance of the aggregate of lenders at 11.7 percent and to the 13.6 percent demographic of owner-occupied units in moderate-income census tracts. The bank originated 43.8 percent of its home improvement loans, by number, in middle-income census tracts. This was comparable to the aggregate of lenders at 44.3 percent and the 44.0 percent demographic of owner-occupied units in middle-income census tracts. Lastly, the bank originated 43.8 percent of its home improvement loans in upper-income census tracts. This was slightly above the aggregate of lenders at 41.1 percent and above the demographic of owner-occupied units in upper-income census tracts at 36.3 percent.

The performance in 2021 exceeded the performance in 2022. The bank originated 4.5 percent of its home improvement loans in its low-income census tracts. This was slightly above the aggregate at 2.0 percent and comparable to the 5.7 percent demographic of owner-occupied units in low-income census tracts. The bank originated 13.6 percent of its home improvement loans in its moderate-income census tracts, which was slightly above the aggregate and comparable to the percentage of owner-occupied units in moderate-income census tracts, at 11.1 percent and 13.7 percent, respectively.

The following table presents the bank's 2022 HMDA-reportable lending in the assessment area; 2021 tables are available in Appendix A.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Niles, MI MSA 35660							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	1	4.5	3.0	67	2.0	1.1	5.6
Moderate	3	13.6	17.1	349	10.5	10.4	13.6
Middle	13	59.1	40.9	1,504	45.1	40.5	44.0
Upper	5	22.7	38.7	1,412	42.4	47.8	36.3
Unknown	0	0.0	0.3	0	0.0	0.1	0.6
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	22	100.0	100.0	3,332	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	1.6	0	0.0	0.6	5.6
Moderate	4	10.8	13.2	155	2.7	8.0	13.6
Middle	15	40.5	48.2	1,829	31.7	50.5	44.0
Upper	18	48.6	36.8	3,780	65.6	40.5	36.3
Unknown	0	0.0	0.1	0	0.0	0.4	0.6
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	37	100.0	100.0	5,764	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	2.5	0	0.0	1.2	5.6
Moderate	2	12.5	11.7	55	4.6	8.1	13.6
Middle	7	43.8	44.3	291	24.3	42.3	44.0
Upper	7	43.8	41.1	852	71.1	48.2	36.3
Unknown	0	0.0	0.4	0	0.0	0.2	0.6
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	16	100.0	100.0	1,198	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	20.2
Moderate	0	0.0	29.4	0	0.0	6.9	24.5
Middle	0	0.0	29.4	0	0.0	37.9	31.9
Upper	0	0.0	41.2	0	0.0	55.2	23.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	1	1.3	2.5	67	0.7	0.9	5.6
Moderate	9	12.0	15.3	559	5.4	9.5	13.6
Middle	35	46.7	44.0	3,624	35.2	43.7	44.0
Upper	30	40.0	37.9	6,044	58.7	45.6	36.3
Unknown	0	0.0	0.3	0	0.0	0.2	0.6
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	75	100.0	100.0	10,294	100.0	100.0	100.0

Source: 2022 FFIEC Census Data

Small Business Loans

The bank's performance with respect to the geographic distribution of small business loans was good. In 2022, the bank originated 4.8 percent of its small business loans, by number, in low-income census tracts, which was slightly below the aggregate of lenders at 7.3 percent and below the 9.5 percentage total businesses in this assessment area located in such census tracts. The bank originated 14.5 percent of its small business loans in moderate-income census tracts, which was comparable to the aggregate of lenders at 12.6 percent of such loans in these census tracts and the 12.5 percent of total businesses that are located in such census tracts. The bank originated 41.0 percent its small business loans in middle-income census tracts, which was identical to the aggregate lender rate of 41.0 percent and comparable to the 40.1 percent of total businesses that are located in such census tracts. Lastly, the bank originated 39.8 percent of its small business loans in upper-income census tracts. The bank's performance was comparable to both the aggregate of lender rate at 38.1 percent and to the 37.4 percent of total businesses that are located in such census tracts. The bank's performance in 2021 was consistent with 2022 performance.

The following table presents the geographic distribution of small business loans in the assessment area in 2022; 2021 tables are available in Appendix A.

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: Niles, MI MSA 35660							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Low	4	4.8	7.3	430	2.2	10.4	9.5
Moderate	12	14.5	12.6	1,939	9.7	9.5	12.5
Middle	34	41.0	41.0	8,446	42.4	39.8	40.1
Upper	33	39.8	38.1	9,090	45.7	40.0	37.4
Unknown	0	0.0	0.1	0	0.0	0.0	0.6
Tract-Unk	0	0.0	0.9	0	0.0	0.3	
Total	83	100.0	100.0	19,905	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

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

For the purposes of this review, loans made in calendar year 2021 or prior were analyzed based on 2011-2015 American Community Survey income designations for individuals²². Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

1st Source Bank's lending activities reflects good distribution among individuals of different income levels including low- and moderate-income individuals and businesses of different sizes.

In 2022, the bank's performance relative to HMDA-reportable lending was excellent given the bank's performance amongst low- and moderate-income borrowers was generally above the aggregate of lenders and below the assessment area demographics. The bank's 2021 performance slightly exceeded 2022 performance. The bank's small business lending performance was good as the bank's lending to businesses reporting annual revenues of \$1 million or less was below the percentage of total businesses operating in the assessment area; however, a substantial majority of loans were made to businesses with revenues of less than \$1 million in loan sizes of less than \$100,000.

For purposes of this analysis, small business loans received the greater weight when determining the rating given the bank is primarily focused on commercial lending. In addition, when determining performance, the comparison to aggregate lender figures were weighted more heavily than the assessment area demographics (i.e., families by family income or total businesses) as it is a better measure of loan demand.

HMDA Reportable Lending

In 2021 and 2022, the bank's performance relative to home mortgage loans was excellent. Due to the lack of volume, multi-family loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

In 2022, the bank originated 31.8 percent of its home purchase loans to low-income borrowers, which was significantly above the aggregate of lenders 7.1 percent and above the 22.8 percent demographic of low-income families within the assessment area. The bank originated 22.7 percent of its home purchase loans to moderate-income borrowers, which was above the aggregate of lenders 18.0 percent and the 17.7 percent demographic of moderate-income families within the assessment area. The bank originated 22.7 percent of its home purchase loans to middle-income

²² Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

borrowers, which was above the aggregate of lenders of 19.3 percent and the 17.8 demographic percent of middle-income families within the assessment area. Lastly, the bank originated 22.7 percent of its home purchase loans to upper-income borrowers, which was significantly below the aggregate of lenders of 43.3 percent and the 41.7 percent demographic of upper-income families within the assessment area. The bank's performance in 2021 was consistent with its 2022 performance.

Refinance Loans

In 2022, the bank originated 10.8 percent of its refinance loans to low-income borrowers, which was comparable to the aggregate of lenders of 11.9 percent and well below the 22.8 percent demographic of low-income families within the assessment area. The bank originated 10.8 percent of its refinance loans to moderate-income borrowers, which was below the aggregate of lenders which made 19.5 percent of these loans and the 17.7 percent demographic of moderate-income families within the assessment area. The bank originated 27.0 percent of its refinance loans to middle-income borrowers, which was above the aggregate of lenders of 24.5 percent of and the 17.8 demographic percent of middle-income families within the assessment area. Lastly, the bank originated 45.9 percent of its refinance loans to upper-income borrowers, which was above the aggregate of lenders which made 36.3 percent of these loans and above the 41.7 percent demographic of upper-income families within the assessment area.

The bank's performance in 2021 exceeded its 2022's performance. The bank originated 11.1 percent of its refinance loans to low-income borrowers. This was above the aggregate at 7.5 percent and well below the 22.6 percent demographic of low-income families. The bank originated 24.1 percent of its refinance loans to moderate-income borrowers, which was above both the aggregate and percentage of moderate-income families, at 16.5 percent and 17.0 percent, respectively.

Home Improvement Loans

In 2022, the bank originated 6.3 percent of its home improvement loans to low-income borrowers, which was below the aggregate of lenders of 11.7 percent and well below the 22.8 percent demographic of low-income families. The bank originated 12.5 percent of its home improvement loans to moderate-income borrowers, which was below the aggregate of lenders which made 16.2 percent of these loans and the 17.7 percent demographic of moderate-income families. The bank originated 18.8 percent of its home improvement loans to middle-income borrowers, which was below the aggregate of lenders which made 24.0 percent of these loans and the comparable to the 17.8 demographic percent of middle-income families within the assessment area. Lastly, the bank originated 50.0 percent of its home improvement loans to upper-income borrowers, which was above the aggregate of lenders which made 46.3 percent of these loans and the 41.7 percent demographic of upper-income families.

The bank's performance in 2021 slightly exceeded its 2022's performance. The bank originated 13.6 percent of its home improvement loans to low-income borrowers. This was above the aggregate at 10.8 percent and below the 22.6 percent demographic of low-income families. The bank originated 22.7 percent of its home improvement loans to moderate-income borrowers, which was above both the aggregate and percentage of moderate-income families, at 17.7 percent and 17.0 percent, respectively.

The following table presents the borrower distribution of HMDA-reportable loans in the assessment area in 2022; 2021 tables are available in Appendix A.

Distribution of 2022 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Niles, MI MSA 35660							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	7	31.8	7.1	461	13.8	3.3	22.8
Moderate	5	22.7	18.0	561	16.8	9.4	17.7
Middle	5	22.7	19.3	585	17.6	13.6	17.8
Upper	5	22.7	43.3	1,725	51.8	61.4	41.7
Unknown	0	0.0	12.3	0	0.0	12.3	0.0
Total	22	100.0	100.0	3,332	100.0	100.0	100.0
Refinance Loans							
Low	4	10.8	11.9	271	4.7	5.5	22.8
Moderate	4	10.8	19.5	286	5.0	11.4	17.7
Middle	10	27.0	24.5	1,036	18.0	17.5	17.8
Upper	17	45.9	36.3	4,051	70.3	52.3	41.7
Unknown	2	5.4	7.9	120	2.1	13.3	0.0
Total	37	100.0	100.0	5,764	100.0	100.0	100.0
Home Improvement Loans							
Low	1	6.3	11.7	17	1.4	6.7	22.8
Moderate	2	12.5	16.2	55	4.6	9.6	17.7
Middle	3	18.8	24.0	155	12.9	15.0	17.8
Upper	8	50.0	46.3	784	65.4	67.2	41.7
Unknown	2	12.5	1.8	187	15.6	1.5	0.0
Total	16	100.0	100.0	1,198	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	12	16.0	9.2	749	7.3	4.1	22.8
Moderate	11	14.7	17.9	902	8.8	9.9	17.7
Middle	18	24.0	21.6	1,776	17.3	14.6	17.8
Upper	30	40.0	41.5	6,560	63.7	59.5	41.7
Unknown	4	5.3	9.8	307	3.0	11.9	0.0
Total	75	100.0	100.0	10,294	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Small Business Loans

In 2022, the bank's performance relative to small business was good. The bank originated 42.2 percent of its small business loans to businesses with gross annual revenues of \$1 million or less, which was below the 90.8 percent of businesses in the assessment area of that size and below the

aggregate percentage of 52.0. A significant portion, 49.4 percent, of the bank's small business loans were for \$100,000 or less, which is the most beneficial for the smallest businesses. This was well below aggregate at 93.2 percent. To small businesses with revenues under \$1 million, a substantial majority (80.0 percent) of loans were for \$100,000 or less. In 2021, the performance was comparable.

The following table presents the borrower distribution of small business loans in the assessment area in 2022; 2021 tables are available in Appendix A.

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Niles, MI MSA 35660							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
By Revenue							
\$1 Million or Less	35	42.2	52.0	2,598	13.1	30.6	90.8
Over \$1 Million	47	56.6		17,207	86.4		7.9
Revenue Unknown	1	1.2		100	0.5		1.3
Total	83	100.0		19,905	100.0		100.0
By Loan Size							
\$100,000 or Less	41	49.4	93.2	2,159	10.8	36.7	
\$100,001 - \$250,000	18	21.7	3.7	3,273	16.4	18.0	
\$250,001 - \$1 Million	24	28.9	3.1	14,473	72.7	45.3	
Total	83	100.0	100.0	19,905	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	28	80.0		1,233	47.5		
\$100,001 - \$250,000	7	20.0		1,365	52.5		
\$250,001 - \$1 Million	0	0.0		0	0.0		
Total	35	100.0		2,598	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Lending

1st Source Bank makes a relatively high level of community development loans in the Niles-Benton Harbor, MI MSA. During the evaluation period the bank originated two loans totaling \$15.6 million in the assessment area. When compared to the previous evaluation of 11 loans totaling \$11.7 million, the bank decreased the number of loans by 81.8 percent but increased the size of the loans with a total dollar amount increase of 34.0 percent. Both loans went to organizations that

helped revitalize and stabilization low- and moderate-income geographies. The previous evaluation included 2020 and 2021 rounds of PPP loans, while this evaluation did not include any.

In 2021 and 2022, the bank made 11 Community Development Mortgages totaling approximately \$1.3 million. This program provides credit opportunity for first time homebuyers that earn less than 80 percent of median family income who may not be able to demonstrate creditworthiness through traditional means, such as credit reports. These loans demonstrate the use of innovative underwriting standards and provide excellent responsiveness to the credit and community development needs of the assessment area, as affordable housing was noted as a need by a community representative.

The following table presents the bank's community development loans in the assessment area during the review period.

Community Development Loans June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000)
Niles-Benton Harbor, MI MSA	0	0	0	0	0	0	2	15,630	2	15,630
<i>Note: Dollar amounts are rounded and not reflective of exact figures.</i>										

INVESTMENT TEST

1st Source Bank makes a significant level of qualified investments, particularly those that are not routinely provided by private investors, rarely in a leadership position. These investments also demonstrated the occasional use of innovative or complex qualified investments and provide good responsiveness to the credit and community development needs of the assessment area through low-income housing projects.

During the evaluation period the bank made \$2.6 million of qualified affordable housing investments. Additionally, as of the date of the performance evaluation there was \$1.5 million of outstanding balances from prior period investments that were also for affordable housing purposes. These combined investment amounts of \$4.1 million are particularly responsive to the credit and community development needs of the assessment area, as affordable housing was noted as a major need in the assessment area by a community representative. One of the bank's investments was in a project eligible for Low-Income Housing Tax Credit demonstrating the use of innovative and complex qualified investments.

The following table presents the bank's qualified community development investments during the review period.

Community Development Investments (Dollars in 000s) June 8, 2021 – September 25, 2023						
Assessment Area	Current Period Investments			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
Niles-Benton Harbor, MI	2,565	0	0	2,565	1,475	1,630

Additionally, the bank donated \$69,914 to community service and economic development organizations. This represents a decrease of 59.5 percent from the previous exam when the bank donated \$172,628. When taking into consideration the difference in evaluation period lengths, this is a decrease of 47.9 percent by month.

The following table presents the bank's qualified community development donations during the review period.

Qualified Community Development Donations June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Niles-Benton Harbor, MI MSA	0	0	5	11,820	9	58,094	0	0	14	69,914

SERVICE TEST

1st Source Bank's record of performance relative to the Service Test in the Niles – Benton Harbor, MI MSA is rated Low Satisfactory. The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area; the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals; services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals; and the bank provides an adequate level of community development services.

Retail Services

The distribution of the branch offices and ATMs is performed using current data (2022) and any changes in the median family income level of the geographies where the branches are located.

First Source Bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Its services (including where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. The bank operates five branches in the assessment area, four of which contain a full-service ATM. Two branches are in a moderate-income census tract (one of which does not have an ATM), one branch is in a middle-income census tract, and two are in upper-income census tracts. During the evaluation period the bank closed one stand-alone cash only ATM in an upper-income census tract.

Branch locations are open Monday through Friday with standard hours typically from 9:00 a.m. to 5:00 p.m. and limited hours on Saturdays typically until noon, with the exception of one branch located in an upper income census tract that closes daily at 3:00 p.m. and both branches in upper-income census tracts that do not offer Saturday hours. All products and services are consistent among branches. The bank offers ATMs, internet and mobile banking, telephone banking services, and eBanking products to increase access and provide additional services to customers.

Community Development Services

1st Source Bank provides an adequate level of community development services in the assessment area. Bank employees provided 287 hours within this assessment area which is 4.9 percent of the total 5,905 total hours of qualified community development services. When comparing service hours from the previous evaluation (888 hours) by the 36-month time period of the previous evaluation period and the 28-month period of the current evaluation, the bank decreased its service hours by 58.3 percent in the assessment area. The bank cites recent retirements and less of a demand for community development services as contributing factors. Service hours provided to economic development organizations are particularly responsive, as a community representative noted that small businesses are struggling due to a lack of available workforce.

The following table presents the bank's qualified community development services during the review period.

Community Development Services June 8, 2021 – September 25, 2023						
Assessment Area	Affordable Housing	Community Service	Economic Development	Revitalize /Stabilize	Total Hours	% of Total
	# Hours	# Hours	# Hours	# Hours		
Niles-Benton Harbor, MI MSA	4	139	144	0	287	4.9

KALAMAZOO-PORTAGE, MI MSA - Limited Review

SCOPE OF THE EXAMINATION

1st Source Bank's operations in the Kalamazoo-Portage, MI MSA received a limited-scope review. The scope of examination is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE KALAMAZOO-PORTAGE, MI MSA #28020

The Kalamazoo-Portage MSA consists of Kalamazoo County in its entirety, which is unchanged from the previous evaluation. The assessment area consists of a total of 68 census tracts comprised of six low-, 17 moderate-, 23 middle-, 21 upper-income census tracts and one unknown-income census tract. This represents a change from the previous evaluation where the assessment area contained seven low-income census tracts, 11 moderate-income census tracts, 24 middle-income census tracts 14 upper-income census tracts, and one unknown-income census tract.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	7	6	-1
Moderate	11	17	+6
Middle	24	23	-1
Upper	14	21	+7
Unknown	1	1	0
Total	57	68	+11
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

1st Source Bank maintains two branches in the assessment area, each with a full-service ATM. One branch is located in a middle-income census tract, while the other is located in an upper-income tract.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2022, ranked the bank 12th in the market among 14 institutions serving the assessment area, with 1.5 percent of the market share. The two institutions with the largest market share of deposits were PNC Bank N.A and Fifth Third Bank N.A with 24.1 percent and 20.4 percent, respectively. Deposits in this assessment area represent 1.1 percent of the bank's overall deposit totals.

1st Source Bank was 49th in 2022 total HMDA originations within the MSA among 286 HMDA Reporters with 15 originations compared to market leader Consumers Credit Union with 1,028 originations and Lake Michigan Credit Union which ranked second with 658 originations. 1st Source Bank was 16th in 2022 total CRA originations within the MSA among 81 HMDA Reporters with 41 originations compared to market leader American Express with 861 originations. Second ranked, JP Morgan Chase Bank N.A. had 663 total originations.

Information regarding census-related and business demographic characteristics of the assessment area is provided in the following table.

2022 Kalamazoo-Portage, MI MSA 28020 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	6	8.8	3,425	5.5	927	27.1	13,444	21.5
Moderate	17	25.0	13,119	20.9	1,918	14.6	11,488	18.3
Middle	23	33.8	24,426	39.0	1,307	5.4	12,327	19.7
Upper	21	30.9	21,569	34.4	986	4.6	25,405	40.5
Unknown	1	1.5	125	0.2	79	63.2	0	0.0
Total AA	68	100.0	62,664	100.0	5,217	8.3	62,664	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	7,630	1,880	2.8	24.6	4,427	58.0	1,323	17.3
Moderate	26,160	12,400	18.4	47.4	11,618	44.4	2,142	8.2
Middle	44,697	28,681	42.6	64.2	13,362	29.9	2,654	5.9
Upper	32,329	24,212	36.0	74.9	6,246	19.3	1,871	5.8
Unknown	1,769	82	0.1	4.6	1,370	77.4	317	17.9
Total AA	112,585	67,255	100.0	59.7	37,023	32.9	8,307	7.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	624	6.4	532	6.1	90	9.7	2	2.6
Moderate	1,816	18.7	1,635	18.8	167	18.0	14	18.4
Middle	4,013	41.3	3,599	41.3	384	41.4	30	39.5
Upper	3,216	33.1	2,900	33.3	286	30.8	30	39.5
Unknown	39	0.4	38	0.4	1	0.1	0	0.0
Total AA	9,708	100.0	8,704	100.0	928	100.0	76	100.0
Percentage of Total Businesses:				89.7		9.6		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	2	0.9	2	1.0	0	0.0	0	0.0
Moderate	30	14.1	24	12.4	6	30.0	0	0.0
Middle	103	48.4	96	49.7	7	35.0	0	0.0
Upper	78	36.6	71	36.8	7	35.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	213	100.0	193	100.0	20	100.0	0	0.0
Percentage of Total Farms:				90.6		9.4		0.0
Source: 2022 FFIEC Census Data								
2022 Dun & Bradstreet Data								
2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Kalamazoo-Portage, MI MSA	Consistent	Consistent	Consistent

1st Source Bank's lending test, investment test, and service test performances in the area are consistent with the institution's performances the state of Michigan.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Kalamazoo-Portage, MI MSA 28020							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	5.6	0	0.0	2.2	2.8
Moderate	5	62.5	25.0	672	43.2	16.0	18.4
Middle	1	12.5	36.7	592	38.1	36.2	42.6
Upper	2	25.0	32.5	290	18.7	45.3	36.0
Unknown	0	0.0	0.3	0	0.0	0.2	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	8	100.0	100.0	1,554	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	1.9	0	0.0	1.1	2.8
Moderate	4	66.7	17.7	483	27.4	12.1	18.4
Middle	0	0.0	41.8	0	0.0	38.1	42.6
Upper	2	33.3	38.6	1,281	72.6	48.6	36.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	6	100.0	100.0	1,764	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	2.0	0	0.0	2.0	2.8
Moderate	0	0.0	15.0	0	0.0	11.2	18.4
Middle	1	100.0	38.2	50	100.0	36.3	42.6
Upper	0	0.0	44.8	0	0.0	50.5	36.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	50	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	14.0	0	0.0	11.7	12.4
Moderate	0	0.0	23.3	0	0.0	10.6	26.0
Middle	0	0.0	39.5	0	0.0	62.7	40.0
Upper	0	0.0	14.0	0	0.0	9.7	16.8
Unknown	0	0.0	9.3	0	0.0	5.2	4.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	3.8	0	0.0	2.9	2.8
Moderate	9	60.0	20.7	1,155	34.3	14.1	18.4
Middle	2	13.3	38.9	642	19.1	39.7	42.6
Upper	4	26.7	36.5	1,571	46.6	42.7	36.0
Unknown	0	0.0	0.2	0	0.0	0.7	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	15	100.0	100.0	3,368	100.0	100.0	100.0

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: Kalamazoo-Portage, MI MSA 28020							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	2	4.3	7.7	890	7.9	8.8	6.4
Moderate	8	17.4	16.8	2,179	19.4	14.7	18.7
Middle	24	52.2	38.6	6,763	60.3	44.0	41.3
Upper	12	26.1	36.1	1,377	12.3	32.1	33.1
Unknown	0	0.0	0.2	0	0.0	0.2	0.4
Tract-Unk	0	0.0	0.6	0	0.0	0.1	
Total	46	100.0	100.0	11,209	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Kalamazoo-Portage, MI MSA 28020							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	2	25.0	11.2	244	15.7	6.0	21.5
Moderate	3	37.5	21.4	449	28.9	16.0	18.3
Middle	1	12.5	20.9	144	9.3	20.5	19.7
Upper	2	25.0	28.7	717	46.1	43.9	40.5
Unknown	0	0.0	17.8	0	0.0	13.6	0.0
Total	8	100.0	100.0	1,554	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	14.7	0	0.0	8.5	21.5
Moderate	0	0.0	24.0	0	0.0	18.9	18.3
Middle	1	16.7	23.2	140	7.9	21.4	19.7
Upper	5	83.3	30.9	1,624	92.1	42.6	40.5
Unknown	0	0.0	7.2	0	0.0	8.6	0.0
Total	6	100.0	100.0	1,764	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	11.1	0	0.0	7.9	21.5
Moderate	0	0.0	21.7	0	0.0	17.0	18.3
Middle	0	0.0	24.5	0	0.0	21.7	19.7
Upper	1	100.0	39.5	50	100.0	50.2	40.5
Unknown	0	0.0	3.2	0	0.0	3.2	0.0
Total	1	100.0	100.0	50	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	2	13.3	12.2	244	7.2	6.8	21.5
Moderate	3	20.0	22.1	449	13.3	16.8	18.3
Middle	2	13.3	22.0	284	8.4	20.7	19.7
Upper	8	53.3	31.5	2,391	71.0	44.2	40.5
Unknown	0	0.0	12.2	0	0.0	11.6	0.0
Total	15	100.0	100.0	3,368	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Kalamazoo-Portage, MI MSA 28020							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	12	26.1	49.8	1,474	13.2	31.0	89.7
Over \$1 Million	26	56.5		8,182	73.0		9.6
Revenue Unknown	8	17.4		1,553	13.9		0.8
Total	46	100.0		11,209	100.0		100.0
By Loan Size							
\$100,000 or Less	20	43.5	91.2	1,219	10.9	29.2	
\$100,001 - \$250,000	15	32.6	4.2	2,689	24.0	15.6	
\$250,001 - \$1 Million	11	23.9	4.6	7,301	65.1	55.2	
Total	46	100.0	100.0	11,209	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	6	50.0		278	18.9		
\$100,001 - \$250,000	5	41.7		771	52.3		
\$250,001 - \$1 Million	1	8.3		425	28.8		
Total	12	100.0		1,474	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Loans June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Kalamazoo-Portage, MI MSA	2	2,335	5	4,917	0	0	3	22,893	10	30,145
Note: Dollar amounts are rounded and not reflective of exact figures.										

Community Development Investments (Dollars in 000s) June 8, 2021 – September 25, 2023						
Assessment Area	Current Period Investments			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
Kalamazoo-Portage, MI MSA	3,172	0	0	3,172	3,845	1,978

Community Development Donations June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Kalamazoo-Portage, MI MSA	2	10,000	9	20,365	5	31,500	0	0	16	61,865
Note: Dollar amounts are rounded and not reflective of exact figures.										

Community Development Services June 8, 2021 – September 25, 2023						
Assessment Area	Affordable Housing	Community Service	Economic Development	Revitalize/Stabilize	Total Hours	% of Total
	# Hours	# Hours	# Hours	# Hours		
Kalamazoo-Portage, MI MSA	12	43	103	0	158	2.7

FLORIDA

CRA RATING FOR FLORIDA: SATISFACTORY

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

1st Source Bank's performance relative to the Lending Test is rated Low Satisfactory based on the following factors as determined by the full-scope assessment area: the bank demonstrates an adequate geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment area, and adequate penetration of loans to borrowers of different incomes and businesses of different sizes, given the product lines offered by the bank. The bank exhibits an adequate record of serving the credit needs of low-and moderate-income individuals, or small businesses with gross annual revenues of \$1 million or less. The bank makes limited use of innovative and flexible lending practices in serving assessment area credit needs, and few, if any CD loans.

1st Source Bank's performance relative to the Investment Test is rated High Satisfactory. The bank made a significant level of qualified CD investments and grants, particularly those not routinely provided by private investors, rarely in a leadership position. The bank makes rare use of innovative and/or complex investments to support CD initiatives and exhibits excellent responsiveness to credit and community development needs.

1st Source Bank's performance relative to the Service Test is rated Low Satisfactory. The bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment areas. The bank's services do not vary in a way that inconveniences its assessment area, particularly low-or moderate-income geographies or low-or moderate-income individuals. No branches were opened or closed during the evaluation period. The bank provides few, if any community development services.

SCOPE OF THE EXAMINATION

The ratings for the state of Florida were based on the bank's performance on a full-scope review of the North Port-Sarasota-Bradenton, FL MSA #35840. The scope of examination is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN FLORIDA

1st Source maintains one assessment area in Florida in the North Port-Sarasota-Bradenton, FL MSA #35840. The bank operates one branch without an ATM in Sarasota. The branch location is now designated as a middle-income census tract but was previously designated as a moderate-income census tract. The branch located in Sarasota was opened on April 10, 2017, and thus the bank has only been operating in the market for about seven years.

Due to the limited operations in the state of Florida, this state rating received the least amount of weight in the consideration for the overall rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FLORIDA

Conclusions regarding the bank's performance in Florida with respect to the lending, investments, and service tests are based solely on the performance in the North Port-Sarasota-Bradenton FL MSA #35840, its sole assessment area in the state, and is evaluated through the following summary.

NORTH PORT - SARASOTA - BRADENTON, FL MSA - Full Review

SCOPE OF THE EXAMINATION

1st Source's operations in the North Port-Sarasota-Bradenton MSA received a full-scope review. The scope of examination is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NORTH PORT - SARASOTA - BRADENTON, FL MSA #35840

The bank delineates Sarasota County, in its entirety, as its assessment area in the North Port-Sarasota-Bradenton, FL MSA. Manatee County, which is part of the MSA, is excluded as the bank does not have any branch locations or deposit taking ATMs in the county. The physical geography of the assessment area has not changed since the previous evaluation on June 7, 2021; however, there have been changes to the assessment area census tract income designations. The assessment area consists of a total of 123 census tracts comprised of one low-, 20 moderate-, 63 middle-, 37 upper-income census tracts and two unknown-income census tracts. This represents a change from the previous evaluation where the assessment area contained 95 census tracts comprised of one low-, 20 moderate-, 48 middle-, 25 upper-, and one unknown-income census tract(s).

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	1	1	0
Moderate	20	20	0
Middle	48	63	+15
Upper	25	37	+12
Unknown	1	2	+1
Total	95	123	+28
<i>Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 and 2016-2020</i>			

1st Source maintains one branch in the assessment area, located in a middle-income census tract. There are no ATMs in the assessment area. There were no opening or closings of either branches or ATMs during the evaluation period. The bank opened the branch in April 2017 and has slightly gained market share since the previous evaluation.

According to the FDIC market share report, as of June 30, 2022, the bank ranked 35th in the market among 37 institutions serving the assessment area, with a 0.1 percent of the market share. This is an increase from the market share reported on the June 30, 2020, FDIC report of 0.02 percent. The two institutions with the largest market share of deposits are Bank of America N.A. and Truist Bank, with 16.5 percent and 14.5 percent, respectively. Deposits in this assessment area represent 0.2 percent of the bank's overall deposit totals.

In 2022, 1st Source Bank ranked 101st in total HMDA originations within the MSA among 784 HMDA reporters. The bank originated six HMDA loans and by comparison, the first and second ranking organizations by HMDA-reportable loans are Rocket Mortgage, LLC and United Shore Financial Service with 977 and 904 originations, respectively. In 2019, 699 HMDA reporters originated loans in the area, signifying increased market competition. 1st Source had one reportable CRA origination in 2022, ranking 53rd, along with 44 other institutions, out of a total of 136 CRA data reporters. By comparison, first ranked, American Express originated 4,433 CRA loans followed by JP Morgan Chase Bank N.A. with 3,528 originations.

Information regarding census-related and business demographic characteristics of the assessment area is provided in the following table.

2022 North Port-Sarasota-Bradenton, FL MSA 35840 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	0.8	721	0.6	341	47.3	19,763	16.8
Moderate	20	16.3	18,380	15.6	1,448	7.9	22,788	19.4
Middle	63	51.2	58,556	49.8	2,901	5.0	24,497	20.8
Upper	37	30.1	39,453	33.6	1,552	3.9	50,484	43.0
Unknown	2	1.6	422	0.4	13	3.1	0	0.0
Total AA	123	100.0	117,532	100.0	6,255	5.3	117,532	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,598	432	0.3	27.0	936	58.6	230	14.4
Moderate	36,772	20,899	14.5	56.8	8,708	23.7	7,165	19.5
Middle	122,589	72,483	50.3	59.1	24,293	19.8	25,813	21.1
Upper	83,401	49,890	34.6	59.8	11,091	13.3	22,420	26.9
Unknown	550	431	0.3	78.4	65	11.8	54	9.8
Total AA	244,910	144,135	100.0	58.9	45,093	18.4	55,682	22.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	241	0.6	227	0.6	13	0.7	1	0.2
Moderate	4,768	12.0	4,579	12.3	152	8.4	37	8.7
Middle	19,812	50.1	18,792	50.3	822	45.2	198	46.5
Upper	14,586	36.9	13,570	36.4	827	45.5	189	44.4
Unknown	166	0.4	160	0.4	5	0.3	1	0.2
Total AA	39,573	100.0	37,328	100.0	1,819	100.0	426	100.0
Percentage of Total Businesses:				94.3		4.6		1.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	22	9.5	21	9.3	1	20.0	0	0.0
Middle	93	40.3	92	40.7	1	20.0	0	0.0
Upper	114	49.4	111	49.1	3	60.0	0	0.0
Unknown	2	0.9	2	0.9	0	0.0	0	0.0
Total AA	231	100.0	226	100.0	5	100.0	0	0.0
Percentage of Total Farms:				97.8		2.2		0.0
Source: 2022 FFIEC Census Data								
2022 Dun & Bradstreet Data								
2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Population Characteristics

The following table presents the population trends for the assessment area, the North Port-Sarasota-Bradenton, FL MSA, and the state of Florida. According to 2020 U.S. Census Bureau data, Sarasota County, the North Port-Sarasota-Bradenton, FL MSA, and the state of Florida as a whole all experienced population growth. The assessment area and the MSA both grew at a higher rate (10.7 percent and 13.3 percent, respectively) than the state of Florida (9.6 percent). Additionally, the rate of growth in Sarasota County is below that experienced within the MSA, indicating that Manatee County is growing at a greater rate. A community representative stated that while both counties are on the Gulf of Mexico, Manatee County has more growth eastward. A community representative also stated that Sarasota County has been a destination for retirees for many years, but there is now increased migration of younger workers from states such as California and Arizona. As of the 2020 census, 36.2 percent of the population in the assessment area is age 65 or older, which is significantly more than the 20.2 percent of the population in Florida that is age 65 or older.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	392,038	434,006	10.7
North Port-Sarasota-Bradenton, FL MSA	735,767	833,716	13.3
State of Florida	19,645,772	21,538,187	9.6
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

Income Characteristics

Based upon 2022 FFIEC Census Data, Sarasota County had 36.2 percent of its families by family income classified as either low- or moderate-income. Only 5.3 percent of families residing within the assessment area live below the poverty line, which is slightly below the MSA rate of 6.1 percent and well below the state of Florida poverty rate of 9.5 percent.

Based on 2016-2020 American Community Survey data, the median family income for Sarasota County was \$80,438 which reflected a significant increase of 14.2 percent from 2015. Both the median family income and the rate of increase were above that of the MSA (12.4 percent) and of state of Florida (10.9 percent). A community representative stated that there is a lot of wealth moving into the area. Though incomes have risen, so has the cost of living. The community representative stated, as an example, Florida has one of the highest costs of food in the country, and thus the income increases did not necessarily equate to a higher quality of life.

The following table compares the median family income (MFI) for the assessment area, the entire North Port-Sarasota-Bradenton, FL MSA, and the state of Florida.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Assessment Area	70,415	80,438	14.2
North Port-Sarasota-Bradenton, FL MSA	68,629	77,172	12.4
State of Florida	62,828	69,670	10.9
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

Housing Characteristics

Based upon 2022 FFIEC Census Data, the assessment area includes 244,910 housing units; the majority are owner-occupied, representing 58.9 percent of the units, followed by 18.4 percent rental units and 22.7 percent vacant housing units. The median age of housing stock in the assessment area is 35 years, which is comparable to the average in the state of Florida as a whole (34 years).

The following table details the housing cost burden of renters and homeowners in the assessment area and in the state of Florida. 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. Renters across all income levels in the assessment area experience this burden at 47.4 percent. Owners across all income levels in the assessment area experience this burden at a much lower level, at 23.7 percent. Assessment area renters are slightly less cost burdened than renters in the state of Florida, but low-income renters in the assessment area are more cost burdened than renters in the state of Florida at 83.1 percent and 80.5 percent, respectively. Homeowners and low-income homeowners in the assessment area are cost burdened at comparable rates, but moderate-income homeowners are slightly less burdened in the assessment area than in the state of Florida at 34.3 percent and 36.3 percent, respectively.

According to FFIEC HMDA loan and application records, home mortgage trends reflect increases in home mortgage activity in 2020 and 2021, across the assessment area and broader region. These trends suggest a continued increase in demand for home purchases, driving up home values and indicating that housing cost burden will remain elevated. According to the 2020 U.S. Census, the assessment area had a median housing value of \$269,263 and median gross rent of \$1,342.

A community representative stated that housing zoning and building codes are challenges to getting affordable housing built, which is a critical need. Being in a hurricane risk area, Sarasota County has adopted strict building codes. The population growth from out of the area is causing home prices to rise and locals to move out of the area because of affordability.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	83.1	58.5	47.4	61.5	34.3	23.7
North Port-Sarasota-Bradenton, FL MSA	81.4	55.4	48.3	58.7	31.7	22.8
State of Florida	80.5	60.2	50.5	61.8	36.3	24.1
<i>Cost Burden is housing cost that equals 30 percent or more of household income Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Employment Characteristics

The following table presents unemployment rates between 2018 and 2022 in the assessment area, the entire North Port-Sarasota-Bradenton, FL MSA, and the state of Florida. All geographies have experienced decreases in unemployment rates from COVID-19 pandemic levels in 2020. In 2022, all geographies had unemployment rates of 2.9 percent.

Unemployment Rates (%)					
Area	2018	2019	2020	2021	2022
Assessment Area	3.5	3.2	7.2	4.0	2.9
North Port-Sarasota-Bradenton, FL MSA	3.5	3.2	7.2	4.0	2.9
State of Florida	3.6	3.3	8.1	4.6	2.9
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

According to the U.S. Bureau of Labor Statistics, as of the second quarter of 2022, the largest industries in the assessment area, by number of employees are healthcare and social services (32,854), retail, (23,449), and accommodation and food services (21,887). A community representative stated that the low unemployment rate is affecting jobs of all skill levels, with worker shortages impacting industries from food services to healthcare.

Community Representatives

One community representative from an affordable housing organization was contacted. The representative stated that the population has continued growing, even since 2020, with people from different parts of the country moving to the area. Population in Manatee County, which is east of the interstate, is where the population growth can physically expand. Driving the growth are remote workers and retirees from the Midwest, New York, California, Texas, and Arizona, with the latter three being relatively new locations to relocate from. The population increase is causing a housing shortage, which is also exacerbated by strict local zoning laws, and strict local building laws, due to hurricane safety measures. There are also many vacation rentals and cash sales. The housing situation is causing locals to be priced out. The representative listed finding available workers as a major need as there is a shortage of service industry workers. The representative stated another critical issue since the pandemic is the rate of consumer good inflation, citing Florida as one of the most expensive states for food and stating income increases did not necessarily equate to a higher quality of life. The representative stated affordable housing is the most critical need and government subsidies will be required to alleviate the situation. The representative stated that there are not many small businesses being started or resources for entrepreneurs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NORTH PORT - SARASOTA - BRADENTON, FL MSA #35840

LENDING TEST

The geographic distribution of loans reflects adequate penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, adequate penetration among individuals of different income levels and businesses of different sizes. 1st Source Bank exhibits an adequate record of serving the credit needs of low-and moderate-income individuals, or small businesses with gross annual revenues of \$1 million or less. The bank makes limited use of innovative and flexible lending practices in serving assessment area credit needs; and few, if any, CD loans.

The bank originated a nominal number of home mortgage, small business, and community development loans in the assessment area during the evaluation period.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar 2021 and prior were analyzed based on the 2011-

2015 American Community Survey income designations data²³. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

The geographic distribution of loans reflects adequate penetration throughout the assessment area. In 2022, the bank's rate of home mortgage lending within low-and moderate-income census tracts was deemed adequate as the bank's performance was comparable aggregate in low-income census tracts and above aggregate in moderate-income census tracts. HMDA performance in 2021 was below its 2022 performance, though volume remained very low. The assessment area has only one low-income census tract which contains less than one percent of owner-occupied units and less than one percent of small businesses. However, there are 20 moderate-income census tracts that contain about 12.0 percent of small businesses. The bank originated all six of its small business loans in LMI census tracts in 2021, but in 2022, made none of its seven small business loans in those tracts, therefore performance is adequate.

For purposes of this analysis, small business loans were used as the primary factor for determining the rating given the bank is primarily focused on commercial lending. Additionally, both 2022 and 2021 figures were used to evaluate the bank's performance, though 2022 figures are featured in the narrative and 2021 figures are used to comparison and detailed in Appendix A. Finally, when determining performance, the comparison to aggregate lender figures was weighted more heavily than the assessment area demographics (i.e., percentage of owner-occupied housing units or percentage of borrowers by income levels) as it is a better measure of loan demand.

A gap analysis was completed as part of the evaluation. In 2022, by census tract, the bank originated HMDA reportable loans in 4.9 percent of all census tracts in the assessment area with no originations in the low-income census tracts and originations in two of 20 moderate-income census tracts (10.0 percent). The bank did not originate any small business loans in 121 of 123 census tracts. Based upon this analysis, there were no conspicuous, unexplained lending gaps in the assessment area.

HMDA Reportable Lending

In 2021 and 2022, the bank's rate of HMDA-reportable lending within low- and moderate-income census tracts was adequate. The bank's 2021 and 2022 HMDA-reportable lending in the assessment area was concentrated in home purchase loans, which comprised the vast majority of the HMDA loans originated. While there were no loans in 92.6 percent of tracts in the assessment area, this can be attributed to the bank's limited branch presence and elevated competition in the assessment area. Due to the lack of volume, home improvement and multi-family loans were not considered

²³ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

within the analysis of HMDA-reportable lending.

Home Purchase Loans

Home purchase loans represented 50.0 percent of all home mortgage loans made in the assessment area. The bank did not originate any home purchase loans in its sole low-income census tract. This is comparable to the aggregate lender's distribution of 0.3 percent and the owner-occupied unit distribution of 0.3 percent. In 2022, the bank made one home purchase loans in a moderate-income census tract, representing 33.3 percent of total home purchase loans made, which exceeded the 13.3 percent of the aggregate lenders, and the 14.5 percent of the owner-occupied housing units located in moderate-income tracts. Within middle-income census tracts, the bank did not make any home purchase loans, which was below the aggregate of lenders at 43.7 percent and the 50.3 percent demographic of owner-occupied units in middle-income census tracts. Lastly, the bank made 66.7 percent of its home purchase loans in upper-income census tracts. This was significantly above the aggregate of lenders which made 40.7 percent of such loans by number in these census tracts and the 34.6 percent demographic of owner-occupied units in upper-income census tracts.

In 2021, the bank made three total home purchase loans with no loans in the low- and moderate-income census tracts. This was consistent, given lending volumes, to 2022 lending performance.

Refinance Loans

In 2022, the bank did not originate refinance loans in low-income census tracts. The bank's performance was comparable to the aggregate of lenders at 0.4 percent and the owner-occupied units at 0.3 percent. Within moderate-income census tracts, the bank's performance (100.0 percent of loans made) was well above the aggregate of lenders at 17.3 percentage and the assessment area demographics at 14.5 percent. The bank did not originate any refinance loans in middle-income census tracts which was below the aggregate of lenders at 49.4 percent and the 50.3 percent demographic of owner-occupied units in middle-income census tracts. Lastly, the bank originated no refinance loans in upper-income census tracts. This was below the aggregate of lenders which made 32.5 percent of such loans by number, and the 34.6 percent demographic of owner-occupied units in upper-income census tracts.

In 2021, the bank made three total refinance loans, with no loans in the low- and moderate-income census tracts. This was consistent with 2022 lending performance.

The following table presents the bank's 2022 HMDA-reportable lending in the assessment area; 2021 tables are available in Appendix A.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: North Port-Sarasota-Bradenton, FL MSA 35840							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.3	0	0.0	0.1	0.3
Moderate	1	33.3	13.3	275	30.6	9.8	14.5
Middle	0	0.0	43.7	0	0.0	36.8	50.3
Upper	2	66.7	40.7	624	69.4	50.7	34.6
Unknown	0	0.0	2.0	0	0.0	2.5	0.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	899	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.4	0	0.0	0.1	0.3
Moderate	1	100.0	17.3	108	100.0	12.8	14.5
Middle	0	0.0	49.4	0	0.0	40.6	50.3
Upper	0	0.0	32.5	0	0.0	45.8	34.6
Unknown	0	0.0	0.5	0	0.0	0.8	0.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	108	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.1	0	0.0	0.0	0.3
Moderate	0	0.0	13.4	0	0.0	8.8	14.5
Middle	1	50.0	48.0	350	77.8	35.3	50.3
Upper	1	50.0	37.4	100	22.2	54.8	34.6
Unknown	0	0.0	1.2	0	0.0	1.1	0.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	2	100.0	100.0	450	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	3.7	0	0.0	0.9	0.6
Moderate	0	0.0	18.5	0	0.0	14.6	9.1
Middle	0	0.0	37.0	0	0.0	20.0	46.9
Upper	0	0.0	40.7	0	0.0	64.6	43.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.3	0	0.0	0.2	0.3
Moderate	2	33.3	14.4	383	26.3	10.6	14.5
Middle	1	16.7	45.3	350	24.0	35.6	50.3
Upper	3	50.0	38.5	724	49.7	51.9	34.6
Unknown	0	0.0	1.4	0	0.0	1.8	0.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	6	100.0	100.0	1,457	100.0	100.0	100.0

Source: 2022 FFIEC Census Data

Small Business Loans

The bank's performance with respect to the geographic distribution of small business lending was adequate. In 2022, the bank originated seven small business loans, of which none were in a low- or moderate-income census tract. The aggregate lenders made 0.4 percent and 12.1 percent of their loans in such tracts, and the percentage of total business in such tracts were 0.6 percent and 12.0 percent, respectively. In 2021, the bank originated all six of its small business loans in low- and moderate-income census tracts. The bank's lending in low-income census tracts (16.7 percent) was well above peer lending at 0.5 percent and demographics at 0.6 percent. The bank's lending in moderate-income census tracts (83.3 percent) was well above peer lending at 18.1 percent and demographics at 19.4 percent.

The following table presents the geographic distribution of small business loans in the assessment area in 2022; 2021 tables are available in Appendix A.

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: North Port-Sarasota-Bradenton, FL MSA 35840							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Low	0	0.0	0.4	0	0.0	0.6	0.6
Moderate	0	0.0	12.1	0	0.0	8.9	12.0
Middle	6	85.7	46.4	488	49.4	45.3	50.1
Upper	1	14.3	40.2	500	50.6	44.6	36.9
Unknown	0	0.0	0.6	0	0.0	0.6	0.4
Tract-Unk	0	0.0	0.2	0	0.0	0.1	
Total	7	100.0	100.0	988	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

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

For the purposes of this review, loans made in calendar year 2021 or prior were analyzed based on 2011-2015 American Community Survey income designations for individuals²⁴. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

²⁴ Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

The bank's lending activities reflect adequate distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank. In 2022, the bank's performance relative to HMDA-reportable loans was adequate as lending to low-income borrowers was well below the aggregate lenders and below the percentage of families-by-family income. However, for moderate-income borrowers, the bank's performance was significantly above the aggregate lenders and the percentage of families-by-family income. The bank did not originate loans to businesses with revenues under \$1 million in 2022 or 2021, therefore the performance is adequate. The performance for small businesses loans was weighted more heavily given the bank's status as a primarily commercial lender.

HMDA Reportable Lending

In 2021 and 2022, the bank's performance relative to HMDA-reportable loans was adequate. Due to the lack of volume, home improvement and multi-family loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

In 2022, the bank did not originate home purchase loans to low-income borrowers which was below the aggregate of lenders at 2.9 percent of these loans and well below the 16.8 percent demographic of low-income families within the assessment area. The bank originated 66.7 percent of its home purchase loans to moderate-income borrowers, which was well above the aggregate of lenders at 12.5 percent and well above the 19.4 percent demographic of moderate-income families within the assessment area. Amongst middle-income borrowers, the bank originated one home purchase loan, accounting for 33.3 percent of the distribution, which was above the aggregate of lenders at 19.2 percent and above the 20.8 percent demographic of middle-income families in the assessment area. Lastly, the bank originated none of its home purchase loans to upper-income borrowers, which was below the aggregate of lenders which made 50.4 percent of these loans and the 43.0 percent of demographic upper-income families within the assessment area.

The bank's 2021 performance was below its 2022 performance. In 2021, the bank originated no loans in low- or moderate-income tracts. This was below aggregate lenders at 3.5 and 13.5 percent, respectively. This was also below low- and moderate-income families located in the assessment area at 17.5 and 19.2 percent.

Refinance Loans

In 2022, the bank did not originate any refinance loans to low-, middle- or upper-income borrowers. The bank's performance was below that of the aggregate of lenders to low-, middle-,

and upper-income borrowers which made 13.2 percent, 22.0 percent, and 29.7 percent respectively to such borrowers and below the demographics of low-, middle-, and upper-income families of 16.8 percent, 20.8 percent, and 43.0 percent, respectively. The bank originated 100.0 percent of its loan originations to moderate-income borrowers, which was significantly above aggregate lenders at 23.5 percent and the 19.4 percent demographic of moderate-income families within the assessment area. In 2021, the bank's performance was comparable to that of its 2022 performance.

The following table presents the borrower distribution of HMDA-reportable loans in the assessment area; 2021 tables can be found in Appendix A.

Distribution of 2022 Home Mortgage Lending By Borrower Income Level							
Assessment Area: North Port-Sarasota-Bradenton, FL MSA 35840							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	2.9	0	0.0	1.3	16.8
Moderate	2	66.7	12.5	635	70.6	7.6	19.4
Middle	1	33.3	19.2	264	29.4	14.5	20.8
Upper	0	0.0	50.4	0	0.0	62.1	43.0
Unknown	0	0.0	15.0	0	0.0	14.4	0.0
Total	3	100.0	100.0	899	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	13.2	0	0.0	7.6	16.8
Moderate	1	100.0	23.5	108	100.0	17.1	19.4
Middle	0	0.0	22.0	0	0.0	18.7	20.8
Upper	0	0.0	29.7	0	0.0	42.6	43.0
Unknown	0	0.0	11.5	0	0.0	14.0	0.0
Total	1	100.0	100.0	108	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	7.7	0	0.0	3.9	16.8
Moderate	1	50.0	20.1	100	22.2	10.7	19.4
Middle	0	0.0	25.8	0	0.0	18.3	20.8
Upper	1	50.0	44.3	350	77.8	64.2	43.0
Unknown	0	0.0	2.2	0	0.0	2.8	0.0
Total	2	100.0	100.0	450	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	0	0.0	6.7	0	0.0	3.1	16.8
Moderate	4	66.7	16.5	843	57.9	9.9	19.4
Middle	1	16.7	20.6	264	18.1	15.4	20.8
Upper	1	16.7	43.7	350	24.0	57.9	43.0
Unknown	0	0.0	12.5	0	0.0	13.7	0.0
Total	6	100.0	100.0	1,457	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Small Business Loans

The bank's performance relative to small business loans was adequate, as the bank's rate of lending to businesses reporting annual revenues of \$1 million or less was well below the rate of the aggregate of lenders and the percentage of businesses with \$1 million or less in annual revenues operating in the assessment area. In 2022, the bank originated no loans to businesses with revenues of \$1 million or less. This rate was significantly below the aggregate lender rate of 54.1 percent and the percentage of total businesses in the assessment area at 94.3 percent. Of the small business loan originated, 57.1 percent were made to businesses of all sizes for \$100,000 or less, which is the most beneficial to smaller businesses. This was well below the aggregate average at 95.7 percent. Overall, the bank's performance in 2021 was comparable to its 2022 performance, which also showed no loans to businesses with \$1 million or less in annual revenue.

The following table presents the borrower distribution of small business loans in 2022; 2021 tables are available in Appendix A.

Distribution of 2022 Small Business Lending By Revenue Size of Businesses							
Assessment Area: North Port-Sarasota-Bradenton, FL MSA 35840							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	0	0.0	54.1	0	0.0	36.8	94.3
Over \$1 Million	6	85.7		488	49.4		4.6
Revenue Unknown	1	14.3		500	50.6		1.1
Total	7	100.0		988	100.0		100.0
By Loan Size							
\$100,000 or Less	4	57.1	95.7	201	20.3	49.7	
\$100,001 - \$250,000	2	28.6	2.4	287	29.0	14.0	
\$250,001 - \$1 Million	1	14.3	1.9	500	50.6	36.3	
Total	7	100.0	100.0	988	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	0	0.0		0	0.0		
\$100,001 - \$250,000	0	0.0		0	0.0		
\$250,001 - \$1 Million	0	0.0		0	0.0		
Total	0	0.0		0	0.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Lending

The bank made no community development loans in the assessment area. This is a decline from the previous evaluation where the bank made two PPP loans to a non-profit affordable housing entity for \$734,500.

The following table presents the bank's community development loans in the assessment area during the review period.

Community Development Loans June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
North Port-Sarasota-Bradenton, FL MSA	0	0	0	0	0	0	0	0	0	0

INVESTMENT TEST

1st Source Bank makes a significant level of qualified investments, particularly those that are not routinely provided by private investors, rarely in a leadership position. These investments also demonstrated the rare use of innovative or complex qualified investments and provide excellent responsiveness to the credit and community development needs of the assessment area through low-income housing projects.

During the evaluation period the bank made \$3.7 million of qualified affordable housing investments. Additionally, as of the date of the performance evaluation there was \$1.6 million of outstanding balances from prior period investments that were also for affordable housing purposes. These combined investment amounts of \$5.3 million are particularly responsive to the credit and community development needs of the assessment area, as affordable housing was noted as a major need in the assessment area by a community representative.

The following table presents the bank's qualified community development investments during the review period.

Community Development Investment (Dollars in 000s) June 8, 2021 – September 25, 2023						
Assessment Area	Current Period Investments			Current Period Total (\$)	Prior Period Outstanding (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Service (\$)	Economic Development (\$)			
North Port-Sarasota-	3,657	0	0	3,657	1,633	0

Additionally, the bank donated \$22,300 to affordable housing, community service, and economic development organizations. This represents an increase of approximately 306.9 percent in qualified donations from the previous evaluation period where the bank made \$5,480 in donations.

The following table presents the bank's qualified community development donations during the review period.

Community Development Donations June 8, 2021 – September 25, 2023										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalize/ Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
North Port-Sarasota-Bradenton, FL MSA	2	15,000	1	500	2	6,800	0	0	5	22,300
Note: Dollar amounts are rounded and not reflective of exact figures.										

SERVICE TEST

1st Source Bank's record of performance relative to the Service Test in the North Port-Sarasota-Bradenton, FL MSA is rated Low Satisfactory. The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area; the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals; services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals; and the bank provides few community development services.

Retail Services

The distribution of the branch offices and ATMs is performed using current data (2022) and any changes in the median family income level of the geographies where the branches are located.

1st Source Bank retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals.

The bank operates one branch and no ATMs in the assessment area. The branch is located in a middle-income census tract. The branch is open Monday through Friday from 10:00 a.m. to 2:00 p.m. The bank offers internet and mobile banking, telephone banking services, and eBanking products to increase access and provide additional services to customers.

Community Development Services

1st Source Bank provides few community development services. Bank employees provided three hours of qualified community development services within the North Port-Sarasota-Bradenton, FL MSA. The service hours were directed towards organizations providing affordable housing. The bank did not provide any community development services in the assessment area at the previous evaluation.

The following table presents the bank's qualified community development services during the review period.

Community Development Services June 8, 2021 – September 25, 2023						
	Affordable Housing	Community Service	Economic Development	Revitalize /Stabilize	Total	% of
Assessment Area	# Hours	# Hours	# Hours	# Hours	Hours	Total
North Port-Sarasota- Bradenton, FL MSA	3	0	0	0	3	0.0

APPENDIX A – 2021 Demographic and Lending Tables

South Bend – Mishawaka, IN-MI MSA #43780

2021 South Bend-Mishawaka, IN-MI MSA 43780 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	11	12.8	4,872	6.2	2,020	41.5	17,024	21.5
Moderate	19	22.1	10,535	13.3	2,738	26.0	13,650	17.3
Middle	37	43.0	42,390	53.6	4,417	10.4	16,133	20.4
Upper	19	22.1	21,331	27.0	891	4.2	32,321	40.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	86	100.0	79,128	100.0	10,066	12.7	79,128	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	12,448	3,415	4.0	27.4	6,391	51.3	2,642	21.2
Moderate	21,354	10,478	12.1	49.1	7,220	33.8	3,656	17.1
Middle	77,808	47,647	55.1	61.2	18,938	24.3	11,223	14.4
Upper	29,650	24,908	28.8	84.0	3,109	10.5	1,633	5.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	141,260	86,448	100.0	61.2	35,658	25.2	19,154	13.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1,160	9.6	1,033	9.5	112	10.7	15	11.0
Moderate	1,762	14.6	1,574	14.5	173	16.5	15	11.0
Middle	6,108	50.6	5,462	50.2	576	55.0	70	51.5
Upper	3,031	25.1	2,809	25.8	186	17.8	36	26.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	12,061	100.0	10,878	100.0	1,047	100.0	136	100.0
Percentage of Total Businesses:				90.2		8.7		1.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	4	1.2	4	1.2	0	0.0	0	0.0
Moderate	8	2.4	8	2.5	0	0.0	0	0.0
Middle	236	70.4	230	71.0	6	60.0	0	0.0
Upper	87	26.0	82	25.3	4	40.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	335	100.0	324	100.0	10	100.0	1	100.0
Percentage of Total Farms:				96.7		3.0		0.3
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Source:	2021 FFIEC Census Data
	2011-2015 U.S. Census Bureau: American Community Survey
Note:	Percentages may not total 100.0 percent due to rounding.

Distribution of 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: South Bend-Mishawaka, IN-MI MSA 43780							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	35	16.7	13.6	3,204	6.5	7.6	21.5
Moderate	38	18.1	25.9	5,186	10.5	18.6	17.3
Middle	22	10.5	19.7	3,905	7.9	19.0	20.4
Upper	85	40.5	27.0	29,784	60.1	42.1	40.8
Unknown	30	14.3	13.8	7,478	15.1	12.7	0.0
Total	210	100.0	100.0	49,557	100.0	100.0	100.0
Refinance Loans							
Low	55	10.3	11.2	3,926	4.5	5.9	21.5
Moderate	112	21.1	21.0	9,959	11.5	14.8	17.3
Middle	90	16.9	21.7	11,268	13.0	19.7	20.4
Upper	243	45.7	33.0	57,377	66.2	46.1	40.8
Unknown	32	6.0	13.2	4,091	4.7	13.5	0.0
Total	532	100.0	100.0	86,621	100.0	100.0	100.0
Home Improvement Loans							
Low	14	9.7	27.5	401	5.7	21.0	21.5
Moderate	37	25.7	17.2	1,157	16.4	12.9	17.3
Middle	23	16.0	20.4	891	12.6	18.6	20.4
Upper	54	37.5	32.0	4,165	59.0	46.3	40.8
Unknown	16	11.1	2.9	442	6.3	1.3	0.0
Total	144	100.0	100.0	7,056	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	104	11.7	12.9	7,531	5.3	7.0	21.5
Moderate	187	21.1	22.3	16,302	11.4	16.3	17.3
Middle	135	15.2	20.5	16,064	11.2	19.1	20.4
Upper	382	43.1	30.9	91,326	63.7	44.6	40.8
Unknown	79	8.9	13.3	12,107	8.4	12.9	0.0
Total	887	100.0	100.0	143,330	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Income Level of Geography							
Assessment Area: South Bend-Mishawaka, IN-MI MSA 43780							
Geographic Income Level	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses %
	#	%	%	\$(000)	%	%	
Low	122	7.9	8.8	17,308	9.6	10.5	9.6
Moderate	192	12.5	13.9	24,334	13.5	13.8	14.6
Middle	690	44.8	49.3	96,445	53.6	55.0	50.6
Upper	536	34.8	27.5	41,825	23.2	20.6	25.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.5	0	0.0	0.1	
Total	1,540	100.0	100.0	179,912	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							
Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: South Bend-Mishawaka, IN-MI MSA 43780							
	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses %
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	579	37.6	46.5	27,965	15.5	23.4	90.2
Over \$1 Million	461	29.9		123,031	68.4		8.7
Revenue Unknown	500	32.5		28,916	16.1		1.1
Total	1,540	100.0		179,912	100.0		100.0
By Loan Size							
\$100,000 or Less	1,122	72.9	87.5	32,878	18.3	27.7	
\$100,001 - \$250,000	189	12.3	6.5	32,889	18.3	19.2	
\$250,001 - \$1 Million	229	14.9	6.1	114,145	63.4	53.1	
Total	1,540	100.0	100.0	179,912	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	526	90.8		14,638	52.3		
\$100,001 - \$250,000	36	6.2		5,776	20.7		
\$250,001 - \$1 Million	17	2.9		7,551	27.0		
Total	579	100.0		27,965	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Elkhart-Goshen, IN MSA #21140

2021 Elkhart-Goshen, IN MSA 21140 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	2.8	456	0.9	176	38.6	9,597	19.0
Moderate	7	19.4	8,755	17.3	2,475	28.3	9,168	18.1
Middle	23	63.9	31,013	61.3	2,978	9.6	11,844	23.4
Upper	5	13.9	10,353	20.5	667	6.4	19,968	39.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	36	100.0	50,577	100.0	6,296	12.4	50,577	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,158	179	0.4	15.5	662	57.2	317	27.4
Moderate	14,739	6,033	12.3	40.9	6,571	44.6	2,135	14.5
Middle	47,480	31,163	63.7	65.6	12,190	25.7	4,127	8.7
Upper	14,503	11,580	23.7	79.8	2,061	14.2	862	5.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	77,880	48,955	100.0	62.9	21,484	27.6	7,441	9.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	92	1.1	82	1.2	10	1.0	0	0.0
Moderate	1,198	14.9	1,042	15.0	145	14.8	11	12.9
Middle	5,170	64.5	4,456	64.1	664	67.5	50	58.8
Upper	1,556	19.4	1,368	19.7	164	16.7	24	28.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	8,016	100.0	6,948	100.0	983	100.0	85	100.0
Percentage of Total Businesses:				86.7		12.3		1.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	7	2.7	7	2.8	0	0.0	0	0.0
Middle	164	63.1	161	63.4	3	50.0	0	0.0
Upper	89	34.2	86	33.9	3	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	260	100.0	254	100.0	6	100.0	0	0.0
Percentage of Total Farms:				97.7		2.3		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau; American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Elkhart-Goshen, IN MSA 21140							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.5	0	0.0	0.2	0.4
Moderate	5	7.5	12.9	1,065	6.7	9.0	12.3
Middle	44	65.7	65.9	10,782	68.3	63.4	63.7
Upper	18	26.9	20.7	3,942	25.0	27.4	23.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	67	100.0	100.0	15,789	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.1	0	0.0	0.0	0.4
Moderate	13	6.1	8.8	2,633	6.8	6.2	12.3
Middle	140	65.7	64.3	23,663	60.9	62.0	63.7
Upper	60	28.2	26.8	12,549	32.3	31.8	23.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	213	100.0	100.0	38,845	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.4	0	0.0	0.1	0.4
Moderate	8	13.8	9.7	525	16.6	9.7	12.3
Middle	36	62.1	65.1	1,809	57.2	65.6	63.7
Upper	14	24.1	24.7	830	26.2	24.6	23.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	58	100.0	100.0	3,164	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	8.3	0	0.0	0.8	1.6
Moderate	0	0.0	33.3	0	0.0	27.6	28.3
Middle	0	0.0	50.0	0	0.0	62.6	64.1
Upper	0	0.0	8.3	0	0.0	9.0	6.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.3	0	0.0	0.1	0.4
Moderate	26	7.7	10.6	4,223	7.3	8.1	12.3
Middle	220	65.1	64.9	36,254	62.7	62.7	63.7
Upper	92	27.2	24.2	17,321	30.0	29.1	23.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	338	100.0	100.0	57,798	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Elkhart-Goshen, IN MSA 21140							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	3	4.5	6.7	383	2.4	3.9	19.0
Moderate	10	14.9	26.8	1,515	9.6	19.3	18.1
Middle	14	20.9	26.7	2,254	14.3	25.1	23.4
Upper	34	50.7	28.1	9,926	62.9	39.4	39.5
Unknown	6	9.0	11.7	1,711	10.8	12.2	0.0
Total	67	100.0	100.0	15,789	100.0	100.0	100.0
Refinance Loans							
Low	11	5.2	7.2	868	2.2	4.1	19.0
Moderate	26	12.2	19.4	2,541	6.5	13.9	18.1
Middle	44	20.7	25.6	5,497	14.2	23.3	23.4
Upper	129	60.6	33.3	29,394	75.7	43.3	39.5
Unknown	3	1.4	14.5	545	1.4	15.5	0.0
Total	213	100.0	100.0	38,845	100.0	100.0	100.0
Home Improvement Loans							
Low	5	8.6	10.6	211	6.7	8.5	19.0
Moderate	7	12.1	17.2	238	7.5	15.3	18.1
Middle	12	20.7	25.6	393	12.4	20.5	23.4
Upper	32	55.2	42.6	2,232	70.5	51.9	39.5
Unknown	2	3.4	4.0	90	2.8	3.8	0.0
Total	58	100.0	100.0	3,164	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	19	5.6	7.1	1,462	2.5	4.1	19.0
Moderate	43	12.7	22.0	4,294	7.4	16.3	18.1
Middle	70	20.7	25.8	8,144	14.1	23.9	23.4
Upper	195	57.7	32.3	41,552	71.9	41.9	39.5
Unknown	11	3.3	12.9	2,346	4.1	13.8	0.0
Total	338	100.0	100.0	57,798	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Income Level of Geography							
Assessment Area: Elkhart-Goshen, IN MSA 21140							
Geographic Income Level	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses %
	#	%	%	\$(000)	%	%	
Low	9	0.7	1.1	1,080	0.9	0.6	1.1
Moderate	87	6.8	13.4	17,111	13.7	13.8	14.9
Middle	1,123	88.2	65.6	96,814	77.5	70.1	64.5
Upper	54	4.2	19.3	9,988	8.0	15.3	19.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.6	0	0.0	0.1	
Total	1,273	100.0	100.0	124,993	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							
Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Elkhart-Goshen, IN MSA 21140							
	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses %
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	175	13.7	40.8	10,051	8.0	22.1	86.7
Over \$1 Million	978	76.8		106,697	85.4		12.3
Revenue Unknown	120	9.4		8,245	6.6		1.1
Total	1,273	100.0		124,993	100.0		100.0
By Loan Size							
\$100,000 or Less	1,076	84.5	85.1	48,382	38.7	21.6	
\$100,001 - \$250,000	87	6.8	6.9	14,565	11.7	16.4	
\$250,001 - \$1 Million	110	8.6	7.9	62,046	49.6	62.0	
Total	1,273	100.0	100.0	124,993	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	154	88.0		5,447	54.2		
\$100,001 - \$250,000	18	10.3		2,853	28.4		
\$250,001 - \$1 Million	3	1.7		1,751	17.4		
Total	175	100.0		10,051	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Fort Wayne, IN MSA #23060

2021 Fort Wayne, IN MSA 23060 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	12	11.7	8,400	8.3	3,304	39.3	20,271	20.0
Moderate	24	23.3	16,032	15.8	3,710	23.1	18,291	18.0
Middle	42	40.8	45,894	45.2	3,463	7.5	22,375	22.0
Upper	22	21.4	30,987	30.5	1,003	3.2	40,586	40.0
Unknown	3	2.9	210	0.2	77	36.7	0	0.0
Total AA	103	100.0	101,523	100.0	11,557	11.4	101,523	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	17,420	6,511	6.1	37.4	7,774	44.6	3,135	18.0
Moderate	33,082	14,630	13.6	44.2	13,845	41.9	4,607	13.9
Middle	74,091	51,446	47.8	69.4	17,662	23.8	4,983	6.7
Upper	42,919	34,901	32.4	81.3	6,290	14.7	1,728	4.0
Unknown	769	109	0.1	14.2	520	67.6	140	18.2
Total AA	168,281	107,597	100.0	63.9	46,091	27.4	14,593	8.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1,143	6.8	994	6.6	144	8.7	5	3.2
Moderate	3,072	18.2	2,702	18.0	354	21.4	16	10.2
Middle	6,766	40.1	6,046	40.2	648	39.2	72	45.9
Upper	5,130	30.4	4,736	31.5	339	20.5	55	35.0
Unknown	741	4.4	564	3.7	168	10.2	9	5.7
Total AA	16,852	100.0	15,042	100.0	1,653	100.0	157	100.0
Percentage of Total Businesses:				89.3		9.8		0.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	4	0.9	4	0.9	0	0.0	0	0.0
Moderate	9	2.0	9	2.1	0	0.0	0	0.0
Middle	310	70.0	306	69.7	4	100.0	0	0.0
Upper	118	26.6	118	26.9	0	0.0	0	0.0
Unknown	2	0.5	2	0.5	0	0.0	0	0.0
Total AA	443	100.0	439	100.0	4	100.0	0	0.0
Percentage of Total Farms:				99.1		0.9		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Fort Wayne, IN MSA 23060							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	1	2.0	3.2	30	0.3	1.3	6.1
Moderate	9	18.4	15.1	1,016	9.5	9.1	13.6
Middle	23	46.9	43.5	3,722	35.0	37.7	47.8
Upper	16	32.7	38.2	5,881	55.2	51.7	32.4
Unknown	0	0.0	0.1	0	0.0	0.1	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	49	100.0	100.0	10,649	100.0	100.0	100.0
Refinance Loans							
Low	4	2.5	1.2	210	0.9	0.5	6.1
Moderate	21	12.9	9.7	1,212	5.2	25.7	13.6
Middle	74	45.4	45.4	8,526	36.5	32.8	47.8
Upper	64	39.3	43.7	13,412	57.4	41.1	32.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	163	100.0	100.0	23,360	100.0	100.0	100.0
Home Improvement Loans							
Low	2	6.3	3.8	35	2.8	1.1	6.1
Moderate	6	18.8	11.7	161	12.7	7.9	13.6
Middle	16	50.0	45.4	723	56.8	43.1	47.8
Upper	8	25.0	39.0	353	27.8	47.9	32.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	32	100.0	100.0	1,272	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	1	100.0	19.2	800	100.0	20.0	13.1
Moderate	0	0.0	30.8	0	0.0	27.0	29.9
Middle	0	0.0	33.3	0	0.0	25.9	37.8
Upper	0	0.0	12.8	0	0.0	26.6	16.8
Unknown	0	0.0	3.8	0	0.0	0.4	2.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	800	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	8	3.3	2.1	1,075	3.0	1.9	6.1
Moderate	36	14.7	12.1	2,389	6.6	19.0	13.6
Middle	113	46.1	44.6	12,971	35.9	34.5	47.8
Upper	88	35.9	41.1	19,646	54.4	44.5	32.4
Unknown	0	0.0	0.1	0	0.0	0.1	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	245	100.0	100.0	36,081	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Fort Wayne, IN MSA 23060							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	9	18.4	10.0	1,167	11.0	5.8	20.0
Moderate	12	24.5	23.9	1,549	14.5	17.7	18.0
Middle	11	22.4	20.6	2,307	21.7	20.0	22.0
Upper	14	28.6	29.8	5,006	47.0	43.0	40.0
Unknown	3	6.1	15.7	620	5.8	13.5	0.0
Total	49	100.0	100.0	10,649	100.0	100.0	100.0
Refinance Loans							
Low	28	17.2	8.3	1,854	7.9	3.5	20.0
Moderate	36	22.1	20.7	3,065	13.1	11.2	18.0
Middle	39	23.9	22.1	4,619	19.8	15.0	22.0
Upper	53	32.5	33.3	12,609	54.0	33.3	40.0
Unknown	7	4.3	15.5	1,213	5.2	37.0	0.0
Total	163	100.0	100.0	23,360	100.0	100.0	100.0
Home Improvement Loans							
Low	7	21.9	11.6	198	15.6	6.8	20.0
Moderate	7	21.9	21.0	247	19.4	15.5	18.0
Middle	9	28.1	23.0	395	31.1	20.5	22.0
Upper	7	21.9	42.0	370	29.1	55.3	40.0
Unknown	2	6.3	2.4	62	4.9	1.9	0.0
Total	32	100.0	100.0	1,272	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	44	18.0	9.1	3,219	9.1	4.5	20.0
Moderate	55	22.5	21.6	4,861	13.8	13.8	18.0
Middle	59	24.2	21.3	7,321	20.8	17.0	22.0
Upper	74	30.3	32.6	17,985	51.0	37.9	40.0
Unknown	12	4.9	15.5	1,895	5.4	26.9	0.0
Total	244	100.0	100.0	35,281	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Income Level of Geography							
Assessment Area: Fort Wayne, IN MSA 23060							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	25	5.2	7.2	2,354	4.2	9.4	6.8
Moderate	82	17.2	16.6	13,665	24.3	19.0	18.2
Middle	194	40.7	40.5	19,562	34.9	38.3	40.1
Upper	150	31.4	31.4	17,622	31.4	26.3	30.4
Unknown	26	5.5	4.1	2,918	5.2	7.0	4.4
Tract-Unk	0	0.0	0.2	0	0.0	0.0	
Total	477	100.0	100.0	56,121	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							
Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Fort Wayne, IN MSA 23060							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	176	36.9	46.6	14,967	26.7	27.7	89.3
Over \$1 Million	140	29.4		31,472	56.1		9.8
Revenue Unknown	161	33.8		9,682	17.3		0.9
Total	477	100.0		56,121	100.0		100.0
By Loan Size							
\$100,000 or Less	325	68.1	86.4	9,507	16.9	23.9	
\$100,001 - \$250,000	99	20.8	7.1	17,047	30.4	19.7	
\$250,001 - \$1 Million	53	11.1	6.6	29,567	52.7	56.3	
Total	477	100.0	100.0	56,121	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	142	80.7		4,387	29.3		
\$100,001 - \$250,000	21	11.9		3,212	21.5		
\$250,001 - \$1 Million	13	7.4		7,368	49.2		
Total	176	100.0		14,967	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Western IN Non-MSA

2021 Western IN Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	7,649	15.8
Moderate	5	10.4	4,619	9.6	863	18.7	9,050	18.7
Middle	36	75.0	36,270	75.1	3,113	8.6	11,558	23.9
Upper	7	14.6	7,389	15.3	348	4.7	20,021	41.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	48	100.0	48,278	100.0	4,324	9.0	48,278	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	8,792	4,579	8.6	52.1	3,071	34.9	1,142	13.0
Middle	63,961	40,500	76.2	63.3	11,077	17.3	12,384	19.4
Upper	11,304	8,093	15.2	71.6	1,526	13.5	1,685	14.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	84,057	53,172	100.0	63.3	15,674	18.6	15,211	18.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,330	18.0	1,191	17.9	126	20.9	13	9.8
Middle	5,098	69.1	4,579	68.9	407	67.5	112	84.2
Upper	953	12.9	875	13.2	70	11.6	8	6.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7,381	100.0	6,645	100.0	603	100.0	133	100.0
Percentage of Total Businesses:				90.0		8.2		1.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	8	1.1	7	1.0	0	0.0	1	50.0
Middle	629	86.0	614	85.9	14	100.0	1	50.0
Upper	94	12.9	94	13.1	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	731	100.0	715	100.0	14	100.0	2	100.0
Percentage of Total Farms:				97.8		1.9		0.3
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2021 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Western IN Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	14	15.6	13.2	1,543	9.0	6.9	8.6
Middle	65	72.2	71.3	12,259	71.8	71.0	76.2
Upper	11	12.2	15.5	3,273	19.2	22.1	15.2
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	90	100.0	100.0	17,075	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	12	5.9	5.5	889	2.9	2.8	8.6
Middle	156	76.1	74.5	23,697	78.2	78.5	76.2
Upper	37	18.0	20.0	5,698	18.8	18.7	15.2
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	205	100.0	100.0	30,284	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	4.7	5.9	124	3.7	4.8	8.6
Middle	48	75.0	78.4	2,052	60.8	79.1	76.2
Upper	13	20.3	15.7	1,200	35.5	16.1	15.2
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	64	100.0	100.0	3,376	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	50.0	39.3	300	22.4	34.6	28.1
Middle	1	50.0	50.0	1,041	77.6	61.5	66.7
Upper	0	0.0	10.7	0	0.0	4.0	5.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	2	100.0	100.0	1,341	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	30	8.3	8.9	2,856	5.5	4.9	8.6
Middle	270	74.8	73.1	39,049	75.0	75.2	76.2
Upper	61	16.9	18.0	10,171	19.5	19.9	15.2
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	361	100.0	100.0	52,076	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Western IN Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	\$%	
Home Purchase Loans							
Low	11	12.2	6.8	1,048	6.1	3.4	15.8
Moderate	19	21.1	21.0	1,869	10.9	14.9	18.7
Middle	15	16.7	21.3	2,248	13.2	20.0	23.9
Upper	36	40.0	31.6	10,424	61.0	48.1	41.5
Unknown	9	10.0	19.3	1,486	8.7	13.6	0.0
Total	90	100.0	100.0	17,075	100.0	100.0	100.0
Refinance Loans							
Low	19	9.3	6.4	1,175	3.9	2.7	15.8
Moderate	33	16.1	16.8	2,956	9.8	8.7	18.7
Middle	59	28.8	23.8	6,227	20.6	15.6	23.9
Upper	87	42.4	40.8	15,555	51.4	41.7	41.5
Unknown	7	3.4	12.2	4,371	14.4	31.2	0.0
Total	205	100.0	100.0	30,284	100.0	100.0	100.0
Home Improvement Loans							
Low	6	9.4	9.5	194	5.7	6.1	15.8
Moderate	13	20.3	18.4	496	14.7	16.5	18.7
Middle	11	17.2	21.6	572	16.9	18.5	23.9
Upper	32	50.0	46.2	1,999	59.2	53.3	41.5
Unknown	2	3.1	4.3	115	3.4	5.6	0.0
Total	64	100.0	100.0	3,376	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	36	10.0	6.6	2,417	4.8	3.0	15.8
Moderate	65	18.1	18.1	5,321	10.5	11.2	18.7
Middle	85	23.7	22.4	9,047	17.8	17.3	23.9
Upper	155	43.2	37.3	27,978	55.1	44.9	41.5
Unknown	18	5.0	15.6	5,972	11.8	23.5	0.0
Total	359	100.0	100.0	50,735	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Income Level of Geography							
Assessment Area: Western IN Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses %
	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	229	25.2	13.2	19,396	31.4	15.4	18.0
Middle	572	63.1	72.8	34,073	55.2	71.1	69.1
Upper	106	11.7	12.9	8,272	13.4	13.2	12.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	1.1	0	0.0	0.2	
Total	907	100.0	100.0	61,741	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Western IN Non MSA							
	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses %
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	431	47.5	48.5	17,140	27.8	32.6	90.0
Over \$1 Million	238	26.2		36,253	58.7		8.2
Revenue Unknown	238	26.2		8,348	13.5		1.8
Total	907	100.0		61,741	100.0		100.0
By Loan Size							
\$100,000 or Less	773	85.2	89.4	18,556	30.1	33.4	
\$100,001 - \$250,000	77	8.5	6.0	12,759	20.7	20.4	
\$250,001 - \$1 Million	57	6.3	4.6	30,426	49.3	46.2	
Total	907	100.0	100.0	61,741	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	400	92.8		10,371	60.5		
\$100,001 - \$250,000	23	5.3		3,772	22.0		
\$250,001 - \$1 Million	8	1.9		2,997	17.5		
Total	431	100.0		17,140	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Eastern IN Non-MSA

2021 Eastern IN Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,705	15.5
Moderate	3	18.8	2,831	16.2	434	15.3	2,967	17.0
Middle	9	56.3	9,659	55.3	746	7.7	4,289	24.6
Upper	4	25.0	4,971	28.5	190	3.8	7,500	43.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	16	100.0	17,461	100.0	1,370	7.8	17,461	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	4,874	2,929	14.8	60.1	1,335	27.4	610	12.5
Middle	16,008	11,095	56.1	69.3	3,563	22.3	1,350	8.4
Upper	6,666	5,740	29.0	86.1	649	9.7	277	4.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	27,548	19,764	100.0	71.7	5,547	20.1	2,237	8.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	383	16.0	336	15.6	39	20.1	8	19.5
Middle	1,336	55.9	1,209	56.2	105	54.1	22	53.7
Upper	669	28.0	608	28.2	50	25.8	11	26.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,388	100.0	2,153	100.0	194	100.0	41	100.0
Percentage of Total Businesses:				90.2		8.1		1.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	3	1.1	3	1.2	0	0.0	0	0.0
Middle	149	56.7	147	57.0	2	40.0	0	0.0
Upper	111	42.2	108	41.9	3	60.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	263	100.0	258	100.0	5	100.0	0	0.0
Percentage of Total Farms:				98.1		1.9		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2021 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Eastern IN Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	33.3	17.8	698	48.7	13.7	14.8
Middle	8	66.7	59.0	735	51.3	54.7	56.1
Upper	0	0.0	23.3	0	0.0	31.6	29.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	12	100.0	100.0	1,433	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	12	27.3	11.8	701	21.0	7.2	14.8
Middle	22	50.0	57.0	1,956	58.5	64.3	56.1
Upper	10	22.7	31.2	684	20.5	28.5	29.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	44	100.0	100.0	3,341	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	20.0	10.1	108	16.0	6.2	14.8
Middle	10	66.7	51.2	379	56.0	52.5	56.1
Upper	2	13.3	38.8	190	28.1	41.3	29.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	15	100.0	100.0	677	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	62.5	0	0.0	63.5	12.8
Middle	0	0.0	37.5	0	0.0	36.5	80.6
Upper	0	0.0	0.0	0	0.0	0.0	6.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	19	26.8	14.2	1,507	27.6	10.1	14.8
Middle	40	56.3	57.2	3,070	56.3	60.1	56.1
Upper	12	16.9	28.5	874	16.0	29.8	29.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	71	100.0	100.0	5,451	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

2011-2015 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Eastern IN Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	3	25.0	11.7	239	16.7	6.7	15.5
Moderate	3	25.0	25.7	254	17.7	19.3	17.0
Middle	5	41.7	24.5	625	43.6	23.7	24.6
Upper	1	8.3	21.5	315	22.0	33.2	43.0
Unknown	0	0.0	16.6	0	0.0	17.2	0.0
Total	12	100.0	100.0	1,433	100.0	100.0	100.0
Refinance Loans							
Low	9	20.5	7.8	554	16.6	3.4	15.5
Moderate	12	27.3	19.0	736	22.0	10.9	17.0
Middle	12	27.3	26.4	980	29.3	19.4	24.6
Upper	11	25.0	31.5	1,071	32.1	30.6	43.0
Unknown	0	0.0	15.3	0	0.0	35.7	0.0
Total	44	100.0	100.0	3,341	100.0	100.0	100.0
Home Improvement Loans							
Low	2	13.3	8.5	48	7.1	5.9	15.5
Moderate	2	13.3	16.3	45	6.6	10.6	17.0
Middle	6	40.0	32.6	138	20.4	24.9	24.6
Upper	4	26.7	41.9	410	60.6	58.3	43.0
Unknown	1	6.7	0.8	36	5.3	0.4	0.0
Total	15	100.0	100.0	677	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	14	19.7	9.4	841	15.4	4.7	15.5
Moderate	17	23.9	21.1	1,035	19.0	13.9	17.0
Middle	23	32.4	25.6	1,743	32.0	21.1	24.6
Upper	16	22.5	28.3	1,796	32.9	32.4	43.0
Unknown	1	1.4	15.6	36	0.7	27.9	0.0
Total	71	100.0	100.0	5,451	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Income Level of Geography							
Assessment Area: Eastern IN Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	15	28.3	13.5	1,102	35.3	15.4	16.0
Middle	18	34.0	49.9	1,400	44.8	51.1	55.9
Upper	20	37.7	35.1	621	19.9	33.2	28.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	1.5	0	0.0	0.3	
Total	53	100.0	100.0	3,123	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Eastern IN Non MSA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	21	39.6	51.1	482	15.4	33.0	90.2
Over \$1 Million	8	15.1		1,419	45.4		8.1
Revenue Unknown	24	45.3		1,222	39.1		1.7
Total	53	100.0		3,123	100.0		100.0
By Loan Size							
\$100,000 or Less	46	86.8	91.2	846	27.1	33.0	
\$100,001 - \$250,000	5	9.4	4.8	927	29.7	18.7	
\$250,001 - \$1 Million	2	3.8	4.1	1,350	43.2	48.3	
Total	53	100.0	100.0	3,123	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	20	95.2		349	72.4		
\$100,001 - \$250,000	1	4.8		133	27.6		
\$250,001 - \$1 Million	0	0.0		0	0.0		
Total	21	100.0		482	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Gary, IN MSA #23844

2021 Gary, IN MD 23844 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	7,251	16.4
Moderate	1	3.0	460	1.0	57	12.4	6,216	14.0
Middle	14	42.4	19,219	43.4	2,277	11.8	8,811	19.9
Upper	15	45.5	24,652	55.6	1,634	6.6	22,053	49.7
Unknown	3	9.1	0	0.0	0	0.0	0	0.0
Total AA	33	100.0	44,331	100.0	3,968	9.0	44,331	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,222	370	0.8	30.3	605	49.5	247	20.2
Middle	31,169	19,947	41.7	64.0	9,063	29.1	2,159	6.9
Upper	34,395	27,492	57.5	79.9	4,626	13.4	2,277	6.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	66,786	47,809	100.0	71.6	14,294	21.4	4,683	7.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	385	4.8	345	4.7	34	6.5	6	6.8
Middle	2,934	36.8	2,695	36.7	214	40.8	25	28.4
Upper	4,631	58.2	4,303	58.5	271	51.7	57	64.8
Unknown	13	0.2	8	0.1	5	1.0	0	0.0
Total AA	7,963	100.0	7,351	100.0	524	100.0	88	100.0
Percentage of Total Businesses:				92.3		6.6		1.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	1.1	2	1.2	0	0.0	0	0.0
Middle	68	38.9	67	38.7	1	50.0	0	0.0
Upper	105	60.0	104	60.1	1	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	175	100.0	173	100.0	2	100.0	0	0.0
Percentage of Total Farms:				98.9		1.1		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2021 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Gary, IN MD 23844							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	7.1	1.4	260	3.9	1.3	0.8
Middle	12	42.9	42.4	1,761	26.4	34.9	41.7
Upper	14	50.0	56.2	4,651	69.7	63.8	57.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	28	100.0	100.0	6,672	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	3.0	0.7	831	3.9	0.6	0.8
Middle	46	34.6	37.3	5,700	26.4	30.0	41.7
Upper	83	62.4	61.9	15,043	69.7	69.4	57.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	133	100.0	100.0	21,574	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	3.6	1.0	50	3.2	1.2	0.8
Middle	11	39.3	28.6	685	43.8	24.7	41.7
Upper	16	57.1	70.4	830	53.0	74.0	57.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	28	100.0	100.0	1,565	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	100.0	31.8	240	100.0	9.8	4.6
Middle	0	0.0	45.5	0	0.0	24.2	69.5
Upper	0	0.0	22.7	0	0.0	66.0	25.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	240	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	8	4.2	1.0	1,381	4.6	1.1	0.8
Middle	69	36.3	38.9	8,146	27.1	31.9	41.7
Upper	113	59.5	60.1	20,524	68.3	67.0	57.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	190	100.0	100.0	30,051	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Gary, IN MD 23844							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	3	10.7	5.1	320	4.8	2.8	16.4
Moderate	4	14.3	19.6	581	8.7	14.2	14.0
Middle	8	28.6	23.6	1,668	25.0	22.1	19.9
Upper	12	42.9	33.4	3,958	59.3	43.3	49.7
Unknown	1	3.6	18.4	145	2.2	17.6	0.0
Total	28	100.0	100.0	6,672	100.0	100.0	100.0
Refinance Loans							
Low	16	12.0	5.7	1,204	5.6	3.1	16.4
Moderate	26	19.5	16.0	3,061	14.2	11.4	14.0
Middle	37	27.8	23.8	5,339	24.7	20.4	19.9
Upper	49	36.8	36.1	10,882	50.4	45.9	49.7
Unknown	5	3.8	18.4	1,088	5.0	19.2	0.0
Total	133	100.0	100.0	21,574	100.0	100.0	100.0
Home Improvement Loans							
Low	1	3.6	4.7	30	1.9	3.3	16.4
Moderate	5	17.9	17.1	121	7.7	12.5	14.0
Middle	3	10.7	19.6	136	8.7	17.2	19.9
Upper	17	60.7	55.3	1,132	72.3	63.8	49.7
Unknown	2	7.1	3.3	146	9.3	3.2	0.0
Total	28	100.0	100.0	1,565	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	20	10.6	5.4	1,554	5.2	3.0	16.4
Moderate	35	18.5	17.0	3,763	12.6	12.5	14.0
Middle	48	25.4	23.3	7,143	24.0	20.9	19.9
Upper	78	41.3	35.9	15,972	53.6	44.8	49.7
Unknown	8	4.2	18.4	1,379	4.6	18.8	0.0
Total	189	100.0	100.0	29,811	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Income Level of Geography							
Assessment Area: Gary, IN MD 23844							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	22	5.8	5.5	1,248	4.4	8.0	4.8
Middle	140	37.1	37.4	9,035	31.9	36.3	36.8
Upper	215	57.0	56.5	18,050	63.7	55.6	58.2
Unknown	0	0.0	0.0	0	0.0	0.0	0.2
Tract-Unk	0	0.0	0.6	0	0.0	0.1	
Total	377	100.0	100.0	28,333	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							
Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Gary, IN MD 23844							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	150	39.8	44.8	8,173	28.8	26.4	92.3
Over \$1 Million	66	17.5		12,269	43.3		6.6
Revenue Unknown	161	42.7		7,891	27.9		1.1
Total	377	100.0		28,333	100.0		100.0
By Loan Size							
\$100,000 or Less	304	80.6	89.8	8,600	30.4	33.0	
\$100,001 - \$250,000	48	12.7	5.7	8,108	28.6	19.4	
\$250,001 - \$1 Million	25	6.6	4.4	11,625	41.0	47.6	
Total	377	100.0	100.0	28,333	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	134	89.3		3,351	41.0		
\$100,001 - \$250,000	10	6.7		1,734	21.2		
\$250,001 - \$1 Million	6	4.0		3,088	37.8		
Total	150	100.0		8,173	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Lafayette-West Lafayette, IN MSA #29200

2021 Lafayette-West Lafayette, IN MSA 29200 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	3	8.1	1,168	3.1	506	43.3	7,786	20.6
Moderate	9	24.3	7,463	19.7	1,404	18.8	5,961	15.8
Middle	11	29.7	13,497	35.7	1,519	11.3	8,671	22.9
Upper	11	29.7	15,557	41.2	814	5.2	15,376	40.7
Unknown	3	8.1	109	0.3	22	20.2	0	0.0
Total AA	37	100.0	37,794	100.0	4,265	11.3	37,794	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	5,131	410	1.1	8.0	4,068	79.3	653	12.7
Moderate	16,397	5,791	16.2	35.3	9,175	56.0	1,431	8.7
Middle	23,834	12,608	35.3	52.9	9,813	41.2	1,413	5.9
Upper	25,388	16,914	47.3	66.6	6,944	27.4	1,530	6.0
Unknown	2,386	43	0.1	1.8	1,990	83.4	353	14.8
Total AA	73,136	35,766	100.0	48.9	31,990	43.7	5,380	7.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	269	4.5	244	4.4	24	5.7	1	2.0
Moderate	1,787	30.0	1,582	28.8	193	45.5	12	24.0
Middle	1,642	27.6	1,519	27.7	106	25.0	17	34.0
Upper	2,031	34.1	1,921	35.0	90	21.2	20	40.0
Unknown	231	3.9	220	4.0	11	2.6	0	0.0
Total AA	5,960	100.0	5,486	100.0	424	100.0	50	100.0
Percentage of Total Businesses:				92.0		7.1		0.8
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	1	0.5	1	0.5	0	0.0	0	0.0
Moderate	11	5.1	10	4.8	1	16.7	0	0.0
Middle	95	44.0	91	43.3	4	66.7	0	0.0
Upper	109	50.5	108	51.4	1	16.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	216	100.0	210	100.0	6	100.0	0	0.0
Percentage of Total Farms:				97.2		2.8		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Lafayette-West Lafayette, IN MSA 29200							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	\$%	
Home Purchase Loans							
Low	0	0.0	1.5	0	0.0	0.8	1.1
Moderate	4	30.8	17.9	425	19.2	11.8	16.2
Middle	2	15.4	34.5	188	8.5	31.8	35.3
Upper	7	53.8	45.9	1,597	72.3	55.3	47.3
Unknown	0	0.0	0.2	0	0.0	0.2	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	13	100.0	100.0	2,210	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.4	0	0.0	0.2	1.1
Moderate	1	2.6	11.6	69	0.9	7.3	16.2
Middle	14	35.9	33.4	1,817	24.4	31.0	35.3
Upper	24	61.5	54.5	5,548	74.6	61.5	47.3
Unknown	0	0.0	0.1	0	0.0	0.1	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	39	100.0	100.0	7,434	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.8	0	0.0	0.5	1.1
Moderate	1	50.0	10.4	60	60.0	7.9	16.2
Middle	0	0.0	31.6	0	0.0	27.5	35.3
Upper	1	50.0	57.1	40	40.0	64.1	47.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	2	100.0	100.0	100	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	24.1	0	0.0	15.0	17.4
Moderate	0	0.0	35.2	0	0.0	41.7	27.5
Middle	0	0.0	22.2	0	0.0	31.6	26.2
Upper	0	0.0	11.1	0	0.0	7.1	19.2
Unknown	0	0.0	7.4	0	0.0	4.7	9.7
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	1.0	0	0.0	1.6	1.1
Moderate	6	11.1	14.2	554	5.7	12.0	16.2
Middle	16	29.6	33.6	2,005	20.6	31.3	35.3
Upper	32	59.3	51.1	7,185	73.7	54.6	47.3
Unknown	0	0.0	0.2	0	0.0	0.5	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	54	100.0	100.0	9,744	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

2011-2015 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Lafayette-West Lafayette, IN MSA 29200							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	3	23.1	10.2	386	17.5	6.4	20.6
Moderate	4	30.8	21.3	726	32.9	17.1	15.8
Middle	2	15.4	21.4	172	7.8	21.3	22.9
Upper	3	23.1	32.9	710	32.1	41.9	40.7
Unknown	1	7.7	14.2	216	9.8	13.3	0.0
Total	13	100.0	100.0	2,210	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	7.3	0	0.0	4.1	20.6
Moderate	7	17.9	19.0	661	8.9	14.3	15.8
Middle	9	23.1	22.8	1,445	19.4	20.4	22.9
Upper	21	53.8	34.2	4,963	66.8	43.6	40.7
Unknown	2	5.1	16.7	365	4.9	17.5	0.0
Total	39	100.0	100.0	7,434	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	6.1	0	0.0	4.4	20.6
Moderate	1	50.0	14.5	60	60.0	13.5	15.8
Middle	0	0.0	24.3	0	0.0	20.6	22.9
Upper	1	50.0	51.0	40	40.0	57.4	40.7
Unknown	0	0.0	4.1	0	0.0	4.2	0.0
Total	2	100.0	100.0	100	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	3	5.6	8.3	386	4.0	5.2	20.6
Moderate	12	22.2	19.5	1,447	14.9	15.5	15.8
Middle	11	20.4	22.2	1,617	16.6	20.8	22.9
Upper	25	46.3	34.9	5,713	58.6	43.3	40.7
Unknown	3	5.6	15.1	581	6.0	15.3	0.0
Total	54	100.0	100.0	9,744	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Income Level of Geography Assessment Area: Lafayette-West Lafayette, IN MSA 29200							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	2	2.3	3.1	208	1.9	3.1	4.5
Moderate	27	30.7	30.9	4,415	41.3	43.1	30.0
Middle	32	36.4	26.6	2,930	27.4	20.6	27.6
Upper	27	30.7	36.8	3,128	29.3	30.3	34.1
Unknown	0	0.0	2.1	0	0.0	2.9	3.9
Tract-Unk	0	0.0	0.5	0	0.0	0.1	
Total	88	100.0	100.0	10,681	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Lafayette-West Lafayette, IN MSA 29200							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	33	37.5	45.9	2,480	23.2	29.6	92.0
Over \$1 Million	33	37.5		6,809	63.7		7.1
Revenue Unknown	22	25.0		1,392	13.0		0.8
Total	88	100.0		10,681	100.0		100.0
By Loan Size							
\$100,000 or Less	62	70.5	87.9	2,425	22.7	29.3	
\$100,001 - \$250,000	15	17.0	7.1	2,738	25.6	22.4	
\$250,001 - \$1 Million	11	12.5	5.0	5,518	51.7	48.3	
Total	88	100.0	100.0	10,681	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	28	84.8		918	37.0		
\$100,001 - \$250,000	3	9.1		474	19.1		
\$250,001 - \$1 Million	2	6.1		1,088	43.9		
Total	33	100.0		2,480	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Michigan City-La Porte, IN MSA #33140

2021 Michigan City-LaPorte, IN MSA 33140 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	6.9	1,239	4.4	480	38.7	6,105	21.7
Moderate	8	27.6	6,706	23.8	1,703	25.4	4,880	17.3
Middle	8	27.6	8,406	29.9	1,028	12.2	5,648	20.1
Upper	10	34.5	11,791	41.9	688	5.8	11,509	40.9
Unknown	1	3.4	0	0.0	0	0.0	0	0.0
Total AA	29	100.0	28,142	100.0	3,899	13.9	28,142	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,256	888	2.9	39.4	1,017	45.1	351	15.6
Moderate	13,346	6,274	20.7	47.0	5,466	41.0	1,606	12.0
Middle	14,388	9,293	30.6	64.6	3,724	25.9	1,371	9.5
Upper	18,692	13,888	45.8	74.3	2,454	13.1	2,350	12.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	48,682	30,343	100.0	62.3	12,661	26.0	5,678	11.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	375	9.0	336	8.9	34	10.3	5	9.3
Moderate	1,200	28.7	1,071	28.3	115	34.7	14	25.9
Middle	1,145	27.4	1,041	27.5	96	29.0	8	14.8
Upper	1,455	34.9	1,342	35.4	86	26.0	27	50.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,175	100.0	3,790	100.0	331	100.0	54	100.0
Percentage of Total Businesses:				90.8		7.9		1.3
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	2	0.9	2	0.9	0	0.0	0	0.0
Moderate	7	3.2	7	3.3	0	0.0	0	0.0
Middle	38	17.4	37	17.5	1	14.3	0	0.0
Upper	172	78.5	166	78.3	6	85.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	219	100.0	212	100.0	7	100.0	0	0.0
Percentage of Total Farms:				96.8		3.2		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Michigan City-LaPorte, IN MSA 33140							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	2	5.1	4.2	142	1.9	2.9	2.9
Moderate	6	15.4	26.2	2,235	29.6	21.8	20.7
Middle	15	38.5	34.4	1,896	25.1	29.8	30.6
Upper	16	41.0	35.2	3,274	43.4	45.5	45.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	39	100.0	100.0	7,547	100.0	100.0	100.0
Refinance Loans							
Low	3	2.9	2.2	158	1.1	1.9	2.9
Moderate	15	14.3	18.7	1,862	12.5	15.9	20.7
Middle	46	43.8	30.7	6,384	42.9	25.9	30.6
Upper	41	39.0	48.5	6,475	43.5	56.3	45.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	105	100.0	100.0	14,879	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	2.6	0	0.0	2.7	2.9
Moderate	1	3.6	15.2	10	0.6	11.6	20.7
Middle	10	35.7	32.7	440	25.8	30.3	30.6
Upper	17	60.7	49.4	1,256	73.6	55.5	45.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	28	100.0	100.0	1,706	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	25.0	0	0.0	9.1	6.5
Moderate	0	0.0	0.0	0	0.0	0.0	41.2
Middle	0	0.0	62.5	0	0.0	89.4	39.3
Upper	0	0.0	12.5	0	0.0	1.5	13.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	5	2.9	3.1	300	1.2	2.5	2.9
Moderate	22	12.8	21.2	4,107	17.0	18.1	20.7
Middle	71	41.3	32.4	8,720	36.1	28.7	30.6
Upper	74	43.0	43.3	11,005	45.6	50.7	45.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	172	100.0	100.0	24,132	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

2011-2015 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Michigan City-LaPorte, IN MSA 33140							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	10	25.6	9.8	1,073	14.2	5.1	21.7
Moderate	10	25.6	26.5	1,538	20.4	18.5	17.3
Middle	8	20.5	18.3	1,381	18.3	16.9	20.1
Upper	10	25.6	27.3	3,484	46.2	42.4	40.9
Unknown	1	2.6	18.2	71	0.9	17.0	0.0
Total	39	100.0	100.0	7,547	100.0	100.0	100.0
Refinance Loans							
Low	17	16.2	7.7	1,113	7.5	3.9	21.7
Moderate	18	17.1	17.9	1,583	10.6	11.9	17.3
Middle	23	21.9	21.8	3,163	21.3	19.2	20.1
Upper	46	43.8	35.0	8,994	60.4	47.1	40.9
Unknown	1	1.0	17.6	26	0.2	18.0	0.0
Total	105	100.0	100.0	14,879	100.0	100.0	100.0
Home Improvement Loans							
Low	3	10.7	9.4	156	9.1	5.4	21.7
Moderate	3	10.7	18.4	270	15.8	14.2	17.3
Middle	5	17.9	23.7	155	9.1	21.7	20.1
Upper	16	57.1	46.2	1,090	63.9	56.9	40.9
Unknown	1	3.6	2.3	35	2.1	1.7	0.0
Total	28	100.0	100.0	1,706	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	30	17.4	8.7	2,342	9.7	4.5	21.7
Moderate	31	18.0	21.0	3,391	14.1	14.8	17.3
Middle	36	20.9	20.4	4,699	19.5	18.1	20.1
Upper	72	41.9	32.7	13,568	56.2	44.9	40.9
Unknown	3	1.7	17.3	132	0.5	17.7	0.0
Total	172	100.0	100.0	24,132	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Income Level of Geography Assessment Area: Michigan City-LaPorte, IN MSA 33140							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	10	2.2	9.9	2,355	6.0	12.7	9.0
Moderate	82	18.3	23.1	16,150	41.2	22.6	28.7
Middle	131	29.2	26.8	9,221	23.5	26.6	27.4
Upper	226	50.3	39.2	11,494	29.3	37.9	34.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	1.0	0	0.0	0.2	
Total	449	100.0	100.0	39,220	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Michigan City-LaPorte, IN MSA 33140							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	206	45.9	50.4	6,222	15.9	30.0	90.8
Over \$1 Million	139	31.0		29,883	76.2		7.9
Revenue Unknown	104	23.2		3,115	7.9		1.3
Total	449	100.0		39,220	100.0		100.0
By Loan Size							
\$100,000 or Less	340	75.7	89.7	9,377	23.9	36.3	
\$100,001 - \$250,000	66	14.7	6.3	11,065	28.2	20.9	
\$250,001 - \$1 Million	43	9.6	4.0	18,778	47.9	42.8	
Total	449	100.0	100.0	39,220	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	199	96.6		4,987	80.2		
\$100,001 - \$250,000	6	2.9		927	14.9		
\$250,001 - \$1 Million	1	0.5		308	5.0		
Total	206	100.0		6,222	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Northeastern IN Non-MSA

2021 Northeastern IN Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,001	17.8
Moderate	0	0.0	0	0.0	0	0.0	1,835	16.3
Middle	8	88.9	9,313	82.9	1,090	11.7	2,574	22.9
Upper	1	11.1	1,915	17.1	139	7.3	4,818	42.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	9	100.0	11,228	100.0	1,229	10.9	11,228	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	14,314	10,187	81.5	71.2	2,944	20.6	1,183	8.3
Upper	3,290	2,309	18.5	70.2	807	24.5	174	5.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	17,604	12,496	100.0	71.0	3,751	21.3	1,357	7.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1,379	86.9	1,215	85.8	140	96.6	24	96.0
Upper	207	13.1	201	14.2	5	3.4	1	4.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,586	100.0	1,416	100.0	145	100.0	25	100.0
Percentage of Total Businesses:				89.3		9.1		1.6
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	133	93.0	132	93.0	1	100.0	0	0.0
Upper	10	7.0	10	7.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	143	100.0	142	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.3		0.7		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2021 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Northeastern IN Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0.0
Middle	3	100.0	78.6	684	100.0	77.8	81.5
Upper	0	0.0	21.4	0	0.0	22.2	18.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	684	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0.0
Middle	3	100.0	76.3	212	100.0	76.7	81.5
Upper	0	0.0	23.7	0	0.0	23.3	18.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	212	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0.0
Middle	1	100.0	87.6	15	100.0	85.5	81.5
Upper	0	0.0	12.4	0	0.0	14.5	18.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	15	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0.0
Middle	0	0.0	100.0	0	0.0	100.0	50.9
Upper	0	0.0	0.0	0	0.0	0.0	49.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0.0
Middle	7	100.0	77.9	911	100.0	79.1	81.5
Upper	0	0.0	22.1	0	0.0	20.9	18.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	7	100.0	100.0	911	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Northeastern IN Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	\$%	
Home Purchase Loans							
Low	0	0.0	6.8	0	0.0	3.8	17.8
Moderate	1	33.3	24.8	165	24.1	17.9	16.3
Middle	0	0.0	20.7	0	0.0	19.3	22.9
Upper	2	66.7	31.1	519	75.9	43.0	42.9
Unknown	0	0.0	16.6	0	0.0	15.9	0.0
Total	3	100.0	100.0	684	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	6.0	0	0.0	3.0	17.8
Moderate	0	0.0	17.1	0	0.0	12.1	16.3
Middle	0	0.0	21.1	0	0.0	18.4	22.9
Upper	3	100.0	41.2	212	100.0	51.0	42.9
Unknown	0	0.0	14.5	0	0.0	15.4	0.0
Total	3	100.0	100.0	212	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	9.5	0	0.0	7.3	17.8
Moderate	0	0.0	19.0	0	0.0	13.9	16.3
Middle	1	100.0	23.8	15	100.0	25.8	22.9
Upper	0	0.0	45.7	0	0.0	51.7	42.9
Unknown	0	0.0	1.9	0	0.0	1.3	0.0
Total	1	100.0	100.0	15	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	0	0.0	6.4	0	0.0	3.4	17.8
Moderate	1	14.3	19.8	165	18.1	14.6	16.3
Middle	1	14.3	20.8	15	1.6	18.8	22.9
Upper	5	71.4	37.9	731	80.2	47.7	42.9
Unknown	0	0.0	15.1	0	0.0	15.6	0.0
Total	7	100.0	100.0	911	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Income Level of Geography							
Assessment Area: Northeastern IN Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses %
	#	#%	#%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0.0
Middle	29	96.7	89.3	7,264	91.0	94.1	86.9
Upper	1	3.3	10.1	721	9.0	5.8	13.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.6	0	0.0	0.1	
Total	30	100.0	100.0	7,985	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							
Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Northeastern IN Non MSA							
	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses %
	#	#%	#%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	3	10.0	47.1	77	1.0	30.9	89.3
Over \$1 Million	16	53.3		6,985	87.5		9.1
Revenue Unknown	11	36.7		923	11.6		1.6
Total	30	100.0		7,985	100.0		100.0
By Loan Size							
\$100,000 or Less	14	46.7	87.2	476	6.0	24.4	
\$100,001 - \$250,000	8	26.7	7.3	1,542	19.3	21.8	
\$250,001 - \$1 Million	8	26.7	5.5	5,967	74.7	53.7	
Total	30	100.0	100.0	7,985	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	3	100.0		77	100.0		
\$100,001 - \$250,000	0	0.0		0	0.0		
\$250,001 - \$1 Million	0	0.0		0	0.0		
Total	3	100.0		77	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Niles-Benton Harbor, MI MSA #35660

2021 Niles, MI MSA 35660 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	7	14.3	3,833	9.5	1,748	45.6	9,104	22.6
Moderate	7	14.3	6,043	15.0	1,216	20.1	6,857	17.0
Middle	22	44.9	18,746	46.6	1,801	9.6	7,829	19.4
Upper	12	24.5	11,647	28.9	442	3.8	16,479	40.9
Unknown	1	2.0	0	0.0	0	0.0	0	0.0
Total AA	49	100.0	40,269	100.0	5,207	12.9	40,269	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	7,755	2,467	5.7	31.8	3,906	50.4	1,382	17.8
Moderate	11,217	5,953	13.7	53.1	3,448	30.7	1,816	16.2
Middle	37,822	21,467	49.5	56.8	6,487	17.2	9,868	26.1
Upper	19,978	13,478	31.1	67.5	3,961	19.8	2,539	12.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	76,772	43,365	100.0	56.5	17,802	23.2	15,605	20.3
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	670	10.1	597	9.9	68	12.6	5	6.4
Moderate	753	11.3	671	11.1	72	13.4	10	12.8
Middle	2,908	43.7	2,680	44.4	185	34.4	43	55.1
Upper	2,317	34.9	2,084	34.5	213	39.6	20	25.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6,648	100.0	6,032	100.0	538	100.0	78	100.0
Percentage of Total Businesses:				90.7		8.1		1.2
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	0.3	1	0.3	0	0.0	0	0.0
Moderate	17	5.5	16	5.4	1	6.7	0	0.0
Middle	230	74.2	219	74.2	11	73.3	0	0.0
Upper	62	20.0	59	20.0	3	20.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	310	100.0	295	100.0	15	100.0	0	0.0
Percentage of Total Farms:				95.2		4.8		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2021 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Niles, MI MSA 35660							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	1	4.8	2.3	48	1.0	0.8	5.7
Moderate	4	19.0	15.3	1,298	26.9	8.9	13.7
Middle	11	52.4	50.7	2,700	55.9	56.5	49.5
Upper	5	23.8	31.7	787	16.3	33.8	31.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	21	100.0	100.0	4,833	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	1.1	0	0.0	0.5	5.7
Moderate	11	20.4	11.0	934	10.4	7.9	13.7
Middle	25	46.3	53.2	4,461	49.9	56.0	49.5
Upper	18	33.3	34.6	3,552	39.7	35.6	31.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	54	100.0	100.0	8,947	100.0	100.0	100.0
Home Improvement Loans							
Low	1	4.5	2.0	21	1.2	0.9	5.7
Moderate	3	13.6	11.1	115	6.4	9.4	13.7
Middle	9	40.9	50.3	1,032	57.8	54.9	49.5
Upper	9	40.9	36.7	618	34.6	34.8	31.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	22	100.0	100.0	1,786	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	20.0	0	0.0	5.0	20.4
Moderate	0	0.0	35.0	0	0.0	17.5	23.9
Middle	0	0.0	30.0	0	0.0	59.4	31.0
Upper	0	0.0	15.0	0	0.0	18.1	24.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	2	2.1	1.7	69	0.4	0.8	5.7
Moderate	18	18.6	12.6	2,347	15.1	8.6	13.7
Middle	45	46.4	52.3	8,193	52.6	56.6	49.5
Upper	32	33.0	33.5	4,957	31.8	33.9	31.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	97	100.0	100.0	15,566	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

2011-2015 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Niles, MI MSA 35660							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	3	14.3	7.4	207	4.3	3.0	22.6
Moderate	8	38.1	19.9	1,068	22.1	10.8	17.0
Middle	2	9.5	18.0	474	9.8	13.5	19.4
Upper	6	28.6	44.4	2,662	55.1	64.2	40.9
Unknown	2	9.5	10.3	422	8.7	8.5	0.0
Total	21	100.0	100.0	4,833	100.0	100.0	100.0
Refinance Loans							
Low	6	11.1	7.5	545	6.1	3.2	22.6
Moderate	13	24.1	16.5	1,170	13.1	9.4	17.0
Middle	8	14.8	19.1	1,086	12.1	14.0	19.4
Upper	21	38.9	46.7	5,242	58.6	62.2	40.9
Unknown	6	11.1	10.2	904	10.1	11.3	0.0
Total	54	100.0	100.0	8,947	100.0	100.0	100.0
Home Improvement Loans							
Low	3	13.6	10.8	65	3.6	6.3	22.6
Moderate	5	22.7	17.7	205	11.5	10.1	17.0
Middle	5	22.7	21.2	96	5.4	14.8	19.4
Upper	7	31.8	48.3	1,362	76.3	66.5	40.9
Unknown	2	9.1	2.0	58	3.2	2.4	0.0
Total	22	100.0	100.0	1,786	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	12	12.4	7.9	817	5.2	3.2	22.6
Moderate	26	26.8	17.7	2,443	15.7	9.9	17.0
Middle	15	15.5	18.8	1,656	10.6	13.6	19.4
Upper	34	35.1	45.7	9,266	59.5	62.9	40.9
Unknown	10	10.3	10.0	1,384	8.9	10.5	0.0
Total	97	100.0	100.0	15,566	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Income Level of Geography							
Assessment Area: Niles, MI MSA 35660							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	7	4.2	9.8	360	1.7	9.8	10.1
Moderate	27	16.2	12.1	3,832	18.5	9.8	11.3
Middle	72	43.1	45.3	5,984	28.8	42.3	43.7
Upper	61	36.5	32.3	10,571	51.0	38.0	34.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.5	0	0.0	0.1	
Total	167	100.0	100.0	20,747	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							
Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Niles, MI MSA 35660							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	61	36.5	49.7	4,228	20.4	28.4	90.7
Over \$1 Million	48	28.7		12,619	60.8		8.1
Revenue Unknown	58	34.7		3,900	18.8		1.2
Total	167	100.0		20,747	100.0		100.0
By Loan Size							
\$100,000 or Less	115	68.9	90.5	4,005	19.3	32.0	
\$100,001 - \$250,000	27	16.2	4.8	4,306	20.8	17.7	
\$250,001 - \$1 Million	25	15.0	4.7	12,436	59.9	50.3	
Total	167	100.0	100.0	20,747	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	50	82.0		1,926	45.6		
\$100,001 - \$250,000	8	13.1		1,348	31.9		
\$250,001 - \$1 Million	3	4.9		954	22.6		
Total	61	100.0		4,228	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Kalamazoo-Portage, MI MSA #28020

2021 Kalamazoo-Portage, MI MSA 28020 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	7	12.3	4,549	7.5	1,812	39.8	13,136	21.7
Moderate	11	19.3	7,582	12.5	1,342	17.7	10,337	17.1
Middle	24	42.1	29,446	48.7	2,718	9.2	12,245	20.3
Upper	14	24.6	18,759	31.0	823	4.4	24,720	40.9
Unknown	1	1.8	102	0.2	51	50.0	0	0.0
Total AA	57	100.0	60,438	100.0	6,746	11.2	60,438	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	12,207	3,153	4.9	25.8	6,969	57.1	2,085	17.1
Moderate	17,169	7,111	11.1	41.4	8,159	47.5	1,899	11.1
Middle	52,290	32,604	50.7	62.4	15,645	29.9	4,041	7.7
Upper	28,119	21,384	33.3	76.0	4,973	17.7	1,762	6.3
Unknown	411	50	0.1	12.2	293	71.3	68	16.5
Total AA	110,196	64,302	100.0	58.4	36,039	32.7	9,855	8.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	795	8.2	688	7.9	106	11.2	1	1.4
Moderate	1,989	20.5	1,688	19.4	285	30.2	16	21.6
Middle	4,460	45.9	4,034	46.4	394	41.7	32	43.2
Upper	2,418	24.9	2,238	25.8	155	16.4	25	33.8
Unknown	46	0.5	41	0.5	5	0.5	0	0.0
Total AA	9,708	100.0	8,689	100.0	945	100.0	74	100.0
Percentage of Total Businesses:				89.5		9.7		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	0.5	1	0.5	0	0.0	0	0.0
Moderate	26	12.1	19	9.8	7	35.0	0	0.0
Middle	126	58.9	115	59.6	10	50.0	1	100.0
Upper	61	28.5	58	30.1	3	15.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	214	100.0	193	100.0	20	100.0	1	100.0
Percentage of Total Farms:				90.2		9.3		0.5
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2021 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Kalamazoo-Portage, MI MSA 28020							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	1	14.3	5.2	85	3.9	2.5	4.9
Moderate	3	42.9	15.0	450	20.6	9.8	11.1
Middle	1	14.3	47.7	1,058	48.4	42.6	50.7
Upper	2	28.6	32.0	592	27.1	44.9	33.3
Unknown	0	0.0	0.1	0	0.0	0.2	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	7	100.0	100.0	2,185	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	1.8	0	0.0	1.0	4.9
Moderate	1	5.9	8.8	69	1.3	5.7	11.1
Middle	5	29.4	49.5	1,277	24.8	42.6	50.7
Upper	11	64.7	39.9	3,811	73.9	50.7	33.3
Unknown	0	0.0	0.1	0	0.0	0.1	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	17	100.0	100.0	5,157	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	2.9	0	0.0	2.1	4.9
Moderate	1	33.3	9.8	100	45.5	6.9	11.1
Middle	0	0.0	46.9	0	0.0	43.2	50.7
Upper	2	66.7	40.2	120	54.5	47.7	33.3
Unknown	0	0.0	0.1	0	0.0	0.2	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	220	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	10.8	0	0.0	5.7	20.2
Moderate	2	100.0	32.4	21,373	100.0	36.9	19.0
Middle	0	0.0	35.1	0	0.0	32.7	47.3
Upper	0	0.0	21.6	0	0.0	24.7	12.3
Unknown	0	0.0	0.0	0	0.0	0.0	1.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	2	100.0	100.0	21,373	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	1	3.4	3.1	85	0.3	1.9	4.9
Moderate	7	24.1	11.1	21,992	76.0	9.3	11.1
Middle	6	20.7	48.6	2,335	8.1	41.9	50.7
Upper	15	51.7	37.1	4,523	15.6	46.7	33.3
Unknown	0	0.0	0.1	0	0.0	0.1	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	29	100.0	100.0	28,935	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Kalamazoo-Portage, MI MSA 28020							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	11.6	0	0.0	6.0	21.7
Moderate	2	28.6	23.6	225	10.3	17.4	17.1
Middle	1	14.3	23.7	166	7.6	22.2	20.3
Upper	4	57.1	30.1	1,794	82.1	43.6	40.9
Unknown	0	0.0	11.0	0	0.0	10.9	0.0
Total	7	100.0	100.0	2,185	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	9.0	0	0.0	4.8	21.7
Moderate	0	0.0	20.6	0	0.0	14.7	17.1
Middle	5	29.4	23.8	1,275	24.7	20.7	20.3
Upper	12	70.6	35.6	3,882	75.3	48.5	40.9
Unknown	0	0.0	11.1	0	0.0	11.3	0.0
Total	17	100.0	100.0	5,157	100.0	100.0	100.0
Home Improvement Loans							
Low	1	33.3	10.2	70	31.8	7.5	21.7
Moderate	0	0.0	20.3	0	0.0	15.7	17.1
Middle	0	0.0	22.3	0	0.0	21.2	20.3
Upper	2	66.7	44.8	150	68.2	53.0	40.9
Unknown	0	0.0	2.4	0	0.0	2.6	0.0
Total	3	100.0	100.0	220	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	1	3.7	10.0	70	0.9	5.4	21.7
Moderate	2	7.4	21.4	225	3.0	15.7	17.1
Middle	6	22.2	23.5	1,441	19.1	21.2	20.3
Upper	18	66.7	34.4	5,826	77.0	46.5	40.9
Unknown	0	0.0	10.7	0	0.0	11.1	0.0
Total	27	100.0	100.0	7,562	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Income Level of Geography Assessment Area: Kalamazoo-Portage, MI MSA 28020							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	14	9.1	8.0	1,409	6.1	9.0	8.2
Moderate	21	13.6	18.0	2,859	12.5	22.2	20.5
Middle	73	47.4	45.6	10,482	45.7	46.7	45.9
Upper	46	29.9	27.9	8,171	35.6	21.9	24.9
Unknown	0	0.0	0.2	0	0.0	0.0	0.5
Tract-Unk	0	0.0	0.4	0	0.0	0.1	
Total	154	100.0	100.0	22,921	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							
Distribution of 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Kalamazoo-Portage, MI MSA 28020							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	65	42.2	47.7	6,577	28.7	30.8	89.5
Over \$1 Million	61	39.6		14,134	61.7		9.7
Revenue Unknown	28	18.2		2,210	9.6		0.8
Total	154	100.0		22,921	100.0		100.0
By Loan Size							
\$100,000 or Less	95	61.7	86.2	3,862	16.8	25.3	
\$100,001 - \$250,000	33	21.4	7.5	4,787	20.9	19.9	
\$250,001 - \$1 Million	26	16.9	6.3	14,272	62.3	54.9	
Total	154	100.0	100.0	22,921	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	49	75.4		1,774	27.0		
\$100,001 - \$250,000	8	12.3		1,063	16.2		
\$250,001 - \$1 Million	8	12.3		3,740	56.9		
Total	65	100.0		6,577	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

North Port-Sarasota-Bradenton, FL MSA #35840

2021 North Port-Sarasota-Bradenton, FL MSA 35840 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	1.1	927	0.9	372	40.1	18,615	17.5
Moderate	20	21.1	18,635	17.5	2,176	11.7	20,470	19.2
Middle	48	50.5	59,304	55.7	3,575	6.0	23,308	21.9
Upper	25	26.3	27,606	25.9	1,291	4.7	44,079	41.4
Unknown	1	1.1	0	0.0	0	0.0	0	0.0
Total AA	95	100.0	106,472	100.0	7,414	7.0	106,472	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,847	593	0.5	32.1	1,084	58.7	170	9.2
Moderate	43,106	20,540	16.1	47.6	13,544	31.4	9,022	20.9
Middle	117,870	71,477	55.9	60.6	23,415	19.9	22,978	19.5
Upper	67,327	35,354	27.6	52.5	9,178	13.6	22,795	33.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	230,150	127,964	100.0	55.6	47,221	20.5	54,965	23.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	224	0.6	212	0.6	12	0.7	0	0.0
Moderate	7,665	19.4	7,200	19.3	398	21.9	67	18.5
Middle	18,808	47.6	18,023	48.3	651	35.9	134	37.0
Upper	12,781	32.4	11,867	31.8	753	41.5	161	44.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	39,478	100.0	37,302	100.0	1,814	100.0	362	100.0
Percentage of Total Businesses:				94.5		4.6		0.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	33	13.9	31	13.4	2	28.6	0	0.0
Middle	98	41.2	97	42.0	1	14.3	0	0.0
Upper	107	45.0	103	44.6	4	57.1	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	238	100.0	231	100.0	7	100.0	0	0.0
Percentage of Total Farms:				97.1		2.9		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: North Port-Sarasota-Bradenton, FL MSA 35840							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.2	0	0.0	0.1	0.5
Moderate	0	0.0	13.0	0	0.0	9.6	16.1
Middle	2	66.7	52.3	1,084	60.1	41.9	55.9
Upper	1	33.3	34.5	720	39.9	48.4	27.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	1,804	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.2	0	0.0	0.1	0.5
Moderate	0	0.0	12.7	0	0.0	9.5	16.1
Middle	1	33.3	57.2	96	10.5	47.7	55.9
Upper	2	66.7	29.9	822	89.5	42.7	27.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	918	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.1	0	0.0	0.1	0.5
Moderate	0	0.0	11.8	0	0.0	10.4	16.1
Middle	1	100.0	58.5	26	100.0	48.5	55.9
Upper	0	0.0	29.6	0	0.0	40.9	27.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	26	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	4.0	0	0.0	4.6	0.6
Moderate	0	0.0	28.0	0	0.0	31.7	13.6
Middle	0	0.0	40.0	0	0.0	61.2	38.3
Upper	0	0.0	28.0	0	0.0	2.5	47.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.2	0	0.0	0.3	0.5
Moderate	0	0.0	12.7	0	0.0	10.3	16.1
Middle	4	57.1	54.7	1,206	43.9	44.4	55.9
Upper	3	42.9	32.4	1,542	56.1	45.0	27.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	7	100.0	100.0	2,748	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

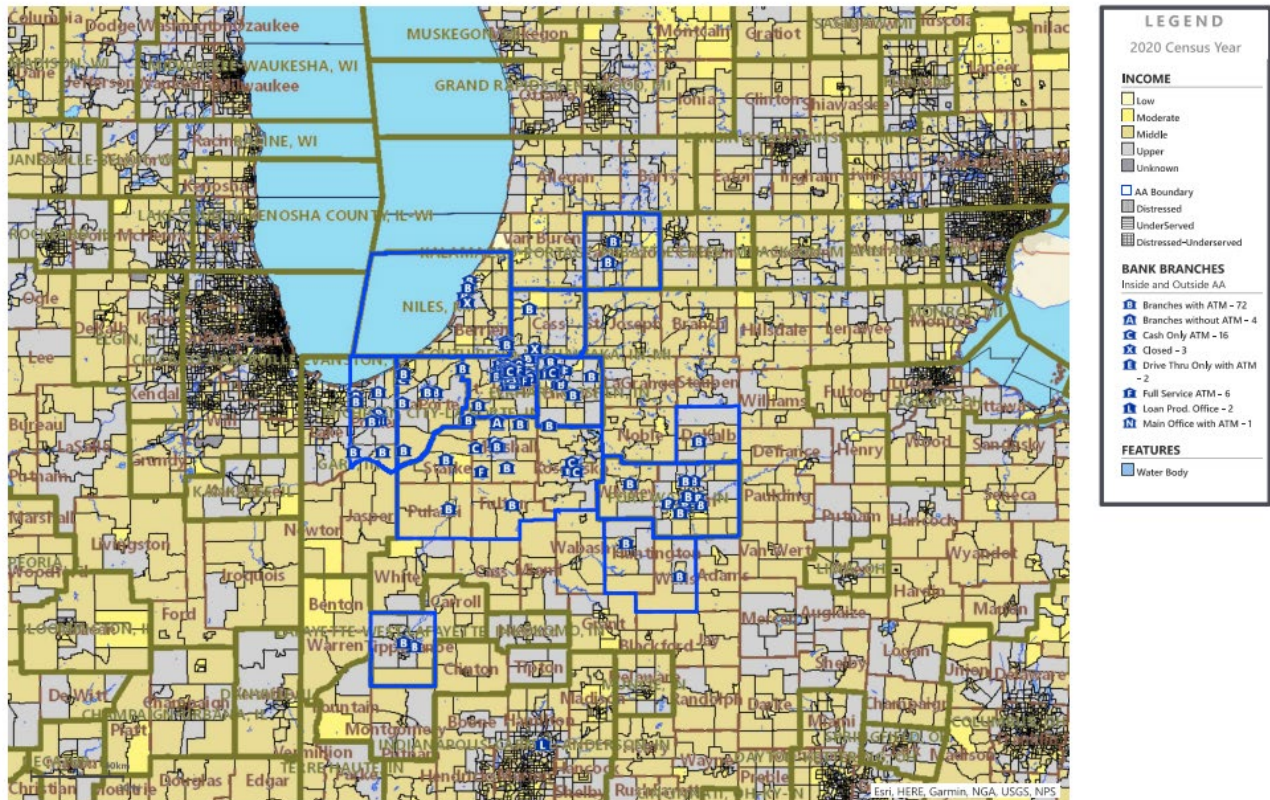
Distribution of 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: North Port-Sarasota-Bradenton, FL MSA 35840							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	3.5	0	0.0	1.7	17.5
Moderate	0	0.0	13.5	0	0.0	8.4	19.2
Middle	0	0.0	19.1	0	0.0	14.3	21.9
Upper	2	66.7	52.2	1,274	70.6	64.2	41.4
Unknown	1	33.3	11.8	530	29.4	11.4	0.0
Total	3	100.0	100.0	1,804	100.0	100.0	100.0
Refinance Loans							
Low	1	33.3	7.4	96	10.5	4.0	17.5
Moderate	0	0.0	18.5	0	0.0	12.5	19.2
Middle	0	0.0	21.4	0	0.0	17.7	21.9
Upper	2	66.7	37.1	822	89.5	49.8	41.4
Unknown	0	0.0	15.7	0	0.0	16.1	0.0
Total	3	100.0	100.0	918	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	7.4	0	0.0	4.0	17.5
Moderate	0	0.0	17.1	0	0.0	12.7	19.2
Middle	1	100.0	24.5	26	100.0	18.4	21.9
Upper	0	0.0	49.1	0	0.0	62.4	41.4
Unknown	0	0.0	1.9	0	0.0	2.6	0.0
Total	1	100.0	100.0	26	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	1	14.3	5.5	96	3.5	2.7	17.5
Moderate	0	0.0	16.0	0	0.0	10.1	19.2
Middle	1	14.3	20.4	26	0.9	15.6	21.9
Upper	4	57.1	44.9	2,096	76.3	58.3	41.4
Unknown	1	14.3	13.2	530	19.3	13.3	0.0
Total	7	100.0	100.0	2,748	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Income Level of Geography Assessment Area: North Port-Sarasota-Bradenton, FL MSA 35840							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	1	16.7	0.5	348	43.2	0.7	0.6
Moderate	5	83.3	18.1	457	56.8	18.2	19.4
Middle	0	0.0	44.3	0	0.0	37.7	47.6
Upper	0	0.0	36.7	0	0.0	43.3	32.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.4	0	0.0	0.1	
Total	6	100.0	100.0	805	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							
Distribution of 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: North Port-Sarasota-Bradenton, FL MSA 35840							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	0	0.0	49.9	0	0.0	31.6	94.5
Over \$1 Million	5	83.3		457	56.8		4.6
Revenue Unknown	1	16.7		348	43.2		0.9
Total	6	100.0		805	100.0		100.0
By Loan Size							
\$100,000 or Less	3	50.0	93.9	63	7.8	41.4	
\$100,001 - \$250,000	2	33.3	3.4	394	48.9	16.8	
\$250,001 - \$1 Million	1	16.7	2.7	348	43.2	41.7	
Total	6	100.0	100.0	805	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	0	0.0		0	0.0		
\$100,001 - \$250,000	0	0.0		0	0.0		
\$250,001 - \$1 Million	0	0.0		0	0.0		
Total	0	0.0		0	0.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

APPENDIX B – Maps of Assessment Areas

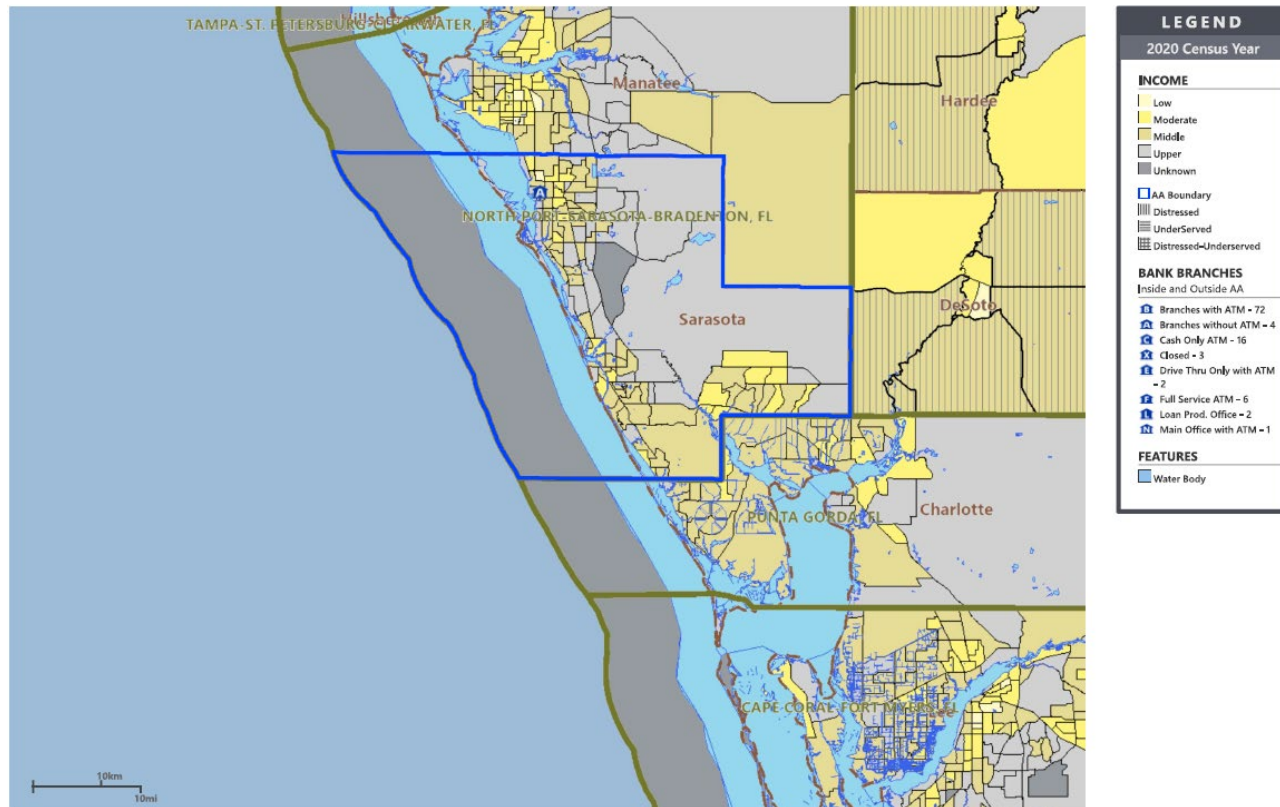
Assessment Area Overview Map (Indiana and Michigan)

1st Source Bank 991340
Combined Assessment Area



North Port – Sarasota – Bradenton, FL, MSA 35840

1st Source Bank 991340
State of Florida



APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	HMDA- and CRA- Reportable Lending was evaluated January 1, 2021-December 31,2022. Community development was evaluated June 8, 2021, to September 25, 2023.		
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
1 st Source Bank		HMDA-Reportable Loans CRA- Reportable Small Business Loans Community Development Loans Community Development Investments Community Development Services	
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	NA		NA
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Interstate AA South Bend- Mishawaka, IN-MI MSA #43780	Full-Scope	None	NA
State of Indiana Elkhart – Goshen, IN MSA #21140	Full-Scope	None	NA
State of Indiana Fort Wayne, IN MSA #23060	Full-Scope	None	NA
State of Indiana Western Non-MSA Indiana	Full-Scope	None	NA
State of Indiana	Limited-Scope	None	NA

Michigan City-Laporte, IN MSA #33140			
State of Indiana Lafayette - West Lafayette, IN MSA #29200	Limited-Scope	None	NA
State of Indiana Eastern Non-MSA Indiana	Limited-Scope	None	NA
State of Indiana Northeastern Non-MSA Indiana	Limited-Scope	None	NA
State of Indiana Gary, IN MD #23844	Limited-Scope	None	NA
State of Michigan Niles-Benton Harbor, MI MSA #35660	Full-Scope	None	NA
State of Michigan Kalamazoo-Portage, MI MSA #28020	Limited-Scope	None	NA
State of Florida North Port-Sarasota-Bradenton, FL MSA #35840	Full-Scope	None	NA

APPENDIX D – 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.²⁵

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).

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

²⁵ Source: FFIEC press release dated October 19, 2011.

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, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes 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 (LPO): 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 Loan: 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).