

PUBLIC DISCLOSURE

April 10, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Lake City Bank
RSSD# 874845

202 East Center Street
Warsaw, Indiana 46580

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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

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INSTITUTION'S CRA RATING

Lake City Bank Overall CRA Rating: Satisfactory

Performance Test Rating Table

The following table indicates the performance level of Lake City Bank with respect to the lending, investment, and service test.

Lake City Bank			
Performance Levels	Performance Tests		
	Lending Test	Investment Test	Service Test
Outstanding			✓
High Satisfactory	✓		
Low Satisfactory		✓	
Needs to Improve			
Substantial Noncompliance			

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

Summary of Major Factors that Support the Rating

Lending Test:

- Lending levels reflect excellent responsiveness to assessment area credit needs;
- A substantial majority of loans were in the bank's assessment area;
- The geographic distribution of loans reflects good penetration throughout the assessment area;
- The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses (including farms) of different sizes;
- The bank exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses and farms;

- The bank makes a relatively high level of community development loans; and
- Makes extensive use of innovative and/or flexible lending practices in serving assessment area credit needs.

Investment Test:

- The bank makes an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, rarely in a leadership position;
- The bank makes occasional use of innovative and/or complex investments to support CD initiatives; and
- The bank exhibits adequate responsiveness to credit and community development needs.

Service Test:

- Delivery systems are accessible to the bank's geographies and individuals of different income levels in its assessment area;
- The bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or low- and moderate-income individuals; and
- Services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals.
- The bank is a leader in providing community development services.

LAKE CITY BANK

DESCRIPTION OF INSTITUTION

Lake City Bank (LCB), with total assets of \$6.4 billion as of December 31, 2022, is the sole banking subsidiary of Lakeland Financial Corporation, with both the bank and holding company located in Warsaw, Indiana. The bank operates from 54 locations including one call center, one loan production office, and its main office in Warsaw, Indiana. Additionally, LCB maintains 47 automated teller machines (ATMs) and seven interactive teller machines (ITMs, which allows customers to interact with a live teller via video). Deposit and loan operations, and underwriting are centralized with the exception of commercial and agricultural lending. Marketing materials are distributed throughout the bank's footprint equally and are generally focused on branding. Since the previous examination, the bank has added a new branch in Elkhart High School, Elkhart River District, and closed an ATM in Goshen. No branches were closed since the previous CRA evaluation.

LCB offers a variety of loan products, including commercial, residential real estate, agricultural, and secured/unsecured consumer loans. The bank is primarily a commercial lender with 78.3 percent of the loan portfolio consisting of commercial loans as of December 31, 2022, followed by agricultural loans at 9.2 percent and consumer loans (closed and open-end) at 5.6 percent.

Details relative to the composition of the bank’s loan portfolio are outlined in the following table.

Loan Portfolio Composition as of December 31, 2022		
Loan Type	Dollar Volume (\$ in 000s)	% of Portfolio
Commercial	3,687,192	78.3
Agricultural	432,167	9.2
Consumer	263,533	5.6
Residential Real Estate	214,521	4.6
Other	113,340	2.4
Total	4,710,753	100.0

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

In addition, the bank offers loan products tailored to assist low- and moderate-income individuals in rebuilding credit through loans secured by certificates of deposits, secured credit cards, and loans with origination contingent upon completing financial literacy courses. The bank works through the Small Business Administration to offer micro-loans to help meet the financial needs of small business owners as well as participation with the U.S. Department of Agriculture in providing improved loan access to small farmers. The bank provides standard deposit products in the form of checking, savings, money market, and certificate of deposit accounts. In addition to its branches and ATMs, the bank’s delivery channels also include mobile and internet banking, remote deposit capture, and as previously mentioned, interactive teller machines in select markets to further enhance access to live tellers via video interaction.

Consistent with its most recent CRA evaluation, LCB is an intrastate bank operating in five assessment areas in Indiana:

- Indiana Non-MSA, consisting of the whole counties of DeKalb, Fulton, Huntington, Kosciusko, LaGrange, Marshall, Noble, and Pulaski, one census tract from Miami County, and three census tracts from Wabash County;
- Elkhart-Goshen, IN MSA #21140 consisting of Elkhart County;
- Fort Wayne, IN MSA #23060 consisting of Allen and Whitley Counties;
- Indianapolis-Carmel-Anderson, IN MSA #26900 consisting of Hamilton, Marion and Johnson Counties; and
- South Bend-Mishawaka, IN-MI MSA #43780 consisting of St. Joseph County

The following table provides a breakdown of the bank’s branch offices by census tract income level:

Distribution of Branches Among Census Tracts										
Assessment Area	Low-Income		Moderate-Income		Middle-Income		Upper-Income		Total	
	#	% of Total	#	% of Total	#	% of Total	#	% of Total	#	% of Total
Indiana Non-MSA	0	0.0	5	9.3	18	33.3	4	7.4	27	50.0
Elkhart-Goshen, IN MSA	0	0.0	2	3.7	8	14.8	1	1.9	11	20.4
Fort Wayne, IN MSA	0	0.0	1	1.9	1	1.9	4	7.4	6	11.2
Indianapolis-Carmel-Anderson, IN MSA	0	0.0	0	0.0	2	3.7	4	7.4	6	11.1
South Bend-Mishawaka, IN MSA	1	1.9	0	0.0	2	3.7	1	1.9	4	7.5
Total	1	1.9	8	14.9	31	57.4	14	26.0	54	100.0

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

At its previous evaluation conducted on March 1, 2021, the bank was rated **Satisfactory** under the CRA.

SCOPE OF THE EXAMINATION

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

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

Description of Lake City Bank’s Individual Assessment Areas		
Scope	Assessment Area	Description
Full	Indiana Non-MSA	Dekalb, Fulton, Huntington, Kosciusko, LaGrange, Marshall, Noble, and Pulaski Counties
Limited	Elkhart-Goshen, IN MSA	Elkhart County
Full	Fort Wayne, IN MSA	Allen and Whitley Counties
Full	Indianapolis-Carmel-Anderson, IN MSA	Marion, Hamilton, Johnson County
Limited	South Bend-Mishawaka, IN MSA	St. Joseph County

The lending analysis was based on loans reported under the Home Mortgage Disclosure Act (HMDA) and the Community Reinvestment Act (CRA) for calendar years 2020 and 2021. Loans reported under the CRA include loans to small businesses and small farms. This evaluation places equal emphasis on CRA-reportable and HMDA-Reportable loans. While the bank originated/purchased more small business and farm loans than home mortgage loans, the dollar amount between the two reportable loan types was similar. Of note, 2021 lending figures will be the primary basis to evaluate the bank's performance, while 2020 figures were used for comparison purposes. Combined tables for both 2020 and 2021 lending data are included in each of the assessment area discussions. The full scope review assessment areas of the Indiana Non-MSA, Fort Wayne, IN MSA, and the Indianapolis-Carmel-Anderson MSA are the only assessment areas given consideration when assessing the bank's ratings. Assessment areas under limited review were evaluated for consistency with the bank's overall performance.

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

- ***Level of Lending Activity:*** The bank's HMDA-reportable and CRA-reportable loans, originated from January 1, 2020 through December 31, 2021, were reviewed to determine the responsiveness to credit needs in the assessment areas.
- ***Lending in the Assessment Area:*** HMDA-reportable and CRA-reportable loans, originated from January 1, 2020 through December 31, 2021, were analyzed to determine the percentage of loans originated in the bank's combined assessment area.
- ***Geographic Distribution of Lending in the Assessment Area:*** HMDA-reportable and CRA-reportable loans, originated from January 1, 2020 through December 31, 2021, were analyzed to determine the extent to which the bank is lending in census tracts of different income levels, particularly those designated as low- or moderate-income.
- ***Lending to Borrowers of Different Incomes and to Businesses and Farms of Different Sizes:*** HMDA- reportable and CRA-reportable loans originated from January 1, 2020 through December 31, 2021, were analyzed to determine the distribution among borrowers of different income levels, particularly low- or moderate-income borrowers, and to businesses and farms of different revenue sizes.
- ***Community Development Lending:*** The number, dollar volume, innovativeness and complexity of community development loans originated from March 2, 2021 through April 10, 2023, were reviewed.
- ***Innovative or Flexible Lending Practices:*** The degree to which the bank uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals or geographies and small businesses and farms was assessed.

- **Investments:** Qualified investments, grants, and donations made from March 2, 2021 through April 10, 2023, were reviewed to determine the bank's responsiveness to community development needs. In addition, outstanding qualified investments made prior to March 2, 2021 were also considered. Qualified investments were also evaluated to determine the bank's use of innovative or complex investments.
- **Services:** The distribution of the bank's branch offices, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services undertaken from March 2, 2021 through April 10, 2023, were reviewed.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Lake City Bank's performance relative to the lending test is rated High Satisfactory. Factors contributing to the rating include: lending activity reflects excellent responsiveness to assessment area credit needs; a substantial majority of loans were originated in the bank's assessment area; loans reflect good geographic distribution throughout the bank's assessment area, including low- and moderate-income geographies; the bank demonstrates an adequate distribution of loans among individuals of different income levels and businesses (including farms) of different revenue sizes; the bank makes extensive use of innovative and/or flexible lending practices to address the credit needs of low- or moderate-income individuals or geographies; the bank has good responsiveness to credit and community development needs; and the bank makes a relatively high level of community development loans.

Level of Lending Activity

Lake City Bank's lending levels reflect excellent responsiveness to credit needs in its assessment area, considering the number and amount of home mortgage, small business, and small farm loans extended in 2020 and 2021. The bank made 8,490 HMDA- and CRA-reportable loans during the review period totaling \$1.6 billion. This was a significant increase from the previous evaluation, in which the bank originated 4,829 HMDA- and CRA-reportable loans in 2018 and 2019 which totaled \$1.1 billion. The bank experienced the largest increase (nearly 130 percent by number) in small business loans relative to the previous evaluation. This was largely driven by the bank's participation in the Paycheck Protection Program (PPP). Furthermore, a historically low interest rate environment generated an unusually high level of refinance activity, which contributed to the overall lending growth. The following table presents the bank's level of lending activity across the combined assessment area during the review period.

Summary of Lending Activity January 1, 2020 – December 31, 2021				
Loan Type	#	%	\$(000s)	%
Home Improvement	60	0.7	3,188	0.2
Home Purchase	493	5.8	129,736	8.1
Multi-Family Housing	69	0.8	240,536	15.0
Refinancing	2,679	31.6	385,639	24.1
Total HMDA Reportable	3,301	38.9	759,099	47.5
Total Small Business Reportable	4,563	53.7	776,363	48.5
Total Small Farm Reportable	626	7.4	63,911	4.0
Total Loans	8,490	100.0	1,599,373	100.0

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

Assessment Area Concentration

A substantial majority of the bank’s HMDA-reportable and CRA-reportable loans were originated in its combined assessment area. The bank originated 92.9 percent of its HMDA-related loans by number and 77.5 percent by dollar volume of its loans within the bank’s combined assessment areas. Small business loans originated in the bank’s assessment areas represented 92.3 percent of all small business loan originations by number and 90.3 percent by dollar amount. Lastly, small farm loans concentration in the assessment area was comparable at 94.7 percent by number and 93.3 percent by dollar amount. Overall, the level of lending inside the assessment area of 92.7 percent is consistent with the bank’s prior performance evaluation dated March 1, 2021.

The following table summarizes the bank’s lending inside and outside its assessment areas for HMDA-reportable and CRA-reportable (small business and small farm) loans from January 1, 2020 through December 31, 2021.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	56	93.3	2,941	92.3	4	6.7	247	7.7
Home Purchase – Conventional	438	88.8	92,853	71.6	55	11.2	36,883	28.4
Multi-Family Housing	54	78.3	139,249	57.9	15	21.7	101,287	42.1
Refinancing	2,520	94.1	353,032	91.5	159	5.9	32,607	8.5
Total HMDA Reportable	3,068	92.9	588,075	77.5	233	7.1	171,024	22.5
Total Small Bus. Reportable	4,213	92.3	701,033	90.3	350	7.7	75,330	9.7
Total Small Farm Reportable	593	94.7	59,641	93.3	33	5.3	4,270	6.7
Total Loans	7,874	92.7	1,348,749	84.3	616	7.3	250,624	15.7

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

Geographic and Borrower Distribution

The bank’s lending activities reflect adequate distribution throughout the assessment area, particularly in its assessment areas, of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank. The bank exhibits a good record of serving the credit needs of economically disadvantaged areas in its assessment areas, low-income individuals, and businesses and farms with gross annual revenues of \$1 million or less, consistent with safe and sound operations. Additionally, the bank makes extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.

The conclusions are based primarily upon the bank’s record of lending in the three full-review assessment areas that include the Indiana Non-MSA, Indianapolis-Carmel-Anderson, IN MSA, and Fort Wayne, IN MSA. Also, LCB makes extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies, as well as small businesses and farms. Lending volumes for each activity are detailed in the following table accompanied by a detailed description of each.

Innovative and Flexible Lending Programs Volume for 2021	
Program	Loans (#)
Secured Credit Cards	255
Getting Ahead Loans	71
ZeroDown Loans	4
Federal Home Loan Bank of Indianapolis – Forgivable Grants	64
Community Saver Loan	12
Farm Service Agency Loan	21
Small Business Administration Programs	28
Habitat For Humanity	1
Paycheck Protection Program (PPP)	1,193
Flanner House Loan Program	1
Total Loans	1,650

Details of the loan types are highlighted below:

- Secured Credit Cards – Secured savings account that is pledged as security for a credit card account;
- Getting Ahead Loans – Small dollar loans made to borrowers to help re-establish access to credit with the condition of completing a prescribed financial literacy course;
- ZeroDown Loans – Offers flexibility to fit a variety of borrower situations to help meet the needs of very low- to low-income borrowers looking for low down payment options and flexible sources of funds;

- Federal Home Loan Bank of Indianapolis – Forgivable Grants – Assists existing homeowners with incomes at or below 80% of area median income to rehabilitate their homes for eligible repairs;
- Community Saver Loan – Personal loans secured by a certificate of deposit to further establish credit while saving funds for a personal goal;
- Farm Service Agency Loan – An agency through the U.S. Department of Agriculture whereby farmers who are unable to obtain credit may get a loan or access a guaranteed loan product;
- Small Business Administration – Products finance the purchase of fixed assets or to help start-up and existing eligible small businesses;
- Habitat for Humanity Mortgage Programs – Products make homeownership possible for low- and moderate-income borrowers that would otherwise not have access to traditional financing with minimal or no funds of their own;
- Flanner House Loan Program – A special mortgage loan program that was implemented in early 2021 in partnership with the Flanner House in Indianapolis. This loan program was made available to those of low-income or minority status currently residing in, or who are interested in residing in a portion of west central Indianapolis. As part of this program, the Flanner House is revitalizing properties in the community and the Bank is providing mortgage loans with 90% LTV financing, a fixed rate, and no PMI;
- Additionally, in 2021, Lake City Bank was active in providing loans to small businesses during the COVID-19 pandemic under the Payment Protection Program (PPP).

Community Development Lending

The bank makes a relatively high-level of community development loans. Community development lending activity decreased from levels noted during the prior evaluation which was elevated due to the bank's number of PPP loans during the COVID-19 pandemic. The bank originated 29 community development loans, totaling \$131.3 million during this evaluation period, compared to 75 loans for \$151.9 million in the prior evaluation period. At the previous evaluation, \$66.6 million, or 43.8 percent of the total dollar amount, were originated through the PPP as compared to this evaluation where the bank had two PPP loans totaling \$5.1 million dollars. Once PPP loans are accounted for, the bank increased its community development lending by dollar (\$126.2 million) significantly as compared to the prior evaluation periods \$85.3 million in community development loans. The majority of the bank's community development loans went toward affordable housing initiatives, an area identified as a need particularly in the Fort Wayne and Indianapolis-Carmel-Anderson MSAs, which is where the greatest percentage of the bank's affordable housing loans were made relative to its other assessment areas. The bank also originated four loans totaling over \$52 million to the broader statewide or regional area. Additional details of the bank's community development lending can be found within the individual assessment area analyses.

Community Development Loans (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	\$	#	\$	#	\$	#	\$	#	\$	#
Full Review Assessment Areas										
Fort Wayne MSA	4,617	3	19,875	3	19,366	1	5,000	1	48,857	8
Indianapolis-Carmel-Anderson MSA	18,131	3	1,020	3	0	0	0	0	19,151	6
Indiana Non-MSA	300	1	0	0	0	0	0	0	300	1
Limited Review Assessment Areas										
Elkhart-Goshen MSA	12	1	4,977	4	0	0	0	0	4,989	5
South Bend-Mishawaka MSA	150	1	4,073	2	0	0	1,586	2	5,809	5
Statewide Regional Area	52,200	4	0	0	0	0	0	0	52,200	4
Total	75,409	13	29,945	12	19,366	1	6,586	3	131,306	29

INVESTMENT TEST

LCB's performance relative to the Investment Test is Low Satisfactory based on making an adequate level of qualified investments, particularly those that are not routinely provided by private investors, and rarely in leadership positions. The bank makes occasional use of innovative or complex qualified investments to support community development initiatives, as well as demonstrates adequate responsiveness to the credit and community development needs of its assessment areas.

During the evaluation period, the bank originated \$11.5 million in current period investments, a slight increase from the previous evaluation's \$11.2 million. The majority of the bank's current period investments were dedicated toward affordable housing and community services through investments in small businesses, low-income housing tax credits, and community development financial institutional funds. In addition to current period investments, the bank maintained \$28.0 million in prior period investments while retaining \$7.1 million in unfunded commitments. Overall, total funded investment levels of \$39.5 million continue to trend upward from the previous performance evaluation where total funded investments reached \$25.1 million.

Qualified Investments (Dollars in 000s)						
Assessment Area	Current Period Funded			Current Period Funded (\$)	Prior Period Funded (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Services (\$)	Economic Development (\$)			
Full Review Assessment Areas						
Fort Wayne MSA	26	0	0	26	2,586	1,987
Indianapolis-Carmel-Anderson MSA	0	3,426	0	3,426	5,828	1,318
Indiana Non-MSA	5,574	0	0	5,574	3,330	1,476
Limited Review Assessment Areas						
Elkhart-Goshen MSA	0	0	0	0	4,637	77
South Bend-Mishawaka MSA	0	0	0	0	7,394	183
Statewide Regional Area	2,500	0	0	2,500	4,221	2,015
Total	8,100	3,426	0	11,526	27,997	7,055

In addition, the bank made a total of \$318,473 in community development grants and donations in the evaluation period which is a decrease from the \$393,584 in donations from the previous evaluation. However, as explained in more detail in the following section, the previous evaluation sample period was more than a third longer than this evaluations sample period. A large percentage, 43.4 percent, of the donations were directed towards the Indianapolis-Carmel-Anderson MSA, totaling \$138,085. Further analysis indicates that \$241,573 in donations, or 75.8 percent, went towards organizations with a community service focus, followed by \$65,150, or 20.5 percent, in donations going towards affordable housing initiatives. Please refer to the individual assessment area sections of the performance evaluation for additional detail on community development investments and grants/donations.

Community Development Grant/ Donations					
Assessment Area	Affordable Housing	Community Services	Economic Development	Total	
	\$	\$	\$	\$	%
Full Review Assessment Areas					
Fort Wayne MSA	4,250	39,318	8,500	52,068	16.3
Indianapolis-Carmel-Anderson MSA	8,900	38,343	600	47,843	15.0
Indiana Non-MSA	16,000	121,435	650	138,085	43.4
Limited Review Assessment Areas					
Elkhart-Goshen MSA	36,000	19,595	0	55,595	17.5
South Bend-Mishawaka MSA	0	22,882	2,000	24,882	7.8
Total	65,150	241,573	11,750	318,473	100.0

SERVICE TEST

Lake City Bank's performance relative to the Service Test is Outstanding. The bank's service delivery systems are accessible to geographies and individuals of different income levels in its

assessment areas. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income (LMI) geographies and to low- and moderate-income individuals. Services and business hours do not vary in a way that inconveniences the needs of its assessment areas, particularly LMI geographies and individuals. The bank is also a leader in providing community development services.

Retail Services

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

Lake City Bank operates from 54 locations as well as a call center and a loan production office. The bank also maintains 47 ATMs and seven interactive teller machines (ITMs) throughout its combined assessment area. There is currently one branch in a low-income census tract (1.9 percent), eight in moderate-income (14.8 percent), 31 in middle-income (57.4 percent), and 14 in upper-income census tracts (25.9 percent).

Since the previous CRA evaluation, the bank opened two branches, one in Elkhart High School, one in the Elkhart River District, and closed a cash-only ATM in Goshen.

Bank locations are open Monday through Friday with standard hours from 9:00 a.m. to 5:00 p.m., and open on Saturdays with limited hours, typically until noon. All products and services are consistent among all branches. The bank offers free ATMs, internet and mobile banking, call center (Monday through Saturday), and automated telephone banking service to meet the financial service needs of the residents and businesses in the bank's assessment areas. Additionally, as previously noted, the bank continues to offer services through ITMs that combine ATM functions with access to a live teller, or virtual banker. This innovative technology permits customers to perform common banking transactions while talking with a virtual banker, who appears live on the ITM screen. After hours, the machine reverts to a typical ATM. The bank currently runs a network of seven ITMs.

Community Development Services

The bank is a leader in providing community development services. The bank provided 7,036 community development service hours to organizations during the evaluation period. While this represented a decrease when compared to the 9,740 hours provided by the bank in the previous performance evaluation; it is a higher number of hours averaged per day once the evaluation durations are accounted for. The previous evaluation considered a duration of 1,210 days (November 7, 2017, to March 1, 2021), while this evaluation considers a duration of 769 days (March 2, 2021, to April 10, 2023). Given the significantly shorter evaluation duration, the bank continues to

dedicate significant employee time to serving its community. Contributions were mostly devoted to community services representing 86.0 percent of the total service hours. However, it should be noted the bank dedicated more hours to affordable housing for this evaluation when compared to the previous evaluation, an area of high need as identified by multiple community representatives. Service hours were dispersed throughout the assessment areas, with 2,651 hours, or 47.9 percent, occurring in the Indiana Non-MSA. The bank’s level of services hours in each respective assessment area is largely correlated to the number of branches the bank operates in those assessment areas. Many service hours took the form of leadership roles on boards and committees, as well as for financial literacy purposes. Also included in the total service hours were 346 hours applied to Junior Achievement initiatives with another 165 hours devoted towards Habitat for Humanity.

Community Development Services					
Assessment Area	Affordable Housing	Community Services	Economic Development	Total Hours	% of Total
Full Review Assessment Areas					
Fort Wayne MSA	127	1,179	55	1,360	19.3
Indianapolis-Carmel-Anderson MSA	147	349	73	569	8.1
Indiana Non-MSA	181	2,651	111	2,942	41.8
Limited Review Assessment Areas					
Elkhart-Goshen MSA	54	1,404	0	1,457	20.7
South Bend-Mishawaka MSA	113	466	130	708	10.1
Total Hours	621	6,047	367	7,036	100.0

Note: Hours were rounded to nearest decimal point and may not add up to the totals which were also rounded to the nearest decimal point.

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 THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the performance evaluation.

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

The bank has delineated the Fort Wayne, IN MSA assessment area in its entirety by taking Allen and Whitley Counties. The assessment area contains 103 total census tracts comprised of 12 low-, 24 moderate-, 42 middle-, 22 upper-, and three unknown-income census tracts. The bank operates six branches and six ATMs within the Fort Wayne, IN MSA. Of the branches, one is in a moderate-income census tract located in downtown Fort Wayne. The bank had neither opened nor closed any branches or ATMs since the prior evaluation in this assessment area. The following table presents the bank’s branch and ATM locations with relevant demographic characteristics in the assessment area.

Branch Location Census Tract Designation										
Assessment Area - Fort Wayne MSA	Low- Income		Moderate- Income		Middle- Income		Upper- Income		Total	
	#	%	#	%	#	%	#	%	#	%
Branches	0	0.0	1	16.7	1	16.7	4	66.7	6	100.0
ATMs	0	0.0	1	16.7	1	16.7	4	66.7	6	100.0
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>										

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2022, ranks Lake City Bank second among 21 FDIC-insured institutions in the assessment area counties. The bank has a 13.4 percent market share, more than 3.0 percent more than the third-ranked institution, Star Financial Bank at 10.2 percent, but lower than first ranked JP Morgan Chase National Association (NA) with a 21.5 percent market share.

Based on 2021 aggregate lending data, Lake City Bank ranks eighteenth of 365 HMDA reporters in loan originations in the assessment area. A total of 365 originations were reported by Lake City Bank, with the top two lenders surpassing 2,000 loans: Three Rivers Federal Credit Union with 2,822 loans and Ruoff Mortgage Company, Inc. with 2,754 loans. The 2021 CRA Market Peer Report ranks Lake City Bank sixth of 101 reporters. Lake City Bank originated 401 CRA-reportable loans, with JP Morgan Chase NA leading all banks with 1,363 originations followed by American Express National Bank (NB) with 921 originations. Overall, Lake City Bank is amongst the leading state-member banks as six of the top ten banks are nationally chartered. Information about census-related and business demographic characteristics of the assessment area for 2021 is provided in the following table.

2021 Fort Wayne, IN MSA 23060 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	12	11.7	8,400	8.3	3,304	39.3	20,271	20.0
Moderate	24	23.3	16,032	15.8	3,710	23.1	18,291	18.0
Middle	42	40.8	45,894	45.2	3,463	7.5	22,375	22.0
Upper	22	21.4	30,987	30.5	1,003	3.2	40,586	40.0
Unknown	3	2.9	210	0.2	77	36.7	0	0.0
Total AA	103	100.0	101,523	100.0	11,557	11.4	101,523	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	17,420	6,511	6.1	37.4	7,774	44.6	3,135	18.0
Moderate	33,082	14,630	13.6	44.2	13,845	41.9	4,607	13.9
Middle	74,091	51,446	47.8	69.4	17,662	23.8	4,983	6.7
Upper	42,919	34,901	32.4	81.3	6,290	14.7	1,728	4.0
Unknown	769	109	0.1	14.2	520	67.6	140	18.2
Total AA	168,281	107,597	100.0	63.9	46,091	27.4	14,593	8.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	1,143	6.8	994	6.6	144	8.7	5	3.2
Moderate	3,072	18.2	2,702	18.0	354	21.4	16	10.2
Middle	6,766	40.1	6,046	40.2	648	39.2	72	45.9
Upper	5,130	30.4	4,736	31.5	339	20.5	55	35.0
Unknown	741	4.4	564	3.7	168	10.2	9	5.7
Total AA	16,852	100.0	15,042	100.0	1,653	100.0	157	100.0
Percentage of Total Businesses:				89.3	9.8	0.9		
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	4	0.9	4	0.9	0	0.0	0	0.0
Moderate	9	2.0	9	2.1	0	0.0	0	0.0
Middle	310	70.0	306	69.7	4	100.0	0	0.0
Upper	118	26.6	118	26.9	0	0.0	0	0.0
Unknown	2	0.5	2	0.5	0	0.0	0	0.0
Total AA	443	100.0	439	100.0	4	100.0	0	0.0
Percentage of Total Farms:				99.1	0.9	0.0		

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Population Characteristics

The following table presents the population trends for the assessment area, counties which make up the assessment area, and the state of Indiana. As indicated by the 2020 U.S. Census Bureau, Allen and Whitley counties experienced gains in population of 6.0 and 2.6 percent, respectively, with the overall assessment area (Fort Wayne MSA) experiencing a population growth of 5.8 percent. According to a community representative, Fort Wayne is the second most populous city in Indiana and not only has been attracting talent from surrounding counties but is now attracting individuals from out of the state, contributing to population growth. The overall population growth of 5.8 percent in the assessment area exceeded the growth that occurred throughout the state of Indiana at 3.3 percent during the same period.

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

Income Characteristics

According to 2016-2020 American Survey data, the median family income (MFI) for Allen and Whitley counties were \$71,419 and \$74,725, respectively, with both counties experiencing comparable increases of 8.2 and 7.3 percent, respectively, from 2015. The overall assessment area rate of increase of 8.4 percent was slightly below the state of Indiana which experienced a 9.7 percent increase in MFI during the same period. However, the assessment area's MFI of \$71,896 remains fairly comparable to the state's MFI of \$73,265. It should be further noted that the MFI for low-income families is defined as 50.0 percent or less of MFI, moderate-income as between 50.0 and 80.0 percent of MFI, middle-income as between 80.0 and 120.0 percent of MFI, and upper-income as greater than 120.0 percent of MFI. Please refer to the Glossary for a definition of the various income definitions used in this evaluation.

Based upon 2021 FFIEC Census Data, Allen County experienced a higher family poverty level at 12.0 percent, which primarily includes the City of Fort Wayne, while neighboring Whitley County had a family poverty level at 5.4 percent. Allen County constitutes 91,978 of the assessment area's 101,523 families, or 90.6 percent, thereby driving the overall poverty level in the assessment area to 11.4 percent. Overall, of the 101,523 families in the assessment area, 38.0 percent are low- or moderate-income. The following table presents inflation-adjusted (in 2020 dollars) income characteristics between 2015 and 2020 in the individual counties, the Fort Wayne, IN MSA, and the state of Indiana.

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

Housing Characteristics

The following table presents the recent housing cost burden within Allen and Whitley Counties, the assessment area (Fort Wayne, IN 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.

Renters across all income levels in the assessment area experience this burden at 39.5 percent. Whitley County has lower rates of housing cost burden for low-income renters but higher rates of housing cost burden for moderate-income renters when compared to Allen County, as well as the state of Indiana. The housing cost burden for homeowners in Whitley County is higher for both low- and moderate-income owners when compared to Allen County. Overall, the housing cost burden for homeowners within the assessment area (12.7 percent) is less than the state of Indiana, which has 15.1 percent of all homeowners being burdened by their payments towards housing.

According to FFIEC HMDA loan and application records, home mortgage trends reflect increases in home mortgage activity in recent years across the assessment area’s counties and the broader region. These trends suggest a continued increase in demand for home purchases, driving up home values and indicating that housing cost burden for low-and moderate-income homeowners will remain elevated. According to the 2020 U.S. Census, the assessment area had a median housing value of \$116,101 and median gross rent of \$680. Overall, the assessment area includes 168,281 housing units; the majority are owner-occupied, representing 63.9 percent of the units, followed by 27.4 percent of rental units and 8.7 percent vacant housing units.

Both community representatives noted that the Fort Wayne MSA has seen a significant increase in home prices in the past few years, often to the point where affordability is becoming a growing concern for individuals and families. A representative with expertise in affordable housing noted that rents have surged recently beyond the typical rate of growth, exacerbating the affordable housing situation. One factor mentioned by the representative was the cost of maintaining properties (e.g., lawncare, building repair, etc.) has increased dramatically, forcing owners of these properties to increase rents accordingly. The other representative stated that Fort Wayne is an

outlier in terms of aging housing stock; the metro has lagged in building housing relative to the national average as well as similarly situated sized cities. The Fort Wayne metropolitan area has seen more population growth than the rest of the state over the last decade, which combined with high new construction costs, has meant increased demand with slowly increasing supply.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	76.1	24.2	39.5	53.5	20.4	12.7
Allen County	76.6	23.1	39.8	52.6	20.1	12.5
Whitley County	65.1	41.7	33.7	61.5	23.7	14.7
State of Indiana	73.3	26.8	41.0	57.2	22.9	15.1

Cost Burden is housing cost that equals 30.0 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy

Employment Characteristics

The following table presents employment characteristics between 2017 and 2021 in the two counties comprising the assessment area, the Fort Wayne, IN MSA, and the state of Indiana. Overall, all regions experienced stabilized unemployment rates within the past five years (2017-2021), with the notable increase in 2020 due to the widespread economic downturn caused by the COVID-19 pandemic. In 2021, while unemployment rates across all areas declined from 2020, Whitley County was a modest outlier at 2.7 percent unemployment relative to Allen County and the state of Indiana which had unemployment rates of 3.7 and 3.6 percent, respectively.

A community representative confirmed that Allen and Whitley Counties continue to see lower unemployment rates due to the growing opportunities in the area, as the once manufacturing focused economy has begun to diversify, offering more opportunities for wider segments of the population. Both community representatives noted that there was an existing labor supply issue (aligning with the data below), which led to further struggles for employers to fill open positions.

Unemployment Rates (%)					
Area	2017	2018	2019	2020	2021
Assessment Area	3.3	3.1	3.1	7.6	3.6
Allen County	3.3	3.1	3.1	7.8	3.7
Whitley County	2.9	2.8	2.9	6.0	2.7
State of Indiana	3.5	3.4	3.3	7.2	3.6

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)

Industry Characteristics

According to data maintained by the U.S. Bureau of Labor Statistics, the assessment area has a large number of employees in the fields of healthcare and manufacturing. A community representative

confirmed the work distribution throughout the area stating that Whitley County had more employment that was manufacturing while Allen County had more healthcare related employees. However, as previously noted in the above section, the metro's range of employers is diversifying even while maintaining its identity as a manufacturing hub.

Community Representatives

Two community representatives with a focus on economic development and affordable housing were contacted to increase understanding of the credit needs and market conditions within the assessment area. The main comment from the community representatives was that the area continues to struggle with building enough affordable housing units. The focus recently has been to build homes that are designed to attract employees for jobs that would allow them to afford homes above what is commonly thought of as affordable housing. One representative did note that Low-Income Housing Tax Credits are essential to the development of more affordable housing. Furthermore, the attraction and development of a labor force remains a high priority according to both representatives. Overall, both representatives commented that the area has a strong local banking community with bankers who are engaged and committed to assisting the community with their banking needs and offer their time, talent, and expertise.

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

LENDING TEST

The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, adequate penetration among individuals of different income levels and adequate penetration among businesses (including farms) of different sizes. Lake City Bank also exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses and farms. The bank is a leader in providing community development loans, and the bank makes extensive use of innovative and flexible lending practices in serving assessment area credit needs.

There will be no discussion of home improvement or multi-family loans as originations were too low for a meaningful analysis to be conducted. Finally, when determining performance, the comparison to aggregate lender figures were weighted more heavily than the assessment area demographics (i.e., percentage of owner-occupied housing units or percentage of borrowers by income levels) as it is a better measure of loan demand.

Geographic Distribution of Loans

The bank's lending activities reflect good distribution throughout the assessment area. The bank's assessment area includes 12 low-; 24 moderate-; 42 middle-; 22 upper-, and three unknown-income census tracts. For purposes of this analysis, HMDA-reportable (home purchase and refinance) and

CRA-reportable small business loans were used as the primary drivers in determining the rating due to volume. Small farm loans could not be fully reviewed for geographic distribution as 96.6 percent of all small farms are located in either middle- or upper-income census tracts.

In 2021, the bank's rate of home mortgage lending within low- and moderate-income census tracts was adequate. Within low-income census tracts the bank's performance was comparable with the aggregate lenders but below the assessment area demographics. Within moderate-income census tracts, the bank's performance was below the aggregate lenders and the assessment area demographics. Additionally, the bank's performance with respect to small business loans was good given the bank's performance was comparable to the aggregate lenders and the percentage of small businesses operating in low- and moderate-income census tracts. Finally, the bank's distribution of lending across geographies of different income levels in 2020 within home mortgage and loans to small businesses was consistent with the distribution of loans in 2021.

A gap analysis was completed as part of the evaluation. In 2021, the bank originated HMDA and/or CRA small business loans in nine of the 12 low-income census tracts (75.0 percent), and within 21 of the 24 moderate-income tracts (87.5 percent). Overall, the bank made loans in 94 of the 103 census tracts (91.3 percent) in the assessment area. Based upon this analysis, there were no conspicuous, unexplained lending gaps in the assessment area.

HMDA – Reportable Loans

In 2021, the bank's rate of HMDA-reportable lending within low- and moderate-income census tracts was adequate. The bank's 2021 HMDA-reportable lending in the assessment area was concentrated in home purchase and refinanced home loans, which comprised 94.6 percent of the 239 HMDA loans originated. Due to low volume, multi-family, home improvement, other purpose (LOC and closed/exempt), and loan purpose not applicable loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

Home purchase loans represented 13.8 percent of the bank's HMDA-reportable loans originated in the Fort Wayne, IN MSA assessment area in 2021. Within low-income census tracts, the bank originated 3.0 percent of its home purchase loans which was comparable to the 3.2 percent of the aggregate lenders, but below the 6.1 percent of the owner-occupied housing units located in low-income tracts. Within moderate-income census tracts, Lake City Bank originated 9.1 percent of its home purchase loans which was below the aggregate at 15.0 percent as well as the owner-occupied demographics at 13.6 percent. Within middle-income census tracts, the bank originated 42.4 percent of its home purchase loans in 2021. The bank's performance was comparable to the aggregate lender rate of 43.5 percent and slightly below the 47.8 percent of owner-occupied units located in middle-income census tracts. The bank originated 45.5 percent of its home purchase loans in upper-income tracts, above the aggregate of lenders at 38.2 percent as well as the owner-occupied housing

units located in upper-income tracts at 32.4 percent. The bank's overall performance in 2020 was comparable to 2021 figures.

Refinance Loans

Refinanced home loans represented 80.8 percent of the bank's HMDA-reportable loans located in the Fort Wayne, IN MSA assessment area in 2021. Within low-income census tracts, Lake City Bank originated 2.1 percent of its loans, which exceeded the aggregate lenders at 1.2 percent and was below the owner-occupied demographics at 6.1 percent. The bank's loans in moderate-income tracts at 4.1 percent was below the aggregate lender rate of 9.7 percent and the 13.6 percent of the assessment area's owner-occupied units located in moderate-income census tracts. Within middle-income census tracts, the bank originated 50.3 percent of its refinanced home loans. The bank's performance was slightly above the aggregate lender rate of 45.4 percent, but comparable to the 47.8 percent of owner-occupied units located in middle-income census tracts. The bank originated 43.5 percent of its refinanced home loans in upper-income census tracts, which was comparable to the aggregate of lenders at 43.7 percent but above the owner-occupied units located in upper-income tracts at 32.4 percent. The bank's overall performance relative to refinanced home loans in 2020 was comparable to 2021 figures.

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	0	0.0	2.5	0	0.0	1.1	1	3.0	3.2	124	1.4	1.3	6.1
Moderate	5	14.3	12.1	597	11.2	7.2	3	9.1	15.0	265	2.9	9.1	13.6
Middle	15	42.9	44.8	1,873	35.0	38.9	14	42.4	43.5	2,739	30.3	37.7	47.8
Upper	15	42.9	40.5	2,880	53.8	52.8	15	45.5	38.2	5,901	65.4	51.7	32.4
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	35	100.0	100.0	5,350	100.0	100.0	33	100.0	100.0	9,029	100.0	100.0	100.0
Refinance Loans													
Low	1	0.6	0.7	34	0.1	0.4	4	2.1	1.2	247	0.9	0.5	6.1
Moderate	7	3.9	7.6	730	3.1	4.3	8	4.1	9.7	390	1.4	25.7	13.6
Middle	82	45.6	41.9	8,465	35.7	35.2	97	50.3	45.4	11,060	39.9	32.8	47.8
Upper	90	50.0	49.8	14,450	61.0	60.0	84	43.5	43.7	16,019	57.8	41.1	32.4
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	180	100.0	100.0	23,679	100.0	100.0	193	100.0	100.0	27,716	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	2.7	0	0.0	0.8	0	0.0	3.8	0	0.0	1.1	6.1
Moderate	0	0.0	11.0	0	0.0	6.2	0	0.0	11.8	0	0.0	7.9	13.6
Middle	1	16.7	44.0	30	7.5	41.7	4	57.1	45.4	106	53.3	43.0	47.8
Upper	5	83.3	42.4	370	92.5	51.3	3	42.9	39.0	93	46.7	47.9	32.4
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	6	100.0	100.0	400	100.0	100.0	7	100.0	100.0	199	100.0	100.0	100.0
Multifamily Loans													
Low	0	0.0	25.0	0	0.0	20.9	0	0.0	19.2	0	0.0	20.0	13.1
Moderate	2	25.0	35.0	1,350	6.6	35.8	2	33.3	30.8	1,325	22.9	27.0	29.9
Middle	3	37.5	30.0	15,659	76.3	37.0	3	50.0	33.3	3,855	66.7	25.9	37.8
Upper	3	37.5	10.0	3,504	17.1	6.3	1	16.7	12.8	600	10.4	26.6	16.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	3.8	0	0.0	0.4	2.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	8	100.0	100.0	20,513	100.0	100.0	6	100.0	100.0	5,780	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	1	0.4	1.6	34	0.1	1.6	5	2.1	2.1	371	0.9	1.9	6.1
Moderate	14	6.1	9.7	2,677	5.4	6.9	13	5.4	12.1	1,980	4.6	19.0	13.6
Middle	101	44.1	43.3	26,027	52.1	39.0	118	49.4	44.6	17,760	41.6	34.5	47.8
Upper	113	49.3	45.3	21,204	42.5	52.4	103	43.1	41.1	22,613	52.9	44.4	32.4
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	229	100.0	100.0	49,942	100.0	100.0	239	100.0	100.0	42,724	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 bank’s performance with respect to small business loans was good. In 2021, the bank originated 312 small business loans in the Fort Wayne, IN MSA assessment area. The bank originated 24 loans, or 7.7 percent, within low-income census tracts which was comparable to both the aggregate lender rate at 7.2 percent and the percentage of total businesses in low-income tracts at 6.8 percent. For moderate-income tracts, the bank’s performance at 17.3 percent was comparable to the aggregate lender rate of 16.6 percent as well as the percentage of small businesses located in moderate-income census tracts at 18.2 percent. Within middle-income census tracts, the bank originated 43.9 percent of its small business loans, which slightly exceeded the performance of aggregate lenders at 40.5 percent and the percentage of small businesses at 40.1 percent. Lastly, the bank’s lending in upper-income census tracts at 23.7 percent was below the aggregate lenders at 31.4 percent and the percentage of small businesses at 30.4 percent operating in upper-income census tracts. The bank’s small business lending volume in 2020 was significantly higher than 2021 primarily due to the bank’s participation in the Payment Protection Program (PPP); however, the bank’s overall performance is similar.

Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography													
Assessment Area: Fort Wayne, IN MSA 23060													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	\$%	#	#%	#%	\$(000)	%	\$%	
Low	38	6.7	6.8	7,963	7.7	8.5	24	7.7	7.2	4,250	6.8	9.4	6.8
Moderate	93	16.4	17.4	19,263	18.5	17.3	54	17.3	16.6	13,352	21.3	19.0	18.2
Middle	235	41.4	40.2	37,657	36.2	39.0	137	43.9	40.5	26,004	41.4	38.3	40.1
Upper	170	30.0	30.3	28,479	27.4	26.2	74	23.7	31.4	14,002	22.3	26.3	30.4
Unknown	31	5.5	5.1	10,709	10.3	9.0	23	7.4	4.1	5,160	8.2	7.0	4.4
Tract-Unk	0	0.0	0.2	0	0.0	0.1	0	0.0	0.2	0	0.0	0.0	
Total	567	100.0	100.0	104,071	100.0	100.0	312	100.0	100.0	62,768	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

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

Small Farm Loans

The bank’s performance with respect to small farm loans was only given a limited analysis as the substantial majority of farms are located in middle- and upper-income census tracts. As shown in the following table, only 0.9 percent and 2.0 percent of farms are located in low- and moderate-income census tracts, respectively. Further, the lack of opportunity to lend to small farms in low- or-

moderate-income census tracts is shown by aggregate lender performance at 0.3 percent and 2.3 percent, respectively.

Distribution of 2020 and 2021 Small Farm Lending By Income Level of Geography													
Assessment Area: Fort Wayne, IN MSA 23060													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Farms %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	\$(000)	%	\$(000)	%	#	%	\$(000)	%	\$(000)	%	
Low	0	0.0	0.7	0	0.0	0.0	0	0.0	0.3	0	0.0	0.0	0.9
Moderate	0	0.0	0.7	0	0.0	0.3	0	0.0	2.3	0	0.0	0.6	2.0
Middle	41	95.3	77.2	6,448	99.8	85.1	87	97.8	78.4	5,170	95.9	82.2	70.0
Upper	2	4.7	21.5	12	0.2	14.5	2	2.2	19.0	219	4.1	17.2	26.6
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	43	100.0	100.0	6,460	100.0	100.0	89	100.0	100.0	5,389	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

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

Lake City Bank’s lending activities reflect adequate distribution, particularly in its assessment areas, of loans among individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank. In 2021, the bank’s performance relative to HMDA-reportable lending was adequate as lending to low- income borrowers were below the aggregate lenders and below the percentage of families-by-family income. For moderate-income borrowers, the bank’s performance was below the aggregate lenders but comparable to the percentage of families-by family-income.

For loans to small businesses, the bank’s performance was adequate as the bank’s lending to businesses reporting annual revenues of \$1 million or less was below the aggregate of lenders and the percentage of total businesses operating in the assessment area. However, the bank had more than half (55.1 percent) of its small business loans classified as “revenue unknown”, which are greatly attributed to PPP loans that did not require the bank to document revenue for loan eligibility. The bank’s lending to small businesses has historically exceeded that of aggregate lenders within this assessment area; this was taken into consideration along with the statistical effect of having a larger percentage of loans with “revenue unknown” when assessing conclusions. The bank’s lending volume to small farms was a fraction of its lending to small businesses and was considered adequate as there was an even larger share of the bank’s loan volume to farms with unknown revenue. Lastly, the bank’s distribution of lending to borrowers of different income levels in 2020 was consistent with the distribution of loans in 2021 for home mortgage loans and small business loans; however, the bank’s performance relative to loans to small farms was

significantly higher in 2020 compared to 2021 figures as the bank made fewer loans to farms of unknown revenue sizes.

LCB makes extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. Some examples of products offered by the bank include “Getting Ahead Loans” which are small dollar loans made to borrower to help re-establish access to credit, Farm Service Agency loans through the U.S Department of Agriculture and loans that help small businesses via the Small Business Administration.

HMDA – Reportable Loans

In 2021, the bank’s performance relative to HMDA-reportable loans was adequate. The bank’s 2021 HMDA-reportable lending in the assessment area was concentrated in home purchase and refinance home loans. Due to low volume, multi-family, home improvement, other purpose (LOC and closed/exempt), and loan purpose not applicable loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase

Overall, of the 153,688 households in the assessment area, 39.7 percent are low- and moderate- income, 13.7 percent live below poverty level, and 12.5 percent have rent costs greater than 30.0 percent of their monthly income. In 2021, the bank originated 3.0 percent of its home purchase loans to low-income borrowers, which was below the aggregate rate of 10.0 percent; however, both the bank and the aggregate lenders were significantly below the 20.0 percent of low-income families located in the assessment area. Among moderate-income borrowers, the bank originated 15.2 percent of its home purchase loans, which was also below the aggregate of lenders at 23.9 percent and the 18.0 percent of moderate-income families located in the assessment area. Home purchase loans to middle-income borrowers at 18.2 percent was slightly below the aggregate lenders at 20.6 percent, as well as the assessment area demographics at 22.0 percent. The bank made the majority of its home purchase loans to upper-income borrowers at 51.5 percent which significantly exceeded the aggregate lenders at 29.9 percent, as well as the assessment area demographics at 40.0 percent. Within home purchase loans, the bank’s overall performance in 2020 was nominally stronger than 2021 figures.

Refinance Loans

In 2021, the bank originated 5.7 percent of its refinance HMDA-Reportable loans to low-income borrowers, which was below the aggregate lender rate of 8.3 percent. Neither the bank nor the aggregate lenders met the 20.0 percent of low-income families located in the assessment area. Among moderate-income borrowers, the bank originated 18.1 percent of its refinance loans in 2021, which was slightly below the aggregate lender rate of 20.7 percent, but comparable to the 18.0 percent of moderate-income families located in the assessment area. Refinance loans originated to middle-income borrowers at 20.2 percent was comparable to the aggregate lenders at 22.1 percent, as well as the assessment area

demographics at 22.0 percent. Among upper-income borrowers, the bank’s performance of 52.3 percent significantly exceeded the aggregate lenders at 33.3 percent and the assessment area demographics at 40.0 percent. Finally, the bank’s overall performance in 2020 was comparable to 2021 figures.

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	2	5.7	10.5	133	2.5	5.7	1	3.0	10.0	70	0.8	5.8	20.0
Moderate	8	22.9	27.3	1,109	20.7	20.6	5	15.2	23.9	785	8.7	17.7	18.0
Middle	7	20.0	22.6	898	16.8	22.0	6	18.2	20.6	831	9.2	20.0	22.0
Upper	13	37.1	29.8	2,590	48.4	42.4	17	51.5	29.9	6,377	70.6	43.0	40.0
Unknown	5	14.3	9.8	620	11.6	9.2	4	12.1	15.6	966	10.7	13.5	0.0
Total	35	100.0	100.0	5,350	100.0	100.0	33	100.0	100.0	9,029	100.0	100.0	100.0
Refinance Loans													
Low	6	3.3	5.5	386	1.6	2.8	11	5.7	8.3	1,019	3.7	3.5	20.0
Moderate	31	17.2	18.2	2,474	10.4	12.4	35	18.1	20.7	3,462	12.5	11.2	18.0
Middle	36	20.0	21.3	3,144	13.3	18.0	39	20.2	22.1	3,708	13.4	15.0	22.0
Upper	94	52.2	40.5	13,877	58.6	51.7	101	52.3	33.3	18,400	66.4	33.3	40.0
Unknown	13	7.2	14.6	3,798	16.0	15.2	7	3.6	15.5	1,127	4.1	36.9	0.0
Total	180	100.0	100.0	23,679	100.0	100.0	193	100.0	100.0	27,716	100.0	100.0	100.0
Home Improvement Loans													
Low	1	16.7	8.9	30	7.5	5.6	0	0.0	11.6	0	0.0	6.9	20.0
Moderate	1	16.7	18.6	25	6.3	13.2	2	28.6	21.1	86	43.2	15.5	18.0
Middle	0	0.0	23.3	0	0.0	21.8	2	28.6	23.0	33	16.6	20.4	22.0
Upper	4	66.7	45.8	345	86.3	56.8	2	28.6	42.0	60	30.2	55.3	40.0
Unknown	0	0.0	3.4	0	0.0	2.6	1	14.3	2.3	20	10.1	1.8	0.0
Total	6	100.0	100.0	400	100.0	100.0	7	100.0	100.0	199	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	9	4.1	7.4	549	1.9	3.8	12	5.2	9.1	1,089	2.9	4.5	20.0
Moderate	40	18.1	21.0	3,608	12.3	14.9	42	18.0	21.6	4,333	11.7	13.8	18.0
Middle	43	19.5	21.3	4,042	13.7	18.7	47	20.2	21.3	4,572	12.4	17.0	22.0
Upper	111	50.2	36.0	16,812	57.1	46.0	120	51.5	32.6	24,837	67.2	37.9	40.0
Unknown	18	8.1	14.4	4,418	15.0	16.6	12	5.2	15.4	2,113	5.7	26.8	0.0
Total	221	100.0	100.0	29,429	100.0	100.0	233	100.0	100.0	36,944	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 performance relative to small business lending was adequate as the bank's rate of lending to businesses reporting annual revenues of \$1 million or less was below the rate of the aggregate of lenders and the percentage of businesses with \$1 million or less in annual revenues operating in the assessment area. In 2021, the bank originated 75 loans or 24.0 percent of small business loans to businesses with revenues of \$1 million or less. This rate was substantially below the aggregate lender rate of 46.6 percent and the percentage of total businesses in the assessment area at 89.3 percent. Of the small business loans, 48.1 percent were made in amounts of \$100,000 or less, which are considered most beneficial to small businesses, which was significantly less than the aggregate lender performance of 86.4 percent. As previously mentioned, the bank's participation in the PPP in both 2020 and 2021 led to a large increase in the percentage of small business loans that were classified as "revenue unknown", and do not necessarily indicate that the bank was any less responsive to the needs of small businesses than other peer lenders. Of loan made to borrowers with known incomes 53.6 percent were made to businesses with revenues of \$1 million or less in 2021.

Overall, the bank's performance in 2020 was comparable to the figures in 2021. In 2020, the bank originated 67 loans or 34.3 percent of small business loans to businesses with revenues of \$1 million or less.

Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses													
Assessment Area: Fort Wayne, IN MSA 23060													
	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	67	11.8	34.3	15,895	15.3	19.2	75	24.0	46.6	19,661	31.3	27.7	89.3
Over \$1 Million	93	16.4		30,354	29.2		65	20.8		22,848	36.4		9.8
Revenue Unknown	407	71.8		57,822	55.6		172	55.1		20,259	32.3		0.9
Total	567	100.0		104,071	100.0		312	100.0		62,768	100.0		100.0
By Loan Size													
\$100,000 or Less	281	49.6	78.1	10,751	10.3	20.8	150	48.1	86.4	5,632	9.0	23.9	
\$100,001 - \$250,000	152	26.8	11.5	25,782	24.8	21.4	78	25.0	7.1	13,073	20.8	19.7	
\$250,001 - \$1 Million	134	23.6	10.4	67,538	64.9	57.8	84	26.9	6.6	44,063	70.2	56.3	
Total	567	100.0	100.0	104,071	100.0	100.0	312	100.0	100.0	62,768	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	28	41.8		1,639	10.3		26	34.7		1,633	8.3		
\$100,001 - \$250,000	20	29.9		3,739	23.5		26	34.7		4,419	22.5		
\$250,001 - \$1 Million	19	28.4		10,517	66.2		23	30.7		13,609	69.2		
Total	67	100.0		15,895	100.0		75	100.0		19,661	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.													

Small Farm Loans

The bank's performance relative to small farm lending was adequate as the bank's rate of lending to farms reporting annual revenues of \$1 million or less was below the rate of the aggregate of lenders and the percentage of farms with \$1 million or less in annual revenues operating in the assessment area. In 2021, the bank originated 28 loans or 31.5 percent of small farm loans to farms with revenues of \$1 million or less. This rate was significantly below the aggregate lender rate of 52.3 percent and the percentage of total farms in the assessment area at 99.1 percent. However, of the small farm loans, 84.3 percent were made in amounts of \$100,000 or less, which are considered most beneficial to small farms.

Overall, the bank's performance in 2020 was greater in comparison to lending to farms with \$1 million or less in 2021. In 2020, the bank originated 29 loans or 67.4 percent of small farm loans to farms with revenues of \$1 million or less. Of those loans, 46.5 percent were made in amounts of \$100,000 or less, which are considered most beneficial to small farms.

Distribution of 2020 and 2021 Small Farm Lending By Revenue Size of Farms													
Assessment Area: Fort Wayne, IN MSA 23060													
	Bank And Aggregate Loans By Year												Total Farms %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	\$%	#	#%	#%	\$(000)	%	\$%	
By Revenue													
\$1 Million or Less	29	67.4	61.2	4,861	75.2	72.7	28	31.5	52.3	3,548	65.8	67.3	99.1
Over \$1 Million	5	11.6		1,198	18.5		3	3.4		790	14.7		0.9
Revenue Unknown	9	20.9		401	6.2		58	65.2		1,051	19.5		0.0
Total	43	100.0		6,460	100.0		89	100.0		5,389	100.0		100.0
By Loan Size													
\$100,000 or Less	20	46.5	66.1	1,012	15.7	23.1	75	84.3	81.0	1,914	35.5	29.5	
\$100,001 - \$250,000	14	32.6	21.5	2,471	38.3	35.0	9	10.1	10.3	1,535	28.5	25.4	
\$250,001 - \$500,000	9	20.9	12.5	2,977	46.1	42.0	5	5.6	8.7	1,940	36.0	45.1	
Total	43	100.0	100.0	6,460	100.0	100.0	89	100.0	100.0	5,389	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	11	37.9		632	13.0		16	57.1		763	21.5		
\$100,001 - \$250,000	10	34.5		1,752	36.0		8	28.6		1,295	36.5		
\$250,001 - \$500,000	8	27.6		2,477	51.0		4	14.3		1,490	42.0		
Total	29	100.0		4,861	100.0		28	100.0		3,548	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.													

Community Development Lending

The bank makes a relatively high-level of community development loans. Overall, the bank originated eight community development loans totaling \$48.9 million. The loans were primarily to organizations/businesses that were focused on community services and economic development. Overall, the volume of community development loans represents a significant increase from the prior evaluation period when the bank originated 19 loans for \$27.1 million, and majority of which were PPP loans (i.e., temporary due the structure of the program).

Community Development Loans (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	\$	#	\$	#	\$	#	\$	#	\$	#
Fort Wayne MSA	4,617	3	19,875	3	19,366	1	5,000	1	48,857	8

INVESTMENT TEST

Lake City Bank made an adequate level of qualified investments, particularly those that are not routinely provided by private investors, rarely in a leadership position. These investments also demonstrated the occasional use of innovative or complex qualified investments and provide adequate responsiveness to the credit and community development needs of the assessment area through low-income housing projects and small business loan pools.

During the evaluation period, Lake City Bank originated one new investment (low-income housing tax credit) totaling \$2 million with \$26,000 of it being funded in this sample period. This investment is particularly noteworthy given a community representative stated that low-income housing tax credits are one of the driving forces in the area to provide developers the appropriate incentive to build more affordable housing units.

Additionally, the bank maintained seven prior period investments in the amount of \$2.6 million primarily funding affordable housing initiatives. Overall, the volume of community development investments of \$4.6 million represents an increase over the prior evaluation period when the bank invested a combined total of \$3.1 million in current and prior investments.

Qualified Investments (Dollars in 000s)						
Assessment Area	Current Period Funded			Current Period Funded (\$)	Prior Period Funded (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Services (\$)	Economic Development (\$)			
Fort Wayne MSA	26	0	0	26	2,586	1,987

Lake City Bank distributed a total of \$52,068 in qualified grants and donations in the current evaluation period. Most of the grants were distributed amongst organizations providing community services. The bank's total qualified grants increased by 75.7 percent relative to the prior evaluation period when donations totaled \$29,630.

Community Development Grants / Donations					
Assessment Area	Affordable Housing	Community Services	Economic Development	Total	
	\$	\$	\$	\$	%
Fort Wayne MSA	4,250	39,318	8,500	52,068	16.3

SERVICE TEST

The banks delivery systems are readily accessible to the bank’s geographies and individuals of different income levels in the assessment area; the bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals; services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals; and the bank provides a relatively high level of community development services.

Retail Services

The bank’s retail delivery services are readily accessible to geographies and individuals of different income levels in its assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Its services do not vary in a way that inconveniences its assessment area(s), particularly low- or moderate-income geographies or low- or moderate-income individuals. The bank operates a total of six branches and six ATMs in the assessment area. The bank has one branch and an ATM in moderate-income census tracts. The remaining branches and ATMs are in middle- and upper- income census tracts. The bank has not closed nor opened any branches or ATMs since the prior evaluation.

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

Community Development Services

The bank is a leader in providing community development services. Bank employees provided 1,360 hours, or 19.3 percent, of the 7,036 total hours of qualified community development services in the Fort Wayne MSA assessment area. The service hours were primarily directed towards providing financial literacy education to low- and moderate-income individuals. Overall, the bank's performance is an increase over the previous evaluation's service hours totaling 1,436 when adjusting the differences in evaluation periods between this evaluation the previous evaluation which was more than one third longer.

Community Development Services					
Assessment Area	Affordable Housing	Community Services	Economic Development	Total Hours	% of Total
Fort Wayne MSA	127	1,179	55	1,360	19.3

INDIANAPOLIS-CARMEL-ANDERSON, IN MSA #26900 - Full Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope of examination presented in the overall section of the performance evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN INDIANAPOLIS-CARMEL-ANDERSON, IN MSA #26900)

The bank delineates Hamilton, Marion, and Johnson Counties in their entirety as part of the Indianapolis-Carmel-Anderson, Indiana MSA assessment area. The assessment area has a total of 285 census tracts including 59 low-, 85 moderate-, 69 middle-, 71 upper-, and one unknown-income census tract. The assessment area has not changed since the previous evaluation. The bank maintains six branches and seven ATMs of which two branches are in middle-income census tracts and four are in upper-income census tracts. The ATM located in a low-income census tract is an Interactive Teller Machine.

Branch Location Census Tract Designation										
Assessment Area - Indianapolis-Carmel-Anderson MSA	Low-Income		Moderate-Income		Middle-Income		Upper-Income		Total	
	#	%	#	%	#	%	#	%	#	%
Branches	0	0.0	0	0.0	2	33.3	4	66.7	6	100.0
ATMs	1	14.3	0	0.0	2	28.6	4	57.1	7	100.0

Note: Percentages may not add to 100.0 percent due to rounding

According to the June 30, 2022 FDIC Market Share report, the bank was ranked 16th of 36 insured financial institutions, with 1.0 percent market share in the assessment area. Additionally, in 2021, the bank ranked 68th of 633 HMDA reporters originating 246 HMDA loans, and ranked 27th of 177 CRA lenders that reported small business lending data under the CRA, originating 264 small business loans and two small farm loans. The 2021 demographic characteristics of the bank’s assessment area is shown in the following table.

2021 Indianapolis-Carmel-Anderson, IN MSA 26900 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	59	20.7	40,135	12.2	14,887	37.1	78,602	23.9
Moderate	85	29.8	78,300	23.8	14,687	18.8	55,404	16.9
Middle	69	24.2	87,691	26.7	6,785	7.7	60,389	18.4
Upper	71	24.9	122,230	37.2	3,994	3.3	134,372	40.9
Unknown	1	0.4	411	0.1	196	47.7	0	0.0
Total AA	285	100.0	328,767	100.0	40,549	12.3	328,767	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	93,085	26,664	8.3	28.6	45,785	49.2	20,636	22.2
Moderate	163,591	62,596	19.6	38.3	78,057	47.7	22,938	14.0
Middle	148,850	94,273	29.5	63.3	43,110	29.0	11,467	7.7
Upper	184,315	136,013	42.5	73.8	37,710	20.5	10,592	5.7
Unknown	1,216	284	0.1	23.4	589	48.4	343	28.2
Total AA	591,057	319,830	100.0	54.1	205,251	34.7	65,976	11.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	6,940	10.1	6,140	9.9	752	12.8	48	7.6
Moderate	14,069	20.5	12,714	20.5	1,260	21.5	95	15.0
Middle	19,710	28.7	17,535	28.2	1,944	33.2	231	36.6
Upper	27,745	40.5	25,613	41.3	1,874	32.0	258	40.8
Unknown	103	0.2	80	0.1	23	0.4	0	0.0
Total AA	68,567	100.0	62,082	100.0	5,853	100.0	632	100.0
Percentage of Total Businesses:				90.5		8.5		0.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	19	3.7	19	3.8	0	0.0	0	0.0
Moderate	59	11.4	58	11.5	1	10.0	0	0.0
Middle	206	39.9	201	39.8	4	40.0	1	100.0
Upper	231	44.8	226	44.8	5	50.0	0	0.0
Unknown	1	0.2	1	0.2	0	0.0	0	0.0
Total AA	516	100.0	505	100.0	10	100.0	1	100.0
Percentage of Total Farms:				97.9		1.9		0.2
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.								

Population Characteristics

As indicated by the 2020 U.S. Census Bureau, the following table details the population trends from 2015 to 2020 for the three counties of Hamilton, Johnson, and Marion, along with the combined assessment area, the overall Indianapolis-Carmel-Anderson MSA, and the state of Indiana. The assessment area experienced significantly greater population growth at 8.6 percent than the state of Indiana at 3.3 percent. The greatest increase in population was within Hamilton County, experiencing growth of 17.1 percent, while Johnson County experienced 11.1 percent growth and Marion County experienced 5.5 percent growth. A community representative noted this difference in population growth is attributed to suburban Hamilton and Johnson Counties experiencing significant outward housing growth when compared to the Indianapolis metropolitan area, including Marion County, which is comparatively landlocked and housing development opportunity is limited to upward expansion. Therefore, most of the population growth has been outside of Marion County. Indianapolis is the most populous city in Indiana with a fairly diverse employer base which is fostering the significant population growth when compared to the growth rate of the state of Indiana.

Population Change			
Area	2015 Population	2020 Population	Percentage Change (%)
Assessment Area	1,368,615	1,486,435	8.6
Hamilton County	296,635	347,467	17.1
Johnson County	145,645	161,765	11.1
Marion County	926,335	977,203	5.5
Indianapolis-Carmel-Anderson, IN MSA	1,950,674	2,111,040	8.2
State of Indiana	6,568,645	6,785,528	3.3
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

Income Characteristics

Based on 2016-2020 American Survey data, the median family income (MFI) between the three counties that the bank delineates as its assessment area vary significantly. At the lower end, MFI in Marion County was \$65,229, while Johnson County had a significantly higher MFI of \$86,319 in 2020. Hamilton County's MFI significantly exceeds the other two counties in the assessment area as its MFI was \$115,306. While Marion County experienced the largest increase in inflation-adjusted MFI from 2015 to 2020 of 13.1 percent, Hamilton County experienced the lowest growth during the same time period of 2.1 percent, the gap between the two counties is still significant. The overall assessment area rate of increase of 10.8 percent was slightly above the state of Indiana which experienced a 9.7 percent increase during the same period. However, the assessment area's MFI of \$78,853 remains above the state's MFI of \$73,265.

Based upon 2021 Census Data, Marion County had the highest family poverty level at 16.6 percent, which primarily includes the City of Indianapolis, while Johnson County and Hamilton County had poverty levels of 7.7 percent and 3.5 percent, respectively. Marion County constitutes 209,677 of the assessment area’s 328,767 families, or 63.8 percent, thereby driving the overall poverty level in the assessment area to 12.3 percent. Overall, of the 328,767 families in the assessment area, 40.8 percent are low- or moderate-income. The following table presents inflation-adjusted (in 2020 dollars) income characteristics between 2015 and 2020 in the individual counties that comprised the assessment area, the overall assessment area, the Indianapolis-Carmel-Anderson MSA, and the state of Indiana.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percentage Change (%)
Assessment Area	71,152	78,853	10.8
Hamilton County	112,887	115,306	2.1
Johnson County	80,114	86,319	7.7
Marion County	57,656	65,229	13.1
Indianapolis-Carmel-Anderson, IN MSA	72,987	80,981	11.0
State of Indiana	66,777	73,265	9.7
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

Housing Characteristics

The following table presents the recent housing cost burden for the three counties of Hamilton, Johnson, and Marion, along with the combined assessment area, the overall Indianapolis-Carmel-Anderson 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.

Renters across all income levels in the assessment area experience this burden at 44.2 percent. Marion and Johnson Counties have lower rates of housing cost burden for low- and moderate-income renters when compared to Hamilton County which has high rates of low- and moderate-income renters who experience a housing cost burden. The same trends seen in renters are also apparent for homeowners in which Hamilton County has far higher rates of low- and moderate-income homeowners when compared to Johnson and Marion Counties. Overall, the housing cost burden for homeowners within the assessment area (16.2 percent) is higher than the state of Indiana, which has 15.1 percent of all homeowners being burdened by their payments towards housing. A community representative with specialty in affordable housing stated that the past few years has seen a number of large corporations that purchase large swaths of housing with cash, which continues to make housing unaffordable for the ever-growing population.

According to FFIEC HMDA loan and application records, home mortgage trends reflect increases in home mortgage activity in recent years across the assessment area’s counties and the broader region. These trends suggest a continued increase in demand for home purchases, driving up home values and indicating that housing cost burden for low-and moderate-income homeowners will remain elevated. According to the 2021 U.S. Census, the assessment area had a median housing value of \$142,216 and median gross rent of \$815. Of note, Hamilton County’s median housing value of \$222,900 is significantly higher than the other two counties within the assessment area. Overall, the assessment area includes 591,057 housing units; the majority are owner-occupied, representing 54.1 percent of the units, followed by 34.7 percent of rental units, and 11.2 percent vacant housing units.

Both community representatives noted that Hamilton and Johnson Counties have seen a significant increase in home prices in the past few years, often to the point where affordability is becoming a growing concern for individuals and families.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	77.0	27.4	44.2	62.4	24.3	16.2
Hamilton County	86.7	46.9	35.7	73.9	33.2	13.2
Johnson County	76.2	19.5	35.8	59.8	22.3	12.5
Marion County	76.2	25.4	46.3	60.7	22.5	18.3
Indianapolis-Carmel-Anderson, IN MSA	76.4	27.2	42.7	61.5	25.6	15.9
State of Indiana	73.3	26.8	41.0	57.2	22.9	15.1

Cost Burden is housing cost that equals 30.0 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy

Employment Characteristics

The following table presents employment characteristics between 2017 and 2021 in the three counties comprising the assessment area, the combined assessment area, the Indianapolis-Carmel-Anderson MSA, and the state of Indiana. Overall, all regions experienced stabilized unemployment rates within the past five year (2017-2021), with the notable increase in 2020 due to the widespread economic downturn caused by the COVID-19 pandemic. In 2021, while unemployment rates across all areas declined from 2020, Hamilton and Johnson Counties had very low rates of unemployment relative to Marion County and the state of Indiana which were 4.5 and 3.6 percent unemployment, respectively. However, despite the low unemployment rates of those two counties,

due to the larger population residing in Marion County, the overall assessment areas unemployment rate of 3.7 percent is comparable to the state of Indiana.

A community representative confirmed that the area continues to experience very low rates of unemployment, noting that while almost all industries continue to look for labor, the service, manufacturing, and construction industries are particularly in need of employees. Another community representative noted that while this is the case, the wages relative to housing costs mean that many individuals have to work multiple jobs to afford to live in the area.

Unemployment Rates (%)					
Area	2017	2018	2019	2020	2021
Assessment Area	3.3	3.2	3.0	7.0	3.7
Hamilton County	2.7	2.7	2.5	4.7	2.2
Johnson County	2.9	2.9	2.7	5.7	2.6
Marion County	3.6	3.5	3.2	8.0	4.5
Indianapolis-Carmel-Anderson, IN MSA	3.3	3.2	3.0	6.7	3.5
State of Indiana	3.5	3.4	3.3	7.2	3.6

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)

Industry Characteristics

According to data maintained by the U.S. Bureau of Labor Statistics, the assessment area has a large number of employees in the fields of healthcare, administrative services, and retail. A community representative stated that Indianapolis is not always the easiest place for small businesses to start given extra regulatory hurdles that are not present in other parts of the state of Indiana.

Community Representatives

Two community representatives with a focus on economic development and affordable housing were contacted to increase understanding of the credit needs and market conditions within the assessment area. The main comment from the community representatives was that the influx of population has put a strain on housing supply which is further disadvantaged by challenges with labor and supply chain shortages in the construction industry. One representative does believe that banks can make better use of Special Purpose Credit Programs that target individuals not only by income but by race, given the historically disparities between some groups within the metro. Offering a contrasting opinion, the other representative, while concerned about recent credit tightening trends for small businesses due to increasing stress on regional and community banks, believes that banks are currently in a compromised position when it comes to credit risk and are likely going to prioritize safe and sound banking practices for the foreseeable future.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANAPOLIS-CARMEL-ANDERSON, IN MSA #26900

LENDING TEST

Lake City Bank has a good geographic distribution of loans in the assessment area; an adequate distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank; a good record of serving the credit needs of low-and moderate-income individuals, or small businesses with gross annual revenues of \$1 million or less; makes extensive use of innovative and flexible lending practices in serving assessment area credit needs; and a relatively high level of CD loans.

For purposes of this analysis, HMDA-reportable and small business loans were used as the basis for determining the conclusions as the bank did not originate any small farm loans in the assessment area.

Geographic Distribution of Loans

The bank's lending activities reflect good distribution throughout the assessment area.

In 2021, the bank's rate of HMDA-reportable lending within low- and moderate-income census tracts was adequate. Within low-income census tracts the bank's performance was consistent with the aggregate lenders but below the assessment area demographics. Within moderate-income census tracts, the bank's performance was below the aggregate lenders and the assessment area demographics. Additionally, the bank's performance with respect to small business loans was good given the bank's performance was consistent the aggregate lenders and the percentage of small businesses operating in low-income census tracts but slightly below the aggregate lender performance in moderate-income census tracts. Finally, the bank's distribution of lending across geographies of different income levels in 2020 within home mortgage and loans to small businesses was largely consistent with the distribution of loans in 2021 with some exceptions noted below.

A gap analysis was completed as part of the evaluation. In 2021, the bank made HMDA and/or CRA small business loans in 16 of the 59 low-income census tracts (27.1 percent), and within 32 of the 85 moderate-income tracts (37.6 percent). Overall, the bank made loans in 144 of the 285 census tracts (50.5 percent) in the assessment area. Based upon this analysis, there were no conspicuous, unexplained lending gaps in the assessment area as the Indianapolis-Carmel-Anderson MSA market is highly competitive and the bank has a fairly limited branch presence given the population density.

HMDA – Reportable Loans

In 2021, the bank's rate of HMDA-reportable lending within low- and moderate-income census tracts was adequate. The bank's 2021 home mortgage lending in the assessment area was concentrated in home purchase and refinance loans, which comprised 89.3 percent of the 131 HMDA loans originated. Due to low volume, multi-family, home improvement, other purpose (LOC and closed/exempt), and loan purpose not applicable loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

Home purchase loans represented 21.4 percent of the bank's home mortgage loans located in the Indianapolis-Carmel-Anderson, IN MSA assessment area in 2021. Within low-income census tracts, the bank originated 14.3 percent of its home purchase loans which exceeded the 9.3 percent of the aggregate lenders and the 8.3 percent of the owner-occupied housing units located in low-income tracts. Within moderate-income census tracts, Lake City Bank originated 17.9 percent of its home purchase loans which was consistent with the aggregate lender rate of 18.8 percent as well as the owner-occupied demographics at 19.6 percent. Within middle-income census tracts, the bank originated 25.0 percent of its home purchase loans in 2021. The bank's performance was slightly below the aggregate lender rate of 27.5 percent and the 29.5 percent of owner-occupied units located in middle-income census tracts. The bank originated 39.3 percent of its home purchase loans in upper-income tracts, slightly below the aggregate of lenders at 44.3 percent as well as the owner-occupied housing units located in upper-income tracts at 42.5 percent. The bank's overall performance in 2020 was largely comparable to 2021 figures, however the bank did originate a lower percentage of home purchase loans to low-income census tracts in 2020.

Refinance Loans

Refinanced home loans represented 67.9 percent of the bank's HMDA-reportable loans located in the Indianapolis-Carmel-Anderson, IN MSA assessment area in 2021. Within low-income census tracts, Lake City Bank originated three loans, or 3.4 percent of all refinance loans in the assessment area, which was consistent with the aggregate lenders at 3.9 percent but below the owner-occupied demographics at 8.3 percent. The bank's loans in moderate-income tracts at 6.7 percent was significantly below the aggregate lender rate of 14.5 percent and the 19.6 percent of the assessment area's owner-occupied units located in moderate-income census tracts. Within middle-income census tracts, the bank originated 16.9 percent of its refinanced home loans. The bank's performance was significantly below the aggregate lender rate of 28.6 percent and the 29.5 percent of owner-occupied units located in middle-income census tracts. The bank originated 73.0 percent of its refinanced home loans in upper-income census tracts, which was significantly above both the aggregate of lenders at 52.9 percent and the owner-occupied units located in upper-income tracts at 42.5 percent. The bank's overall performance relative to refinanced home loans in 2020 was comparable to 2021 figures.

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Indianapolis-Carmel-Anderson, IN MSA 26900													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	1	6.7	6.9	370	9.6	4.4	4	14.3	9.3	874	11.4	5.9	8.3
Moderate	2	13.3	17.4	415	10.8	11.3	5	17.9	18.8	822	10.7	12.6	19.6
Middle	3	20.0	29.4	688	17.9	25.5	7	25.0	27.5	1,681	21.9	24.4	29.5
Upper	9	60.0	46.2	2,378	61.8	58.7	11	39.3	44.3	4,122	53.7	57.0	42.5
Unknown	0	0.0	0.1	0	0.0	0.0	1	3.6	0.1	172	2.2	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	15	100.0	100.0	3,851	100.0	100.0	28	100.0	100.0	7,671	100.0	100.0	100.0
Refinance Loans													
Low	5	5.1	2.8	595	2.3	1.8	3	3.4	3.9	423	2.1	2.6	8.3
Moderate	2	2.0	11.0	300	1.1	7.0	6	6.7	14.5	778	4.0	9.4	19.6
Middle	23	23.2	26.3	5,180	19.7	21.3	15	16.9	28.6	5,284	26.8	23.8	29.5
Upper	69	69.7	59.9	20,209	76.9	69.9	65	73.0	52.9	13,209	67.1	64.2	42.5
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	99	100.0	100.0	26,284	100.0	100.0	89	100.0	100.0	19,694	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	5.3	0	0.0	3.1	0	0.0	5.6	0	0.0	3.2	8.3
Moderate	1	50.0	12.0	34	64.2	8.1	2	22.2	14.4	75	12.0	9.3	19.6
Middle	1	50.0	25.6	19	35.8	22.2	3	33.3	24.8	164	26.3	22.0	29.5
Upper	0	0.0	57.2	0	0.0	66.6	4	44.4	55.2	384	61.6	65.4	42.5
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	2	100.0	100.0	53	100.0	100.0	9	100.0	100.0	623	100.0	100.0	100.0
Multifamily Loans													
Low	0	0.0	26.5	0	0.0	14.7	0	0.0	22.0	0	0.0	12.6	16.5
Moderate	0	0.0	35.0	0	0.0	25.4	1	20.0	37.1	11,318	12.9	28.0	39.9
Middle	1	100.0	18.8	70	100.0	23.0	2	40.0	18.3	43,831	50.0	20.7	21.6
Upper	0	0.0	18.8	0	0.0	36.9	2	40.0	21.0	32,475	37.1	38.3	21.6
Unknown	0	0.0	0.9	0	0.0	0.0	0	0.0	1.6	0	0.0	0.4	0.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	70	100.0	100.0	5	100.0	100.0	87,624	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	6	5.1	4.5	965	3.2	3.3	7	5.3	6.2	1,297	1.1	4.7	8.3
Moderate	5	4.3	13.7	749	2.5	9.3	14	10.7	16.3	12,993	11.2	12.0	19.6
Middle	28	23.9	27.7	5,957	19.7	23.2	27	20.6	28.0	50,960	44.1	23.9	29.5
Upper	78	66.7	54.0	22,587	74.6	64.2	82	62.6	49.5	50,190	43.4	59.4	42.5
Unknown	0	0.0	0.0	0	0.0	0.0	1	0.8	0.1	172	0.1	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	117	100.0	100.0	30,258	100.0	100.0	131	100.0	100.0	115,612	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 bank's performance with respect to small business loans was good. In 2021, the bank originated 264 small business loans in the Indianapolis-Carmel-Anderson, IN MSA assessment area. The bank originated 25 loans, or 9.5 percent, within low-income census tracts which was consistent with both the aggregate lender rate at 9.6 percent and the percentage of total businesses in low-income tracts at 10.1 percent. Within moderate-income tracts, the bank's performance at 15.5 percent was slightly below the aggregate lender rate of 18.3 percent as well as the percentage of small businesses located in moderate-income census tracts at 20.5 percent. Within middle-income census tracts, the bank originated 25.8 percent of its small business loans which was slightly below the performance of aggregate lenders at 28.4 percent and the percentage of small businesses at 28.7 percent. Lastly, the bank's lending in upper-income census tracts at 48.1 percent exceeded the aggregate lenders at 43.1 percent and the percentage of small businesses at 40.5 percent operating in upper-income census tracts. The bank's small business lending decreased from 364 small business loans in 2020 to 264 loans in 2021, which was largely due to the winding down of the PPP lending program which expired on May 31, 2021.

Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography													
Assessment Area: Indianapolis-Carmel-Anderson, IN MSA 26900													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	\$(000)	#	#%	#%	\$(000)	%	\$(000)	
Low	23	6.3	9.1	3,793	6.8	12.2	25	9.5	9.6	4,577	10.2	11.8	10.1
Moderate	67	18.4	17.9	12,500	22.3	18.3	41	15.5	18.3	10,712	24.0	18.4	20.5
Middle	88	24.2	27.9	13,692	24.4	29.1	68	25.8	28.4	8,999	20.1	29.7	28.7
Upper	185	50.8	44.7	25,808	46.0	39.8	127	48.1	43.1	19,312	43.2	39.5	40.5
Unknown	1	0.3	0.2	353	0.6	0.4	3	1.1	0.2	1,096	2.5	0.4	0.2
Tract-Unk	0	0.0	0.3	0	0.0	0.2	0	0.0	0.3	0	0.0	0.1	
Total	364	100.0	100.0	56,146	100.0	100.0	264	100.0	100.0	44,696	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

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

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

The bank's lending activities reflect adequate distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank. In 2021, the bank's performance relative to HMDA-reportable loans was poor as lending to low-income borrowers were well below the aggregate lenders and below the percentage of families-by-family income. For moderate-income borrowers, the bank's performance was also significantly below the

aggregate lenders and the percentage of families-by family-income. However, the bank's performance in 2020 was significantly higher as lending to low-income borrowers was just slightly below aggregate while loans to moderate-income borrowers was consistent with aggregate lender performance.

For loans to small businesses, the bank's performance was adequate as the bank's lending to businesses reporting annual revenues of \$1 million or less was below the aggregate of lenders and the percentage of total businesses operating in the assessment area. However, as previously stated in this performance evaluation, the bank was very active in PPP lending which resulted in over half (56.8 percent) of its small business loans being classified as "revenue unknown". The bank's performance relative to loans to small businesses was consistent in 2020 compared to 2021 figures.

LCB makes extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. Some examples of products offered by the bank include "Getting Ahead Loans" which are small dollar loans made to borrower to help re-establish access to credit, Farm Service Agency loans through the U.S Department of Agriculture and loans that help small businesses via the Small Business Administration. The bank also has a specific product called the Flanner Home Loan Program which is exclusive the Indianapolis assessment area and targeted to help low-income families get permanent housing.

HMDA – Reportable Loans

In 2021, the bank's performance relative to HMDA-Reportable loans was poor. The bank's 2021 home mortgage lending in the assessment area was concentrated in home purchase and refinanced home loans. Due to low volume, multi-family, home improvement, other purpose (LOC and closed/exempt), and loan purpose not applicable loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase

In 2021, the bank originated 3.6 percent of its home purchase loans to low-income borrowers, which was significantly below the aggregate lender rate of 9.5 percent; both the bank and the aggregate lenders were significantly below the 23.9 percent of low-income families located in the assessment area. Among moderate-income borrowers, the bank originated 3.6 percent of its home purchase loans, which was significantly below the aggregate of lenders at 21.4 percent as well as the 16.9 percent of moderate-income families located in the assessment area. Home purchase loans to middle-income borrowers at 10.7 percent was below the aggregate lenders at 19.7 percent, as well as the assessment area demographics at 18.4 percent. Among upper-income borrowers, the bank's performance of 57.1 percent significantly exceeded the aggregate lenders at 32.2 percent, as well as the assessment area demographics of 40.9 percent. The bank's overall performance for home purchase loans in 2020 was higher than 2021 figures, however it should be noted that the bank's home purchase volume for 2020 was just a little over half of its 2021 volume.

Refinance Loans

In 2021, the bank originated 3.4 percent of its refinanced home loans to low-income borrowers, which was below the aggregate lender rate of 8.1 percent. Neither the bank nor the aggregate lenders met the 23.9 percent of low-income families located in the assessment area. Among moderate-income borrowers, the bank originated 10.1 percent of its refinanced home loans in 2021, which was below the aggregate lender rate of 17.2 percent, and the 16.9 percent of moderate-income families located in the assessment area. Refinanced home loans originated to middle-income borrowers at 11.2 percent was lower than the aggregate lenders at 19.8 percent, as well as the assessment area demographics at 18.4 percent. Among upper-income borrowers, the bank's performance of 68.5 percent significantly exceeded the aggregate lenders at 36.8 percent and the assessment area demographics at 40.9 percent. The bank's overall performance in 2020 exceeded its performance in 2021, primarily in regard to refinance loans made to moderate-income borrowers.

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Indianapolis-Carmel-Anderson, IN MSA 26900													
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	1	6.7	10.7	145	3.8	6.0	1	3.6	9.5	108	1.4	5.2	23.9
Moderate	2	13.3	23.0	316	8.2	17.1	1	3.6	21.4	153	2.0	15.5	16.9
Middle	0	0.0	20.1	0	0.0	19.0	3	10.7	19.7	532	6.9	18.4	18.4
Upper	4	26.7	32.5	1,403	36.4	44.9	16	57.1	32.2	5,589	72.9	44.5	40.9
Unknown	8	53.3	13.8	1,987	51.6	13.1	7	25.0	17.2	1,289	16.8	16.3	0.0
Total	15	100.0	100.0	3,851	100.0	100.0	28	100.0	100.0	7,671	100.0	100.0	100.0
Refinance Loans													
Low	3	3.0	6.0	223	0.8	3.0	3	3.4	8.1	350	1.8	4.3	23.9
Moderate	18	18.2	14.6	1,878	7.1	9.5	9	10.1	17.2	1,054	5.4	11.6	16.9
Middle	15	15.2	19.4	2,201	8.4	16.1	10	11.2	19.8	1,479	7.5	16.9	18.4
Upper	59	59.6	41.9	21,232	80.8	53.6	61	68.5	36.8	16,036	81.4	48.5	40.9
Unknown	4	4.0	18.1	750	2.9	17.8	6	6.7	18.1	775	3.9	18.6	0.0
Total	99	100.0	100.0	26,284	100.0	100.0	89	100.0	100.0	19,694	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	6.6	0	0.0	3.8	2	22.2	8.6	90	14.4	4.3	23.9
Moderate	0	0.0	14.8	0	0.0	10.4	0	0.0	15.5	0	0.0	10.9	16.9
Middle	0	0.0	20.8	0	0.0	16.6	0	0.0	20.9	0	0.0	17.6	18.4
Upper	2	100.0	55.0	53	100.0	65.7	7	77.8	52.7	533	85.6	63.3	40.9
Unknown	0	0.0	2.8	0	0.0	3.5	0	0.0	2.4	0	0.0	4.0	0.0
Total	2	100.0	100.0	53	100.0	100.0	9	100.0	100.0	623	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	4	3.4	7.6	368	1.2	4.1	6	4.8	8.5	548	2.0	4.7	23.9
Moderate	20	17.2	17.2	2,194	7.3	12.2	10	7.9	18.5	1,207	4.3	13.2	16.9
Middle	15	12.9	19.2	2,201	7.3	17.0	13	10.3	19.6	2,011	7.2	17.5	18.4
Upper	65	56.0	38.2	22,688	75.2	50.0	84	66.7	35.8	22,158	79.2	47.0	40.9
Unknown	12	10.3	17.9	2,737	9.1	16.7	13	10.3	17.5	2,064	7.4	17.6	0.0
Total	116	100.0	100.0	30,188	100.0	100.0	126	100.0	100.0	27,988	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 performance relative to small business loans was adequate as the bank's rate of lending to businesses reporting annual revenues of \$1 million or less was below the rate of the aggregate of lenders and the percentage of businesses with \$1 million or less in annual revenues operating in the assessment

area. In 2021, the bank originated 66 loans or 25.0 percent of small business loans to businesses with revenues of \$1 million or less. This rate was significantly below the aggregate lender rate of 44.9 percent and the percentage of total businesses in the assessment area at 90.5 percent. Of the small business loans originated, 58.7 percent were made in amounts of \$100,000 or less, which are considered most beneficial to small businesses.

Overall, the bank's performance in 2020 was similar to the figures in 2021. In 2020, the bank originated 48 loans or 13.2 percent of small business loans to businesses with revenues of \$1 million or less. However, the bank's percentage of loans to businesses of unknown revenue was significantly higher at 73.1 percent. The bank did originate a greater percentage of small business loans in amounts of \$100,000 or less in 2020 than in 2021.

Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses													
Assessment Area: Indianapolis-Carmel-Anderson, IN MSA 26900													
	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	48	13.2	36.7	13,352	23.8	23.0	66	25.0	44.9	14,353	32.1	27.3	90.5
Over \$1 Million	50	13.7		17,350	30.9		48	18.2		16,446	36.8		8.5
Revenue Unknown	266	73.1		25,444	45.3		150	56.8		13,897	31.1		0.9
Total	364	100.0		56,146	100.0		264	100.0		44,696	100.0		100.0
By Loan Size													
\$100,000 or Less	230	63.2	82.1	6,912	12.3	23.6	155	58.7	88.5	5,106	11.4	28.3	
\$100,001 - \$250,000	54	14.8	9.6	9,144	16.3	20.2	47	17.8	6.2	7,718	17.3	19.5	
\$250,001 - \$1 Million	80	22.0	8.3	40,090	71.4	56.1	62	23.5	5.3	31,872	71.3	52.2	
Total	364	100.0	100.0	56,146	100.0	100.0	264	100.0	100.0	44,696	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	21	43.8		1,026	7.7		35	53.0		1,667	11.6		
\$100,001 - \$250,000	9	18.8		1,835	13.7		14	21.2		2,508	17.5		
\$250,001 - \$1 Million	18	37.5		10,491	78.6		17	25.8		10,178	70.9		
Total	48	100.0		13,352	100.0		66	100.0		14,353	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.													

Community Development Lending

The bank makes a relatively high-level of community development loans. Overall, the bank originated six community development loans totaling \$19.2 million. The majority of community development loans amounting to \$18.1 million during the current evaluation period were primarily directed towards affordable housing. As previously mentioned in this evaluation, the Indianapolis metro is in great demand of affordable housing. Overall, the volume of community development loans represents a decrease from the prior evaluation period when the bank originated 19 loans for \$48.6 million. Of note, \$8.9 million of these loans were PPP, and the sample period was more than one third longer. However, even once these factors are adjusted for, the bank did see a decrease in community development loans of approximately \$13 million.

Community Development Loans (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	\$	#	\$	#	\$	#	\$	#	\$	#
Indianapolis-Carmel-Anderson MSA	18,131	3	1,020	3	0	0	0	0	19,151	6

INVESTMENT TEST

Lake City Bank makes an adequate level of qualified investments, particularly those that are not routinely provided by private investors, rarely in a leadership position. These investments also demonstrated the occasional use of innovative or complex qualified investments and provide adequate responsiveness to the credit and community development needs of the assessment area through low-income housing projects and small business loan pools.

During the evaluation period, Lake City Bank originated one new investment totaling \$3.4 million which was allocated toward community development purposes. Further, the bank maintains eight prior period investments in the amount of \$5.8 million primarily funding affordable housing and economic development initiatives. Overall, the volume (\$9.3 million) of community development investments represents an increase over the prior evaluation period when the bank invested a combined total of \$5.0 million in (funded) current and prior investments.

Qualified Investments (Dollars in 000s)						
Assessment Area	Current Period Funded			Current Period Funded (\$)	Prior Period Funded (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Services (\$)	Economic Development (\$)			
Indianapolis-Carmel-Anderson MSA	0	3,426	0	3,426	5,829	1,318

Lake City Bank distributed a total of \$47,843 in qualified grants and donations in the current evaluation period. Nearly all grants were distributed amongst organizations providing community services. The bank’s total qualified grants increased by 31.9 percent relative to the prior evaluation period when donations totaled \$36,272.

Community Development Grants / Donations					
Assessment Area	Affordable Housing	Community Services	Economic Development	Total	
	\$	\$	\$	\$	%
Indianapolis-Carmel-Anderson MSA	8,900	38,343	600	47,843	15.0

SERVICE TEST

The bank’s delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area; the bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals; services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals; and the bank provides a relatively high level of community development services.

Retail Services

The bank’s retail delivery services are reasonably accessible to geographies and individuals of different income levels in its assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Its services do not vary in a way that inconveniences this assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. The bank operates a total of six branches and seven ATMs in the assessment area. The bank has one Interactive Teller Machine in a low-income census tract. The remaining branches and ATMs are in middle- and upper- income census tracts. The bank has not closed nor opened any branches or ATMs since the prior evaluation.

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

Community Development Services

Lake City Bank provides an adequate level of community development services. Bank employees provided 569 hours of qualified community development services within the Indianapolis-Carmel-Anderson MSA. The service hours were primarily directed towards providing community services; however, the bank did have a higher percentage of hours dedicated to providing services that facilitated the provision of affordable housing services when compared to the other four assessment areas. Given this was identified as an area of high demand from both community representatives, it indicates that the bank can adjust its focus of service type given the variety of needs across its assessment area. Overall, the bank's performance is a decrease of 19.5 percent increase over the previous evaluation's service hours totaling 767. However, when adjusting for evaluation periods, the bank provided a higher rate of services per month this evaluation than the previous evaluation.

Community Development Services					
Assessment Area	Affordable Housing	Community Services	Economic Development	Total Hours	% of Total
Indianapolis-Carmel-Anderson MSA	147	349	73	569	8.1

INDIANA, NON-MSA - Full Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the performance evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN INDIANA, NON-MSA

The Indiana Non-MSA assessment area consists of ten counties including DeKalb, Fulton, Huntington, Kosciusko, LaGrange, Marshall, Noble, and Pulaski Counties in their entirety, while taking portions of Miami and Wabash Counties. The assessment area contains 81 total census tracts comprised of seven moderate-, 62 middle-, and 12 upper-income census tracts. There are no low-income census tracts in the assessment area. The composition of the assessment area has changed slightly since the previous evaluation when there were five moderate-, 61 middle-, and 15 upper-income census tracts. There are no underserved or distressed census tracts. The main office is located in the Indiana Non-MSA in the city of Warsaw, Indiana, as well as 26 branches and 22 full-service and five cash-only ATMs throughout the assessment area.

Of the branches, five, or 18.5 percent, are located in moderate-income census tracts located in the cities of Warsaw, Rochester, and Plymouth. Since the prior evaluation, the bank has not opened or closed any branches or ATMs in the assessment area. The following table presents the bank’s branch locations with relevant demographic characteristics in the assessment area.

Branch Location Census Tract Designation										
Assessment Area - Indiana Non-MSA	Low- Income		Moderate- Income		Middle- Income		Upper- Income		Total	
	#	%	#	%	#	%	#	%	#	%
Branches	0	0.0	5	18.5	18	68.0	4	14.8	27	100.0
ATMs	0	0.0	4	14.8	19	70.4	4	14.8	27	100.0

Note: Percentages may not add to 100.0 percent due to rounding

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2022, ranked Lake City Bank first among 29 FDIC-insured institutions in the assessment area counties. The bank has a 25.8 percent market share, significantly more than the second ranked institution, 1st Source Bank, which has 8.4 percent followed by Farmers State Bank with 7.3 percent of the assessment area deposits.

Based on 2021 aggregate lending data, Lake City Bank ranks second of 363 HMDA reporters in loan originations in the assessment area. A total of 1,138 originations were reported by Lake City Bank, which was well below the leader in the market, Ruoff Mortgage Co. Inc. with 1,648 HMDA originations. Additionally in 2021, Lake City Bank ranked second of 88 CRA reporters. Lake City Bank originated 775 CRA-reportable loans (560 small business and 215 small farm loans), with 1st Source Bank leading all banks with 817 originations. Overall, Lake City Bank is a leading financial services participant in the assessment area, with respect to deposits and loans. Information about

census-related and business demographic characteristics of the assessment area in 2021 is provided in the following table.

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	14,344	15.9
Moderate	7	8.6	6,951	7.7	1,181	17.0	16,699	18.5
Middle	62	76.5	68,336	75.7	6,246	9.1	21,460	23.8
Upper	12	14.8	15,017	16.6	758	5.0	37,801	41.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	81	100.0	90,304	100.0	8,185	9.1	90,304	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	12,329	6,986	7.1	56.7	4,101	33.3	1,242	10.1
Middle	113,614	74,169	75.8	65.3	22,179	19.5	17,266	15.2
Upper	22,698	16,708	17.1	73.6	3,390	14.9	2,600	11.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	148,641	97,863	100.0	65.8	29,670	20.0	21,108	14.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,497	11.4	1,329	11.3	155	13.7	13	5.9
Middle	9,784	74.3	8,754	74.1	844	74.4	186	84.5
Upper	1,880	14.3	1,723	14.6	136	12.0	21	9.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	13,161	100.0	11,806	100.0	1,135	100.0	220	100.0
Percentage of Total Businesses:				89.7		8.6		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	14	1.0	12	0.9	1	4.3	1	33.3
Middle	1,138	83.7	1,115	83.6	21	91.3	2	66.7
Upper	208	15.3	207	15.5	1	4.3	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,360	100.0	1,334	100.0	23	100.0	3	100.0
Percentage of Total Farms:				98.1		1.7		0.2
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.								

Population Characteristics

The following table presents the population trends for the assessment area, the Non-MSA Indiana in its entirety, and the state of Indiana from 2010 to 2015. Of the ten counties comprising the bank’s assessment area, only three of the counties experienced population increases from 2015 to 2020 led by LaGrange County at 6.2 percent, followed by Kosciusko and DeKalb Counties with minimal growth of 2.9 and 1.9 percent, respectively. Conversely, six counties experienced declines in population led by Wabash County at 4.3 percent, Pulaski at 4.1 percent, Marshall at 1.8 percent, Miami at 0.7 percent and Fulton and Noble Counties both at 0.2 percent. For comparison purposes, the state of Indiana experienced a 3.3 percent population gain while all Non-MSA counties in Indiana experienced an overall decline of 0.3 percent.

Community representatives attributed the decrease in population to workers seeking opportunities that are often only available in more urban areas of the state of Indiana. A lack of affordable housing was also stated by community representatives as a concern as more workers are opting to live further away in more affordable communities while willing to drive one to two hours a day to maintain their standard of living.

Population Change			
Area	2015 Population	2020 Population	Percentage Change (%)
Assessment Area	392,030	394,097	0.5
DeKalb County	42,449	43,265	1.9
Fulton County	20,527	20,480	-0.2
Huntington County	36,863	36,662	-0.5
Kosciusko County	77,983	80,240	2.9
LaGrange County	38,084	40,446	6.2
Marshall County	46,962	46,095	-1.8
Miami County	36,211	35,962	-0.7
Noble County	47,546	47,457	-0.2
Pulaski County	13,047	12,514	-4.1
Wabash County	32,358	30,976	-4.3
Non-MSA Indiana	1,475,951	1,471,133	-0.3
State of Indiana	6,568,645	6,785,528	3.3

Source: 2011-2015 U.S. Census Bureau American Community Survey
2020 U.S. Census Bureau Decennial Census

Income Characteristics

All ten counties in the assessment area experienced an increase in median family income (MFI) from 2015 to 2020. LaGrange and Wabash counties experienced significant growth in median family income with increases of 25.5, and 15.4 percent, respectively. In all, these were the only two of the ten counties that outpaced the overall Non-MSA Indiana, which had an increase in median

family income of 10.1 percent. Of the geographies listed below, the counties of Miami, Noble, and Marshall experienced the lowest growth in median family income from 2015 to 2020 with modest increases of 1.2, 3.0, and 5.7 percent, respectively. A community representative noted there has been a shift in focus for younger generations from college towards some trades where the income growth recently has been significant. Another representative noted that LaGrange County’s large increase in MFI is likely due to the county being home to agricultural and manufacturing plants that have seen a significant increase in demand. The following table presents income characteristics between 2015 and 2020 in the assessment area, the individual counties, the Non-MSA portion of Indiana, and the state of Indiana.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percentage Change (%)
Assessment Area	63,085	68,335	8.3
DeKalb County	65,609	70,074	6.8
Fulton County	59,442	64,657	8.8
Huntington County	62,543	67,994	8.7
Kosciusko County	66,786	73,298	9.8
LaGrange County	59,021	74,059	25.5
Marshall County	65,119	68,813	5.7
Miami County	61,543	62,297	1.2
Noble County	65,383	67,366	3.0
Pulaski County	56,098	61,569	9.8
Wabash County	58,020	66,953	15.4
Non-MSA Indiana	60,873	67,032	10.1
State of Indiana	66,777	73,265	9.7

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

Housing Characteristics

The following table presents the recent housing cost burden for the ten individual counties within the assessment area, along with the combined assessment area, the Non-MSA Indiana and the state of Indiana. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs.

Renters across all income levels in the assessment area experience this burden at 34.5 percent. LaGrange County was the only county in the assessment area where all renters experiencing housing cost burden was below 30.0 percent. Of the ten counties, there were two (Marshall and Wabash Counties) where the housing cost burden for all renters was above 40.0 percent. Low-income homeowners experience a greater housing cost burden than moderate-income homeowners. Overall, the housing cost burden for homeowners within the assessment area (13.9 percent) is lower

than the state of Indiana, which has 15.1 percent of all homeowners being burdened by their payments towards housing.

According to FFIEC HMDA loan and application records, home mortgage trends reflect increases in home mortgage activity in recent years across the assessment area’s counties and the broader region. These trends suggest a continued increase in demand for home purchases, driving up home values and indicating that housing cost burden for low-and moderate-income homeowners will remain elevated. According to the 2021 U.S. Census, the assessment area had a median housing value of \$117,940 and median gross rent of \$668. The assessment area contains a total of 148,641 housing, of which 12,329 units, or 8.3 percent are in moderate-income census tracts. The majority of the housing units in moderate-income census tracts (56.7 percent) are owner-occupied units, indicating that opportunities for home mortgage, refinances, and home improvement lending exist in those census tracts.

Both community representatives noted that housing availability varies given the very large area the assessment area comprises of the northern part of Indiana. A representative with expertise in affordable housing noted that one major factor that limits the development of affordable housing is public policy choices made at the state level in regard to the use of U.S. Federal Government funds.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) – Owners		
	Low-Income	Moderate-Income	All Renters	Low-Income	Moderate-Income	All Owners
Assessment Area	71.0	21.9	34.5	52.1	21.1	13.9
DeKalb County	68.4	17.1	30.1	53.3	23.7	14.1
Fulton County	63.1	34.3	34.9	54.8	18.6	15.0
Huntington County	74.1	17.5	36.4	56.3	21.6	14.5
Kosciusko County	77.0	21.8	32.9	47.6	21.8	12.8
LaGrange County	50.3	10.9	21.5	49.2	20.9	14.5
Marshall County	75.4	20.5	43.1	56.0	24.4	16.5
Miami County	68.3	27.8	38.1	54.5	13.9	12.3
Noble County	64.4	26.6	30.6	55.9	24.3	14.9
Pulaski County	65.2	20.8	32.6	49.3	21.2	15.7
Wabash County	79.5	20.5	40.1	44.8	14.6	10.4
Non-MSA Indiana	66.5	20.4	34.4	53.2	19.9	14.4
State of Indiana	73.3	26.8	41.0	57.2	22.9	15.1

Cost Burden is housing cost that equals 30.0 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy

Employment Characteristics

The following table presents employment characteristics between 2017 and 2021 in the counties that comprise the assessment area. Overall, all regions experienced stabilized unemployment rates within the past five years (2017-2021), with the notable increase in 2020 due to the widespread

economic downturn caused by the COVID-19 pandemic. All of the counties with the exception of Miami County had lower unemployment rates than the state of Indiana.

Community representatives discussed the low unemployment rates in the counties, noting that while companies are moving to Indiana due to the favorable tax environment, the workforce is lagging due to the shortage of housing. A community representative continued to state that affordable housing is at a crisis level hampering an employee’s ability to move closer to their jobs. Low- and moderate-income families are finding more of their income is being spent on rising rental costs leaving little to spend on other necessities.

Recent Unemployment Rates (%)					
Area	2017	2018	2019	2020	2021
Assessment Area	3.1	3.0	3.0	6.8	2.9
DeKalb County	2.9	2.8	2.8	6.9	2.7
Fulton County	3.5	3.3	3.1	6.6	3.3
Huntington County	3.5	3.5	3.2	6.7	3.0
Kosciusko County	2.7	2.6	2.8	6.2	2.7
LaGrange County	2.5	2.5	2.8	6.5	2.0
Marshall County	3.0	3.1	3.1	6.5	2.7
Miami County	3.9	4.0	3.9	8.2	4.4
Noble County	3.1	2.9	3.1	8.4	3.3
Pulaski County	3.4	3.1	3.0	6.1	2.9
Wabash County	3.5	3.4	3.1	6.2	2.9
Non-MSA Indiana	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 (LAUS)

Industry Characteristics

According to data from the U.S. Bureau of Labor Statistics, the assessment area is most heavily impacted by the manufacturing and retail trade industry. While some of the counties operate as bedroom (commuter) communities for larger surrounding cities, others are more remote and rural, and are often primarily agriculturally based communities. One community representative noted that some upcoming highway construction will possibly open up some counties to become more commuter based as there will be quicker travel to more urban areas.

Community Representatives

Two community representatives with a focus on affordable housing and economic development were contacted to increase understanding of the credit needs and market conditions within the assessment area. The focus of the community representatives included the need to educate and steer the workforce to skilled labor jobs, and the lack of housing available in the areas, specifically affordable housing, and multifamily developments. Overall, the representatives commented that

significantly work is needed to address the lack of affordable housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA NON-MSA

LENDING TEST

The bank has a good geographic distribution of loans in the assessment area; an adequate distribution of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank; a good record of serving the credit needs of low-and moderate-income individuals, or small businesses and farms with gross annual revenues of \$1 million or less; makes extensive use of innovative and flexible lending practices in serving assessment area credit needs; and provides an adequate level of CD loans.

For purposes of this analysis, small business and HMDA-reportable loans were given more weight than small farm loans in determining conclusions due to higher volume. Additionally, 2021 figures were used to evaluate the bank's performance, while 2020 figures were used for comparison purposes. Finally, when determining performance, the comparison to aggregate lender figures was weighted more heavily than the assessment area demographics (e.g., percentage of owner-occupied housing units) as it is a better measure of loan demand.

Geographic Distribution of Loans

The bank's lending activities reflect good distribution throughout the assessment area. The bank's assessment area includes no low-income; seven moderate-income; 62 middle-income; and 12 upper-income census tracts. For purposes of this analysis, HMDA-reportable home purchase, refinance and CRA-reportable small business loans were used as the primary factor for determining the rating. Small farm loans could not be fully reviewed for geographic distribution as 99.0 percent of all small farms are located in either middle- or upper-income census tracts.

In 2021, the bank's rate of HMDA-reportable lending within moderate-income census tracts was deemed adequate as the bank's performance was below the aggregate lenders and the assessment area demographics. Additionally, the bank's performance with respect to small business loans was good given the bank's performance was comparable the aggregate lenders and the percentage of small businesses operating in moderate-income census tracts. Finally, the bank's distribution of lending across geographies of different income levels in 2020 within home mortgage and loans to small businesses was consistent with the distribution of loans in 2021.

A gap analysis was completed as part of the evaluation. In 2021, the bank made loans in all of the seven moderate-income census tracts. Overall, the bank made loans in 97.5 percent of the census tracts in this assessment area. Based upon this analysis, there were no conspicuous, unexplained lending gaps in the assessment area.

HMDA – Reportable Loans

In 2021, the bank's rate of HMDA-reportable lending was adequate. The bank's 2021 home mortgage lending in the assessment area was concentrated in home purchase and refinanced home loans, which comprised 97.1 percent of the 798 HMDA loans originated. Due to low volume, multi-family, home improvement, other loan purpose, and loan purpose not applicable loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

Home purchase loans represent 12.7 percent of the bank's home mortgage loans located in the Indiana Non-Metropolitan assessment area in 2021. Lake City Bank originated 3.0 percent of its home purchase loans within moderate-income census tracts. The bank's performance was significantly below the aggregate lender rate of 9.7 percent and the 7.1 percent of the assessment area's owner-occupied units located in moderate-income census tracts. Within middle-income census tracts, the bank originated 84.2 percent of its home purchase loans in 2021. The bank's performance exceeded the aggregate lender rate of 72.5 percent and the 75.8 percent of owner-occupied units located in middle-income census tracts. The bank originated 12.9 percent of its home purchase loans in upper-income tracts, which was below the aggregate of lender rate of 17.8 percent and the owner-occupied units located in upper-income tracts at 17.1 percent. The bank's overall performance in 2020 was comparable to 2021 figures.

Refinance Loans

Refinanced home loans represent 84.5 percent of the bank's home mortgage loans located in the Non-MSA Indiana assessment area in 2021. Of the 12,329 total housing units located in moderate-income census tracts, 56.7 percent (or 6,986 units) are owner-occupied indicating limited refinance loan opportunities for moderate-income geographies. Additionally, 33.3 percent of the moderate-income housing units are rentals, and 10.1 percent are vacant. Within moderate-income census tracts, Lake City Bank originated 2.2 percent of its refinanced home loans. The bank's performance was below the aggregate lender rate of 5.2 percent and below the 7.1 percent of the assessment area's owner-occupied units located in moderate-income census tracts. Within middle-income census tracts, the bank originated 73.4 percent of its refinanced home loans. The bank's performance was comparable to the aggregate lender rate of 73.7 percent and the 75.8 percent of owner-occupied units located in middle-income census tracts. The bank originated 24.3 percent of its refinanced home loans in upper-income census tracts, which slightly exceeded the aggregate of lenders at 21.1 percent and above the owner-occupied units located in upper-income tracts at 17.1 percent. The bank's overall performance relative to refinanced home loans in 2020 was comparable to 2021 figures.

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: IN Non MSA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	3.6	8.1	421	1.9	5.4	3	3.0	9.7	265	1.3	5.6	7.1
Middle	81	72.3	74.4	16,649	73.9	73.1	85	84.2	72.5	18,243	89.6	72.0	75.8
Upper	27	24.1	17.4	5,454	24.2	21.6	13	12.9	17.8	1,860	9.1	22.4	17.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	112	100.0	100.0	22,524	100.0	100.0	101	100.0	100.0	20,368	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	26	3.8	5.4	1,751	1.9	3.7	15	2.2	5.2	1,189	1.5	3.2	7.1
Middle	508	74.2	73.3	62,916	67.3	73.3	495	73.4	73.7	59,670	73.4	77.1	75.8
Upper	151	22.0	21.2	28,844	30.8	23.0	164	24.3	21.1	20,387	25.1	19.7	17.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	685	100.0	100.0	93,511	100.0	100.0	674	100.0	100.0	81,246	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	7.7	3.8	10	1.3	2.1	2	14.3	3.8	55	7.4	2.4	7.1
Middle	8	61.5	75.4	354	44.5	76.6	12	85.7	78.5	686	92.6	79.4	75.8
Upper	4	30.8	20.8	431	54.2	21.3	0	0.0	17.6	0	0.0	18.2	17.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	13	100.0	100.0	795	100.0	100.0	14	100.0	100.0	741	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	9.1	15.0	440	6.0	30.7	3	33.3	23.7	889	46.9	13.2	20.9
Middle	10	90.9	75.0	6,868	94.0	59.8	4	44.4	63.2	757	39.9	84.6	66.8
Upper	0	0.0	10.0	0	0.0	9.5	2	22.2	13.2	250	13.2	2.2	12.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	11	100.0	100.0	7,308	100.0	100.0	9	100.0	100.0	1,896	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	32	3.9	6.4	2,622	2.1	4.9	23	2.9	7.0	2,398	2.3	4.3	7.1
Middle	607	73.9	74.0	86,787	69.9	72.9	596	74.7	73.4	79,356	76.1	75.2	75.8
Upper	182	22.2	19.7	34,729	28.0	22.2	179	22.4	19.5	22,497	21.6	20.5	17.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	821	100.0	100.0	124,138	100.0	100.0	798	100.0	100.0	104,251	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 bank's performance with respect to small business loans was good given the bank's performance was comparable to the aggregate of lenders and to the percentage of small businesses operating in moderate-income census tracts. In 2021, the bank originated 558 small business loans in the Non-MSA Indiana assessment area. The bank originated 57, or 10.2 percent of total loans within moderate-income census tracts. The bank's performance was comparable to the aggregate lender rate of 9.3 percent and the percentage of small businesses located in moderate-income census tracts at 11.4 percent. Within middle-income census tracts, the bank originated 76.5 percent of its small business loans. The bank's performance was comparable to the performance of aggregate lenders at 74.8 percent and the percentage of small businesses at 74.3 percent in middle-income census tracts. Lastly, the bank's lending in upper-income census tracts at 13.3 percent was comparable to lenders at 14.8 percent and the percentage of small businesses at 14.3 percent operating in upper-income census tracts. The bank's small business lending decreased from 968 small business loans in 2020 to 558 loans in 2021. As previously mentioned in this evaluation, this significant decline was primarily due to the expiration of the PPP lending program in May of 2021.

Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography													
Assessment Area: IN Non MSA													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	111	11.5	11.9	15,661	12.4	11.2	57	10.2	9.3	8,261	9.2	10.3	11.4
Middle	714	73.8	71.9	93,963	74.3	74.3	427	76.5	74.8	71,324	79.0	76.0	74.3
Upper	143	14.8	15.6	16,817	13.3	14.3	74	13.3	14.8	10,673	11.8	13.4	14.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.6	0	0.0	0.1	0	0.0	1.1	0	0.0	0.2	
Total	968	100.0	100.0	126,441	100.0	100.0	558	100.0	100.0	90,258	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

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

Small Farm Loans

The bank's performance with respect to small farm loans was given a limited analysis as the substantial majority of farms are located in middle- and upper-income census tracts. As the following table shows, 83.7 percent and 15.3 percent of farms are located in middle- and upper-income census tracts, respectively. Further, the lack of opportunity to lend to small farms in moderate-income census tracts is shown by the aggregate lender performance of 1.5 percent.

Distribution of 2020 and 2021 Small Farm Lending By Income Level of Geography													
Assessment Area: IN Non MSA													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Farms %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#%	\$(000)	%	\$(000)	#	%	#%	\$(000)	%	\$(000)	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	0.7	1.2	300	1.7	1.2	1	0.5	1.5	300	1.8	1.7	1.0
Middle	124	83.8	78.3	14,329	78.9	74.5	167	78.0	79.0	13,081	78.2	79.7	83.7
Upper	23	15.5	20.4	3,530	19.4	24.3	46	21.5	19.1	3,349	20.0	18.5	15.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.1	0	0.0	0.0	0	0.0	0.4	0	0.0	0.0	
Total	148	100.0	100.0	18,159	100.0	100.0	214	100.0	100.0	16,730	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

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

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

The bank’s lending activities reflects adequate distribution of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank.

In 2021, the bank’s performance relative to HMDA-Reportable lending was good. Amongst low-income borrowers, the bank’s performance was comparable to the aggregate of lenders, but below the percentage of families by income. Amongst moderate-income borrowers, the bank’s performance was slightly below the aggregate of lenders and the percentage of families-by-income demographic.

For loans to small businesses and farms, the bank’s performance was adequate as the bank’s lending to businesses reporting annual revenues of \$1 million or less was below the aggregate of lenders and the percentage of total businesses operating in the assessment area. However, the bank made over half its small business and farm loans to businesses/farms of “revenue unknown”, which distorted the true percentage of loans the bank likely made to small businesses/farms. Lastly, the bank’s distribution of lending to borrowers of different income levels in 2020 was consistent with the distribution of loans in 2021 for home mortgage loans; however, the bank’s performance relative to loans to small businesses were slightly lower in 2021 compared to 2020 figures.

LCB makes extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. Some examples of products offered by the bank include “Getting Ahead Loans” which are small dollar loans made to borrower to help re-establish access to credit, Farm Service Agency loans through the U.S Department of Agriculture and loans that help small businesses via the Small Business Administration.

HMDA – Reportable Loans

In 2021, the bank’s performance relative to HMDA-reportable loans was good. The bank’s 2021 and 2020 HMDA-reportable lending in the assessment area was concentrated in home purchase and refinanced home loans. As such, multi-family, home improvement, other loan purpose, and loan purpose not applicable loans were not considered within the analysis.

Home Purchase

Overall, of the 127,533 households in the assessment area, 11.7 percent live in poverty, and 34.5 percent have rent costs greater than 30.0 percent of their monthly income. In 2021, the bank originated 7.9 percent of its home purchase loans to low-income borrowers, which was comparable to the aggregate lender rate of 7.4 percent but below the 15.9 percent of low-income families located in the assessment area. Among moderate-income borrowers, the bank originated 18.8 percent of its home purchase loans, which was below the aggregate lender rate of 22.0 percent, however slightly above the 18.5 percent of moderate-income families located in the assessment area. Home purchase loans to middle-income borrowers at 24.8 percent was slightly above the aggregate of lenders at 22.2 percent, and comparable to the assessment area demographics, at 23.8 percent. Among upper-income borrowers, the bank’s performance of 40.6 percent exceeded the aggregate of lenders at 32.2 percent, as well as the assessment area demographics at 41.9 percent. Lastly, the bank originated 7.9 percent of home purchase loans in an unknown-income census tract, below the aggregate lender rate of 16.2 percent. Within home purchase loans, the bank’s overall performance in 2020 was comparable to 2021 figures.

Refinance Loans

In 2021, the bank originated 6.2 percent of its refinanced home loans to low-income borrowers, which was comparable to the aggregate lender rate of 6.3 percent. Neither the bank nor the aggregate of lenders met the 15.9 percent of low-income families located in the assessment area. Among moderate-income borrowers, the bank originated 15.6 percent of its refinanced home loans in 2021, which was slightly below the aggregate lender rate of 17.3 percent, and the 18.5 percent of moderate-income families located in the assessment area. Refinanced home loans originated to middle-income borrowers at 24.0 percent was comparable to the aggregate of lenders at 23.8 percent and the assessment area demographics at 23.8 percent. Among upper-income borrowers, the bank’s performance of 50.1 percent exceeded the aggregate of lenders at 40.5 percent and the assessment area demographics at 41.9 percent. Lastly, the bank originated 4.0 percent of refinance loans in an

unknown-income census tract, below the aggregate lender rate of 12.1 percent. Within refinanced loans, the bank's overall performance in 2020 was comparable to 2021 figures.

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	Bank			Agg
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%		%
Home Purchase Loans													
Low	7	6.3	9.4	586	2.6	4.5	8	7.9	7.4	717	3.5	3.8	15.9
Moderate	17	15.2	26.1	1,761	7.8	18.4	19	18.8	22.0	2,083	10.2	15.4	18.5
Middle	30	26.8	22.6	4,704	20.9	22.3	25	24.8	22.2	4,346	21.3	20.8	23.8
Upper	47	42.0	32.9	13,700	60.8	46.5	41	40.6	32.2	12,238	60.1	47.6	41.9
Unknown	11	9.8	9.1	1,773	7.9	8.3	8	7.9	16.2	984	4.8	12.4	0.0
Total	112	100.0	100.0	22,524	100.0	100.0	101	100.0	100.0	20,368	100.0	100.0	100.0
Refinance Loans													
Low	34	5.0	4.8	1,412	1.5	2.2	42	6.2	6.3	2,555	3.1	2.9	15.9
Moderate	116	16.9	15.4	8,151	8.7	9.4	105	15.6	17.3	7,578	9.3	9.8	18.5
Middle	171	25.0	24.0	15,820	16.9	20.1	162	24.0	23.8	16,467	20.3	17.3	23.8
Upper	334	48.8	43.1	54,410	58.2	51.3	338	50.1	40.5	50,254	61.9	43.3	41.9
Unknown	30	4.4	12.7	13,718	14.7	17.0	27	4.0	12.1	4,392	5.4	26.7	0.0
Total	685	100.0	100.0	93,511	100.0	100.0	674	100.0	100.0	81,246	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	6.1	0	0.0	3.4	2	14.3	9.1	30	4.0	5.6	15.9
Moderate	2	15.4	18.5	75	9.4	11.5	2	14.3	17.6	55	7.4	13.4	18.5
Middle	4	30.8	25.7	75	9.4	23.1	4	28.6	22.3	210	28.3	20.2	23.8
Upper	6	46.2	47.2	591	74.3	57.4	3	21.4	48.0	171	23.1	57.3	41.9
Unknown	1	7.7	2.5	54	6.8	4.6	3	21.4	3.0	275	37.1	3.5	0.0
Total	13	100.0	100.0	795	100.0	100.0	14	100.0	100.0	741	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	41	5.1	6.4	1,998	1.7	3.1	52	6.6	6.8	3,302	3.2	3.3	15.9
Moderate	135	16.7	19.1	9,987	8.5	12.6	126	16.0	18.7	9,716	9.5	12.1	18.5
Middle	205	25.3	23.1	20,599	17.6	20.7	191	24.2	22.8	21,023	20.5	18.7	23.8
Upper	387	47.8	39.1	68,701	58.8	49.4	382	48.4	37.7	62,663	61.2	45.6	41.9
Unknown	42	5.2	12.4	15,545	13.3	14.2	38	4.8	14.0	5,651	5.5	20.3	0.0
Total	810	100.0	100.0	116,830	100.0	100.0	789	100.0	100.0	102,355	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 performance relative to small business loans was adequate as the bank's rate of lending to businesses reporting annual revenues of \$1 million or less was below the rate of the aggregate of lenders and the percentage of businesses with \$1 million or less in annual revenues operating in the assessment area. In 2021, the bank originated 161 loans or 28.9 percent of small business loans to

businesses with revenues of \$1 million or less. This rate was significantly below the aggregate lender rate of 46.4 percent and the percentage of total businesses in the assessment area at 89.7 percent. Of the small business loans, 60.9 percent were made in amounts of \$100,000 or less, which are considered most beneficial to small businesses. The bank's high level of engagement in originating PPP loans meant that over half of all small business loans were classified as "revenue unknown".

Overall, the bank's performance in 2020 was comparable to the figures in 2021.

Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses													
Assessment Area: IN Non MSA													
	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	150	15.5	34.1	28,363	22.4	25.0	161	28.9	46.4	30,025	33.3	30.6	89.7
Over \$1 Million	99	10.2		31,197	24.7		108	19.4		32,478	36.0		8.6
Revenue Unknown	719	74.3		66,881	52.9		289	51.8		27,755	30.8		1.7
Total	968	100.0		126,441	100.0		558	100.0		90,258	100.0		100.0
By Loan Size													
\$100,000 or Less	646	66.7	83.1	21,790	17.2	26.3	340	60.9	89.6	12,673	14.0	31.7	
\$100,001 - \$250,000	171	17.7	9.6	28,465	22.5	21.6	102	18.3	5.7	17,531	19.4	19.5	
\$250,001 - \$1 Million	151	15.6	7.3	76,186	60.3	52.1	116	20.8	4.7	60,054	66.5	48.7	
Total	968	100.0	100.0	126,441	100.0	100.0	558	100.0	100.0	90,258	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	75	50.0		3,580	12.6		84	52.2		4,285	14.3		
\$100,001 - \$250,000	42	28.0		7,250	25.6		38	23.6		6,914	23.0		
\$250,001 - \$1 Million	33	22.0		17,533	61.8		39	24.2		18,826	62.7		
Total	150	100.0		28,363	100.0		161	100.0		30,025	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.													

Small Farm Loans

The bank's performance relative to small farm loans was adequate as the bank's rate of lending to farms reporting annual revenues of \$1 million or less was below the rate of the aggregate of lenders and the percentage of farms with \$1 million or less in annual revenues operating in the assessment area. In 2021, the bank originated 65 loans or 30.4 percent of small farm loans to farms with revenues of \$1 million or less. This rate was significantly below the aggregate lender rate of 54.6 percent and the percentage of total farms in the assessment area at 98.1 percent. Of the small farm loans, 79.0 percent were made in amounts of \$100,000 or less, which are considered most beneficial

to small farms. It should be noted that the bank’s high level of PPP lending resulted in a disproportionately high level of small farm loans with “revenue unknown”.

Overall, the bank’s performance in 2020 was comparable to the figures in 2021.

Distribution of 2020 and 2021 Small Farm Lending By Revenue Size of Farms													
Assessment Area: IN Non MSA													
	Bank And Aggregate Loans By Year												Total Farms %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	71	48.0	61.5	12,116	66.7	78.0	65	30.4	54.6	9,431	56.4	70.5	98.1
Over \$1 Million	17	11.5		3,730	20.5		15	7.0		4,650	27.8		1.7
Revenue Unknown	60	40.5		2,313	12.7		134	62.6		2,649	15.8		0.2
Total	148	100.0		18,159	100.0		214	100.0		16,730	100.0		100.0
By Loan Size													
\$100,000 or Less	97	65.5	73.0	3,274	18.0	23.3	169	79.0	81.1	4,355	26.0	29.2	
\$100,001 - \$250,000	24	16.2	16.1	4,500	24.8	32.4	20	9.3	11.4	3,036	18.1	29.6	
\$250,001 - \$500,000	27	18.2	10.9	10,385	57.2	44.3	25	11.7	7.4	9,339	55.8	41.2	
Total	148	100.0	100.0	18,159	100.0	100.0	214	100.0	100.0	16,730	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	36	50.7		1,625	13.4		35	53.8		1,806	19.1		
\$100,001 - \$250,000	14	19.7		2,619	21.6		14	21.5		2,113	22.4		
\$250,001 - \$500,000	21	29.6		7,872	65.0		16	24.6		5,512	58.4		
Total	71	100.0		12,116	100.0		65	100.0		9,431	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.													

Community Development Lending

Lake City Bank makes an adequate level of community development loans. Overall, the bank originated one community development loan totaling \$300,000 towards a business with the purpose of providing affordable housing; specifically, the loan was considered highly responsive as it provided housing for very low-income families in Marshall County, which has the second highest rent cost burden for low-income families in the bank’s assessment area. The current period volume of community development loans represents a significant decrease when compared to prior evaluation period when the bank originated 10 loans for \$26.5 million. Even when factoring in the PPP loans of \$5.4 million at the previous evaluation, the bank made significantly fewer community development loans in this assessment area for this evaluation.

Community Development Loans (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	\$	#	\$	#	\$	#	\$	#	\$	#
Indiana Non-MSA	300	1	0	0	0	0	0	0	300	1
Total	300	1	0	0	0	0	0	0	300	1

INVESTMENT TEST

The bank makes a significant level of qualified investments, particularly those that are not routinely provided by private investors, rarely in a leadership position. These investments also demonstrated the occasional use of innovative or complex qualified investments and provide good responsiveness to the credit and community development needs of the assessment area.

During the evaluation period, Lake City Bank originated two new investments totaling \$5.5 million (funded) toward affordable housing purposes. Similarly, the bank maintains seven prior period investments in the amount of \$3.3 million allocated toward affordable housing initiatives, which is a need within the community according to community representatives. Additionally, approximately \$1.6 million in four prior period investments were directed towards economic development. Overall, the volume of community development investments at \$8.9 million represents a significant increase over the prior evaluation period when the bank invested a combined total of \$1.4 million in (funded) current and prior investments.

Qualified Investments (Dollars in 000s)						
Assessment Area	Current Period Funded			Current Period Funded (\$)	Prior Period Funded (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Services (\$)	Economic Development (\$)			
Indiana Non-MSA	5,574	0	0	5,574	3,331	1,476

Lake City Bank distributed a total of \$138,085 in qualified grants and donations in the current evaluation period. The majority of the grants were mostly to organizations providing community services which totaled \$121,435. The bank’s total qualified grants decreased, even when factoring in the difference in evaluation periods, to the prior evaluation period when donations totaled \$239,351.

Community Development Grants / Donations					
Assessment Area	Affordable Housing	Community Services	Economic Development	Total	
	\$	\$	\$	\$	%
Indiana Non-MSA	16,000	121,435	650	138,085	43.4

SERVICE TEST

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

Retail Services

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

The bank operates a total of 27 branches and 22 full-service and five cash-only ATMs in the assessment area. The bank has five branches and a total of four ATMs in moderate-income census tracts. The remaining branches and ATMs are in middle- and upper-income census tracts. The bank has not closed or opened any branches since the previous evaluation.

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

Community Development Services

The bank is a leader in providing community development services. Bank employees provided 2,942 hours, or 41.8 percent, of the 7,036 total hours of qualified community development services. A majority of service hours were directed towards providing financial literacy to students in the area at schools with high levels of free/reduced lunch. Overall, the bank's performance is a decrease over the previous evaluation's service hours totaling 4,667, however once the duration difference between the two sample periods is adjusted for, the decrease is not as significant.

Community Development Services					
Assessment Area	Affordable Housing	Community Services	Economic Development	Total Hours	% of Total
Indiana Non-MSA	181	2,651	111	2,942	41.8

ELKHART-GOSHEN, INDIANA MSA #21140 – Limited Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope of examination presented in the overall section of the performance evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ELKHART-GOSHEN, INDIANA MSA #21140

Lake City Bank’s assessment area is comprised of 36 census tracts located in Elkhart County, with the bank delineating the Elkhart-Goshen, Indiana MSA in its entirety. According to FFIEC Census Data, the assessment area includes one low-, seven moderate-, 23 middle-, and five upper-income census tracts. The assessment area has not changed since the previous examination.

The bank operates 11 full-service branch offices within the assessment area including three in Goshen, six in Elkhart, one in Nappanee, and one branch in Middlebury, Indiana. Two branches are located within moderate-income census tracts. Additionally, the bank maintains 11 ATMs in this assessment area. The bank opened two branches, one in Elkhart High School, one in the Elkhart River District, and closed a cash-only ATM in Goshen since the previous evaluation. The following table exhibits the bank’s branch and ATM locations with relevant demographic characteristics in the assessment area.

Branch and ATM Location by Census Tract Designation										
Assessment Area - Elkhart-Goshen IN MSA #21140	Low- Income		Moderate-Income		Middle-Income		Upper-Income		Total	
	#	%	#	%	#	%	#	%	#	%
Branches	0	0.0	2	18.2	8	72.7	1	9.1	11	100.0
ATMs	0	0.0	2	18.2	8	72.7	1	9.1	11	100.0

Note: Percentages may not add to 100.0 percent due to rounding

According to the FDIC Deposit Market Share Report dated June 30, 2022, Lake City Bank ranks 2nd among 16 FDIC-insured institutions in the Elkhart-Goshen, IN MSA. The bank has a 23.1 percent market share, compared to the market leader, JPMorgan Chase Bank N.A., which has 28.9 percent of the assessment area’s deposits. Following Lake City Bank, 1st Source Bank has 18.8 percent deposit market share.

Based on 2021 aggregate peer lending data, Lake City Bank ranks sixth of 252 HMDA reporters based on loan origination in its assessment area. A total of 415 originations were reported by Lake City Bank, compared to 1,010 reported by first ranked Interra Credit Union and followed by Cardinal Financial Company with a total of 568 originations. Additionally, Lake City Bank ranked fourth of 76 CRA-reporters with 311 loans originated in 2021, compared to 574 originations from the first ranked JPMorgan Chase Bank N.A. These figures support Lake City Bank as a visible competitor in the assessment area. Information about census-related and business demographic characteristics of the assessment area is provided in the following table.

2021 Elkhart-Goshen, IN MSA 21140 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	2.8	456	0.9	176	38.6	9,597	19.0
Moderate	7	19.4	8,755	17.3	2,475	28.3	9,168	18.1
Middle	23	63.9	31,013	61.3	2,978	9.6	11,844	23.4
Upper	5	13.9	10,353	20.5	667	6.4	19,968	39.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	36	100.0	50,577	100.0	6,296	12.4	50,577	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,158	179	0.4	15.5	662	57.2	317	27.4
Moderate	14,739	6,033	12.3	40.9	6,571	44.6	2,135	14.5
Middle	47,480	31,163	63.7	65.6	12,190	25.7	4,127	8.7
Upper	14,503	11,580	23.7	79.8	2,061	14.2	862	5.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	77,880	48,955	100.0	62.9	21,484	27.6	7,441	9.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	92	1.1	82	1.2	10	1.0	0	0.0
Moderate	1,198	14.9	1,042	15.0	145	14.8	11	12.9
Middle	5,170	64.5	4,456	64.1	664	67.5	50	58.8
Upper	1,556	19.4	1,368	19.7	164	16.7	24	28.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	8,016	100.0	6,948	100.0	983	100.0	85	100.0
Percentage of Total Businesses:				86.7		12.3		1.1
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	7	2.7	7	2.8	0	0.0	0	0.0
Middle	164	63.1	161	63.4	3	50.0	0	0.0
Upper	89	34.2	86	33.9	3	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	260	100.0	254	100.0	6	100.0	0	0.0
Percentage of Total Farms:				97.7		2.3		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Elkhart-Goshen, IN MSA	Consistent	Consistent	Consistent

The institution's lending, investment, and service performance in the area is consistent with the institution's lending, investment, and service performance overall.

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Elkhart-Goshen, IN MSA 21140													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	0	0.0	0.4	0	0.0	0.2	0	0.0	0.5	0	0.0	0.2	0.4
Moderate	3	8.8	10.9	382	5.4	7.6	4	8.9	12.9	324	3.2	9.0	12.3
Middle	19	55.9	65.0	3,232	46.0	62.5	33	73.3	65.9	7,941	79.5	63.3	63.7
Upper	12	35.3	23.7	3,408	48.5	29.8	8	17.8	20.7	1,718	17.2	27.4	23.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	34	100.0	100.0	7,022	100.0	100.0	45	100.0	100.0	9,983	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.1	0	0.0	0.0	0	0.0	0.1	0	0.0	0.0	0.4
Moderate	13	5.9	7.3	1,377	4.9	5.6	13	5.2	8.8	1,133	3.5	6.2	12.3
Middle	143	64.7	62.6	18,396	65.3	59.5	167	67.3	64.3	21,438	65.6	62.0	63.7
Upper	65	29.4	30.0	8,404	29.8	34.9	68	27.4	26.8	10,095	30.9	31.8	23.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	221	100.0	100.0	28,177	100.0	100.0	248	100.0	100.0	32,666	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.4	0	0.0	0.1	0.4
Moderate	0	0.0	6.2	0	0.0	4.4	0	0.0	9.7	0	0.0	9.7	12.3
Middle	1	100.0	63.7	15	100.0	63.9	1	100.0	65.1	30	100.0	65.6	63.7
Upper	0	0.0	30.1	0	0.0	31.7	0	0.0	24.7	0	0.0	24.6	23.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	15	100.0	100.0	1	100.0	100.0	30	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	15.8	0	0.0	2.0	1	14.3	8.3	175	3.6	0.8	1.6
Moderate	0	0.0	21.1	0	0.0	22.6	3	42.9	33.3	1,775	36.5	27.6	28.3
Middle	1	100.0	57.9	400	100.0	71.9	3	42.9	50.0	2,911	59.9	62.6	64.1
Upper	0	0.0	5.3	0	0.0	3.5	0	0.0	8.3	0	0.0	9.0	6.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	400	100.0	100.0	7	100.0	100.0	4,861	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	0.3	0	0.0	0.2	1	0.3	0.3	175	0.4	0.1	0.4
Moderate	16	6.2	8.9	1,759	4.9	7.1	20	6.6	10.6	3,232	6.8	8.1	12.3
Middle	164	63.8	63.7	22,043	61.9	61.2	204	67.8	64.9	32,320	68.0	62.7	63.7
Upper	77	30.0	27.1	11,812	33.2	31.6	76	25.2	24.2	11,813	24.8	29.1	23.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	257	100.0	100.0	35,614	100.0	100.0	301	100.0	100.0	47,540	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography													
Assessment Area: Elkhart-Goshen, IN MSA 21140													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Low	2	0.4	1.0	197	0.2	0.6	0	0.0	1.1	0	0.0	0.6	1.1
Moderate	42	8.2	13.2	4,704	5.1	12.7	18	6.9	13.4	3,692	6.8	13.8	14.9
Middle	397	77.7	67.9	74,475	81.2	72.1	194	74.6	65.6	37,403	69.3	70.1	64.5
Upper	70	13.7	17.6	12,289	13.4	14.5	48	18.5	19.3	12,903	23.9	15.3	19.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.3	0	0.0	0.2	0	0.0	0.6	0	0.0	0.1	
Total	511	100.0	100.0	91,665	100.0	100.0	260	100.0	100.0	53,998	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

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

Distribution of 2020 and 2021 Small Farm Lending By Income Level of Geography													
Assessment Area: Elkhart-Goshen, IN MSA 21140													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Farms %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	2.2	0	0.0	0.5	0	0.0	5.5	0	0.0	0.8	2.7
Middle	24	68.6	65.2	2,435	66.7	59.1	35	68.6	59.4	4,589	63.5	56.4	63.1
Upper	11	31.4	32.6	1,213	33.3	40.4	16	31.4	35.2	2,637	36.5	42.9	34.2
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	35	100.0	100.0	3,648	100.0	100.0	51	100.0	100.0	7,226	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

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

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Elkhart-Goshen, IN MSA 21140													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	1	2.9	12.2	113	1.6	7.2	1	2.2	6.7	136	1.4	3.9	19.0
Moderate	5	14.7	29.7	889	12.7	23.0	4	8.9	26.8	447	4.5	19.3	18.1
Middle	13	38.2	25.4	2,143	30.5	25.9	15	33.3	26.7	2,641	26.5	25.2	23.4
Upper	12	35.3	24.2	3,552	50.6	35.7	18	40.0	28.1	3,667	36.7	39.4	39.5
Unknown	3	8.8	8.4	325	4.6	8.2	7	15.6	11.7	3,092	31.0	12.1	0.0
Total	34	100.0	100.0	7,022	100.0	100.0	45	100.0	100.0	9,983	100.0	100.0	100.0
Refinance Loans													
Low	12	5.4	7.3	705	2.5	4.0	7	2.8	7.2	436	1.3	4.1	19.0
Moderate	32	14.5	18.4	2,772	9.8	13.2	37	14.9	19.4	3,032	9.3	13.8	18.1
Middle	50	22.6	24.5	4,986	17.7	22.5	70	28.2	25.5	7,561	23.1	23.2	23.4
Upper	115	52.0	34.6	18,037	64.0	44.5	124	50.0	33.2	19,987	61.2	43.2	39.5
Unknown	12	5.4	15.1	1,677	6.0	15.7	10	4.0	14.7	1,650	5.1	15.7	0.0
Total	221	100.0	100.0	28,177	100.0	100.0	248	100.0	100.0	32,666	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	7.5	0	0.0	5.9	0	0.0	10.6	0	0.0	8.5	19.0
Moderate	1	100.0	19.1	15	100.0	13.6	0	0.0	17.2	0	0.0	15.3	18.1
Middle	0	0.0	31.7	0	0.0	23.6	1	100.0	25.6	30	100.0	20.5	23.4
Upper	0	0.0	37.6	0	0.0	49.0	0	0.0	42.6	0	0.0	51.9	39.5
Unknown	0	0.0	4.0	0	0.0	7.9	0	0.0	4.0	0	0.0	3.8	0.0
Total	1	100.0	100.0	15	100.0	100.0	1	100.0	100.0	30	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	13	5.1	9.0	818	2.3	5.3	8	2.7	7.1	572	1.3	4.1	19.0
Moderate	38	14.8	22.1	3,676	10.4	16.8	41	13.9	21.9	3,479	8.2	16.2	18.1
Middle	63	24.6	24.2	7,129	20.2	23.2	86	29.3	25.8	10,232	24.0	23.9	23.4
Upper	127	49.6	30.2	21,589	61.3	40.3	142	48.3	32.2	23,654	55.4	41.9	39.5
Unknown	15	5.9	14.6	2,002	5.7	14.3	17	5.8	13.0	4,742	11.1	13.9	0.0
Total	256	100.0	100.0	35,214	100.0	100.0	294	100.0	100.0	42,679	100.0	100.0	100.0
Source: 2021 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses													
Assessment Area: Elkhart-Goshen, IN MSA 21140													
	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	73	14.3	28.0	18,825	20.5	18.1	74	28.5	40.8	16,850	31.2	22.1	86.7
Over \$1 Million	67	13.1		24,959	27.2		65	25.0		22,340	41.4		12.3
Revenue Unknown	371	72.6		47,881	52.2		121	46.5		14,808	27.4		1.1
Total	511	100.0		91,665	100.0		260	100.0		53,998	100.0		100.0
By Loan Size													
\$100,000 or Less	289	56.6	77.0	11,301	12.3	19.6	142	54.6	85.1	6,034	11.2	21.6	
\$100,001 - \$250,000	112	21.9	11.9	19,011	20.7	20.4	44	16.9	6.9	7,480	13.9	16.4	
\$250,001 - \$1 Million	110	21.5	11.2	61,353	66.9	60.0	74	28.5	7.9	40,484	75.0	62.0	
Total	511	100.0	100.0	91,665	100.0	100.0	260	100.0	100.0	53,998	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	25	34.2		1,255	6.7		37	50.0		1,839	10.9		
\$100,001 - \$250,000	21	28.8		3,732	19.8		11	14.9		1,894	11.2		
\$250,001 - \$1 Million	27	37.0		13,838	73.5		26	35.1		13,117	77.8		
Total	73	100.0		18,825	100.0		74	100.0		16,850	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

Distribution of 2020 and 2021 Small Farm Lending By Revenue Size of Farms													
Assessment Area: Elkhart-Goshen, IN MSA 21140													
	Bank And Aggregate Loans By Year												Total Farms %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	22	62.9	52.2	2,456	67.3	64.1	22	43.1	40.6	4,367	60.4	59.7	97.7
Over \$1 Million	6	17.1		998	27.4		12	23.5		2,585	35.8		2.3
Revenue Unknown	7	20.0		194	5.3		17	33.3		274	3.8		0.0
Total	35	100.0		3,648	100.0		51	100.0		7,226	100.0		100.0
By Loan Size													
\$100,000 or Less	24	68.6	83.7	1,161	31.8	40.9	30	58.8	79.7	1,117	15.5	24.3	
\$100,001 - \$250,000	7	20.0	12.0	1,142	31.3	33.6	10	19.6	10.9	1,737	24.0	25.6	
\$250,001 - \$500,000	4	11.4	4.3	1,345	36.9	25.5	11	21.6	9.4	4,372	60.5	50.2	
Total	35	100.0	100.0	3,648	100.0	100.0	51	100.0	100.0	7,226	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	13	59.1		689	28.1		9	40.9		550	12.6		
\$100,001 - \$250,000	7	31.8		1,142	46.5		7	31.8		1,167	26.7		
\$250,001 - \$500,000	2	9.1		625	25.4		6	27.3		2,650	60.7		
Total	22	100.0		2,456	100.0		22	100.0		4,367	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.

Community Development Loans (Dollars in 000s)											
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total		
	\$	#	\$	#	\$	#	\$	#	\$	#	
Elkhart-Goshen MSA	12	1	4,977	4	0	0	0	0	4,989	5	

Qualified Investments (Dollars in 000s)						
Assessment Area	Current Period Funded			Current Period Funded (\$)	Prior Period Funded (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Services (\$)	Economic Development (\$)			
Elkhart-Goshen MSA	0	0	0	0	4,637	77

Community Development Grants / Donations					
Assessment Area	Affordable Housing	Community Services	Economic Development	Total	
	\$	\$	\$	\$	%
Elkhart-Goshen MSA	36,000	19,595	0	55,595	17.5

Community Development Services					
Assessment Area	Affordable Housing	Economic Development	Community Services	Total Hours	% of Total
Elkhart-Goshen MSA	54	0	1404	1457	20.7

SOUTH BEND-MISHAWAKA, IN-MI MSA #43780 – Limited Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope of examination presented in the overall section of the performance evaluation.

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

The bank delineates St. Joseph County, Indiana in its entirety as part of the South Bend-Mishawaka IN-MI MSA assessment area. The assessment area has a total of 75 census tracts including 11 low-, 19 moderate-, 26 middle-, and 19 upper-income census tracts. This assessment area has not changed since the previous evaluation. The bank maintains four branches and four ATMs of which one branch is in a low-income tract, two are in middle-income, and one is in an upper- income census tract. The bank has not opened or closed any branches in the assessment area since the previous evaluation.

Branch and ATM Location by Census Tract Designation										
Assessment Area - South Bend- Mishawaka IN MSA #43780	Low- Income		Moderate-Income		Middle-Income		Upper-Income		Total	
	#	%	#	%	#	%	#	%	#	%
Branches	1	25.0	0	0.0	2	50.0	1	25.0	4	100.0
ATMs	1	25.0	0	0.0	2	50.0	1	25.0	4	100.0
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>										

According to the June 30, 2022, FDIC Market Share report, the bank was ranked third of 14 insured financial institutions, with an 8.7 percent market share in the assessment area. In comparison, the first ranked institution, 1st Source Bank held 53.2 percent of the market share followed by PNC Bank N.A. with 9.4 percent. Additionally, in 2021, the bank ranked 26th of 342 HMDA reporters with 123 HMDA loans and seventh of 97 lenders that reported small business lending data under the CRA with 158 small business loans. The 2021 demographic characteristics of the bank’s assessment area is shown in the following table.

2021 South Bend-Mishawaka, IN-MI MSA 43780 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	11	14.7	4,872	7.5	2,020	41.5	14,375	22.1
Moderate	19	25.3	10,535	16.2	2,738	26.0	10,872	16.7
Middle	26	34.7	28,388	43.6	2,982	10.5	13,073	20.1
Upper	19	25.3	21,331	32.8	891	4.2	26,806	41.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	75	100.0	65,126	100.0	8,631	13.3	65,126	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	12,448	3,415	4.9	27.4	6,391	51.3	2,642	21.2
Moderate	21,354	10,478	15.0	49.1	7,220	33.8	3,656	17.1
Middle	51,899	31,042	44.4	59.8	15,442	29.8	5,415	10.4
Upper	29,650	24,908	35.7	84.0	3,109	10.5	1,633	5.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	115,351	69,843	100.0	60.5	32,162	27.9	13,346	11.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	1,160	11.1	1,033	11.0	112	12.0	15	14.6
Moderate	1,762	16.9	1,574	16.7	173	18.6	15	14.6
Middle	4,501	43.1	4,005	42.5	459	49.4	37	35.9
Upper	3,031	29.0	2,809	29.8	186	20.0	36	35.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	10,454	100.0	9,421	100.0	930	100.0	103	100.0
Percentage of Total Businesses:				90.1		8.9		1.0
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	4	2.4	4	2.4	0	0.0	0	0.0
Moderate	8	4.7	8	4.9	0	0.0	0	0.0
Middle	71	41.8	70	42.7	1	20.0	0	0.0
Upper	87	51.2	82	50.0	4	80.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	170	100.0	164	100.0	5	100.0	1	100.0
Percentage of Total Farms:				96.5		2.9		0.6

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 TESTS

Assessment Area	Lending Test	Investment Test	Service Test
South Bend- Mishawaka IN-MI MSA	Consistent	Consistent	Consistent

The institution's lending, investment, and service performance in the area is consistent with the institution's lending, investment, and service performance overall.

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: South Bend-Mishawaka, IN-MI MSA 43780													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	0	0.0	4.4	0	0.0	2.3	3	18.8	5.3	550	19.2	2.8	4.9
Moderate	1	5.3	14.0	485	11.6	9.9	2	12.5	15.3	170	5.9	10.3	15.0
Middle	12	63.2	48.8	2,524	60.2	44.3	4	25.0	48.0	632	22.1	44.1	44.4
Upper	6	31.6	32.9	1,182	28.2	43.5	7	43.8	31.5	1,512	52.8	42.8	35.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	19	100.0	100.0	4,191	100.0	100.0	16	100.0	100.0	2,864	100.0	100.0	100.0
Refinance Loans													
Low	3	4.1	1.5	108	0.9	0.7	0	0.0	2.6	0	0.0	1.3	4.9
Moderate	0	0.0	6.4	0	0.0	5.0	2	3.4	6.9	136	1.8	4.9	15.0
Middle	24	32.9	43.4	4,086	32.9	37.5	20	34.5	46.2	2,462	32.2	41.1	44.4
Upper	46	63.0	48.7	8,226	66.2	56.8	36	62.1	44.4	5,041	66.0	52.7	35.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	73	100.0	100.0	12,420	100.0	100.0	58	100.0	100.0	7,639	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	2.8	0	0.0	1.5	0	0.0	3.6	0	0.0	2.1	4.9
Moderate	0	0.0	6.3	0	0.0	3.3	0	0.0	10.3	0	0.0	8.1	15.0
Middle	1	50.0	43.3	35	58.3	37.7	1	100.0	43.0	25	100.0	36.5	44.4
Upper	1	50.0	47.6	25	41.7	57.5	0	0.0	43.1	0	0.0	53.3	35.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	2	100.0	100.0	60	100.0	100.0	1	100.0	100.0	25	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	1	25.0	30.0	307	3.0	23.8	0	0.0	5.0	0	0.0	4.6	21.7
Moderate	1	25.0	25.0	204	2.0	5.2	1	50.0	15.0	100	17.2	5.3	13.3
Middle	2	50.0	40.0	9,706	95.0	61.5	1	50.0	65.0	480	82.8	53.9	57.3
Upper	0	0.0	5.0	0	0.0	9.5	0	0.0	15.0	0	0.0	36.1	7.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	4	100.0	100.0	10,217	100.0	100.0	2	100.0	100.0	580	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	4	4.1	2.7	415	1.5	2.0	3	3.9	3.8	550	5.0	2.3	4.9
Moderate	2	2.0	9.7	689	2.6	7.1	5	6.5	10.5	406	3.7	7.5	15.0
Middle	39	39.8	45.6	16,351	60.8	41.0	26	33.8	46.8	3,599	32.4	43.3	44.4
Upper	53	54.1	42.0	9,433	35.1	49.8	43	55.8	38.9	6,553	59.0	46.9	35.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	98	100.0	100.0	26,888	100.0	100.0	77	100.0	100.0	11,108	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography													
Assessment Area: South Bend-Mishawaka, IN-MI MSA 43780													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Low	37	14.4	9.8	7,860	18.4	10.5	25	16.4	10.0	6,123	21.6	11.8	11.1
Moderate	27	10.5	16.2	4,031	9.4	14.1	11	7.2	15.9	2,575	9.1	15.6	16.9
Middle	110	42.8	42.9	22,565	52.9	50.2	72	47.4	42.3	14,825	52.4	49.3	43.1
Upper	83	32.3	31.0	8,240	19.3	25.3	44	28.9	31.3	4,771	16.9	23.3	29.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.1	0	0.0	0.0	0	0.0	0.5	0	0.0	0.1	
Total	257	100.0	100.0	42,696	100.0	100.0	152	100.0	100.0	28,294	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

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

Distribution of 2020 and 2021 Small Farm Lending By Income Level of Geography													
Assessment Area: South Bend-Mishawaka, IN-MI MSA 43780													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Farms %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	2.4
Moderate	0	0.0	2.7	0	0.0	0.3	0	0.0	2.7	0	0.0	3.1	4.7
Middle	3	60.0	33.6	1,390	94.4	51.3	2	33.3	30.9	17	4.0	33.2	41.8
Upper	2	40.0	63.7	82	5.6	48.4	4	66.7	66.4	406	96.0	63.7	51.2
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	5	100.0	100.0	1,472	100.0	100.0	6	100.0	100.0	423	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

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

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: South Bend-Mishawaka, IN-MI MSA 43780													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	12.7	0	0.0	7.0	3	18.8	14.2	357	12.5	8.2	22.1
Moderate	2	10.5	27.8	440	10.5	20.5	5	31.3	26.7	466	16.3	19.6	16.7
Middle	2	10.5	22.2	460	11.0	22.5	2	12.5	19.7	597	20.8	19.5	20.1
Upper	9	47.4	26.9	2,226	53.1	40.6	5	31.3	25.3	1,104	38.5	39.3	41.2
Unknown	6	31.6	10.3	1,065	25.4	9.3	1	6.3	14.2	340	11.9	13.4	0.0
Total	19	100.0	100.0	4,191	100.0	100.0	16	100.0	100.0	2,864	100.0	100.0	100.0
Refinance Loans													
Low	4	5.5	6.3	201	1.6	2.9	4	6.9	11.7	243	3.2	6.4	22.1
Moderate	5	6.8	18.0	501	4.0	11.8	7	12.1	22.1	442	5.8	16.3	16.7
Middle	13	17.8	22.0	1,382	11.1	18.1	16	27.6	21.8	1,479	19.4	20.6	20.1
Upper	47	64.4	39.9	9,998	80.5	52.8	29	50.0	30.7	4,664	61.1	42.5	41.2
Unknown	4	5.5	13.7	338	2.7	14.5	2	3.4	13.7	811	10.6	14.3	0.0
Total	73	100.0	100.0	12,420	100.0	100.0	58	100.0	100.0	7,639	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	9.6	0	0.0	8.1	0	0.0	29.2	0	0.0	25.0	22.1
Moderate	0	0.0	15.9	0	0.0	13.3	0	0.0	18.4	0	0.0	15.8	16.7
Middle	0	0.0	24.4	0	0.0	21.2	1	100.0	19.4	25	100.0	18.2	20.1
Upper	2	100.0	44.8	60	100.0	53.1	0	0.0	29.7	0	0.0	39.6	41.2
Unknown	0	0.0	5.3	0	0.0	4.3	0	0.0	3.2	0	0.0	1.4	0.0
Total	2	100.0	100.0	60	100.0	100.0	1	100.0	100.0	25	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	4	4.3	8.6	201	1.2	4.6	7	9.3	13.5	600	5.7	7.6	22.1
Moderate	7	7.4	21.0	941	5.6	15.0	12	16.0	23.4	908	8.6	17.6	16.7
Middle	15	16.0	21.5	1,842	11.0	19.4	19	25.3	20.5	2,101	20.0	19.7	20.1
Upper	58	61.7	34.4	12,284	73.7	47.3	34	45.3	28.8	5,768	54.8	41.2	41.2
Unknown	10	10.6	14.5	1,403	8.4	13.7	3	4.0	13.7	1,151	10.9	13.8	0.0
Total	94	100.0	100.0	16,671	100.0	100.0	75	100.0	100.0	10,528	100.0	100.0	100.0
Source: 2021 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses													
Assessment Area: South Bend-Mishawaka, IN-MI MSA 43780													
	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	38	14.8	32.8	8,908	20.9	20.8	35	23.0	45.9	8,481	30.0	23.5	90.1
Over \$1 Million	24	9.3		9,698	22.7		34	22.4		11,620	41.1		8.9
Revenue Unknown	195	75.9		24,090	56.4		83	54.6		8,193	29.0		1.0
Total	257	100.0		42,696	100.0		152	100.0		28,294	100.0		100.0
By Loan Size													
\$100,000 or Less	153	59.5	80.5	5,844	13.7	23.5	84	55.3	87.1	3,230	11.4	27.6	
\$100,001 - \$250,000	53	20.6	10.2	8,899	20.8	20.7	30	19.7	6.7	5,462	19.3	19.7	
\$250,001 - \$1 Million	51	19.8	9.2	27,953	65.5	55.8	38	25.0	6.2	19,602	69.3	52.7	
Total	257	100.0	100.0	42,696	100.0	100.0	152	100.0	100.0	28,294	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	19	50.0		1,131	12.7		14	40.0		707	8.3		
\$100,001 - \$250,000	8	21.1		1,492	16.7		9	25.7		1,870	22.0		
\$250,001 - \$1 Million	11	28.9		6,285	70.6		12	34.3		5,904	69.6		
Total	38	100.0		8,908	100.0		35	100.0		8,481	100.0		
Source: 2021 FFIEC Census Data													
2021 Dun & Bradstreet Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

Distribution of 2020 and 2021 Small Farm Lending By Revenue Size of Farms													
Assessment Area: South Bend-Mishawaka, IN-MI MSA 43780													
	Bank And Aggregate Loans By Year												Total Farms %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	3	60.0	70.8	1,390	94.4	83.5	0	0.0	48.2	0	0.0	62.9	96.5
Over \$1 Million	0	0.0		0	0.0		1	16.7		280	66.2		2.9
Revenue Unknown	2	40.0		82	5.6		5	83.3		143	33.8		0.6
Total	5	100.0		1,472	100.0		6	100.0		423	100.0		100.0
By Loan Size													
\$100,000 or Less	2	40.0	77.0	82	5.6	28.8	5	83.3	82.7	143	33.8	38.0	
\$100,001 - \$250,000	0	0.0	15.0	0	0.0	35.0	0	0.0	11.8	0	0.0	32.6	
\$250,001 - \$500,000	3	60.0	8.0	1,390	94.4	36.2	1	16.7	5.5	280	66.2	29.4	
Total	5	100.0	100.0	1,472	100.0	100.0	6	100.0	100.0	423	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	0	0.0		0	0.0		0	0.0		0	0.0		
\$100,001 - \$250,000	0	0.0		0	0.0		0	0.0		0	0.0		
\$250,001 - \$500,000	3	100.0		1,390	100.0		0	0.0		0	0.0		
Total	3	100.0		1,390	100.0		0	0.0		0	0.0		

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

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

Community Development Loans (Dollars in 000s)											
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total		
	\$	#	\$	#	\$	#	\$	#	\$	#	
South Bend-Mishawaka MSA	150	1	4,073	2	0	0	1,586	2	5,809	5	

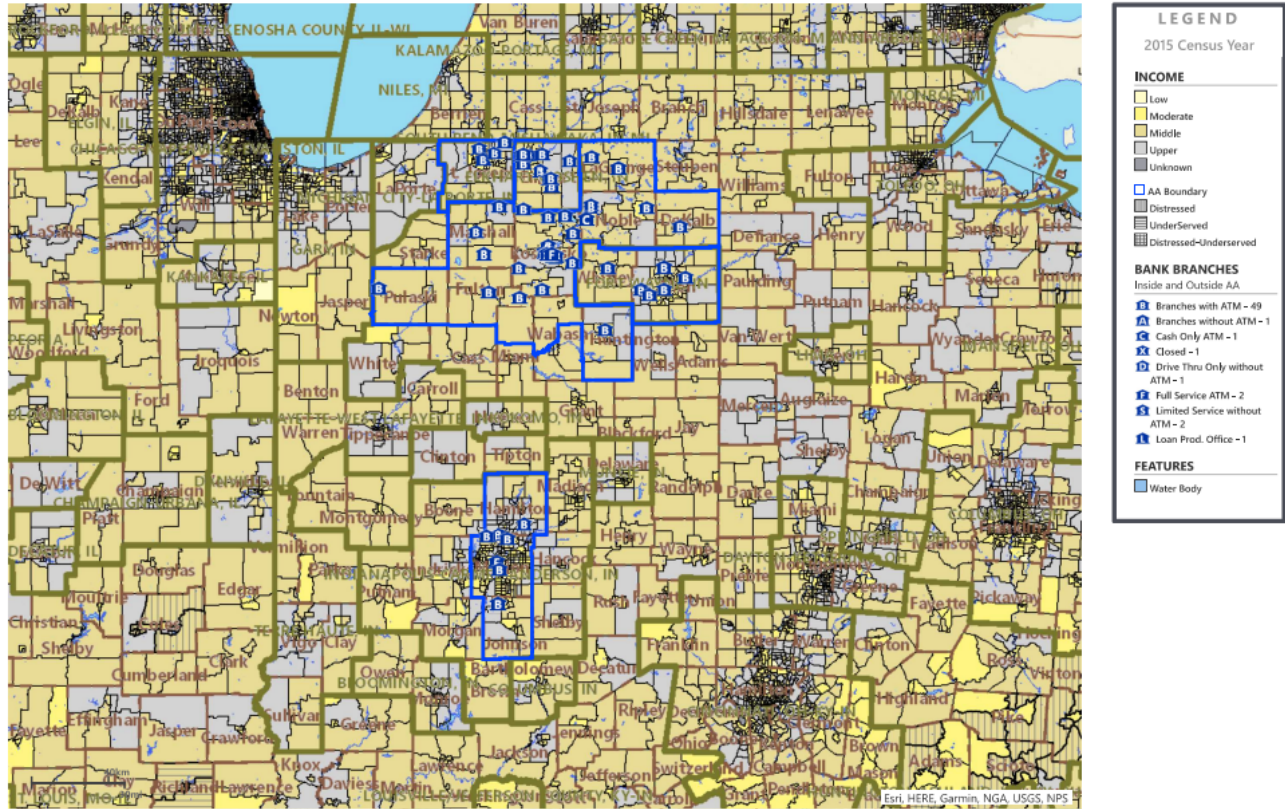
Qualified Investments (Dollars in 000s)						
Assessment Area	Current Period Funded			Current Period Funded (\$)	Prior Period Funded (\$)	Total Unfunded (\$)
	Affordable Housing (\$)	Community Services (\$)	Economic Development (\$)			
South Bend-Mishawaka MSA	0	0	0	0	7,394	183

Community Development Grants / Donations					
Assessment Area	Affordable Housing	Community Services	Economic Development	Total	
	\$	\$	\$	\$	%
South Bend-Mishawaka MSA	0	22,882	2,000	24,882	7.8

Community Development Services					
Assessment Area	Affordable Housing	Economic Development	Community Services	Total Hours	% of Total
South Bend-Mishawaka MSA	113	466	130	708	10.1

APPENDIX A – Maps of Assessment Areas

Lake City Bank 874845
Combined Assessment Area



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Lending activities January 1, 2020 through December 31, 2021 Community development activities from March 2, 2021 through April 10, 2023		
FINANCIAL INSTITUTION Lake City Bank		PRODUCTS REVIEWED 2020 and 2021 HMDA-Reportable loans 2020 and 2021 CRA-Reportable Small business and Small Farm loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
None	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Indianapolis-Carmel-Anderson, IN MSA #26900	Full scope review	None	None
Fort Wayne, IN MSA #23060	Full scope review	None	None
Non-MSA Indiana	Full scope review	None	None
Elkhart-Goshen, IN MSA #21140	Limited scope review	None	None
South Bend-Mishawaka, IN MSA #43780	Limited scope review	None	None

APPENDIX C – Glossary

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

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

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

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

Area Median Income (AMI): AMI means –

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to

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

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

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

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

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

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

Income Level: Income level means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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