

PUBLIC DISCLOSURE

April 11, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Hendricks County Bank and Trust Company
RSSD# 633640

1 East Main Street
Brownsburg, Indiana 46112

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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

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BANK'S CRA RATING

Hendricks County Bank and Trust Company is rated Satisfactory.

Hendricks County Bank and Trust Company is meeting the credit needs of its assessment area based on an analysis of the bank's lending activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the bank's loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending activities reflect reasonable penetration among borrowers of different income levels and businesses of different sizes. No CRA-related complaints were received by the institution or the Reserve Bank since the previous examination.

SCOPE OF EXAMINATION

Hendricks County Bank and Trust Company was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Small Institution Examination Procedures. The performance was evaluated in the context of information about the institution and its assessment area, including the bank's asset size, financial condition, competition, and economic and demographic characteristics. The evaluation included a full-scope review of the bank's sole assessment area of Hendricks County, Indiana in its entirety, which is part of the Indianapolis-Carmel-Anderson, IN Metropolitan Statistical Area (MSA) #26900 (Indianapolis MSA). Products reviewed during this evaluation included HMDA-reportable loans originated between January 1, 2019 and December 31, 2020, and a sample of small business loans originated between January 1, 2021 and December 31, 2021.

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

- ***Loan-to-Deposit Ratio*** – A 17-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated from January 1, 2019 to December 31, 2020, and a sample of small business loans originated from January 1, 2021 to December 31, 2021 were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated in the assessment area from January 1, 2019 to December 31, 2020, and a sample of small business loans originated in the assessment area from January 1, 2021 to December 31, 2021, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.

- ***Lending to Borrowers of Different Income and to Businesses of Different Sizes*** – The bank’s HMDA-reportable loans originated in the assessment area from January 1, 2019 to December 31, 2020, and a sample of small business loans originated in the assessment area from January 1, 2021 to December 31, 2021, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

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

DESCRIPTION OF INSTITUTION

Hendricks County Bank and Trust Company (HCBT) is a wholly owned subsidiary of Midstate Financial Corporation, headquartered in Brownsburg, Indiana. As of December 31, 2021, the bank had total assets of \$217.3 million and gross loans of \$102.1 million. HCBT maintains one full-service office in Brownsburg, Indiana, which has a full-service automated teller machine (ATM). The bank also operates four additional branches in Brownsburg, Danville, Plainfield, and Avon. Each branch operates a full-service ATM. HCBT serves its assessment area primarily as a commercial and residential real estate lender. This is accomplished through a range of standard loan products which include in-house and secondary market loans; home equity lines of credit; interest only, variable rate, jumbo, construction temporary, and balloon loans; and commercial and agricultural loans. Further, HCBT offers standard deposit products such as demand deposits, savings, negotiable order of withdrawal (NOW) accounts, money market deposit accounts (MMDA), individual retirement accounts (IRAs), and certificates of deposit with various terms. As demonstrated in the table below, HCBT’s agricultural, commercial, residential real estate, and consumer lending represent 6.3 percent, 61.6 percent, 29.5 percent, and 2.3 percent, respectively, of the total loan portfolio by dollar volume.

According to the Federal Deposit Insurance Corporation (FDIC) Market Share Report as of June 30, 2021, HCBT held 5.2 percent of deposit market share, and ranked eighth of 17 FDIC-insured financial institutions in Hendricks County, Indiana. Based on deposit market share, the largest competitors in the assessment area are JP Morgan Chase N.A. (18.8 percent), PNC Bank N.A. (14.1 percent), and First Merchants Bank (12.1 percent).

| Composition of Loan Portfolio As of December 31, 2021 | | |
|--|-----------------------------------|-----------------------|
| Loan Type | Dollar Volume (\$ in 000s) | % Of Portfolio |
| Agricultural | 6,461 | 6.3 |
| Commercial | 62,850 | 61.6 |
| Residential Real Estate | 30,077 | 29.5 |
| Consumer | 2,354 | 2.3 |
| Other | 363 | 0.4 |
| Total | 102,105 | 100.0 |
| <i>Note: Percentages may not total to 100.0 percent due to rounding.</i> | | |

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

The bank was rated satisfactory under the CRA at its previous evaluation conducted on March 5, 2018.

DESCRIPTION OF ASSESSMENT AREA¹

HCBT’s assessment area is comprised of Hendricks County, Indiana in its entirety. Hendricks County includes the towns of Brownsburg, Avon, Danville, and Plainfield, in the state of Indiana. The assessment area is located in the Indianapolis MSA and consists of two moderate-income, ten middle-income, and nine upper-income census tracts. One of the bank’s branches is in a moderate-income census tract, with the bank’s main office and two additional branches located in middle-income census tracts. Lastly, one of the bank’s branches is in an upper-income census tract. HCBT’s assessment area has not changed since the previous examination.

Assessment area demographic information is presented in the table below.

¹ Census tract designations are based on American Community Survey income data. For years 2017 and after, the designations are based on 2011-2015 ACS data. For years 2016 and before, the designations are based on 2006-2010 ACS data. For examinations that include performance before and after 2017, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

| Assessment Area: 2021 Indianapolis-Carmel-Anderson, IN MSA 26900 | | | | | | | | |
|--|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 4,496 | 11.0 |
| Moderate-income | 2 | 9.5 | 2,880 | 7.0 | 378 | 13.1 | 6,653 | 16.2 |
| Middle-income | 10 | 47.6 | 14,776 | 36.1 | 580 | 3.9 | 8,919 | 21.8 |
| Upper-income | 9 | 42.9 | 23,315 | 56.9 | 384 | 1.6 | 20,903 | 51.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 21 | 100.0 | 40,971 | 100.0 | 1,342 | 3.3 | 40,971 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 4,219 | 2,096 | 4.8 | 49.7 | 1,763 | 41.8 | 360 | 8.5 |
| Middle-income | 22,366 | 16,570 | 37.8 | 74.1 | 4,385 | 19.6 | 1,411 | 6.3 |
| Upper-income | 31,031 | 25,185 | 57.4 | 81.2 | 4,653 | 15.0 | 1,193 | 3.8 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 57,616 | 43,851 | 100.0 | 76.1 | 10,801 | 18.7 | 2,964 | 5.1 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 730 | 11.2 | 644 | 10.6 | 80 | 21.7 | 6 | 7.9 |
| Middle-income | 2,280 | 35.1 | 2,149 | 35.5 | 95 | 25.8 | 36 | 47.4 |
| Upper-income | 3,492 | 53.7 | 3,265 | 53.9 | 193 | 52.4 | 34 | 44.7 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 6,502 | 100.0 | 6,058 | 100.0 | 368 | 100.0 | 76 | 100.0 |
| | Percentage of Total Businesses: | | 93.2 | | 5.7 | | 1.2 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 5 | 3.2 | 5 | 3.3 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 112 | 72.3 | 108 | 71.5 | 4 | 100.0 | 0 | 0.0 |
| Upper-income | 38 | 24.5 | 38 | 25.2 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 155 | 100.0 | 151 | 100.0 | 4 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | 97.4 | | 2.6 | | 0.0 | |
| 2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Population Change

As presented in the table below, the assessment area has experienced moderate growth in population from 2010 to 2015, according to the American Community Survey. Population growth in Hendricks County has slightly outpaced the Indianapolis MSA as a whole, which had an increase in population of 3.3 percent over the same period. Additionally, the assessment area population has grown at a faster rate than the state of Indiana, in which population increased only 1.3 percent from 2010 to 2015. Community representatives noted that population has increased throughout the Indianapolis MSA, but there has not been substantial growth, and there is a need to continue to attract people to the area.

| Population Change | | | |
|---|-----------------|-----------------|-------------------|
| Area | 2010 Population | 2015 Population | Percentage Change |
| Assessment Area | 145,448 | 153,435 | 5.5 |
| Indianapolis-Carmel-Anderson, IN MSA | 1,887,877 | 1,950,674 | 3.3 |
| State of Indiana | 6,483,802 | 6,568,645 | 1.3 |
| <i>Source: 2010—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey</i> | | | |

Income Characteristics

The table below presents median family income (MFI) for the assessment area (Hendricks County) compared to the Indianapolis MSA and the state of Indiana. From 2010 to 2015, the assessment area experienced a slight decrease of 2.0 percent in MFI. Over the same period, MFI in the Indianapolis MSA and the state fell more precipitously with a decline of 5.1 percent and 4.8 percent, respectively. Community representatives indicated that although there was an overall decrease in MFI over the period, there has been some recovery since 2015. Specifically, income has grown for individuals with some college education or an advanced degree, and the decrease in MFI over the period in the table below may have been attributed to an increase in manufacturing and retail jobs in the area, which tend to be lower wage industries. Overall, community representatives indicated this was not a trend that has continued since 2015, and many organizations have raised wages recently.

| Median Family Income Change 2010 and 2015 | | | |
|--|---------------------------|---------------------------|-------------------|
| Area | 2010 Median Family Income | 2015 Median Family Income | Percentage Change |
| Assessment Area | \$84,282 | \$82,554 | -2.0 |
| Indianapolis-Carmel-Anderson, IN MSA | \$70,415 | \$66,803 | -5.1 |
| State of Indiana | \$64,187 | \$61,119 | -4.8 |
| <i>Source: 2006 - 2010 U.S. Census Bureau American Community Survey 2011 - 2015 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.</i> | | | |

Housing Characteristics

Of the 57,616 housing units within the assessment area, 76.1 percent are owner-occupied, 18.8 percent are rental units, and 5.1 percent are vacant housing units. Of the owner-occupied housing units in the assessment area, 4.8 percent are located in moderate-income census tracts, 37.8 percent are in middle-income census tracts, and 57.4 percent are in upper-income census tracts. Because the majority of owner-occupied housing units are in upper- and middle-income census tracts in the assessment area, there could be less opportunity for home mortgage lending in moderate-income census tracts.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix D – Glossary. A higher ratio generally suggests more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratio for the assessment area was 0.43, which is higher than the Indianapolis MSA (0.37) and the state (0.40), suggesting that housing is more affordable in the assessment area than in the MSA and state.

The table below represents the housing cost burden for individuals in the assessment area, Indianapolis MSA, and the state of Indiana. Renters and homeowners who spend 30.0 percent or more of the household’s income on housing costs are considered overburdened. As shown in the table below, low- and moderate-income renters throughout all geographies have a higher cost burden than low- and moderate-income homeowners. Notably, moderate-income renters, and low- and moderate-income homeowners have a higher housing cost burden (spend more of their income on housing) in the assessment area than in the Indianapolis MSA and the state of Indiana. Low-income renters in the assessment area are the exception, in which the 75.1 percent cost burden is lower than the Indianapolis MSA, but still higher than the state.

Community representatives noted that the demand for affordable housing is high throughout the assessment area and Indianapolis MSA. Specifically, the recent surge in single-family home prices has caused affordability issues and families are unable to move from rental housing to homeownership. Additionally, community representatives indicated that many apartment housing developers are beginning construction to meet demand throughout the Indianapolis MSA.

| 2020 Housing Cost Burden | | | | | | |
|---|---------------------------|---------------------|-------------|--------------------------|---------------------|------------|
| Area | Cost Burden (%) - Renters | | | Cost Burden (%) - Owners | | |
| | Low- Income | Moderate- Income | All Renters | Low- Income | Moderate- Income | All Owners |
| Assessment Area | 75.1 | 48.9 | 35.6 | 66.6 | 40.2 | 15.9 |
| Indianapolis-Carmel-Anderson, IN MSA | 77.8 | 33.4 | 44.0 | 63.7 | 31.2 | 17.1 |
| State of Indiana | 74.3 | 33.4 | 41.9 | 59.5 | 28.0 | 16.1 |
| <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), 2013-2017 Comprehensive Housing Affordability Strategy</i> | | | | | | |

Employment Conditions

As presented in the table below, unemployment rates in Hendricks County, the Indianapolis MSA, and the state of Indiana steadily declined from 2016 to 2019. In 2020, all geographies experienced increases in unemployment due to job losses associated with the COVID-19 pandemic. Of note, unemployment rates in the assessment area have remained below those of the Indianapolis MSA and the state from 2016 to 2020. Community representatives discussed that unemployment increased significantly in 2020 due to the COVID-19 pandemic but has decreased as many businesses have reopened. Representatives indicated that, like much of the country, all areas throughout the Indianapolis MSA are experiencing worker shortages, and continued engagement with small businesses to ensure their survival is necessary.

| Unemployment Rates (%) | | | | | |
|---|------|------|------|------|------|
| Region | 2016 | 2017 | 2018 | 2019 | 2020 |
| Assessment Area | 3.4 | 2.9 | 2.8 | 2.6 | 5.0 |
| Indianapolis-Carmel-Anderson, IN MSA | 4.0 | 3.3 | 3.2 | 2.9 | 6.6 |
| State of Indiana | 4.4 | 3.5 | 3.4 | 3.2 | 7.1 |
| <i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i> | | | | | |

Community Representatives

Two community organizations with a focus on economic development and affordable housing were contacted to better understand the credit needs of the assessment area. Community representatives indicated that local areas are continuing to recover from the COVID-19 pandemic, but small businesses have struggled due to the slowdown of government-related COVID-19 relief and understaffing due to worker shortages. Additionally, representatives discussed the need for affordable housing in the area, noting the recent surge in home prices has exacerbated barriers to affordable housing. Representatives indicated that financial institutions in the area are willing to lend to the community and support community needs, but that opportunities exist to work with developers of affordable housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Hendricks County Bank and Trust Company's performance relative to the lending test is rated satisfactory. The lending test is rated satisfactory based on the following factors: the loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the assessment area credit needs; a majority of loans were originated inside the assessment area; the geographic distribution of loans reflects reasonable dispersion throughout the assessment area; and the bank demonstrated

reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers, and businesses of different revenue sizes.

Loan-to-Deposit Ratio

HCBT’s loan-to-deposit (LTD) ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. The table below presents the bank’s 17-quarter average LTD ratio from December 31, 2017 to December 31, 2021 in comparison to local competitors. The bank’s average LTD ratio has decreased since the previous examination when it was 65.8 percent. The bank has had significant deposit growth since the previous examination and greater cash retention by account holders due to the COVID-19 pandemic. These factors, coupled with competition in the assessment area and limited loan demand, have put downward pressure on the bank’s LTD ratio. As shown below, the bank’s LTD ratio remains lower than all local competitors apart from First National Bank.

| Comparative Loan-to-Deposit Ratios December 31, 2017 to December 31, 2021 | |
|--|---|
| Institution | Loan-to-Deposit Ratio (%) 17 – Quarter Average |
| Hendricks County Bank and Trust Company | 63.5 |
| Local Peer - Avg | 74.9 |
| Competitors | |
| First Merchants Bank | 84.0 |
| Citizens Bank | 77.5 |
| First National Bank | 52.2 |
| State Bank | 83.2 |
| North Salem State Bank | 83.7 |
| Home Bank | 69.0 |

Assessment Area Concentration

A majority of loans were originated in the assessment area. As presented in the table below, 60.7 percent of the bank’s total loans by number and 63.5 percent by dollar amount were originated in the assessment area. Further, 66.9 percent by number (71.5 percent by dollar amount) of HCBT’s HMDA-related loans were made in the assessment area. The bank’s small business lending was not as concentrated in the assessment area, in which only 41.9 percent by number and 35.7 percent by dollar amount of small business loans were originated in the assessment area. However, given the majority of the bank’s total loans were originated in the assessment area, the bank’s assessment area concentration is adequate.

| Lending Inside and Outside the Assessment Area | | | | | | | | |
|---|---------------|-------------|-----------------|-------------|----------------|-------------|-----------------|-------------|
| Loan Type | Inside | | | | Outside | | | |
| | # | % | \$(000s) | % | # | % | \$(000s) | % |
| Home Purchase - Conventional | 21 | 63.6 | 3,944 | 76.2 | 12 | 36.4 | 1,234 | 23.8 |
| Multi-Family Housing | 5 | 62.5 | 2,330 | 72.7 | 3 | 37.5 | 877 | 27.3 |
| Refinancing | 61 | 68.5 | 10,376 | 69.7 | 28 | 31.5 | 4,511 | 30.3 |
| Total HMDA related | 87 | 66.9 | 16,650 | 71.5 | 43 | 33.1 | 6,622 | 28.5 |
| Small Business | 18 | 41.9 | 2,393 | 35.7 | 25 | 58.1 | 4,319 | 64.3 |
| Total Small Business related | 18 | 41.9 | 2,393 | 35.7 | 25 | 58.1 | 4,319 | 64.3 |
| Total Loans | 105 | 60.7 | 19,043 | 63.5 | 68 | 39.3 | 10,941 | 36.5 |

Geographic Distribution of Loans

The geographic distribution of HMDA-reportable loans and a sample of small business loans reflects reasonable dispersion throughout the assessment area. With respect to dispersion of lending to various census tracts throughout the assessment area, HCBT’s performance was adequate. In 2020, the bank originated HMDA loans in 85.7 percent of its census tracts, including 100.0 percent of its moderate-income census tracts. In 2021, the bank originated small business loans in 47.6 percent of its census tracts. Furthermore, HCBT originated small business loans in 50.0 percent of its moderate-income census tracts. The dispersion of small business loans is adequate; however, opportunities exist for small business lending throughout the entirety of the assessment area. Overall, there were no conspicuous unexplained gaps in contiguous census tracts. Therefore, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

HMDA-Reportable Lending

Geographic distribution of HMDA-reportable loans reflects reasonable distribution throughout the assessment area. Of the total HMDA-reportable loans originated in 2020, HCBT originated 8.2 percent in moderate-income census tracts, outperforming the aggregate of lenders (3.9 percent) and exceeding the percentage of owner-occupied housing in moderate-income census tracts (4.8 percent). The bank originated 36.1 percent of its HMDA loans in middle-income census tracts, again outperforming the aggregate of lenders (31.7 percent), but consistent with the percentage of owner-occupied units in middle-income census tracts (37.8 percent). HCBT originated the majority of its HMDA-reportable loans in upper-income census tracts (55.7 percent), which is below the aggregate of lenders (64.3 percent) but consistent with the percentage of owner-occupied units in the assessment area (57.4 percent). The bank’s HMDA-reportable lending was similar in 2019. Please reference Appendix B for 2019 geographic distribution tables. Note, in the discussion below of HMDA-reportable lending, home improvement lending and other purpose lending will not be discussed, as the volume for these loans is negligible and not a primary focus of the bank’s residential real estate lending products.

Home Purchase Loans

In 2020, HCBT originated no home purchase loans in moderate-income census tracts. This is lower than the aggregate of lenders which originated 4.5 percent of loans in moderate-income census tracts. However, only 4.8 percent of owner-occupied units in moderate-income census tracts. HCBT originated 72.7 percent of its home purchase loans in middle-income census tracts, significantly above the aggregate of lenders (31.6 percent) and the percentage of owner-occupied units (37.8 percent). The bank originated only three loans, or 27.3 percent, in upper-income census tracts which is below the aggregate of lenders (64.0 percent) and the percentage of owner-occupied units (57.4 percent).

Refinance Loans

HCBT's 2020 HMDA-reportable loans are primarily made up of refinance loans. Refinance loans accounted for 77.0 percent of the bank's HMDA-reportable lending in 2020, and of the total refinance loans, HCBT originated 6.4 percent in moderate-income census tracts. The bank outperformed both the aggregate of lenders and the percentage of owner-occupied units in moderate-income tracts at 3.5 percent and 4.8 percent, respectively. In middle-income census tracts, HCBT originated 27.7 percent of its refinance loans, below both the aggregate (31.5 percent) and the percentage of owner-occupied units in these tracts (37.8 percent). The bank originated 66.0 percent of its refinance loans in upper-income census tracts, consistent with the aggregate (65.1 percent) and above the percentage of owner-occupied units (57.4 percent).

Multifamily Loans

HCBT originated 66.7 percent of its multifamily loans in moderate-income census tracts, outperforming both the aggregate of lenders (26.7 percent) and the percentage of multifamily units in the assessment area (23.8 percent). In middle-income census tracts, the bank originated 33.3 percent of its multifamily loans which was lower than the aggregate of lenders (66.7 percent) and slightly higher than the percentage of multifamily units in middle-income tracts (29.7 percent). The bank originated no multifamily loans in upper-income census tracts.

The following table presents the geographic distribution of HMDA-reportable loans in the assessment area in 2020.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|-----------|--------------|--------------|---------------|---------------------------|---------------------|
| Assessment Area: 2020 Indianapolis-Carmel-Anderson, IN MSA 26900 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Owner Occupied % of Units | |
| | | 2020 | | | Dollar | | | |
| | | Count Bank | Agg | Dollar Bank | Agg | | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 4.5 | 0 | 0.0 | 3.8 | 4.8 |
| | Middle | 8 | 72.7 | 31.6 | 1,086 | 54.9 | 29.1 | 37.8 |
| | Upper | 3 | 27.3 | 64.0 | 893 | 45.1 | 67.1 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 11 | 100.0 | 100.0 | 1,979 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 3 | 6.4 | 3.5 | 490 | 5.9 | 2.8 | 4.8 |
| | Middle | 13 | 27.7 | 31.5 | 2,003 | 24.2 | 30.5 | 37.8 |
| | Upper | 31 | 66.0 | 65.1 | 5,775 | 69.8 | 66.7 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 47 | 100.0 | 100.0 | 8,268 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 4.0 | 0 | 0.0 | 5.4 | 4.8 |
| | Middle | 0 | 0.0 | 37.1 | 0 | 0.0 | 38.4 | 37.8 |
| | Upper | 0 | 0.0 | 58.9 | 0 | 0.0 | 56.3 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 0.0 |
| | Moderate | 2 | 66.7 | 26.7 | 1,054 | 81.1 | 25.6 | 23.8 |
| | Middle | 1 | 33.3 | 66.7 | 245 | 18.9 | 58.5 | 29.7 |
| | Upper | 0 | 0.0 | 6.7 | 0 | 0.0 | 15.9 | 46.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 3 | 100.0 | 100.0 | 1,299 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 4.7 | 0 | 0.0 | 3.2 | 4.8 |
| | Middle | 0 | 0.0 | 37.0 | 0 | 0.0 | 39.1 | 37.8 |
| | Upper | 0 | 0.0 | 58.3 | 0 | 0.0 | 57.7 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 5.3 | 0 | 0.0 | 5.1 | 4.8 |
| | Middle | 0 | 0.0 | 36.2 | 0 | 0.0 | 28.7 | 37.8 |
| | Upper | 0 | 0.0 | 58.5 | 0 | 0.0 | 66.3 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 6.7 | 0 | 0.0 | 5.4 | 4.8 |
| | Middle | 0 | 0.0 | 27.9 | 0 | 0.0 | 23.6 | 37.8 |
| | Upper | 0 | 0.0 | 65.4 | 0 | 0.0 | 70.9 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 5 | 8.2 | 3.9 | 1,544 | 13.4 | 4.4 | 4.8 |
| | Middle | 22 | 36.1 | 31.7 | 3,334 | 28.9 | 31.4 | 37.8 |
| | Upper | 34 | 55.7 | 64.3 | 6,668 | 57.8 | 64.2 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 61 | 100.0 | 100.0 | 11,546 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Small Business Lending

The geographic distribution of small business lending reflects reasonable dispersion throughout the assessment area. HCBT originated 5.6 percent of its small business loans by number and 14.1 percent by dollar amount in moderate-income census tracts. This is percentage of loans by number is slightly below the 11.2 percent of total businesses in moderate-income census tracts. In middle-income census tracts, the bank originated 38.9 percent of its small business loans by number (28.7 percent by dollar), which is consistent with the 35.1 percent of businesses located in middle-income census tracts. Lastly, the bank originated 55.6 percent of its small business loans by number, and 57.3 percent by dollar amount in upper-income census tracts. This is consistent with the 53.7 percent of businesses located in upper-income census tracts in the assessment area.

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

| Geographic Distribution of Small Business Loans | | | | | | |
|--|---------------------|-------------------------------|--------------|--------------|--------------|------------------|
| Assessment Area: 2021 Indianapolis-Carmel-Anderson, IN MSA 26900 | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | |
| | | 2021 | | | | |
| | | Count Bank | | Dollar Bank | | Total Businesses |
| | | # | % | \$ 000s | \$ % | % |
| Small Business | Low | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 1 | 5.6 | 338 | 14.1 | 11.2 |
| | Middle | 7 | 38.9 | 686 | 28.7 | 35.1 |
| | Upper | 10 | 55.6 | 1,370 | 57.3 | 53.7 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 18 | 100.0 | 2,393 | 100.0 | 100.0 |
| 2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | |

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

The bank’s lending reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

HMDA-Reportable Lending

In 2020, HCBT originated 4.9 percent of its HMDA-reportable loans to low-income borrowers, which is consistent with the aggregate of lenders that originated 4.8 percent of its HMDA loans to low-income borrowers. However, the bank and aggregate fall below the demographic in which 11.0 percent of the families in the assessment area are low-income. HCBT originated 16.4 percent of its loans to moderate-income borrowers, which is consistent with both the aggregate and demographic at 18.0 percent and 16.2 percent, respectively. The bank originated 18.0 percent of its HMDA loans to middle-income borrowers, which is slightly below both the aggregate (22.9

percent) and demographic (21.8 percent). Lastly, to upper-income borrowers, the bank originated 49.2 percent of its HMDA-reportable loans, which is higher than the aggregate of lenders at 34.2 percent, but consistent with the demographic of upper-income families in the assessment area at 51.0 percent. The bank's HMDA-reportable lending was similar in 2019. Please reference Appendix B for 2019 borrower distribution tables. Note, in the discussion below of HMDA-reportable lending, home improvement lending and other purpose lending will not be discussed, as the volume for these loans is negligible for the analysis and not a primary focus of the bank's residential real estate lending products.

Home Purchase Loans

In 2020, HCBT originated 9.1 percent of its home purchase loans to low-income borrowers, which is slightly above the aggregate of lenders (6.0 percent) and consistent with the demographic (11.0 percent). The bank originated no home purchase loans to moderate-income borrowers. The aggregate of lenders originated 24.8 percent of its home purchase loans to moderate-income borrowers, which is above the 16.2 percent of moderate-income families in the assessment area. This represents a potential opportunity for the bank to lend to moderate-income borrowers; however, given the competition in the area, banks with more deposit market share may be meeting the demand. HCBT originated 27.3 percent of its home purchase loans to middle-income borrowers, consistent with the aggregate of lenders (26.3 percent) and slightly higher than the demographic of the assessment area (21.8 percent). The bank originated 54.5 percent of its home purchase loans to upper-income borrowers, outperforming the aggregate of lenders (29.8 percent), but remaining consistent with the percentage of upper-income families in the assessment area (51.0 percent). One loan, or 9.1 percent, was made to a borrower of unknown income, which is below the aggregate lender (13.0 percent).

Refinance Loans

HCBT originated 4.3 percent of its refinance loans to low-income borrowers, consistent with the aggregate of lenders at 4.2 percent, but below the percentage of low-income families in the assessment area (11.0 percent). The bank originated 21.3 percent of its refinance loans to moderate-income borrowers, outperforming both the aggregate of lenders and the demographic at 14.9 percent and 16.2 percent, respectively. To middle-income borrowers, the bank originated 17.0 percent of its refinance loans, slightly underperforming both the aggregate (21.5 percent) and the demographic (21.8 percent). HCBT originated 51.1 percent of its refinance loans to upper-income borrowers, outperforming the aggregate (36.5 percent), but consistent with the 51.0 percent of upper-income families in the assessment area. There were three (6.4 percent) loans made to borrowers of unknown income, significantly below the aggregate of lenders which made 36.5 percent of refinance loans to borrowers of unknown income.

Multifamily Loans

HCBT originated its three multifamily loans to borrowers of unknown income. These borrowers are likely businesses providing rental housing throughout the assessment area. This is consistent with the aggregate lender, and as stated by community representatives, supports the need for new housing, as new housing developments have begun construction in the area.

The following table presents the borrower distribution of HMDA-reportable loans in the assessment area in 2020.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|---------------|--------------|-----------------------------|--------------|
| Assessment Area: 2020 Indianapolis-Carmel-Anderson, IN MSA 26900 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | Families by Family Income % | |
| | | Count | | Agg | Dollar | | | Agg |
| | | # | % | | Bank | Agg | | |
| | | Bank | % | \$ (000s) | \$ % | \$ % | | |
| Home Purchase | Low | 1 | 9.1 | 6.0 | 82 | 4.1 | 3.9 | |
| | Moderate | 0 | 0.0 | 24.8 | 0 | 0.0 | 21.1 | |
| | Middle | 3 | 27.3 | 26.3 | 570 | 28.8 | 25.7 | |
| | Upper | 6 | 54.5 | 29.8 | 1,207 | 61.0 | 36.7 | |
| | Unknown | 1 | 9.1 | 13.0 | 120 | 6.1 | 12.6 | |
| | Total | 11 | 100.0 | 100.0 | 1,979 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 2 | 4.3 | 4.2 | 178 | 2.2 | 2.4 | |
| | Moderate | 10 | 21.3 | 14.9 | 1,440 | 17.4 | 11.0 | |
| | Middle | 8 | 17.0 | 21.5 | 971 | 11.7 | 19.0 | |
| | Upper | 24 | 51.1 | 36.5 | 5,113 | 61.8 | 42.8 | |
| | Unknown | 3 | 6.4 | 23.0 | 566 | 6.8 | 24.9 | |
| | Total | 47 | 100.0 | 100.0 | 8,268 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 4.5 | 0 | 0.0 | 2.8 | |
| | Moderate | 0 | 0.0 | 15.5 | 0 | 0.0 | 11.7 | |
| | Middle | 0 | 0.0 | 26.8 | 0 | 0.0 | 24.2 | |
| | Upper | 0 | 0.0 | 50.7 | 0 | 0.0 | 57.7 | |
| | Unknown | 0 | 0.0 | 2.6 | 0 | 0.0 | 3.6 | |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Unknown | 3 | 100.0 | 100.0 | 1,299 | 100.0 | 100.0 | |
| | Total | 3 | 100.0 | 100.0 | 1,299 | 100.0 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 6.3 | 0 | 0.0 | 3.8 | |
| | Moderate | 0 | 0.0 | 15.0 | 0 | 0.0 | 12.7 | |
| | Middle | 0 | 0.0 | 23.2 | 0 | 0.0 | 21.1 | |
| | Upper | 0 | 0.0 | 52.8 | 0 | 0.0 | 61.0 | |
| | Unknown | 0 | 0.0 | 2.8 | 0 | 0.0 | 1.3 | |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 4.3 | 0 | 0.0 | 1.7 | |
| | Moderate | 0 | 0.0 | 21.3 | 0 | 0.0 | 14.3 | |
| | Middle | 0 | 0.0 | 24.5 | 0 | 0.0 | 18.4 | |
| | Upper | 0 | 0.0 | 42.6 | 0 | 0.0 | 58.8 | |
| | Unknown | 0 | 0.0 | 7.4 | 0 | 0.0 | 6.8 | |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 3 | 4.9 | 4.8 | 260 | 2.3 | 2.8 | |
| | Moderate | 10 | 16.4 | 18.0 | 1,440 | 12.5 | 14.0 | |
| | Middle | 11 | 18.0 | 22.9 | 1,541 | 13.3 | 20.3 | |
| | Upper | 30 | 49.2 | 34.2 | 6,320 | 54.7 | 38.3 | |
| | Unknown | 7 | 11.5 | 20.2 | 1,985 | 17.2 | 24.5 | |
| | Total | 61 | 100.0 | 100.0 | 11,546 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Small Business Lending

The distribution of HCBT’s small business loans reflects reasonable penetration among businesses of different sizes. Of the 2021 sample of small business loans, HCBT originated 94.4 percent of their small business loans by number and 99.5 percent by dollar volume to businesses with gross revenues of \$1 million or less. The bank’s small business lending is consistent with the gross revenue composition of businesses in the assessment area, as 93.2 percent of total businesses in the assessment area have revenues of \$1 million or less. Of those loans, the majority (58.8 percent) percent were in amounts of \$100,000 or less, which are considered to be most beneficial to small businesses.

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

| Small Business Lending by Revenue & Loan Size | | | | | | | |
|---|----------------------------------|-------------------------------|-----------|--------------|--------------|------------------|--------------|
| Assessment Area: 2021 Indianapolis-Carmel-Anderson, IN MSA 26900 | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | Count | | 2021 | | Total Businesses | |
| | | Bank | | Dollar | Bank | | |
| # | % | \$ 000s | \$ % | % | | | |
| Small Business | Revenue | \$1 Million or Less | 17 | 94.4 | 2,381 | 99.5 | 93.2 |
| | | Over \$1 Million | 1 | 5.6 | 12 | 0.5 | 5.7 |
| | | Unknown | 0 | 0.0 | 0 | 0.0 | 1.2 |
| | | Total | 18 | 100.0 | 2,393 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 11 | 61.1 | 275 | 11.5 | |
| | | \$100,001 - \$250,000 | 2 | 11.1 | 301 | 12.6 | |
| | | \$250,001 - \$1 Million | 5 | 27.8 | 1,817 | 75.9 | |
| | | Total | 18 | 100.0 | 2,393 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 10 | 58.8 | 264 | 11.1 | |
| | | \$100,001 - \$250,000 | 2 | 11.8 | 301 | 12.6 | |
| | | \$250,001 - \$1 Million | 5 | 29.4 | 1,817 | 76.3 | |
| | | Total | 17 | 100.0 | 2,382 | 100.0 | |

Originations & Purchases
 2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Response to Complaints

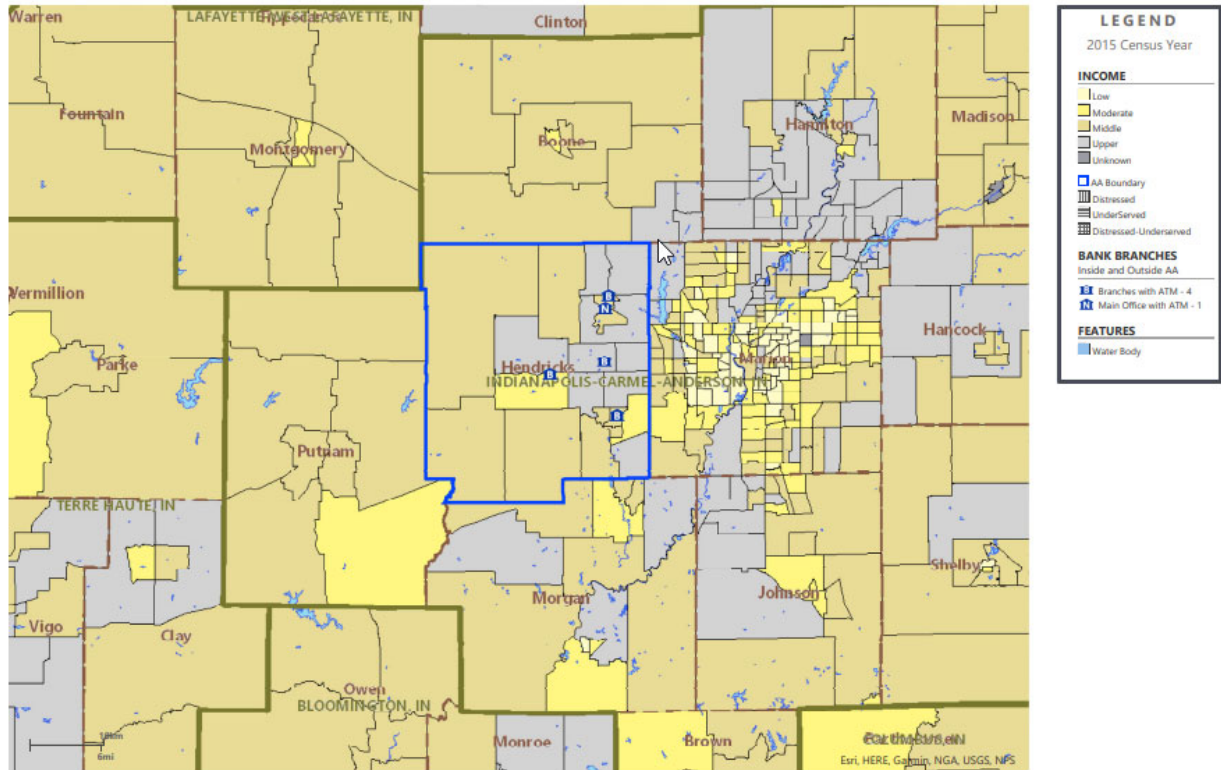
The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A – Map of Assessment Area

Hendricks County Bank and Trust Company 633640
Indianapolis-Carmel-Anderson, IN MSA 26900



APPENDIX B – 2019 Lending Tables

| Geographic Distribution of HMDA Reportable Loans | | | | | | | |
|---|---------------------|-------------------------------------|-----------|--------------|--------------|--------------|---------------------------|
| Assessment Area: 2019 Indianapolis-Carmel-Anderson, IN MSA 26900 | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Owner Occupied % of Units |
| | | 2019 | | 2019 | | | |
| | | Count Bank | Agg | Dollar Bank | Agg | | |
| | | # | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 4.4 | 0 | 0.0 | 4.8 |
| | Middle | 5 | 50.0 | 34.4 | 690 | 35.1 | 37.8 |
| | Upper | 5 | 50.0 | 61.2 | 1,275 | 64.9 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 10 | 100.0 | 100.0 | 1,965 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 3.8 | 0 | 0.0 | 4.8 |
| | Middle | 6 | 42.9 | 30.9 | 898 | 42.6 | 37.8 |
| | Upper | 8 | 57.1 | 65.2 | 1,210 | 57.4 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 14 | 100.0 | 100.0 | 2,108 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 4.0 | 0 | 0.0 | 4.8 |
| | Middle | 0 | 0.0 | 37.7 | 0 | 0.0 | 37.8 |
| | Upper | 0 | 0.0 | 58.3 | 0 | 0.0 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 1 | 50.0 | 36.4 | 764 | 74.1 | 23.8 |
| | Middle | 1 | 50.0 | 36.4 | 267 | 25.9 | 29.7 |
| | Upper | 0 | 0.0 | 27.3 | 0 | 0.0 | 46.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 1,031 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 4.6 | 0 | 0.0 | 4.8 |
| | Middle | 0 | 0.0 | 35.2 | 0 | 0.0 | 37.8 |
| | Upper | 0 | 0.0 | 60.2 | 0 | 0.0 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 5.5 | 0 | 0.0 | 4.8 |
| | Middle | 0 | 0.0 | 34.6 | 0 | 0.0 | 37.8 |
| | Upper | 0 | 0.0 | 59.8 | 0 | 0.0 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 3.2 | 0 | 0.0 | 4.8 |
| | Middle | 0 | 0.0 | 29.1 | 0 | 0.0 | 37.8 |
| | Upper | 0 | 0.0 | 67.7 | 0 | 0.0 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 1 | 3.8 | 4.2 | 764 | 15.0 | 4.8 |
| | Middle | 12 | 46.2 | 33.2 | 1,855 | 36.3 | 37.8 |
| | Upper | 13 | 50.0 | 62.6 | 2,485 | 48.7 | 57.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 26 | 100.0 | 100.0 | 5,104 | 100.0 |

Originations & Purchases
 2016 FFIEC Census Data
 Note: Percentages may not add to 100.0 percent due to rounding

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|-----------------------------|
| Assessment Area: 2019 Indianapolis-Carmel-Anderson, IN MSA 26900 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2019 | | | Dollar | | | |
| | | Count Bank | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 6.6 | 0 | 0.0 | 4.2 | 11.0 |
| | Moderate | 1 | 10.0 | 23.2 | 44 | 2.2 | 18.3 | 16.2 |
| | Middle | 2 | 20.0 | 24.6 | 222 | 11.3 | 23.9 | 21.8 |
| | Upper | 5 | 50.0 | 33.3 | 1,242 | 63.2 | 41.6 | 51.0 |
| | Unknown | 2 | 20.0 | 12.3 | 457 | 23.3 | 12.1 | 0.0 |
| | Total | | 10 | 100.0 | 100.0 | 1,965 | 100.0 | 100.0 |
| Refinance | Low | 2 | 14.3 | 6.0 | 210 | 10.0 | 3.6 | 11.0 |
| | Moderate | 2 | 14.3 | 16.5 | 219 | 10.4 | 11.8 | 16.2 |
| | Middle | 3 | 21.4 | 21.7 | 188 | 8.9 | 19.2 | 21.8 |
| | Upper | 6 | 42.9 | 35.6 | 1,299 | 61.6 | 42.0 | 51.0 |
| | Unknown | 1 | 7.1 | 20.2 | 192 | 9.1 | 23.3 | 0.0 |
| | Total | | 14 | 100.0 | 100.0 | 2,108 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 5.9 | 0 | 0.0 | 5.0 | 11.0 |
| | Moderate | 0 | 0.0 | 18.7 | 0 | 0.0 | 16.5 | 16.2 |
| | Middle | 0 | 0.0 | 24.3 | 0 | 0.0 | 23.9 | 21.8 |
| | Upper | 0 | 0.0 | 50.3 | 0 | 0.0 | 54.1 | 51.0 |
| | Unknown | 0 | 0.0 | 0.8 | 0 | 0.0 | 0.4 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 11.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 16.2 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.8 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 51.0 |
| | Unknown | 2 | 100.0 | 100.0 | 1,031 | 100.0 | 100.0 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 1,031 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 9.9 | 0 | 0.0 | 5.6 | 11.0 |
| | Moderate | 0 | 0.0 | 19.8 | 0 | 0.0 | 17.1 | 16.2 |
| | Middle | 0 | 0.0 | 22.8 | 0 | 0.0 | 23.7 | 21.8 |
| | Upper | 0 | 0.0 | 46.0 | 0 | 0.0 | 51.6 | 51.0 |
| | Unknown | 0 | 0.0 | 1.5 | 0 | 0.0 | 2.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 4.7 | 0 | 0.0 | 2.0 | 11.0 |
| | Moderate | 0 | 0.0 | 17.3 | 0 | 0.0 | 14.6 | 16.2 |
| | Middle | 0 | 0.0 | 22.8 | 0 | 0.0 | 22.0 | 21.8 |
| | Upper | 0 | 0.0 | 52.8 | 0 | 0.0 | 57.6 | 51.0 |
| | Unknown | 0 | 0.0 | 2.4 | 0 | 0.0 | 3.9 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 11.0 |
| | Moderate | 0 | 0.0 | 0.6 | 0 | 0.0 | 0.0 | 16.2 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.8 |
| | Upper | 0 | 0.0 | 1.9 | 0 | 0.0 | 4.3 | 51.0 |
| | Unknown | 0 | 0.0 | 97.5 | 0 | 0.0 | 95.7 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 2 | 7.7 | 6.3 | 210 | 4.1 | 3.9 | 11.0 |
| | Moderate | 3 | 11.5 | 19.7 | 263 | 5.2 | 15.4 | 16.2 |
| | Middle | 5 | 19.2 | 22.9 | 410 | 8.0 | 21.6 | 21.8 |
| | Upper | 11 | 42.3 | 35.3 | 2,541 | 49.8 | 41.5 | 51.0 |
| | Unknown | 5 | 19.2 | 15.7 | 1,680 | 32.9 | 17.6 | 0.0 |
| | Total | | 26 | 100.0 | 100.0 | 5,104 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

APPENDIX C – Scope of Examination

| SCOPE OF EXAMINATION | | | |
|--|-------------------------------|---|---|
| TIME PERIOD REVIEWED | | HMDA-Reportable Loans: January 1, 2019 – December 31, 2020 Small Business Loans: January 1, 2021 – December 31, 2021 | |
| FINANCIAL INSTITUTION Hendricks County Bank and Trust Company | | | PRODUCTS REVIEWED HMDA-Reportable Loans Small Business Loans |
| AFFILIATE(S) | AFFILIATE RELATIONSHIP | | PRODUCTS REVIEWED |
| None | N/A | | N/A |
| LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION | | | |
| ASSESSMENT AREA | TYPE OF EXAMINATION | BRANCHES VISITED | OTHER INFORMATION |
| Hendricks County, IN This assessment area is located within the Indianapolis-Carmel-Anderson, IN Metropolitan Statistical Area (MSA) #26900 | Full scope | None | N/A |

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.²

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

² Source: FFIEC press release dated October 19, 2011.

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 regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

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

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

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

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

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

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

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

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

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

Consumer loan: A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, other consumer secured loan, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement not secured.

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

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

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

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

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

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

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

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

Income Level: Income level means:

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

income, or a median family income that is at least 120 percent in the case of a census tract.

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

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

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

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

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

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

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

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

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

more bordering states is called a multistate metropolitan statistical area.

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

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

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

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

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

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

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

Small Farm: This term refers to a loan that is included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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