

PUBLIC DISCLOSURE

February 27, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Garrett State Bank
RSSD# 465243

120 West King Street
Garrett, Indiana 46738

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

Garrett State Bank is rated Satisfactory.

Garrett State Bank's performance in meeting the credit needs of its community is satisfactory considering the bank's size, locations, and economic environment of its assessment areas. 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 Home Mortgage Disclosure Act (HMDA)-reportable and small business loans are originated in the bank's delineated assessment areas. The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of different revenue sizes. Neither Garrett State Bank nor this Reserve Bank received any Community Reinvestment Act (CRA) related complaints since the previous evaluation.

SCOPE OF EXAMINATION

Garret State Bank's performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Small Institution CRA Examination Procedures. Performance was evaluated in the context of information about the institution and its assessment areas, including the bank's asset size, financial condition, competition, and economic and demographic characteristics.

The bank maintains the following two delineated assessment areas within the state of Indiana: Fort Wayne, Indiana Metropolitan Statistical Area (MSA) #23060 and Indiana Non-Metropolitan Statistical Area (Non-MSA). A full scope evaluation was conducted for both assessment areas based on the bank's deposit market share, branch concentration, lending volume, and analysis at previous evaluations. The evaluations were weighted equally based on lending volume.

Loan products reviewed include HMDA-reportable loans originated from January 1, 2020 through December 31, 2021 and a sample of small business loans originated from January 1, 2021 through December 31, 2021. As the bank is primarily a residential real estate lender, greater emphasis of the lending analysis was placed on the bank's HMDA-reportable loans over the limited sample of small business loans reviewed during the evaluation period.

Performance within the designated assessment areas was evaluated using small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – An 18-quarter average loan-to-deposit ratio ending September 30, 2022 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, 2020 through December 31, 2021, and a sample of small business loans originated from January 1, 2021 through December 31, 2021 were reviewed to determine the percentage of loans originated within the assessment areas.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank’s HMDA-reportable loans originated from January 1, 2020 through December 31, 2021, and a sample of small business loans originated from January 1, 2021 through 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 from January 1, 2020 through December 31, 2021, and a sample of small business loans originated from January 1, 2021 through December 31, 2021 were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

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

DESCRIPTION OF INSTITUTION

Garrett State Bank is a wholly owned subsidiary of G.S.B. Financial Corporation, a one-bank holding company, headquartered in Garrett, Indiana. The bank operates a main office and full-service automated teller machine (ATM) in Garrett, Indiana which is approximately 15 miles north of Fort Wayne, Indiana. The bank maintains three additional branches, each with a full-service ATM, located in Garrett, Ashley, and Fort Wayne, Indiana. In addition to its network of branches and ATMs, the bank maintains a website at www.garrettstatebank.com that provides typical information on loan products, loan and deposit account rates, and access to online banking.

According to the Uniform Bank Performance Report (UBPR), the bank reported total assets of \$320.5 million as of September 30, 2022. Garrett State Bank is primarily a residential real estate lender as residential real estate loans comprised 76.3 percent of the bank’s loan portfolio followed by commercial loans at 17.8 percent. The bank offers a full range of traditional deposit and credit products to meet the needs of its assessment areas.

Details of the allocation of the bank’s loan portfolio are provided in the following table.

Composition of Loan Portfolio as of September 30, 2022		
Type	Dollar Volume (\$ in 000s)	% of Portfolio
Residential Real Estate	194,357	76.3
Commercial	45,193	17.8
Agricultural	8,787	3.5
Consumer	6,214	2.4
Total	254,551	100.0
<i>Note: Percentages may not total 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 July 16, 2018.

DESCRIPTION OF ASSESSMENT AREA

Garrett State Bank operates within two assessment areas, the Indiana Non-MSA and the Fort Wayne, Indiana MSA #23060. The Fort Wayne, Indiana MSA assessment area is comprised of Allen County in its entirety. Within the Indiana Non-MSA assessment area, the bank includes DeKalb County in its entirety, as well as census tracts 9715.00 and 9716.00 in Steuben County, Indiana. The combined assessment area includes a total of 107 census tracts. Specifically, within the Fort Wayne, Indiana MSA there are 96 census tracts which include 12 low-income, 24 moderate-income, 35 middle-income, 22 upper-income, and three unknown-income tracts. Within the Indiana Non-MSA there are 11 census tracts, of which ten are middle-income and one is an upper-income census tract. None of the census tracts within the bank’s assessment area are designated as distressed or underserved. The combined assessment area is unchanged from the previous performance evaluation on July 16, 2018.

The bank’s low-income census tracts are home to 8,400 families, representing 8.0 percent of all families in the assessment area. While moderate-income census tracts are home to 16,032 families, representing 15.2 percent of all families in the assessment area. A total of 176,406 total housing units are located in the combined assessment area, of which 17,420 (9.9 percent) are located in low-income census tracts and 33,082 (18.8 percent) are located in moderate-income census tracts. Within the low-income census tracts 37.4 percent are owner-occupied, while 44.2 percent are owner-occupied in moderate-income census tracts. This indicates there are sufficient opportunities for home ownership within these tracts.

A total of 17,397 businesses are located in the combined assessment area, of which 1,143 (6.6 percent) are located in low-income census tracts and 3,072 (17.7 percent) are located in moderate-income census tracts. Businesses with gross annual revenues less than \$1 million represent 89.3 percent of total businesses, evidencing numerous opportunities for small business lending in the combined assessment area.

Additional assessment area demographic information is provided in the following table. Please refer to Appendix B for 2020 demographic information.

2021 Combined Assessment Area AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	12	11.2	8,400	8.0	3,304	39.3	21,306	20.2
Moderate	24	22.4	16,032	15.2	3,710	23.1	18,786	17.8
Middle	45	42.1	47,959	45.5	4,171	8.7	23,167	22.0
Upper	23	21.5	32,902	31.2	1,142	3.5	42,244	40.0
Unknown	3	2.8	210	0.2	77	36.7	0	0.0
Total AA	107	100.0	105,503	100.0	12,404	11.8	105,503	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	5.8	37.4	7,774	44.6	3,135	18.0
Moderate	33,082	14,630	13.1	44.2	13,845	41.9	4,607	13.9
Middle	78,926	53,549	47.8	67.8	18,889	23.9	6,488	8.2
Upper	46,209	37,210	33.2	80.5	7,097	15.4	1,902	4.1
Unknown	769	109	0.1	14.2	520	67.6	140	18.2
Total AA	176,406	112,009	100.0	63.5	48,125	27.3	16,272	9.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	1,143	6.6	994	6.4	144	8.5	5	3.1
Moderate	3,072	17.7	2,702	17.4	354	20.8	16	9.9
Middle	7,104	40.8	6,338	40.8	690	40.6	76	46.9
Upper	5,337	30.7	4,937	31.8	344	20.2	56	34.6
Unknown	741	4.3	564	3.6	168	9.9	9	5.6
Total AA	17,397	100.0	15,535	100.0	1,700	100.0	162	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	0.8	4	0.8	0	0.0	0	0.0
Moderate	9	1.9	9	1.9	0	0.0	0	0.0
Middle	334	70.0	329	69.7	5	100.0	0	0.0
Upper	128	26.8	128	27.1	0	0.0	0	0.0
Unknown	2	0.4	2	0.4	0	0.0	0	0.0
Total AA	477	100.0	472	100.0	5	100.0	0	0.0
Percentage of Total Farms:				99.0		1.0		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.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Garrett State Bank’s performance relative to the lending test is Satisfactory. Overall, the bank is meeting the credit needs of its assessment areas based on an analysis of the bank’s lending activities. The loan-to-deposit (LTD) ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. A majority of loans were originated inside the bank’s assessment areas. The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas, and lending activities reflect reasonable penetration among individuals of different income levels and businesses of different revenue sizes. Lastly, no CRA-related complaints were received by the institution nor this Reserve Bank since the previous evaluation.

Loan-to-Deposit Ratio

Garrett State Bank had a reasonable loan-to-deposit ratio (considering seasonal variations) and considering the bank’s size, financial condition, and the credit needs of its assessment area(s). Also considered were demographic factors, the bank’s lending and deposit strategy, economic conditions, and lending opportunities within the assessment area. As of September 30, 2022, the bank’s 18-quarter average LTD ratio was 86.1 percent, which was higher than three of its four local competitors. The LTD ratio is a decrease from the previous examination where the LTD ratio over 17-quarters was 89.8 percent. The following table compares the bank’s LTD ratio to its local competitors.

Comparative Loan-to-Deposit Ratios as of September 30, 2022	
Institution	18-Quarter Average (%)
Garrett State Bank	86.1
Peer Avg – Local	79.0
Union Savings Bank	87.9
First Federal Savings Bank of Angola	79.6
Farmers State Bank	78.8
Campbell & Fetter Bank	69.6

Assessment Area Concentration

Garrett State Bank originated a majority of its HMDA-reportable and small business loans in the bank’s assessment areas. During the evaluation period, the bank originated 81.4 percent of its total loans by volume, and 77.7 percent by dollar amount, inside the bank’s assessment areas. The bank originated 81.0 percent by number and 77.1 percent by dollar of its HMDA-reportable loans inside its assessment areas. The bank originated 85.9 percent by number and 86.8 percent by dollar amount of its small business loans inside its assessment areas. The bank’s performance is a

decrease from the previous evaluation in which the bank originated 85.6 percent of total loans by volume, and 84.8 percent of loans by dollar amount inside the bank’s assessment areas. However, the bank’s overall lending has increased since the previous evaluation from 516 loans originated inside the assessment area to 748 loans inside the assessment area in. Ultimately, the percentage of HMDA-reportable and small business originations within the assessment area indicates the bank is actively serving the credit needs of the community.

The following table summarizes the bank’s lending inside and outside its assessment area for HMDA-reportable loans from January 1, 2020, to December 31, 2021 and a sample of small business loans from January 1, 2021 to December 31, 2021.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	17	89.5	1,130	90.5	2	10.5	118	9.5
Home Purchase - Conventional	268	79.3	44,490	78.4	70	20.7	12,292	21.6
Multi-Family Housing	7	70.0	1,779	71.5	3	30.0	710	28.5
Refinancing	389	82.1	56,771	76.2	85	17.9	17,760	23.8
Total HMDA related	681	81.0	104,170	77.1	160	19.0	30,880	22.9
Small Business related	67	85.9	7,004	86.8	11	14.1	1,066	13.2
Total Loans	748	81.4	111,174	77.7	171	18.6	31,946	22.3

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

Geographic and Borrower Distribution

The bank’s geographic distribution of HMDA-reportable and small business loans reflects reasonable dispersion throughout the assessment areas. The bank’s borrower distribution of HMDA-reportable and small business loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of different sizes. Additional information regarding the bank’s geographic and borrower distribution is found within the respective assessment area sections below.

Response to Complaints

Neither Garrett State Bank nor this Reserve Bank have 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.

FORT WAYNE, INDIANA MSA #23060 – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Fort Wayne, Indiana MSA #23060 assessment area. The scope is consistent with the scope of examination described within the institution summary. For further information, refer to the "Scope of Examination" section for details.

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

The Fort Wayne, Indiana MSA assessment area consists of Allen County in its entirety. Allen County is located in the northeastern portion of the state of Indiana primarily consisting of the city of Fort Wayne representing the fourth populous city in the state. The bank maintains operations in the assessment area through one full-service branch, including a full-service ATM, both of which are located in an upper-income census tract. Based on 2021 FFIEC Census Data, the 96 census tracts in this assessment area is comprised of 12 low-income, 24 moderate-income, 35 middle-income, 22 upper-income, and three unknown-income census tracts. One unknown-income census tract includes the Purdue University Fort Wayne campus. The bank's assessment area has not changed since the previous examination.

According to the June 30, 2021 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Garrett State Bank ranked 12th among 20 FDIC-insured financial institutions operating in the assessment area with 1.1 percent of the market share for deposits in Allen County. The bank held \$92.2 million in deposits inside of the market. The largest market share competitors in the assessment area include JP Morgan Chase Bank N.A. (22.2 percent), First Merchants Bank (13.2 percent), Lake City Bank (12.2 percent), and PNC Bank N.A. (11.3 percent). Although the institution operates in a moderately competitive banking environment, the bank ranked 2nd among financial institutions operating through only one location in the assessment area.

In 2021, Garrett State Bank ranked 31st among 350 HMDA-reporters, originating 175 HMDA-reportable loans in the assessment area. By comparison, the first ranked institution, Three Rivers Federal Credit Union originated 2,616 HMDA-reportable loans.

Additional assessment area demographic information is provided in the following table. Please refer to Appendix B for 2020 demographic information.

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	12.5	8,400	9.1	3,304	39.3	18,943	20.6
Moderate	24	25.0	16,032	17.4	3,710	23.1	16,438	17.9
Middle	35	36.5	36,349	39.5	2,948	8.1	19,975	21.7
Upper	22	22.9	30,987	33.7	1,003	3.2	36,622	39.8
Unknown	3	3.1	210	0.2	77	36.7	0	0.0
Total AA	96	100.0	91,978	100.0	11,042	12.0	91,978	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	6.7	37.4	7,774	44.6	3,135	18.0
Moderate	33,082	14,630	15.1	44.2	13,845	41.9	4,607	13.9
Middle	59,670	40,614	42.0	68.1	15,342	25.7	3,714	6.2
Upper	42,919	34,901	36.1	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	153,860	96,765	100.0	62.9	43,771	28.4	13,324	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	7.3	994	7.1	144	9.3	5	3.8
Moderate	3,072	19.7	2,702	19.4	354	23.0	16	12.3
Middle	5,498	35.3	4,917	35.3	536	34.8	45	34.6
Upper	5,130	32.9	4,736	34.0	339	22.0	55	42.3
Unknown	741	4.8	564	4.1	168	10.9	9	6.9
Total AA	15,584	100.0	13,913	100.0	1,541	100.0	130	100.0
Percentage of Total Businesses:				89.3	9.9	0.8		
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	4	1.3	4	1.3	0	0.0	0	0.0
Moderate	9	2.9	9	3.0	0	0.0	0	0.0
Middle	174	56.7	171	56.3	3	100.0	0	0.0
Upper	118	38.4	118	38.8	0	0.0	0	0.0
Unknown	2	0.7	2	0.7	0	0.0	0	0.0
Total AA	307	100.0	304	100.0	3	100.0	0	0.0
Percentage of Total Farms:				99.0	1.0	0.0		
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

Population Characteristics

The following table presents the population trends for the assessment area, the entire Fort Wayne, Indiana MSA, and the state of Indiana from 2010 to 2015. According to the 2015 U.S. Census Bureau demographic data, the bank’s assessment area population (consisting of Allen County) is 363,453. The assessment area experienced a slight increase in population of 2.3 percent from 2010 figures. This increase is comparable to the population change in the entire Fort Wayne, Indiana MSA (2.1 percent) and was greater than the increase in population of the state of Indiana (1.3 percent) over the same period of time. According to a community representative, population levels have continued to grow as new businesses have opened in the area and existing businesses have expanded operations in the Fort Wayne area. The representative added that the business growth has resulted in improved job security and employee retention which has been a contributor to the stable population.

Population Change			
Area	2010 Population	2015 Population	Percentage Change (%)
Assessment Area	355,329	363,453	2.3
Fort Wayne, IN MSA	388,621	396,783	2.1
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

According to 2021 FFIEC Census Data, the assessment area is comprised of 91,978 families, of which 20.6 percent are low-income, 17.9 percent are moderate-income, 21.7 percent are middle-income, and 39.8 percent are upper-income. Approximately 12.0 percent of families residing within the assessment area live below the poverty line, which is comparable to the 11.1 percent in the state of Indiana.

The following table compares the median family income (MFI) for the assessment area in relation to the entire Fort Wayne, Indiana MSA and the state of Indiana. According to the 2011-2015 American Community Survey data, the MFI in the assessment area (adjusted for inflation and expressed in 2015 dollars) decreased by 7.8 percent from 2010 to 2015. This decrease is comparable to the 7.9 percent decline in MFI in the entire Fort Wayne, Indiana MSA, and notably higher than the state of Indiana which experienced a 4.8 percent decline in MFI. Although MFI had decreased in prior years, a community representative stated that in more recent years the businesses in the area have increased wages as the expansion and hiring of new workers has resulted in a more competitive labor market driving up wages.

Median Family Income Change			
Area	2006-2010 Median Family Income (\$)	2011-2015 Median Family Income (\$)	Percentage Change (%)
Assessment Area	65,537	60,421	-7.8
Fort Wayne, IN MSA	65,871	60,681	-7.9
Indiana	64,187	61,119	-4.8

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

Housing Characteristics

According to the 2021 FFIEC census data, there are 153,860 total housing units in the assessment area. The majority of housing units are owner-occupied at 62.9 percent, while 28.4 percent are rental units. Within the assessment area, 8.7 percent of housing units are vacant, which is slightly less when compared to the state of Indiana at 11.3 percent. Fewer than half of the housing units in the low- and moderate-income tracts are owner-occupied units at 37.4 and 44.2 percent, respectively. Additionally, a higher percentage of the housing units in the low- and moderate-income census tract are vacant at 18.0 and 13.9 percent, respectively, thereby further illustrating the need for affordable housing. A community representative stated that more recently there has been a number of new developments focused on affordable housing for low- and moderate-income residents.

The following table presents recent housing cost burden for individuals within the assessment area, the entire Fort Wayne, Indiana MSA, and the state of Indiana. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. As evidenced by the following table, low-income individuals are generally impacted at a higher rate than moderate-income individuals as both renters and owners. The assessment area experiences the highest proportion of low-income renters that meet the cost burden criteria at 78.9 percent, while the state of Indiana experiences the highest proportion of low-income owners that meet the cost burden criteria at 61.1 percent. The proportion of households that meet the cost burden criteria in the state of Indiana is 41.7 percent for all renters and 15.7 percent for all owners. A community representative stated that the housing cost burden has stabilized as more affordable housing has become available combined with local businesses increasing wages.

Housing Cost Burden						
Area	Cost Burden - Renters (%)			Cost Burden - Owners (%)		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	78.9	30.5	40.7	56.6	24.8	13.4
Fort Wayne, IN MSA	78.3	30.8	40.3	57.1	25.2	13.5
Indiana	75.0	37.2	41.7	61.1	28.5	15.7

*Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy*

Employment Conditions

The following table presents the unemployment trends for the assessment area, entire Fort Wayne, Indiana MSA, and the state of Indiana. The assessment area, the Fort Wayne, Indiana MSA, as well as the state of Indiana, had stable unemployment rates leading up to 2020 when overall rates increased during this period. In 2021, the assessment area saw unemployment rates of 3.7 percent, a decrease from the prior year when it averaged 7.8 percent due to results of the COVID-19 pandemic. This decrease was similar to that seen state-wide as the state of Indiana experienced unemployment declines from 7.2 percent in 2020 to 3.6 percent in 2021. Overall, the assessment area experiences unemployment at a similar rate as the state of Indiana. A community representative stated that the Fort Wayne area has experienced an influx of new and expanding businesses with no shortage of workers to fill open positions, thereby contributing to its strong recovery in unemployment rates.

Unemployment Rates (%)					
Region	2017	2018	2019	2020	2021
Assessment Area	3.3	3.1	3.1	7.8	3.7
Fort Wayne, IN MSA	3.3	3.1	3.1	7.6	3.6
Indiana	3.5	3.4	3.3	7.2	3.6

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

According to the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base that features employers in both the public and private sectors. The employment sectors heavily impacting the assessment area includes healthcare and social assistance, manufacturing, and retail trade. All sectors experienced employment challenges during the pandemic however, all have returned to pre-pandemic employment numbers. A community representative stated that businesses in the area are expanding and hiring more workers at competitive wages. In addition, the representative stated that new businesses are entering the market contributing to diverse employment opportunities.

Community Representatives

One community representative was contacted during the evaluation to provide information regarding local economic and demographic conditions. The representative provided information on affordable housing, employment, and economic development needs within the assessment area. The representative stated that new businesses continue to enter the area while local businesses are expanding to increase job opportunities along with increased wages. The community representative stated that there has been a number of new developments aimed at providing affordable housing in the area. Finally, the representative stated local institutions are actively serving the community, however, opportunities such as credit options and grants aimed at assisting entrepreneurs and new small businesses get started would be beneficial to the area.

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

LENDING TEST

Geographic Distribution of Loans

Garrett State Bank demonstrates a reasonable geographic distribution of loans given the bank's assessment area. The analysis includes both HMDA-reportable and small business loans, accounts for the size and complexity of the bank, and focuses on loan penetration in low- and moderate-income census tracts in the assessment area.

As of 2021, the assessment area is comprised of 96 census tracts including 12 low-, 24 moderate-, 35 middle-, 22 upper-, and three unknown-income census tracts. Garrett State Bank originated HMDA-reportable loans in 69.8 percent of the census tracts in 2021, including lending in 33.3 percent of the low-income tracts and 75.0 percent of the moderate-income tracts. In 2021, within the sample of small business loans reviewed, the bank originated loans in 21.9 percent of the bank's census tracts. Considering the bank's size and complexity, lending penetration throughout the assessment area is reasonable. Overall, there are no conspicuous geographic lending gaps.

Specific to HMDA-reportable lending, due to limited or no lending activity of home improvement and multi-family, only home purchase and refinance loans will be discussed.

HMDA-Reportable Loans

The geographic distribution of HMDA-reportable loans reflects excellent dispersion throughout the assessment area. In 2021, Garrett State Bank originated 3.5 percent of their total HMDA-reportable loans in low-income census tracts, which is comparable to the aggregate (2.3 percent) and slightly below the percentage of owner-occupied units located within those geographies at 6.7 percent. The bank originated 19.4 percent of its HMDA-reportable loans in moderate-income census tracts, which was greater when compared to both the aggregate (13.2 percent) and the owner-occupied units located within those geographies (15.1 percent). A large number of HMDA-reportable loans were originated in middle-income census tracts (33.5 percent) which was below both the aggregate (39.5 percent) and the percentage of owner-occupied units located within those geographies (42.0 percent). The majority (43.5 percent) of the bank's HMDA-reportable loans were originated in upper-income census tracts, which is comparable to the aggregate (44.9 percent) and greater than the percentage of owner-occupied units located within those geographies at 36.1 percent.

The bank's distribution of HMDA-reportable lending across geographies of different income levels in 2020 was consistent with the distribution of loans in 2021.

Home Purchase

The bank originated 5.0 percent of its home purchase loans in low-income census tracts, which was comparable to the aggregate lender rate at 3.4 percent but was below the owner-occupied units of 6.7 percent. Garrett State Bank originated 22.5 percent of its home purchase loans in moderate-income census tracts which was above the aggregate lender rate at 16.2 percent as well as owner-occupied units of 15.1 percent. The bank originated 33.8 percent of its home purchase loans in middle-income census tracts, below both the aggregate lender rate at 38.9 percent and the 42.0 percent of owner-occupied units. Lastly, the bank originated 38.8 percent of its home purchase loans in upper-income census tracts, which was slightly below the aggregate lender rate at 41.3 percent but was slightly above the 36.1 percent of owner-occupied units located in upper-income census tracts.

Refinance

Garrett State Bank did not originate any refinance loans in low-income census tracts which was comparable to the aggregate lender at only 1.3 percent, but below the owner-occupied units of 6.7 percent. Conversely, Garrett State Bank originated 16.5 percent of its refinance loans in moderate-income census tracts which was above the aggregate lender rate at 10.7 percent and comparable to the owner-occupied units of 15.1 percent. The bank originated 32.9 percent of its refinance loans in middle-income census tracts, below both the aggregate lender rate at 40.0 percent and the 42.0 percent of owner-occupied units. Lastly, the bank originated a majority of its refinance loans in upper-income census tracts (50.6 percent), which was comparable to the aggregate lender rate at 48.0 percent but was greater than the 36.1 percent of owner-occupied units located in upper-income census tracts.

The following table summarizes the bank's 2020 and 2021 HMDA-reportable lending in the assessment area.

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Fort Wayne, IN MSA 23060													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	1	1.1	2.7	71	0.4	1.1	4	5.0	3.4	454	3.3	1.4	6.7
Moderate	13	14.4	13.1	1,255	7.7	7.8	18	22.5	16.2	1,530	11.0	9.9	15.1
Middle	27	30.0	40.4	3,814	23.3	34.1	27	33.8	38.9	4,771	34.3	32.6	42.0
Upper	49	54.4	43.8	11,210	68.6	57.0	31	38.8	41.3	7,157	51.4	55.9	36.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.1	0	0.0	0.2	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	90	100.0	100.0	16,350	100.0	100.0	80	100.0	100.0	13,912	100.0	100.0	100.0
Refinance Loans													
Low	2	2.0	0.8	258	1.6	0.4	0	0.0	1.3	0	0.0	0.5	6.7
Moderate	10	10.0	8.3	994	6.2	4.7	14	16.5	10.7	1,381	10.0	27.4	15.1
Middle	35	35.0	36.5	5,285	32.7	29.3	28	32.9	40.0	4,675	33.8	28.1	42.0
Upper	53	53.0	54.4	9,616	59.5	65.4	43	50.6	48.0	7,760	56.2	43.9	36.1
Unknown	0	0.0	0.0	0	0.0	0.1	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	100	100.0	100.0	16,153	100.0	100.0	85	100.0	100.0	13,816	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	2.9	0	0.0	0.9	0	0.0	4.3	0	0.0	1.2	6.7
Moderate	0	0.0	12.1	0	0.0	6.8	1	100.0	13.0	203	100.0	8.8	15.1
Middle	1	33.3	38.2	55	20.8	35.4	0	0.0	39.4	0	0.0	36.6	42.0
Upper	2	66.7	46.7	209	79.2	56.8	0	0.0	43.3	0	0.0	53.4	36.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	264	100.0	100.0	1	100.0	100.0	203	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	26.3	0	0.0	21.4	2	50.0	20.8	436	32.6	20.2	13.5
Moderate	0	0.0	36.8	0	0.0	36.5	0	0.0	33.3	0	0.0	27.2	30.8
Middle	0	0.0	26.3	0	0.0	35.7	2	50.0	27.8	901	67.4	25.4	35.9
Upper	0	0.0	10.5	0	0.0	6.4	0	0.0	13.9	0	0.0	26.8	17.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	4.2	0	0.0	0.4	2.4
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	4	100.0	100.0	1,337	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	3	1.6	1.8	329	1.0	1.8	6	3.5	2.3	890	3.0	2.0	6.7
Moderate	23	11.9	10.5	2,249	6.9	7.4	33	19.4	13.2	3,114	10.6	20.4	15.1
Middle	63	32.6	38.3	9,154	27.9	34.2	57	33.5	39.5	10,347	35.4	29.9	42.0
Upper	104	53.9	49.3	21,035	64.2	56.5	74	43.5	44.9	14,917	51.0	47.6	36.1
Unknown	0	0.0	0.0	0	0.0	0.1	0	0.0	0.1	0	0.0	0.1	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	193	100.0	100.0	32,767	100.0	100.0	170	100.0	100.0	29,268	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.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. In 2021, the bank originated 3.2 percent by volume in low-income census tracts which was below the percentage of total businesses at 7.3 percent located in low-income tracts. Within moderate-income census tracts, the bank originated 35.5 percent of its small business loans which was significantly greater than the percentage of total businesses in moderate-income tracts at 19.7 percent. The bank originated 22.6 percent of its small business loans in middle-income census tracts, significantly below the percentage of total businesses located in those geographies at 35.3 percent. Further, the bank originated 38.7 percent of its small business loans in upper-income census tracts, which was greater than the percentage of total businesses located in those geographies at 32.9 percent. The bank did not originate small business loans within the unknown-income census tracts while there is 4.8 percent of businesses located in these tracts.

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

Distribution of 2021 Small Business Lending By Income Level of Geography					
Assessment Area: Fort Wayne, IN MSA 23060					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	1	3.2	37	0.8	7.3
Moderate	11	35.5	736	16.2	19.7
Middle	7	22.6	1,111	24.4	35.3
Upper	12	38.7	2,666	58.6	32.9
Unknown	0	0.0	0	0.0	4.8
Tract-Unk	0	0.0	0	0.0	
Total	31	100.0	4,550	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.

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

Garrett State Bank demonstrates a distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes that is reasonable given the demographics of the bank's assessment area.

Specific to HMDA-reportable lending, due to limited or no lending activity of home improvement, only home purchase and refinance loans will be discussed.

HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects reasonable penetration among borrowers of different income levels. In 2021, the bank originated 6.0 percent by number of its HMDA-reportable loans to low-income borrowers, slightly below the aggregate of lenders (8.9 percent) and significantly below the percentage of low-income families in the assessment area (20.6 percent). The bank originated 18.7 percent by number of its HMDA-reportable loans to moderate-income borrowers, slightly below the aggregate (21.6 percent) but was comparable to the percentage of families designated as moderate-income in the assessment area (17.9 percent). The bank originated 21.7 percent of HMDA-reportable loans to middle-income borrowers, comparable to both the aggregate and the demographic at 21.1 and 21.7 percent, respectively. The bank originated a large proportion of its HMDA-reportable loans to upper-income borrowers (38.6 percent), which was greater when compared to the aggregate (32.7 percent) and comparable to the demographic (39.8 percent). In addition, 15.1 percent of the bank's HMDA-reportable loans were originated to borrowers of unknown-income, comparable to the aggregate at 15.7 percent.

The bank's distribution of HMDA-reportable lending to borrowers of different income levels in 2020 was consistent with the distribution of HMDA-reportable loans in 2021.

Home Purchase

The bank originated 7.5 percent of its home purchase loans to low-income borrowers. The bank's performance was slightly below the aggregate lender rate of 9.8 percent and was significantly below the percentage of low-income families in the assessment area of 20.6 percent. The bank originated 18.8 percent of home purchase loans to moderate-income borrowers, which is comparable to the percentage of moderate-income families in the assessment area (17.9 percent) and was below the aggregate lender rate of 23.8 percent. The bank originated 25.0 percent of its home purchase loans to middle-income borrowers, which was above both the aggregate lender rate and middle-income families in the assessment area at 20.7 percent and 21.7 percent, respectively. The bank originated 31.3 percent of its home purchase loans to upper-income borrowers. The bank's performance was comparable to the aggregate lender rate at 29.8 percent and was below the percentage of upper-income families in the assessment area at 39.8 percent. Lastly, the bank originated 17.5 percent of home purchase loans to borrowers with unknown-income, comparable to the aggregate at 15.8 percent.

Refinance

In 2021, Garrett State Bank originated 4.7 percent of its refinance loans to low-income borrowers. The bank's performance is below the aggregate lender rate at 8.3 percent and significantly below the percentage of low-income families located in the assessment area at 20.6 percent. The bank originated 18.8 percent of its refinance loans to moderate-income borrowers, which is slightly below the aggregate lender rate at 20.9 percent and comparable to the percentage of moderate-

income families in the assessment area at 17.9 percent. The bank originated 18.8 percent of its refinance loans to middle-income borrowers. The bank's performance was below both the aggregate at 21.7 percent and the percentage of middle-income families in the assessment area at 21.7 percent. The bank originated the greatest percentage (45.9 percent) of its refinance loans to upper-income borrowers. The bank's performance was greater than both the aggregate lender rate at 33.5 percent and the percentage of upper-income families in the assessment area of 39.8 percent. Lastly, the bank originated 11.8 percent of refinance loans to borrowers with unknown income, below the aggregate rate of 15.6 percent.

The following table summarizes the bank's 2020 and 2021 HMDA-reportable lending in the assessment area.

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Fort Wayne, IN MSA 23060													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	7	7.8	10.6	842	5.1	5.8	6	7.5	9.8	656	4.7	5.7	20.6
Moderate	9	10.0	27.2	951	5.8	20.5	15	18.8	23.8	2,001	14.4	17.7	17.9
Middle	19	21.1	22.4	3,310	20.2	21.9	20	25.0	20.7	3,400	24.4	20.1	21.7
Upper	37	41.1	30.0	8,848	54.1	42.7	25	31.3	29.8	6,181	44.4	42.9	39.8
Unknown	18	20.0	9.8	2,399	14.7	9.2	14	17.5	15.8	1,674	12.0	13.5	0.0
Total	90	100.0	100.0	16,350	100.0	100.0	80	100.0	100.0	13,912	100.0	100.0	100.0
Refinance Loans													
Low	5	5.0	5.6	385	2.4	2.8	4	4.7	8.3	268	1.9	3.4	20.6
Moderate	11	11.0	18.2	953	5.9	12.3	16	18.8	20.9	1,875	13.6	11.0	17.9
Middle	23	23.0	21.2	3,858	23.9	17.9	16	18.8	21.7	1,703	12.3	14.3	21.7
Upper	47	47.0	40.3	9,235	57.2	51.8	39	45.9	33.5	8,964	64.9	32.9	39.8
Unknown	14	14.0	14.7	1,722	10.7	15.3	10	11.8	15.6	1,006	7.3	38.4	0.0
Total	100	100.0	100.0	16,153	100.0	100.0	85	100.0	100.0	13,816	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	8.8	0	0.0	5.3	0	0.0	11.6	0	0.0	6.5	20.6
Moderate	0	0.0	18.6	0	0.0	13.2	0	0.0	21.0	0	0.0	15.7	17.9
Middle	1	33.3	23.2	129	48.9	21.3	0	0.0	22.7	0	0.0	20.4	21.7
Upper	1	33.3	45.6	80	30.3	57.3	0	0.0	42.5	0	0.0	55.6	39.8
Unknown	1	33.3	3.7	55	20.8	2.9	1	100.0	2.2	203	100.0	1.8	0.0
Total	3	100.0	100.0	264	100.0	100.0	1	100.0	100.0	203	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	12	6.2	7.5	1,227	3.7	3.9	10	6.0	8.9	924	3.3	4.4	20.6
Moderate	20	10.4	20.9	1,904	5.8	14.8	31	18.7	21.6	3,876	13.9	13.6	17.9
Middle	43	22.3	21.2	7,297	22.3	18.5	36	21.7	21.1	5,103	18.3	16.6	21.7
Upper	85	44.0	35.9	18,163	55.4	46.0	64	38.6	32.7	15,145	54.2	37.6	39.8
Unknown	33	17.1	14.5	4,176	12.7	16.9	25	15.1	15.7	2,883	10.3	27.8	0.0
Total	193	100.0	100.0	32,767	100.0	100.0	166	100.0	100.0	27,931	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.													

Small Business Loans

The bank's distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. A sample of small business loans originated in 2021 were reviewed, of which 83.9 percent were to businesses with gross revenues equal to or less than \$1 million. The bank's performance is below the percentage of total businesses operating within the assessment area with revenues of \$1 million or less (89.3 percent). Of the sample of small business loans originated to businesses with revenues of \$1 million or less, 69.2 percent were made in amounts of

\$100,000 or less. These loans are considered to be most beneficial to small businesses, indicating the bank's willingness to meet the credit needs of small businesses.

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

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	26	83.9	46.2	3,803	83.6	27.3	89.3
Over \$1 Million	5	16.1		747	16.4		9.9
Revenue Unknown	0	0.0		0	0.0		0.8
Total	31	100.0		4,550	100.0		100.0
By Loan Size							
\$100,000 or Less	20	64.5	86.2	808	17.8	23.7	
\$100,001 - \$250,000	8	25.8	7.1	1,531	33.6	19.7	
\$250,001 - \$1 Million	3	9.7	6.7	2,210	48.6	56.6	
Total	31	100.0	100.0	4,550	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	18	69.2		720	18.9		
\$100,001 - \$250,000	5	19.2		873	23.0		
\$250,001 - \$1 Million	3	11.5		2,210	58.1		
Total	26	100.0		3,803	100.0		
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>							
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>							

INDIANA NON-MSA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Indiana Non-MSA assessment area. The scope is consistent with the scope of examination described within the institution summary. For further information, refer to the "Scope of Examination" section for details.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN INDIANA NON-MSA

The Indiana Non-MSA assessment area consists of DeKalb County, in its entirety, and partial Steuben County consisting of census tracts 9715.00 and 9716.00. DeKalb and Steuben Counties are located in the northeast portion of the state of Indiana and are part of the non-metropolitan statistical area (Non-MSA). The bank's assessment area has not changed since the previous examination and is comprised of 11 census tracts, of which ten are middle-income and one is an upper-income census tract. There are no low- or moderate-income census tracts in the bank's Indiana Non-MSA assessment area. The bank maintains operations in the assessment area through three locations including its main office and a branch both located in Garrett, Indiana and an additional branch located in Ashley, Indiana directly on the DeKalb-Steuben County line which is approximately 16 miles north of Garrett. All three branches are located in middle-income census tracts within DeKalb County, and each has a full-service ATM.

According to the June 30, 2021 FDIC Deposit Market Share Report, Garrett State Bank ranked 3rd out of 17 financial institutions, with 10.4 percent of the market share for deposits in DeKalb and Steuben Counties. The largest market share competitors in the assessment area include Farmers State Bank (20.4 percent) and Lake City Bank (11.0 percent).

In 2021, Garrett State Bank ranked 3rd among 160 HMDA-reporters, originating 158 HMDA-reportable loans in the assessment area. By comparison, the first ranked institution, Ruoff Mortgage Company, Inc. originated 341 HMDA-reportable loans and second ranked institution, Three Rivers Federal Credit Union originated 231 HMDA-reportable loans.

Additional assessment area demographic information is provided in the following table. Please refer to Appendix B for 2020 demographic information.

2021 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	2,363	17.5
Moderate	0	0.0	0	0.0	0	0.0	2,348	17.4
Middle	10	90.9	11,610	85.8	1,223	10.5	3,192	23.6
Upper	1	9.1	1,915	14.2	139	7.3	5,622	41.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	11	100.0	13,525	100.0	1,362	10.1	13,525	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	19,256	12,935	84.9	67.2	3,547	18.4	2,774	14.4
Upper	3,290	2,309	15.1	70.2	807	24.5	174	5.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	22,546	15,244	100.0	67.6	4,354	19.3	2,948	13.1
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1,606	88.6	1,421	87.6	154	96.9	31	96.9
Upper	207	11.4	201	12.4	5	3.1	1	3.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,813	100.0	1,622	100.0	159	100.0	32	100.0
Percentage of Total Businesses:				89.5		8.8		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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	160	94.1	158	94.0	2	100.0	0	0.0
Upper	10	5.9	10	6.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	170	100.0	168	100.0	2	100.0	0	0.0
Percentage of Total Farms:				98.8		1.2		0.0
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

Population Characteristics

The following table presents the population trends for the counties that make up the assessment area, the entire Indiana Non-MSA, and the state of Indiana from 2010 to 2015. According to the 2015 U.S. Census Bureau demographic data, the assessment area’s population is 50,601. DeKalb and Steuben Counties which make up the assessment area saw minimal growth in population of 0.5 and 0.2 percent, respectively. The Indiana Non-MSA saw a slight decline in population of 0.4 percent, while the state of Indiana experienced population growth of 1.3 percent. According to a community representative, population levels have remained relatively stable with the population beginning to increase. The representative stated that housing costs are notably lower in DeKalb County than in neighboring Allen County, and combined with DeKalb’s highly rated school system, many individuals are relocating to DeKalb from the Fort Wayne area.

Population Change			
Area	2010 Population	2015 Population	Percentage Change (%)
DeKalb County	42,223	42,449	0.5
Steuben County	34,185	34,267	0.2
Indiana Non-MSA	1,481,934	1,475,951	-0.4
State of Indiana	6,483,802	6,568,645	1.3

*Source: 2010 – U.S. Census Bureau: Decennial Census
2011 – 2015 U.S. Census Bureau: American Community Survey*

Income Characteristics

According to 2021 FFIEC Census Data, the assessment area is comprised of 13,525 families, of which 17.5 percent are low-income, 17.4 percent are moderate-income, 23.6 percent are middle-income, and 41.6 percent are upper-income. Approximately 10.1 percent of families residing within the assessment area live below the poverty line, which is comparable to the 11.1 percent in the state of Indiana.

The following table compares the median family income (MFI) for DeKalb and Steuben counties in relation to the entire Indiana Non-MSA and the state of Indiana. According to the 2011-2015 American Community Survey data, the MFI in the counties which make up the assessment area (adjusted for inflation and expressed in 2015 dollars) declined slightly by 0.2 percent in DeKalb County and significantly declined by 9.5 percent in Steuben County. The community representative could not comment on the decrease in MFI for Steuben County (of which the bank has no physical presence) but did state that within DeKalb County the area has avoided layoffs and the economic environment continues to grow through a diverse industry base, strong surrounding infrastructure, and an ample and highly competitive workforce which all contribute to a steady MFI.

Median Family Income Change			
Area	2006-2010 Median Family Income (\$)	2011-2015 Median Family Income (\$)	Percentage Change (%)
DeKalb County	60,197	60,050	-0.2
Steuben County	62,238	56,318	-9.5
Indiana Non-MSA	57,143	55,715	-2.5
State of Indiana	64,187	61,119	-4.8

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

Housing Characteristics

According to the 2021 FFIEC census data, there are 22,546 total housing units in the assessment area, with 85.4 percent located in middle- and 14.6 percent located in upper-income census tracts (there are no low- or moderate-income tracts). A significant portion of the available housing in the middle- and upper-income tracts are owner-occupied at 67.2 and 70.2 percent, respectively. Conversely, only 19.3 percent of the housing units are rentals followed by 13.1 percent categorized as vacant. A community representative stated housing costs are notably lower in DeKalb County when compared to Allen County. Further, the representative stated that available housing has not kept pace with the growing economic climate and influx of workers.

The following table presents recent housing cost burden for individuals within the counties that make up the assessment area, the entire Indiana Non-MSA, and the state of Indiana. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. As evidenced by the following table, low-income individuals are impacted at a higher rate than moderate-income individuals as both renters and owners. The state of Indiana experiences the highest proportion of low-income renters that meet the cost burden criteria at 75.0 percent, and the highest proportion of low-income owners that meet the cost burden criteria at 61.1 percent. The proportion of households that meet the cost burden criteria in the state of Indiana is 41.7 percent for all renters and 15.7 percent for all owners. Low-income renters in DeKalb County are impacted at a higher rate (70.3 percent) when compared to low-income owners (54.8 percent). Low-income renters (56.0 percent) and owners (57.3 percent) in Steuben County are impacted at a higher rate when compared to moderate-income renters (40.1 percent) and owners (26.5 percent).

Housing Cost Burden						
Area	Cost Burden - Renters (%)			Cost Burden - Owners (%)		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
DeKalb County	70.3	25.6	31.7	54.8	25.4	14.0
Steuben County	56.0	40.1	30.1	57.3	26.5	14.8
Indiana Non-MSA	68.3	29.3	35.5	56.8	24.6	15.0
State of Indiana	75.0	37.2	41.7	61.1	28.5	15.7

Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy

Employment Conditions

The following table presents the unemployment trends for the assessment area counties, entire Indiana Non-MSA, and the state of Indiana. The assessment area counties, the Indiana Non-MSA, as well as the state of Indiana, had stable unemployment rates leading up to 2020 when overall rates increased during this period. In 2021, the assessment area counties saw unemployment rates of 2.7 (DeKalb County) and 2.5 percent (Steuben County), a decline from the prior year when it averaged 6.9 percent (DeKalb County) and 6.3 percent (Steuben County) due to results of the COVID-19 pandemic. This decrease was similar to that seen state-wide as the state of Indiana experienced unemployment declines from 7.2 percent in 2020, to 3.6 percent in 2021. Overall, the assessment area counties experience unemployment at a similar rate as the state of Indiana. A community representative stated that DeKalb County is experiencing economic growth with lower unemployment rates and a diverse industry. The representative attributes the region’s resiliency to it being strategically situated near major railroad lines, three airports, two adjoining states, the city of Fort Wayne, and Interstate 69. Further, the representative stated that businesses continue to expand, and DeKalb County has room for growth.

Unemployment Rates					
Region	2017	2018	2019	2020	2021
DeKalb County	2.9	2.8	2.8	6.9	2.7
Steuben County	2.9	2.6	2.6	6.3	2.5
Indiana Non-MSA	3.4	3.2	3.1	6.6	3.0
State of Indiana	3.5	3.4	3.3	7.2	3.6

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

According to the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base that features employers in both the public and private sectors. The employment sectors heavily impacting the assessment area includes manufacturing, retail trade, and accommodation and food services. All sectors experienced employment challenges during the pandemic however, all have returned to pre-pandemic employment numbers. A community representative stated that businesses in the area are expanding and hiring more workers at

competitive wages. The representative stated there is a diverse industry base in the area providing positions at a wide range of skill levels. The representative stated that DeKalb County's strategic location supports new businesses entering the area.

Community Representatives

One community representative was contacted to further understand the local housing availability, family income trends, employment conditions, and economic development needs. Overall, the representative stated that population has remained stable and has started to experience growth. The representative stated that one of the major challenges facing the assessment area is a need for housing and redevelopment of vacant units. The area is supported by strong employment, offering a wide range of job opportunities and DeKalb County is experiencing economic growth. Initiatives are also underway to improve infrastructure through broadband access throughout DeKalb County. Overall, financial institutions within the assessment area have been active and involved in supporting the need for additional housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA NON-MSA

LENDING TEST

Geographic Distribution of Loans

The assessment area is comprised only of middle- or upper-income census tracts and therefore a meaningful analysis could not be performed. The dispersion of the loans in the assessment area was reviewed to determine if the bank is sufficiently serving the census tracts included in the assessment area. In 2021, Garrett State Bank originated HMDA-reportable loans in 100.0 percent of the census tracts and originated small business loans in 81.8 percent of its census tracts. There were no conspicuous unexplained lending gaps in the contiguous census tracts delineated by the bank.

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

Garrett State Bank demonstrates a distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes that is reasonable given the demographics of the bank's assessment area.

HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects reasonable penetration among borrowers of different income levels. In 2021, Garrett State Bank originated 5.3 percent of their total HMDA-reportable loans to low-income borrowers, which is comparable to the aggregate (6.2

percent) but significantly below the percentage of low-income families in the assessment area at 17.5 percent. The bank originated 15.3 percent of its HMDA-reportable loans to moderate-income borrowers, which was below the aggregate (19.6 percent) and slightly below the percentage of families designated as moderate-income in the assessment area (17.4 percent). Further, the bank originated 18.7 percent of its HMDA-reportable loans to middle-income borrowers, which was slightly below the aggregate (20.8 percent) and below the percentage of middle-income borrowers (23.6 percent). The majority (51.3 percent) of the bank's HMDA-reportable loans were originated to upper-income borrowers, which is significantly greater when compared to both the aggregate (38.6 percent) and the percentage of upper-income borrowers (41.6 percent). Finally, the bank originated 9.3 percent of its HMDA-reportable loans to borrowers with unknown-income, which was below the aggregate of 14.9 percent.

The bank's distribution of HMDA-reportable lending to borrowers of different income levels in 2020 was consistent with the distribution of HMDA-reportable loans in 2021. Specific to HMDA-reportable lending, due to limited or no lending activity of home improvement, only home purchase and refinance loans will be discussed.

Home Purchase

The bank originated 3.9 percent of its home purchase loans to low-income borrowers. The bank's performance was below the aggregate lender rate of 6.4 percent and was significantly below the percentage of low-income families in the assessment area of 17.5 percent. The bank originated 19.6 percent of home purchase loans to moderate-income borrowers, which is slightly above the percentage of moderate-income families in the assessment area (17.4 percent) and was below the aggregate lender rate of 23.5 percent. The bank originated 23.5 percent of its home purchase loans to middle-income borrowers, which was above the aggregate lender rate of 20.6 percent and comparable to the middle-income families in the assessment area at 23.6 percent. The bank originated 39.2 percent of its home purchase loans to upper-income borrowers. The bank's performance was above the aggregate lender rate at 33.7 percent and was slightly below the percent of upper-income families in the assessment area at 41.6 percent. Lastly, the bank originated 13.7 percent of home purchase loans to borrowers with unknown-income, slightly below the aggregate at 15.8 percent.

Refinance

In 2021, Garrett State Bank originated 5.5 percent of its refinance loans to low-income borrowers. The bank's performance is comparable to the aggregate lender rate at 6.0 percent and significantly below the percentage of low-income families located in the assessment area at 17.5 percent. The bank originated 12.1 percent of its refinance loans to moderate-income borrowers, which is below both the aggregate lender rate at 17.6 percent and the percentage of moderate-income families in the assessment area at 17.4 percent. The bank originated 15.4 percent of its refinance loans to middle-income borrowers. The bank's performance was below both the aggregate at 21.3 percent

and the percentage of middle-income families in the assessment area at 23.6 percent. The bank originated the greatest percentage (61.5 percent) of its refinance loans to upper-income borrowers. The bank's performance was significantly greater than both the aggregate lender rate at 40.4 percent and the percentage of upper-income families in the assessment area of 41.6 percent. Lastly, the bank originated 5.5 percent of refinance loans to borrowers with unknown-income, below the aggregate rate of 14.8 percent.

The following table summarizes the bank's 2020 and 2021 HMDA-reportable lending in the assessment area.

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: IN Non MSA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	2	4.3	8.2	125	1.8	4.5	2	3.9	6.4	153	2.1	3.5	17.5
Moderate	7	14.9	26.1	773	11.3	19.5	10	19.6	23.5	935	12.7	16.4	17.4
Middle	10	21.3	21.5	1,464	21.4	20.8	12	23.5	20.6	1,400	18.9	18.6	23.6
Upper	21	44.7	34.9	3,715	54.3	46.9	20	39.2	33.7	3,983	53.9	46.4	41.6
Unknown	7	14.9	9.3	760	11.1	8.2	7	13.7	15.8	920	12.4	15.1	0.0
Total	47	100.0	100.0	6,837	100.0	100.0	51	100.0	100.0	7,391	100.0	100.0	100.0
Refinance Loans													
Low	4	3.5	4.7	274	1.9	2.3	5	5.5	6.0	412	3.4	3.0	17.5
Moderate	18	15.9	15.6	1,671	11.5	11.0	11	12.1	17.6	1,018	8.3	12.2	17.4
Middle	21	18.6	22.0	2,475	17.0	19.1	14	15.4	21.3	1,259	10.3	18.7	23.6
Upper	50	44.2	42.4	8,105	55.8	51.5	56	61.5	40.4	8,935	72.8	50.7	41.6
Unknown	20	17.7	15.3	1,996	13.7	16.1	5	5.5	14.8	657	5.3	15.4	0.0
Total	113	100.0	100.0	14,521	100.0	100.0	91	100.0	100.0	12,281	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	3.6	0	0.0	6.0	1	12.5	10.1	103	24.0	7.4	17.5
Moderate	1	20.0	21.7	70	29.9	13.8	2	25.0	17.6	77	17.9	11.8	17.4
Middle	2	40.0	22.9	118	50.4	24.5	2	25.0	22.7	132	30.8	25.2	23.6
Upper	2	40.0	50.6	46	19.7	55.0	1	12.5	47.1	19	4.4	53.9	41.6
Unknown	0	0.0	1.2	0	0.0	0.7	2	25.0	2.5	98	22.8	1.8	0.0
Total	5	100.0	100.0	234	100.0	100.0	8	100.0	100.0	429	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	6	3.6	5.9	399	1.8	3.2	8	5.3	6.2	668	3.3	3.3	17.5
Moderate	26	15.8	19.5	2,514	11.6	14.3	23	15.3	19.6	2,030	10.1	14.0	17.4
Middle	33	20.0	21.3	4,057	18.8	19.5	28	18.7	20.8	2,791	13.9	18.5	23.6
Upper	73	44.2	39.1	11,866	55.0	49.3	77	51.3	38.6	12,937	64.4	49.2	41.6
Unknown	27	16.4	14.2	2,756	12.8	13.7	14	9.3	14.9	1,675	8.3	15.1	0.0
Total	165	100.0	100.0	21,592	100.0	100.0	150	100.0	100.0	20,101	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.													

Small Business Loans

The bank's distribution of small business loans reflects excellent penetration among businesses of different revenue sizes. A sample of small business loans originated in 2021 were reviewed, of which 91.7 percent were to businesses with gross revenues equal to or less than \$1 million. The bank's performance is greater than the percentage of total businesses operating within the assessment area with revenues of \$1 million or less (89.5 percent). Of the sample of small business loans originated to businesses with revenues of \$1 million or less, 78.8 percent were made in

amounts of \$100,000 or less. These loans under \$100,000 are considered to be most beneficial to small businesses, indicating the bank's willingness to meet the credit needs of small businesses.

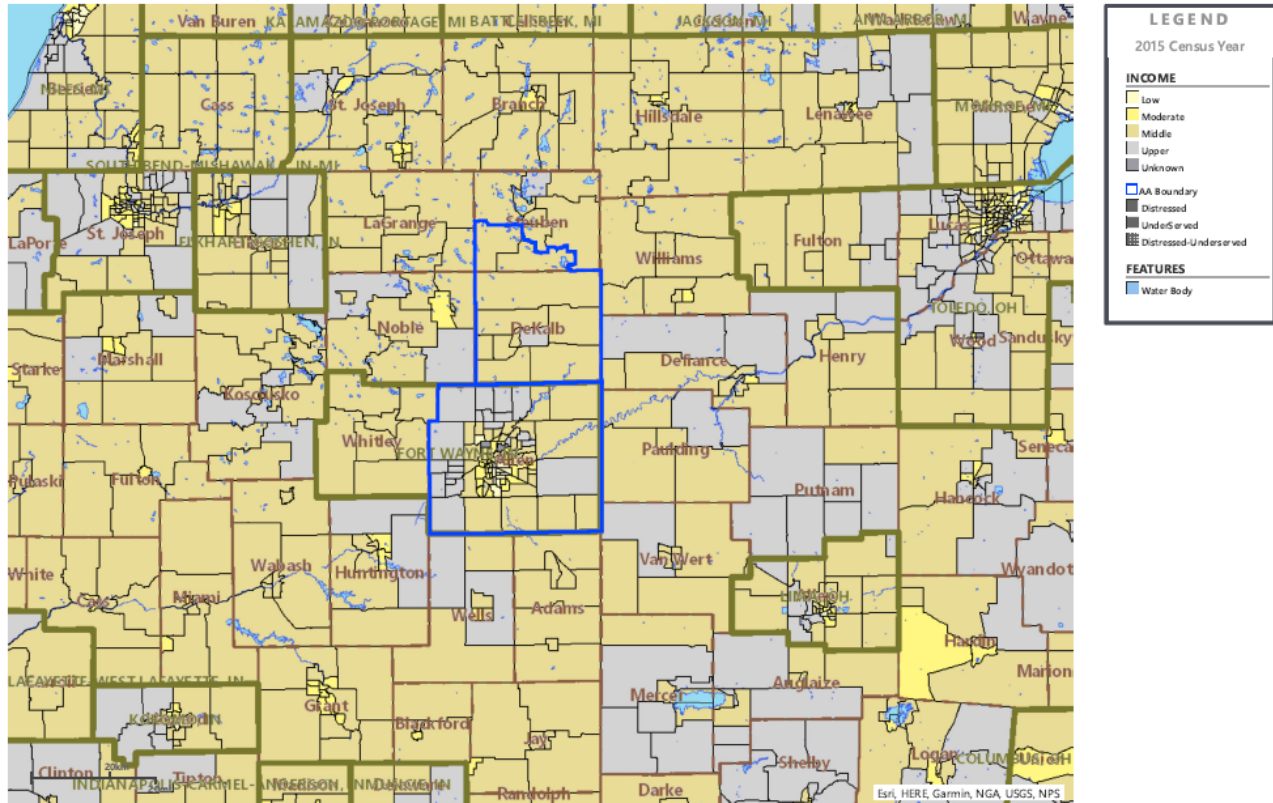
The following table presents the bank's distribution of small business loans in 2021.

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: IN Non MSA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	33	91.7	46.3	1,962	79.9	28.2	89.5
Over \$1 Million	3	8.3		493	20.1		8.8
Revenue Unknown	0	0.0		0	0.0		1.8
Total	36	100.0		2,455	100.0		100.0
By Loan Size							
\$100,000 or Less	28	77.8	86.9	1,000	40.7	23.3	
\$100,001 - \$250,000	6	16.7	7.5	797	32.5	22.0	
\$250,001 - \$1 Million	2	5.6	5.6	658	26.8	54.6	
Total	36	100.0	100.0	2,455	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	26	78.8		880	44.9		
\$100,001 - \$250,000	6	18.2		797	40.6		
\$250,001 - \$1 Million	1	3.0		285	14.5		
Total	33	100.0		1,962	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.							

APPENDIX A – Map of Assessment Area

The Garrett State Bank 465243
Combined Assessment Area

Restricted FR



APPENDIX B – 2020 Demographic Information

2020 Combined Assessment Area AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	12	11.2	8,400	8.0	3,304	39.3	21,306	20.2
Moderate	24	22.4	16,032	15.2	3,710	23.1	18,786	17.8
Middle	45	42.1	47,959	45.5	4,171	8.7	23,167	22.0
Upper	23	21.5	32,902	31.2	1,142	3.5	42,244	40.0
Unknown	3	2.8	210	0.2	77	36.7	0	0.0
Total AA	107	100.0	105,503	100.0	12,404	11.8	105,503	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	5.8	37.4	7,774	44.6	3,135	18.0
Moderate	33,082	14,630	13.1	44.2	13,845	41.9	4,607	13.9
Middle	78,926	53,549	47.8	67.8	18,889	23.9	6,488	8.2
Upper	46,209	37,210	33.2	80.5	7,097	15.4	1,902	4.1
Unknown	769	109	0.1	14.2	520	67.6	140	18.2
Total AA	176,406	112,009	100.0	63.5	48,125	27.3	16,272	9.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	1,103	6.4	950	6.2	149	8.6	4	2.5
Moderate	3,046	17.6	2,660	17.3	369	21.3	17	10.6
Middle	7,079	40.9	6,311	41.0	694	40.0	74	46.3
Upper	5,331	30.8	4,918	31.9	355	20.4	58	36.3
Unknown	745	4.3	569	3.7	169	9.7	7	4.4
Total AA	17,304	100.0	15,408	100.0	1,736	100.0	160	100.0
Percentage of Total Businesses:				89.0		10.0		0.9
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	4	0.8	4	0.8	0	0.0	0	0.0
Moderate	10	2.0	9	1.8	1	16.7	0	0.0
Middle	344	69.4	338	69.1	5	83.3	1	100.0
Upper	137	27.6	137	28.0	0	0.0	0	0.0
Unknown	1	0.2	1	0.2	0	0.0	0	0.0
Total AA	496	100.0	489	100.0	6	100.0	1	100.0
Percentage of Total Farms:				98.6		1.2		0.2

Source: 2020 FFIEC Census Data
2020 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

2020 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	12.5	8,400	9.1	3,304	39.3	18,943	20.6
Moderate	24	25.0	16,032	17.4	3,710	23.1	16,438	17.9
Middle	35	36.5	36,349	39.5	2,948	8.1	19,975	21.7
Upper	22	22.9	30,987	33.7	1,003	3.2	36,622	39.8
Unknown	3	3.1	210	0.2	77	36.7	0	0.0
Total AA	96	100.0	91,978	100.0	11,042	12.0	91,978	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	6.7	37.4	7,774	44.6	3,135	18.0
Moderate	33,082	14,630	15.1	44.2	13,845	41.9	4,607	13.9
Middle	59,670	40,614	42.0	68.1	15,342	25.7	3,714	6.2
Upper	42,919	34,901	36.1	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	153,860	96,765	100.0	62.9	43,771	28.4	13,324	8.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	1,103	7.1	950	6.9	149	9.5	4	3.1
Moderate	3,046	19.7	2,660	19.3	369	23.5	17	13.2
Middle	5,469	35.3	4,887	35.5	538	34.2	44	34.1
Upper	5,124	33.1	4,719	34.2	348	22.1	57	44.2
Unknown	745	4.8	569	4.1	169	10.7	7	5.4
Total AA	15,487	100.0	13,785	100.0	1,573	100.0	129	100.0
Percentage of Total Businesses:				89.0	10.2	0.8		
	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	1.3	0	0.0	0	0.0
Moderate	10	3.1	9	2.8	1	25.0	0	0.0
Middle	179	55.8	175	55.4	3	75.0	1	100.0
Upper	127	39.6	127	40.2	0	0.0	0	0.0
Unknown	1	0.3	1	0.3	0	0.0	0	0.0
Total AA	321	100.0	316	100.0	4	100.0	1	100.0
Percentage of Total Farms:				98.4	1.2	0.3		
Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2020 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	2,363	17.5
Moderate	0	0.0	0	0.0	0	0.0	2,348	17.4
Middle	10	90.9	11,610	85.8	1,223	10.5	3,192	23.6
Upper	1	9.1	1,915	14.2	139	7.3	5,622	41.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	11	100.0	13,525	100.0	1,362	10.1	13,525	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	19,256	12,935	84.9	67.2	3,547	18.4	2,774	14.4
Upper	3,290	2,309	15.1	70.2	807	24.5	174	5.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	22,546	15,244	100.0	67.6	4,354	19.3	2,948	13.1
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1,610	88.6	1,424	87.7	156	95.7	30	96.8
Upper	207	11.4	199	12.3	7	4.3	1	3.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,817	100.0	1,623	100.0	163	100.0	31	100.0
Percentage of Total Businesses:				89.3		9.0		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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	165	94.3	163	94.2	2	100.0	0	0.0
Upper	10	5.7	10	5.8	0	0.0	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
<p>Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</p>								

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		HMDA-reportable loans: January 1, 2020 through December 31, 2021 Small Business loans (sample) originated from January 1, 2021 through December 31, 2021	
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Garrett State Bank			HMDA-reportable Loans Small Business Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	Not Applicable		Not Applicable
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Fort Wayne, IN MSA #23060	Full Review	None	None
IN Non-MSA	Full Review	None	None

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.¹

Area Median Income (AMI): AMI means –

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

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

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

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

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

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 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 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).