

PUBLIC DISCLOSURE

March 29, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Security Financial Bank
212 West Prospect Street
Durand, Wisconsin 54736
RSSD 450959

Federal Reserve Bank of Minneapolis
90 Hennepin Avenue, P.O. Box 291
Minneapolis, MN 55480-0291

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

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Definitions for many of the terms used in this performance evaluation can be found in section 228.12 of Regulation BB. For additional convenience, a Glossary of Common CRA Terms is attached as Appendix A at the end of this performance evaluation.

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INSTITUTION'S CRA RATING: This institution is rated Outstanding.
The Lending Test is rated: Satisfactory
The Community Development Test is rated: Outstanding

The Community Reinvestment Act (CRA) performance of Security Financial Bank, Durand, Wisconsin, demonstrates reasonable responsiveness to the credit needs of its assessment areas and excellent responsiveness to community development needs. This CRA evaluation uses the Intermediate Small Bank CRA Examination Procedures, which include a Lending Test and a Community Development Test.

The Lending Test rating is Satisfactory, based on the following criteria:

- The bank's lending to businesses and farms of different sizes and borrowers of different income levels is excellent.
- Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The net loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the credit needs of the assessment areas.
- The bank originated a majority of its loans within its assessment areas.
- The bank originated a significant number and dollar amount of the Small Business Administration's Payment Protection Program (PPP) loans. These loans are particularly responsive to small business credit needs in the assessment areas.

The Community Development Test rating is Outstanding, based on the following criteria:

- The overall level and nature of community development loans and investments (including donations) are excellent, while community development services are adequate, given the bank's capacity and the need and availability of such opportunities.
- Overall, community development activities, especially community development lending, show an excellent responsiveness to the community development needs of its assessment areas.

The bank received a Satisfactory rating at the previous evaluation, dated July 10, 2017.

SCOPE OF EVALUATION

The evaluation of the bank's CRA performance is based in part on information provided by bank management and community contacts. Information from these sources, the economic and demographic characteristics of the assessment areas, competitive factors, and the size and financial condition of the bank were analyzed to understand the bank's performance.

The bank has designated four assessment areas for CRA purposes, all in western Wisconsin. The Eau Claire Metropolitan Statistical Area (MSA) assessment area includes Chippewa and Eau Claire counties. The Durand assessment area consists of Pepin County and portions of Dunn and Buffalo counties. The bank's main office is in Durand. The River Falls MSA assessment area includes a portion of the Minneapolis–St. Paul–Bloomington (MSP), MN–WI MSA and consists of St. Croix and Pierce counties, Wisconsin. Since the previous evaluation, management acquired the assets of Pioneer Bank of Wisconsin, Ladysmith. As a result, the bank adopted a new Ladysmith assessment area, which includes Rusk County, Wisconsin. The bank has not changed the delineations of its other assessment areas since the previous examination. Examiners conducted full-scope reviews of the Eau Claire and Durand assessment areas. Examiners conducted limited-scope reviews for the River Falls and Ladysmith assessment areas.

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Based on the June 30, 2020, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Reports for each assessment area and the lending origination data provided by the bank, the majority of the bank's activities take place in the Eau Claire and Durand assessment areas. The deposits in the Eau Claire and Durand assessment areas represent 87.9% of the bank's total deposits. The loans in the Eau Claire and Durand assessment areas account for 58.5% of the bank's lending activity.

Examiners weighted the bank's performance as follows to derive the overall rating:

- Examiners assigned more weight to the bank's Community Development Test than to the Lending Test. The weighting reflects the opportunities for community development loans and the bank's volume of those loans.
- For the Lending Test, examiners placed the greatest weight on the bank's performance in the Eau Claire assessment area given the volume of lending and community development activity in that assessment area.
- For the Lending Test, examiners assigned greater weight to the bank's lending to small businesses and small farm loans of different sizes, and to borrowers of different income levels, followed by geographic distribution. Examiners placed equal weight on the remaining criteria.

Throughout this evaluation, examiners use demographic characteristics in evaluating the bank's record of lending in the individual assessment areas. Sources for demographic information are primarily the Federal Financial Institutions Examination Council (FFIEC) adjusted census data and 2020 Dun & Bradstreet data. Assessment area demographics are useful in analyzing the bank's lending because they provide a means of estimating lending opportunities. Examiners use self-reported data collected and published by Dun & Bradstreet regarding the revenue size and location of businesses and farms to assess small business and small farm lending. The demographic data does not define an expected level of lending in a particular area or to a particular group of borrowers.

For community contacts, examiners interviewed individuals familiar with economic and demographic characteristics, including community development opportunities, in the bank's assessment areas. The full-scope assessment area sections of this evaluation include specific information obtained from these community contacts. The contacts did not identify any unmet credit needs in these assessment areas.

Lending Test Scope

The scope of the Lending Test covers the bank's major product lines, consisting of agricultural, commercial, and residential real estate loans. Table 1 shows the bank's lending activity by loan type from January 1, 2019, to December 31, 2019.

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<i>Loan Type</i>	<i>Number of Loans</i>	<i>Percentage of Total Number</i>	<i>Total Loan Dollars</i>	<i>Percentage of Total Dollars</i>
Construction/Land Development	58	7.3	\$7,335,568	3.78
Consumer	34	4.3	\$447,646	0.2
Home Equity Lines of Credit	47	5.9	\$2,647,000	1.4
Letters of Credit	26	3.3	\$416,519	0.2
Residential Real Estate	223	28.2	\$40,988,450	21.1
Small Business (≤ \$1 million)	210	26.5	\$42,561,384	21.9
Small Farm (≤ \$500,000)	17	2.2	\$49,910,279	25.7
Agricultural (> \$500,000)	150	18.9	\$19,077,978	9.8
Total	792	100.0	\$194,191,048	100.0

The Lending Test is based on a statistical sample of the bank’s small business and small farm loans. The loan sample includes 111 small business loans originated between June 1, 2020, and November 30, 2020, and 117 small farm loans originated between December 1, 2019, and November 30, 2020. Because the bank operates offices in MSAs and therefore is required to report Home Mortgage Disclosure Act (HMDA) loans, examiners also analyzed the bank’s 2018 and 2019 HMDA-reportable loans. Examiners reviewed the 2017 lending for consistency with the 2018 and 2019 HMDA data but did not include a detailed analysis of the 2017 data in this evaluation. Furthermore, examiners reviewed HMDA data reported by aggregate lenders to better assess bank’s HMDA lending performance.

Examiners analyzed the following criteria to determine the Lending Test rating:

- Lending to businesses and farms of different sizes and to borrowers of different income levels.
- Geographic distribution of loans.
- Net loan-to-deposit ratio.
- Lending inside the assessment areas.
- The bank’s record of responding to complaints about its CRA performance.

Community Development Test Scope

Examiners reviewed the bank’s community development lending, qualified investments, and community development services since the previous evaluation for each assessment area and for larger regional areas. Examiners based the Community Development rating on the bank’s community development activities occurring from July 10, 2017, through November 30, 2020.

DESCRIPTION OF INSTITUTION

Structure. Security Financial Bank is a full-service bank, headquartered in Durand, Wisconsin. The bank is a wholly owned subsidiary of Security Financial Services Corporation, Durand, Wisconsin.

Offices and Retail Delivery Systems. The bank operates five full-service offices: the main office in Durand and branch offices in Eau Claire, Bloomer, River Falls, and Ladysmith, Wisconsin. As

¹ Note: Because the percentages presented in the tables are rounded to the nearest tenth, some columns or rows may not total 100.0%.

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mentioned, management acquired Pioneer Bank of Wisconsin, Ladysmith in July 2018. Each office operates a drive-up facility with reasonable hours.

The bank operates three cash-dispensing-only ATMs. Previously, it operated four ATMs, but management removed the River Falls ATM on April 1, 2020. The bank's website and mobile banking applications provide alternative methods for customer access.

Loan Portfolio. According to the December 31, 2020, Report of Condition, the bank's total assets are \$624.1 million. The loan portfolio includes \$411.5 million in loans. Since the previous evaluation, the bank's total assets and loan portfolio have increased by 54.1% and 48.7%, respectively. Commercial loans continue to be the largest segment of the loan portfolio at 59.4%, followed by agricultural loans at 27.5%, residential real estate at 10.8%, and consumer loans at 0.2%. The bank's assets increased largely due to the acquisition of Pioneer Bank of Wisconsin.

Credit Products. The bank provides a wide variety of closed- and open-end commercial, agricultural, residential real estate, and consumer loan products. In addition, the bank continues to participate in Small Business Administration (SBA) and Farm Service Agency guaranteed loan programs. The bank also participated in the Federal Home Loan Bank Downpayment Plus program in 2019 and 2020.

DESCRIPTION OF ASSESSMENT AREAS

Management designated four assessment areas for CRA purposes: Durand, Eau Claire, River Falls, and Ladysmith. The Durand assessment area includes Pepin County and portions of Dunn and Buffalo counties and is in a nonmetropolitan area. None of the counties have been classified as underserved or distressed since the 2017 evaluation. The Eau Claire assessment area did not change from the 2017 evaluation and continues to follow the outline of the Eau Claire MSA. The River Falls MSA assessment area continues to follow the outline of Pierce and St. Croix counties, Wisconsin, and is located in the eastern part of the MSP MSA. When Security Financial Bank acquired Pioneer Bank, management defined a new assessment area for the Ladysmith branch. The Ladysmith assessment area follows the outline of Rusk County, Wisconsin. Detailed descriptions of the bank's assessment areas can be found in the individual assessment area evaluations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's CRA rating is Outstanding. We rated the bank's performance under the Lending Test as Satisfactory and its performance under the Community Development Test as Outstanding.

LENDING TEST

Examiners rated the bank's performance under the Lending Test as Satisfactory. The following factors support this rating:

- The bank's lending to businesses and farms of different sizes and to borrowers of different income levels is excellent. The bank also originated a significant number of PPP loans, which were particularly responsive to small business credit needs during the evaluation period.
- The geographic distribution reflects an overall reasonable dispersion of lending throughout the assessment areas.
- The net loan-to-deposit ratio indicates a reasonable level of lending.
- The bank originated a majority of its loans within its assessment areas.

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Examiners evaluated the bank's performance in each individual full-scope assessment area, since the Eau Claire assessment area is in an MSA. The Durand and Eau Claire assessment area sections of this report include a detailed analysis of the bank's lending to businesses of different sizes and to borrowers of different income levels in the Eau Claire assessment area and lending to farms of different sizes in the Durand assessment area, as well as the geographic distribution of loans. Examiners analyzed the bank's performance in the limited-scope assessment areas to ensure the bank's performance was consistent with the full-scope assessment areas. Examiners analyzed the bank's net loan-to-deposit ratio and its lending inside and outside the assessment areas at the institution level, as described below.

LOAN-TO-DEPOSIT RATIO ANALYSIS

The bank's net loan-to-deposit ratio is reasonable given its asset size, financial condition, credit needs of its assessment areas, and the strong competition in its assessment areas. As of December 31, 2020, the net loan-to-deposit ratio for the bank is 76.9%. The bank's ratio is above the national peer group's net loan-to-deposit ratio of 75.8%. The bank's peer group consists of insured commercial banks with assets between \$300 million and \$1 billion.

Since the previous evaluation, the bank's quarterly net loan-to-deposit ratio has ranged from 76.9% to 97.9%, with an average net loan-to-deposit ratio of 89.9% for the past 15 quarters. According to management, loan demand has been strong in some assessment areas and generally stable in others since the previous evaluation. The PPP program also has increased loan demand. Loan growth continues, especially in the Eau Claire, Durand, and River Falls assessment areas.

The bank is an active lender, even among strong competition. Furthermore, some of the competitor banks are larger regional and national banks with branch offices in Security Financial Bank's assessment areas. As shown in Table 2, the bank's loan-to-deposit ratio compares well to two similarly situated competitor financial institutions.

<i>Bank Name and Location</i>	<i>Assets as of December 31, 2020 (in millions)</i>	<i>Average Net Loan-to-Deposit Ratio</i>
Security Financial Bank, Durand, Wisconsin	\$624.1	89.9%
Dairy State Bank, Rice Lake, Wisconsin	\$629.0	51.4%
The Northwestern Bank, Chippewa Falls, Wisconsin	\$542.5	84.8%

Overall, the net loan-to-deposit ratio is reasonable, given the credit needs and opportunities in the assessment areas. Community contacts did not identify any unmet credit needs in the assessment areas.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREAS

The bank originated a majority of loans in its assessment areas. As shown in Table 3, approximately 80.7% by number of loans and 71.4% by dollar amount were originated within the assessment areas.

TABLE 3
Lending Inside and Outside the Assessment Areas

Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	(000)	\$%
Home Purchase - Conventional	204	75.6	36,953	74.9	66	24.4	12,381	25.1
Home Improvement	26	92.9	3,218	95.1	2	7.1	165	4.9
Multi-Family Housing	9	42.9	3,398	16.3	12	57.1	17,440	83.7
Other Purpose Closed-End	8	88.9	904	96.2	1	11.1	36	3.8
Refinancing	215	88.8	49,102	88.6	27	11.2	6,308	11.4
Total HMDA related²	462	81.1	93,575	72.0	108	18.9	36,330	28.0
Small Business	77	69.4	11,105	55.1	34	30.6	9,039	44.9
Small Farm	105	89.7	10,297	93.1	12	10.3	769	6.9
Total Loans	644	80.7	114,977	71.4	154	19.3	46,138	28.6

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

Bank management indicated that lenders consider all loan requests, regardless of an applicant’s location, and work to maintain established customer relationships. During the evaluation period, the bank also received credit applications for the PPP loan program, which included applications from customers outside the bank’s assessment areas. The bank’s lending reflects management’s commitment to meeting the credit needs of the businesses, farms, and residents in its assessment areas.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES AND FARMS OF DIFFERENT SIZES

Overall, the bank’s lending to businesses and farms of different sizes and to borrowers of different income levels is excellent. The bank lends to businesses and farms with gross annual revenues of \$1 million or less and to low- and moderate-income individuals. The Conclusions with Respect to Performance Criteria section for the Eau Claire and Durand assessment areas includes a detailed discussion of the borrower distribution of loans.

As noted previously, the bank participated in the PPP, which started in April 2020. The PPP is an SBA-backed loan that was designed to help businesses keep their workforce employed during the pandemic. PPP borrowers may be eligible for loan forgiveness if the borrower meets certain conditions. The bank originated 421 PPP loans totaling \$53.6 million, including 14 loans with original balances above \$1 million. This level of PPP lending is significant and enhanced the bank’s lending to small businesses during the evaluation period.

GEOGRAPHIC DISTRIBUTION OF LOANS

The overall geographic distribution of loans shows reasonable dispersion throughout the assessment areas, including moderate-income census tracts. There are no low-income tracts in either full-scope assessment area. Lending patterns do not reveal any unexplained gaps in lending. The Conclusions with Respect to Performance Criteria section for the Eau Claire and Durand assessment areas includes a detailed discussion of the geographic distribution of loans.

² The filer is partially exempt from filing the expanded fields and is also exempt from reporting open-end lines of credit (and the filer did not optionally report any open-end loans).

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RECORD OF RESPONSE TO CRA-RELATED COMPLAINTS

Neither the bank nor the Federal Reserve Bank of Minneapolis has received any CRA-related complaints concerning the bank since the previous evaluation.

COMMUNITY DEVELOPMENT TEST

The bank's Community Development Test rating is Outstanding. Overall, the bank's community development activities demonstrate excellent responsiveness to the needs of the assessment areas. The bank engaged in community development lending, provided services, and made qualified investments (including donations). Based on the bank's size and capacity as well as strong competition in the assessment areas, the overall level and nature of the bank's community development activities are excellent. The majority of the bank's new community development activities in the bank's assessment area, with the exception of community development loans, took place in the Eau Claire assessment area.

Community Development Loans. The level of community development lending is excellent. The bank originated 53 community development loans totaling \$68.2 million during the evaluation period. Of those loans, 42 loans, including several PPP loans, totaling \$53.5 million benefited the bank's assessment areas by revitalizing and stabilizing moderate-income areas, fostering economic development, and funding organizations that provide community services to low- and moderate-income individuals. The bank's community development lending was primarily focused in the Eau Claire (10.8%) and River Falls (59.6%) assessment areas. The bank also made six loans totaling \$9.4 million that supported economic development in broader regional areas that include the bank's assessment areas or in areas that benefit multiple states, including Wisconsin.

Lastly, the bank made five loans that supported economic development in areas outside the bank's assessment area. Examiners considered these five loans during the evaluation because the bank was responsive to the community development needs of its assessment areas.

Qualified Investments. The level of qualified investments (including qualifying donations) is excellent. During the evaluation period, the bank held nine CRA-eligible securities totaling \$2.3 million in its assessment areas. The bank purchased one of those investments since the last evaluation; the investment was for \$262,922 and revitalized or stabilized a moderate-income tract in the Ladysmith assessment area. The remaining eight investments were prior-period investments that helped finance infrastructure improvements in the bank's assessment areas. The majority of the bank's investments were in the Eau Claire and Durand assessment areas. The bank did not have investments in the River Falls assessment area, which is reasonable given the limited investment opportunities in that assessment area.

Additionally, the bank made qualifying donations totaling \$148,302 in its assessment areas during the evaluation period. Most of its donations (58.9% by dollar amount) were in the Eau Claire assessment area. The bank also made \$28,489 in donations in regional areas that include the bank's assessment area. Overall, most donations were to organizations that provide essential services to low- and moderate-income individuals, such as social services, health care, shelter, and food. The bank also made donations that supported affordable housing, fostered economic development, and revitalized or stabilized moderate-income census tracts.

During the evaluation period, the bank held five investments for \$1.1 million that supported economic development and community services to low- and moderate-income individuals, benefitting areas in Wisconsin outside of its assessment areas. One of the investments, which has a community service purpose was purchased for \$504,975 during the evaluation period. Examiners considered these

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investments during the evaluation because the bank was responsive to the community development needs of its assessment areas.

Community Development Services. The level of community development services is adequate. The bank provided 46 community development services in its assessment areas during the evaluation period. Thirteen bank employees contributed their financial expertise to 13 organizations. Bank employees hold various leadership positions in these organizations, including serving as board members, small business advisors, and treasurers. Bank employees serve organizations that promote economic development and affordable housing and provide essential services to low- and moderate-income individuals. Most of the bank's community development services (47.8%) were provided in the Eau Claire assessment area, which is consistent with the bank's structure and the availability of community development opportunities in this assessment area. The bank did not provide community development services in the Ladysmith assessment area, which is reasonable given that it's a relatively new market for the bank and is in a more rural area.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The examination did not reveal any evidence of violations of antidiscrimination laws or regulations (including Regulation B – Equal Credit Opportunity Act, Regulation C – Home Mortgage Disclosure Act, and the Fair Housing Act) or other illegal credit practices inconsistent with the bank helping to meet community credit needs.

METROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE EAU CLAIRE ASSESSMENT AREA

Bank Information. The bank has two-full-service offices with cash-dispensing-only ATMs in the Eau Claire assessment area: one in Eau Claire and one in Bloomer. The Bloomer office is approximately 25 miles north of Eau Claire. Each office has a drive-up facility. The bank has not opened or closed any offices or ATMs in this assessment area during the evaluation period.

According to the June 30, 2020, FDIC Deposit Market Share Report, the bank ranked eighth out of 21 financial institutions operating in the Eau Claire MSA, with a 5.1% deposit market share and \$165.5 million in deposits. The deposits in this assessment area represent 36.0% of the bank’s total deposits. Management and community contacts classified banking competition in the Eau Claire MSA assessment area as strong.

Assessment Area. The Eau Claire assessment area consists of Eau Claire and Chippewa counties in Wisconsin, which comprise the Eau Claire MSA. Based on the 2020 FFIEC adjusted census data and 2020 Dun & Bradstreet data, the assessment area consists of six moderate-income, 22 middle-income, and three upper-income census tracts. At the previous evaluation, the Eau Claire assessment area consisted of five moderate-income, 21 middle-income, and five upper-income tracts. The bank has not changed the delineation of the assessment area since the previous evaluation. Table 4 reflects the demographic characteristics of the Eau Claire assessment area.

TABLE 4 EAU CLAIRE ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	7,454	18.6
Moderate	6	19.4	5,193	13.0	874	16.8	7,431	18.5
Middle	22	71.0	30,201	75.3	1,837	6.1	9,689	24.2
Upper	3	9.7	4,706	11.7	169	3.6	15,526	38.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	31	100.0	40,100	100.0	2,880	7.2	40,100	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	12,620	4,865	11.4	38.5	6,263	49.6	1,492	11.8
Middle	50,019	33,027	77.3	66.0	13,340	26.7	3,652	7.3
Upper	7,599	4,810	11.3	63.3	2,461	32.4	328	4.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	70,238	42,702	100.0	60.8	22,064	31.4	5,472	7.8

**TABLE 4
EAU CLAIRE ASSESSMENT AREA DEMOGRAPHICS**

	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	1,345	18.6	1,211	18.6	124	20.4	10	11.8
Middle	5,104	70.7	4,614	70.7	424	69.9	66	77.6
Upper	771	10.7	703	10.8	59	9.7	9	10.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7,220	100.0	6,528	100.0	607	100.0	85	100.0
Percentage of Total Businesses:			90.4		8.4		1.2	
	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	69	12.8	68	12.9	1	9.1	0	0.0
Middle	430	79.6	420	79.4	10	90.9	0	0.0
Upper	41	7.6	41	7.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	540	100.0	529	100.0	11	100.0	0	0.0
Percentage of Total Farms:			98.0		2.0		0.0	
<i>Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet data 2020 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</i>								

Income. For purposes of classifying borrowers by income level in the Eau Claire assessment area, this evaluation uses the FFIEC estimated median family income for the year of loan origination. The FFIEC median family income figure was \$67,400 in 2017, \$72,000 in 2018, and \$73,300 in 2019.

For purposes of classifying census tracts by income level, this evaluation uses the FFIEC adjusted census data median family income for the Eau Claire MSA, which was \$66,688 from 2017 to 2020.

Population Characteristics. According to FFIEC census data, the population in the Eau Claire assessment area is 164,490. Most residents reside in Eau Claire County; the City of Eau Claire is the county seat and is the largest city in the county. In the assessment area, 50.7% of the population is 25 to 64 years of age, 21.5% is under 17 years of age, 14.4% is 65 and older, and 13.4% is 18 to 24 years of age. The City of Eau Claire includes the campus of the University of Wisconsin–Eau Claire. Contacts indicated that due to small business development in the Eau Claire area and proximity to the Twin Cities, college students tend to reside in the area after graduation. Table 5 reflects the population for various geographies relevant to this analysis, including the assessment area. The geographies had minimal changes in population from 2010 to 2015.

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TABLE 5 Total Population			
Area	2010 Population	2015 Population	Percent Change
2020 Eau Claire Assessment Area	161,151	164,490	2.1%
Chippewa County, WI	62,415	63,209	1.3%
Eau Claire County, WI	98,736	101,281	2.6%
Wisconsin	5,686,986	5,742,117	1.0%
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 – 2015 U.S. Census Bureau American Community Survey</i>			

Economy. Bank management and community contacts described the local economy as robust. Business development in the area is thriving. Businesses are expanding as well as moving into the area, and hiring has accelerated during the evaluation period. The local economy is very diverse, with the largest employers being health-care providers, technology companies, manufacturers, and businesses in the service industry. In the Eau Claire area, food processing and transportation companies are also significant. The pandemic has negatively affected the economy but not in a significant way given the prevalent health care industry. Bank management indicated that the PPP loan program helped businesses sustain themselves through the worst times of the pandemic. Employment levels have been very high, with the exception of a few months in 2020 when unemployment was heightened due to the pandemic, and demand for labor is strong.

Table 6 reflects the unemployment rates for various geographies relevant to this analysis, including the assessment area.

TABLE 6 Unemployment Rates			
Area	2017	2018	2019
2020 Eau Claire Assessment Area	3.1%	2.9%	3.3%
Chippewa County, WI	3.5%	3.3%	3.8%
Eau Claire County, WI	2.9%	2.6%	3.1%
Wisconsin	3.3%	3.0%	3.3%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>			

The Bureau of Labor Statistics reports that the annual, non-seasonally adjusted unemployment rate for the Eau Claire MSA in 2019 was 3.3%. Pandemic issues affected local employment, causing the unemployment rate to spike to 13.4% in April 2020. However, unemployment in the Eau Claire MSA returned to pre-pandemic levels in September 2020 and remains relatively low, at 3.9%, as of December 2020.

Housing. According to management and community contacts, home sales have been active, even during the pandemic, but the Eau Claire area continues to experience a housing shortage for all income brackets. Affordable housing, including rental units, is also a concern, given the high prices. One contact indicated that houses that list between \$250,000 and \$400,000 in the Eau Claire area will typically sell in under 36 hours. If a listing is below \$250,000, it will likely sell within 24 hours. Another contact indicated that starter homes have lower prices in smaller communities, ranging from \$100,000 to \$120,000. However, the homes often require rehabilitation to make them safe and livable, which contributes to the overall cost. Table 4 shows there are 70,238 housing units in the assessment area, according to 2020 FFIEC adjusted census data. Of those units, 60.8% are owner-occupied, 31.4% are rental units, and 7.8% are vacant. The

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median age of the housing stock is 46 years. The median housing value is \$150,591 for the assessment area and \$165,800 for the state of Wisconsin.

Table 7 reflects the housing cost burden faced by renters and homeowners in the Eau Claire assessment area. The U.S. Department of Housing and Urban Development (HUD) defines cost-burdened families as follows: Those who pay more than 30 percent of their income for housing may have difficulty affording necessities such as food, clothing, transportation, and medical care. As reflected in the table, individuals in the low-income bracket for both renter and homeowner categories exceed HUD's 30% cost-burden threshold.

TABLE 7 Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
2020 Eau Claire Assessment Area	74.9%	36.9%	44.4%	68.3%	34.4%	19.8%
Chippewa County, WI	66.9%	35.2%	38.7%	65.3%	32.9%	20.2%
Eau Claire County, WI	78.2%	37.7%	47.0%	70.8%	35.7%	19.4%
Wisconsin	76.1%	27.8%	42.7%	69.7%	39.0%	22.8%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2011-2015 Comprehensive Housing Affordability Strategy</i>						

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE EAU CLAIRE ASSESSMENT AREA

The bank's performance under the Lending Test in the Eau Claire assessment area is reasonable. This assessment area accounts for the majority of the bank's lending and a significant portion of community development activities. The bank's overall community development performance in this assessment area demonstrates excellent responsiveness to community development needs.

LENDING TEST

The bank's lending to businesses of different sizes and borrowers of different income levels is excellent. Overall, the geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.

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LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES OF DIFFERENT SIZES

Small Business Lending. The bank’s small business lending in the assessment area is excellent. Table 8 reflects the bank’s small business lending by revenue and loan size.

TABLE 8							
Small Business Lending by Revenue and Loan Size							
Assessment Area: 2020 Eau Claire Assessment Area							
Product Type		Bank and Demographic Comparison					
		Count		Dollar		Total Businesses	
		#	%	\$ 000s	\$ %	%	
Small Business	Revenue	\$1 Million or Less	39	100.0	5,890	100.0	90.3
		Over \$1 Million or Unknown	0	0.0	1	0.0	9.7
		Total	39	100.0	5,891	100.0	100.0
	Loan Size	\$100,000 or Less	25	64.1	1,199	20.4	
		\$100,001 - \$250,000	7	17.9	1,311	22.3	
		\$250,001 - \$1 Million	7	17.9	3,380	57.4	
		Total	39	100.0	5,890	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	25	64.1	1,199	20.4	
		\$100,001 - \$250,000	7	17.9	1,311	22.3	
		\$250,001 - \$1 Million	7	17.9	3,380	57.4	
Total		39	100.0	5,890	100.0		

Originations & Purchases
 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
 Note: Percentages may not add to 100.0 percent due to rounding

The bank originated 100.0% of its small business loans to entities with gross annual revenues of \$1 million or less. The bank’s performance exceeds Eau Claire assessment area demographics, which show 90.4% of the businesses in the assessment area are small businesses. The majority of the bank’s small business loans were for \$100,000 or less, which indicates a willingness to serve the needs of small businesses in the assessment area. In addition, the bank originated PPP loans to small businesses in this assessment area. These loans were particularly responsive to small business credit needs during the COVID-19 pandemic. The bank is primarily a commercial lender in this assessment and faces strong competition from various types of financial institutions serving the Eau Claire assessment area.

HMDA Lending. The bank’s HMDA lending to low- and moderate-income borrowers is reasonable.³ Table 9 shows the bank’s HMDA lending by borrower income level and product type for 2018 and 2019. The table also includes aggregate lending data for each year and demographics for families at various income levels in the Eau Claire assessment area.

³ Examiners did not evaluate the following categories of HMDA loans: other purpose, other purpose lines of credit, and loans with a purpose not applicable.

Table 9 (1 of 2)													
Distribution of 2018 and 2019 Home Mortgage Lending by Borrower Income Level													
Assessment Area: Eau Claire Assessment Area													
Borrower Income Level	Bank and Aggregate Loans by Year												Families by Family Income %
	2018						2019						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	4	10.5	8.0	351	5.3	15.0	5	9.6	9.0	533	5.5	13.8	18.6
Moderate	4	10.5	24.0	319	4.8	21.1	10	19.2	25.0	1,442	14.9	18.0	18.5
Middle	6	15.8	26.8	794	12.0	43.3	12	23.1	24.7	1,868	19.3	46.9	24.2
Upper	18	47.4	31.8	4,123	62.2	15.4	19	36.5	32.5	4,769	49.4	17.0	38.7
Unknown	6	15.8	9.4	1,043	15.7	0.0	6	11.5	8.8	1,043	10.8	0.0	0.0
Total	38	100.0	100.0	6,630	100.0	0.1	52	100.0	100.0	9,655	100.0	0.0	100.0
Refinance Loans													
Low	1	4.2	9.5	92	1.5	0.1	9	9.8	8.4	721	3.7	0.1	18.6
Moderate	4	16.7	20.1	287	4.8	0.0	14	15.2	19.8	1,712	8.8	0.0	18.5
Middle	4	16.7	22.0	612	10.2	0.7	14	15.2	20.9	2,017	10.3	0.4	24.2
Upper	14	58.3	33.9	4,974	83.2	3.0	44	47.8	36.4	12,932	66.2	1.0	38.7
Unknown	1	4.2	14.4	15	0.3	3.2	11	12.0	14.6	2,151	11.0	1.6	0.0
Total	24	100.0	100.0	5,980	100.0	100.0	92	100.0	100.0	19,533	100.0	100.0	100.0
Home Improvement Loans													
Low	1	50.0	5.3	12	37.5	3.6	0	0.0	7.1	0	0.0	5.1	18.6
Moderate	0	0.0	20.4	0	0.0	15.7	1	50.0	14.7	34	52.3	11.7	18.5
Middle	1	50.0	20.4	20	62.5	16.9	0	0.0	24.1	0	0.0	18.7	24.2
Upper	0	0.0	47.5	0	0.0	48.7	1	50.0	45.4	31	47.7	51.0	38.7
Unknown	0	0.0	6.5	0	0.0	15.1	0	0.0	8.7	0	0.0	13.5	0.0
Total	2	100.0	100.0	32	100.0	100.0	2	100.0	100.0	65	100.0	100.0	100.0
Multifamily Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	18.6
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	1.7	0	0.0	0.1	18.5
Middle	0	0.0	1.9	0	0.0	0.1	0	0.0	0.0	0	0.0	0.0	24.2
Upper	0	0.0	9.6	0	0.0	2.7	1	50.0	8.5	46	16.5	2.4	38.7
Unknown	1	100.0	88.5	300	100.0	97.2	1	50.0	89.8	232	83.5	97.6	0.0
Total	1	100.0	100.0	300	100.0	100.0	2	100.0	100.0	278	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	6	8.7	8.5	455	3.3	4.4	14	9.3	8.3	1,254	4.2	4.4	18.6
Moderate	8	11.6	21.9	606	4.5	15.6	25	16.7	21.2	3,188	10.8	15.0	18.5
Middle	12	17.4	24.4	1,530	11.3	21.0	27	18.0	22.9	3,917	13.2	19.1	24.2
Upper	35	50.7	34.3	9,643	70.9	39.5	66	44.0	36.1	17,795	60.2	42.4	38.7
Unknown	8	11.6	11.0	1,358	10.0	19.7	18	12.0	11.5	3,426	11.6	19.1	0.0
Total	69	100.0	100.0	13,592	100.0	100.0	150	100.0	100.0	29,580	100.0	100.0	100.0

Source: 2019 FFIEC Census Data
 2011-2015 U.S. Census Bureau: American Community Survey
 Note: Percentages may not total 100.0 percent due to rounding.

Table 9 (2 of 2)													
Distribution of 2018 and 2019 Home Mortgage Lending by Borrower Income Level													
Assessment Area: Eau Claire Assessment Area													
Borrower Income Level	Bank and Aggregate Loans by Year												Families by Family Income %
	2018						2019						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Other Purpose LOC													
Low	0	0.0	0.0	0	0.0	9.1	0	0.0	0.0	0	0.0	5.3	18.6
Moderate	0	0.0	0.0	0	0.0	17.4	0	0.0	0.0	0	0.0	14.2	18.5
Middle	0	0.0	0.0	0	0.0	20.6	0	0.0	0.0	0	0.0	21.9	24.2
Upper	0	0.0	0.0	0	0.0	50.3	0	0.0	0.0	0	0.0	53.8	38.7
Unknown	0	0.0	0.0	0	0.0	2.6	0	0.0	0.0	0	0.0	4.9	0.0
Total	0	0.0	0.0	0	0.0	100.0	0	0.0	0.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	0	0.0	18.3	0	0.0	0.0	0	0.0	7.2	0	0.0	0.0	18.6
Moderate	0	0.0	15.4	0	0.0	0.0	0	0.0	18.3	0	0.0	0.0	18.5
Middle	1	25.0	28.8	104	16.0	0.0	1	50.0	22.2	32	65.3	0.0	24.2
Upper	3	75.0	35.6	546	84.0	0.0	1	50.0	47.7	17	34.7	0.0	38.7
Unknown	0	0.0	1.9	0	0.0	0.0	0	0.0	4.6	0	0.0	0.0	0.0
Total	4	100.0	100.0	650	100.0	0.0	2	100.0	100.0	49	100.0	0.0	100.0
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	5.1	0	0.0	0.0	0	0.0	0.0	18.6
Moderate	0	0.0	0.0	0	0.0	2.3	0	0.0	0.0	0	0.0	5.4	18.5
Middle	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	3.0	24.2
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	4.5	38.7
Unknown	0	0.0	0.0	0	0.0	92.5	0	0.0	0.0	0	0.0	87.0	0.0
Total	0	0.0	0.0	0	0.0	100.0	0	0.0	0.0	0	0.0	100.0	100.0
Source: 2019 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

In 2019, the bank originated 9.3% of its HMDA loans to low-income borrowers and 16.7% to moderate-income borrowers. According to 2019 FFIEC census data, 18.6% of the families in the assessment area are low income and 18.5% are moderate income. Aggregate lenders extended 8.3% of their HMDA loans to low-income borrowers and 21.2% to moderate-income borrowers. The bank’s lending to low-income borrowers is lower than demographics and lending to moderate-income borrowers is comparable to demographics. The bank’s lending to low-income borrowers is comparable to the performance by aggregate HMDA lenders in the assessment area, whereas its lending to moderate-income borrowers is slightly lower than aggregate lenders.

In 2018, the bank’s lending to low-income borrowers (8.7%) is lower than demographics and is comparable to aggregate lender performance. For moderate-income borrowers, the bank’s lending (11.6%) is lower than demographic characteristics and aggregate lender performance.

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The bank’s overall HMDA lending is reasonable given the performance context. As mentioned, the Eau Claire area continues to experience a housing shortage, including a shortage of affordable housing. Oftentimes, the most affordable homes require rehabilitation to make them safe, which contributes to the overall cost. The median housing value is \$150,591 for the assessment area; however, home prices in Eau Claire are often closer to \$250,000 and higher. A low-income individual might be able to afford a home, likely in a smaller community outside of Eau Claire. However, availability may be very limited at an affordable price or the homes need repairs. Additionally, the bank operates in a very competitive environment. The bank ranked ninth out of 245 HMDA reporters in 2019 and 15th out of 217 HMDA reporters in 2018. The bank’s HMDA lending represents a small portion of all HMDA loans reported in the assessment area. The leading HMDA reporter is a credit union; other top reporters are a credit union, regional banks, and national banks, but also includes community banks, an Internet-based mortgage lender, and a mortgage loan company.

Examiners also evaluated the bank’s 2017 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2018 and 2019.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution and dispersion of the bank’s small business and HMDA loans in the assessment area is reasonable and does not reveal any unexplained gaps in lending.

Small Business Lending. The geographic distribution and dispersion of the bank’s small business loans throughout the assessment area is reasonable. Table 10 shows the geographic distribution of the bank’s small business lending by census tract income level, as well as demographic data.

TABLE 10						
Geographic Distribution of Small Business Loans						
Assessment Area: 2020 Eau Claire						
	Tract Income Levels	Bank and Demographic Comparison				
		2020		2020		Total Businesses
		Count	Dollar	Count	Dollar	
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	5	12.8	831	14.1	18.7
	Middle	33	84.6	5,010	85.0	70.7
	Upper	1	2.6	50	0.8	10.6
	Unknown	0	0.0	0	0.0	0.0
	Total	39	100.0	5,891	100.0	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

As reflected in Table 10, 18.7% of businesses are located in the moderate-income census tracts. The bank’s lending in the moderate-income census tracts (12.8%) is below demographics. Most of the bank’s lending is in the middle-income tracts, which is reasonable because the majority of small businesses in the assessment area are in these tracts. Furthermore, the bank’s lending is reasonably dispersed throughout the assessment area. While the bank did not originate small business loans in some of the moderate-, middle-, and upper-income census tracts, its performance is reasonable given the performance context.

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One of the moderate-income census tracts with no small business loans is outside the Eau Claire city limits in the southeastern corner of Eau Claire County, which is relatively closer to other financial institutions. The remaining moderate-income census tract with no loans is in Eau Claire, near other financial institutions, with a variety of commercial entities and a significant percentage of rental housing (82.0%) due to its proximity to the University of Wisconsin–Eau Claire campus. In addition, there are numerous financial institutions in the assessment area, which makes the lending environment very competitive for small business loans.

HMDA Lending. The geographic distribution and dispersion of the bank’s HMDA lending is reasonable. Table 11 illustrates the bank’s 2018 and 2019 HMDA lending, as well as aggregate lending data and demographic data.

Table 11 (1 of 2)													
Distribution of 2018 and 2019 Home Mortgage Lending by Income Level of Geography													
Assessment Area: Eau Claire													
Geographic Income Level	Bank and Aggregate Loans by Year												Owner Occupied Units %
	2018						2019						
	Bank		Agg	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	1	2.6	14.0	140	2.1	10.5	1	1.9	12.9	107	1.1	9.5	11.4
Middle	30	78.9	76.0	5,028	75.8	77.1	48	92.3	76.1	8,923	92.4	76.3	77.3
Upper	7	18.4	10.0	1,462	22.1	12.4	3	5.8	11.0	625	6.5	14.2	11.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	38	100.0	100.0	6,630	100.0	100.0	52	100.0	100.0	9,655	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	0	0.0	12.9	0	0.0	9.8	3	3.3	10.1	802	4.1	8.1	11.4
Middle	19	79.2	75.3	3,016	50.4	74.1	69	75.0	76.7	13,070	66.9	74.6	77.3
Upper	5	20.8	11.8	2,964	49.6	16.1	20	21.7	13.2	5,661	29.0	17.3	11.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	24	100.0	100.0	5,980	100.0	100.0	92	100.0	100.0	19,533	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	0	0.0	10.7	0	0.0	8.5	0	0.0	9.1	0	0.0	8.0	11.4
Middle	2	100.0	76.7	32	100.0	79.8	2	100.0	78.6	65	100.0	75.8	77.3
Upper	0	0.0	12.6	0	0.0	11.7	0	0.0	12.3	0	0.0	16.2	11.3
Unknown	0	0.0	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	32	100.0	100.0	2	100.0	100.0	65	100.0	100.0	100.0

Table 11 (1 of 2)													
Distribution of 2018 and 2019 Home Mortgage Lending by Income Level of Geography													
Assessment Area: Eau Claire													
	Multifamily Loans												Multi-family Units %
	Low	Moderate	Middle	Upper	Unknown	Total	Low	Moderate	Middle	Upper	Unknown	Total	
	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Low	0	0.0	23.1	0	0.0	16.6	0	0.0	35.6	0	0.0	43.9	29.6
Moderate	1	100.0	65.4	300	100.0	58.5	2	100.0	59.3	278	100.0	51.9	59.9
Middle	0	0.0	11.5	0	0.0	25.0	0	0.0	5.1	0	0.0	4.1	10.5
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	1	100.0	100.0	300	100.0	100.0	2	100.0	100.0	278	100.0	100.0	100.0
Total													
	Total Home Mortgage Loans												Owner Occupied Units %
	Low	Moderate	Middle	Upper	Unknown	Total	Low	Moderate	Middle	Upper	Unknown	Total	
	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Low	1	1.4	13.0	140	1.0	10.8	4	2.7	11.5	909	3.1	11.8	11.4
Moderate	55	79.7	75.8	8,922	65.6	74.7	123	82.0	76.4	22,385	75.7	73.6	77.3
Middle	13	18.8	11.2	4,530	33.3	14.5	23	15.3	12.1	6,286	21.3	14.6	11.3
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	69	100.0	100.0	13,592	100.0	100.0	150	100.0	100.0	29,580	100.0	100.0	100.0
Total													

Source: 2019 FFIEC Census Data
 2011-2015 U.S. Census Bureau: American Community Survey
 Note: Percentages may not total 100.0 percent due to rounding.

Table 11 (2 of 2)													
Distribution of 2018 and 2019 Home Mortgage Lending by Income Level of Geography													
Assessment Area: Eau Claire Assessment Area													
Geographic Income Level	Bank and Aggregate Loans by Year												Owner Occupied Units %
	2018						2019						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#	%	#	%	#	%	#	%	#	%	
Other Purpose LOC													
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	0.0	0	0.0	6.9	0	0.0	0.0	0	0.0	9.5	11.4
Middle	0	0.0	0.0	0	0.0	75.8	0	0.0	0.0	0	0.0	74.2	77.3
Upper	0	0.0	0.0	0	0.0	17.4	0	0.0	0.0	0	0.0	16.4	11.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	0	0.0	0.0	0	0.0	100.0	0	0.0	0.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
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	16.3	0	0.0	0.0	0	0.0	8.5	0	0.0	0.0	11.4
Middle	3	75.0	71.2	546	84.0	0.0	2	100.0	78.4	49	100.0	0.0	77.3
Upper	1	25.0	12.5	104	16.0	0.0	0	0.0	13.1	0	0.0	0.0	11.3
Unknown	0	0.0	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	650	100.0	0.0	2	100.0	100.0	49	100.0	0.0	100.0

Table 11 (2 of 2)													
Distribution of 2018 and 2019 Home Mortgage Lending by Income Level of Geography													
Assessment Area: Eau Claire Assessment Area													
Purpose Not Applicable													
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	8.3	0	0.0	0.0	0	0.0	22.9	0	0.0	0.0	11.4
Middle	0	0.0	80.1	0	0.0	0.0	0	0.0	75.0	0	0.0	0.0	77.3
Upper	0	0.0	11.6	0	0.0	0.0	0	0.0	2.0	0	0.0	0.0	11.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	0	0.0	100.0	0	0.0	0.0	0	0.0	100.0	0	0.0	0.0	100.0

Source: 2019 FFIEC Census Data
 2011-2015 U.S. Census Bureau: American Community Survey
 Note: Percentages may not total 100.0 percent due to rounding.

In 2019, the bank originated 2.7% of its HMDA loans in moderate-income census tracts. According to 2019 FFIEC census data, 13.0% of families in the assessment area reside in the moderate-income census tracts. In 2018, the bank originated 1.4% of its HMDA loans in the moderate-income tracts. The bank’s performance is lower than demographics for the moderate-income census tracts for 2018 and 2019. In comparison, aggregate lenders originated 11.5% and 13.0% of their loans in the moderate-income tracts in 2019 and 2018, respectively. The bank’s performance was lower than aggregate lenders in both years. The bank did not originate HMDA loans in all the moderate- and middle-income census tracts in the assessment area.

The bank’s distribution and dispersion of HMDA loans is reasonable based on the performance context. Management and community contacts identified the Eau Claire assessment area as a banking market with strong competition. Demographic data for the four moderate-income census tracts shows 49.6% of the housing units in these tracts are rentals. One of the moderate-income census tracts with no loans is part of the Eau Claire business district, and the University of Wisconsin – Eau Claire campus is near this area. The second moderate-income tract, which is somewhat rural in nature, is located about 15 miles from the nearest branch in the assessment area. That tract would have other financial institutions in closer proximity and have access to other competitor banks as well. The last moderate-income tract with no loans is located in Chippewa Falls, which would also have other financial institutions in the tract and nearby competing for loans.

Examiners also evaluated the bank’s 2017 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2018 and 2019.

COMMUNITY DEVELOPMENT TEST

The bank’s overall level of community development activities in the Eau Claire assessment area is excellent. The bank engaged in community development activities, including community development loans and services, and made qualified investments in the form of securities and donations. The bank’s community development activities demonstrate excellent responsiveness to community needs in the Eau Claire assessment area.

Community Development Loans. Community development lending in this assessment area is excellent. The bank originated eight community development loans totaling \$7.4 million. Two loans totaling \$1.2 million supported revitalization and stabilization efforts in Altoona and downtown Eau Claire. The other

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six loans totaling \$6.2 million for economic development purposes helped small businesses create and retain low- and moderate-income jobs in the assessment area. Four of these community development loans were PPP loans in excess of \$1 million, which provided small businesses with funds to help retain their workforce.

Qualified Investments. The level of qualified investments, specifically donations, in the Eau Claire assessment area is excellent. The bank did not purchase any qualified investments in the form of securities during the evaluation period; bank management indicated that opportunities for new CRA-eligible securities were limited. During the evaluation period, the bank continued to hold two prior-period investments totaling \$750,533. The prior-period investments funded revitalization and stabilization in Eau Claire and funded a school that primarily serves low- and moderate-income children.

The bank made donations totaling \$104,143 that directly benefited this assessment area. The bank made significant donations to organizations focused on providing community services to low- and moderate-income families and individuals (such as health care and food), affordable housing, and the revitalization and stabilization of an area targeted for redevelopment. In addition, the bank made donations that supported economic development efforts.

Community Development Services. During the evaluation period, bank employees provided an excellent level (21) of community development services in this assessment area. Seven employees, including senior management, provided financial expertise on the boards and committees of seven area nonprofit organizations. Most of the services focused on helping organizations that provide assistance to low- and moderate-income individuals, including children. Some services also focused on supporting organizations focused on affordable housing and economic development.

NONMETROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE DURAND ASSESSMENT AREA

Bank Information. The bank operates one full-service office and one cash-dispensing-only ATM in the Durand assessment area. The city of Durand is in Pepin County, Wisconsin.

According to the June 30, 2020, FDIC Deposit Market Share Report, the bank had \$239.0 million in deposits, representing 51.9% of total deposits, in Buffalo, Eau Claire, and Pepin counties, with a market share of 7.9%. The bank ranked sixth out of 19 financial institutions in the Durand assessment area.

Assessment Area. The Durand assessment area has not changed since the previous evaluation. The assessment area includes all of Pepin County and portions of Dunn and Buffalo counties. The Durand assessment area consists of seven middle-income census tracts. None of the census tracts are classified as underserved or distressed. In addition, there are no low-, moderate-, or upper-income census tracts in the assessment area. Table 12 shows the demographic characteristics of the Durand assessment area.

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	1,155	16.5
Moderate	0	0.0	0	0.0	0	0.0	1,257	18.0
Middle	7	100.0	6,996	100.0	549	7.8	1,674	23.9
Upper	0	0.0	0	0.0	0	0.0	2,910	41.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7	100.0	6,996	100.0	549	7.8	6,996	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	11,508	7,812	100.0	67.9	2,289	19.9	1,407	12.2
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	11,508	7,812	100.0	67.9	2,289	19.9	1,407	12.2
	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
Moderate	0	0.0	0		0	0.0	0	0.0
Middle	1,074	100.0	975	100.0	78	100.0	21	100.0
Upper	0	0.0	0		0	0.0	0	0.0
Unknown	0	0.0	0		0	0.0	0	0.0
Total AA	1,074	100.0	975	100.0	78	100.0	21	100.0
Percentage of Total Businesses:				90.8		7.3		2.0

TABLE 12 DURAND ASSESSMENT AREA DEMOGRAPHICS								
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	295	100.0	283	100.0	8	100.0	4	100.0
Upper	0	0.0	0	0	0	0.0	0	0.0
Unknown	0	0.0	0	0	0	0.0	0	0.0
Total AA	295	100.0	283	100.0	8	100.0	4	100.0
Percentage of Total Farms:				95.9		2.7		1.4
<i>Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet data 2020 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</i>								

Income. For purposes of classifying borrowers by income level in the Durand assessment area, this evaluation uses the FFIEC median family income for nonmetropolitan areas of Wisconsin.

The FFIEC median family income for the nonmetropolitan areas of Wisconsin was \$67,600 in 2017, \$67,800 in 2018, \$65,900 in 2019, and 68,000 in 2020.

For purposes of classifying census tracts by income level, this evaluation uses the FFIEC adjusted census data median family income for the Durand assessment area, which was \$63,102 from 2017 to 2020.

Population Characteristics. According to 2020 FFIEC census data, the population of the Durand assessment area is 25,318. In this assessment area, 23.5% of the population is under 17 years of age, 7.4% is 18 to 24 years of age, 52.1% is 25 to 64 years of age, and 17.0% is over age 65. Table 13 reflects the population for various geographies relevant to this analysis, including the assessment area. The geographies had minimal changes in population from 2010 to 2015.

TABLE 13 Total Population			
Area	2010 Population	2015 Population	Percent Change
2020 Durand Assessment Area	64,913	64,850	-0.1%
Buffalo County, WI	13,587	13,319	-1.9%
Dunn County, WI	43,857	44,159	0.7%
Pepin County, WI	7,469	7,372	-1.3%
NonMSA Wisconsin	1,479,319	1,476,482	-0.2%
Wisconsin	5,686,986	5,742,117	0.9%
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey</i>			

Economy. According to bank management, current business conditions in the Durand assessment area have been relatively stable. The assessment area has low unemployment. Financial institutions face strong competition for customers. According to a community contact, agricultural economic conditions have been challenging due to low commodity prices, which have taken a significant toll on the cash flows of farmers and dairy operators. Some farmers and operators have been unable to make a profit or breakeven. A community contact indicated that certain prices have been better recently, such as dairy, and beef prices

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have been steadier; however, some prices remain low. The agricultural products in the area consist of various crops as well as dairy; however, the area is seeing an increase in livestock.

Table 14 reflects the unemployment rates for various geographies relevant to this analysis, including the assessment area.

Area	2017	2018	2019
2020 Durand Assessment Area	3.4%	3.2%	3.7%
Buffalo County, WI	3.8%	3.4%	4.2%
Dunn County, WI	3.3%	3.1%	3.5%
Pepin County, WI	3.5%	3.3%	3.8%
NonMSA Wisconsin	3.5%	3.2%	3.6%
Wisconsin	3.3%	3.0%	3.3%

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

The Bureau of Labor Statistics reports that the annual, non-seasonally adjusted unemployment rate for the Durand assessment area in 2019 was 3.6%. The pandemic affected the area’s unemployment rate, causing a high of 14.8% unemployment in April 2020 for Pepin County. However, unemployment in Pepin County generally returned to pre-pandemic levels in August 2020 and remains relatively low, at 4.1%, as of December 2020.

Housing. Community contacts indicated the demand for housing continues to increase. Durand has lower housing costs than the bank’s Eau Claire and River Falls assessment areas; however, the lack of new housing development in the largely agricultural Durand assessment area has started to increase housing costs.

Table 15 reflects the housing cost burden faced by renters and homeowners in the Durand assessment area. The U.S. Department of Housing and Urban Development (HUD) defines cost-burdened families as follows: Those who pay more than 30 percent of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care. As reflected in the table, individuals in the low-income bracket for both renter and homeowner categories exceed HUD’s 30% cost-burden threshold.

Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
2020 Durand Assessment Area	71%	27%	40%	67%	38%	23%
Buffalo County, WI	62%	11%	32%	71%	32%	24%
Dunn County, WI	76%	31%	42%	68%	40%	22%
Pepin County, WI	55%	25%	36%	61%	38%	24%
NonMSA Wisconsin	69%	23%	37%	66%	34%	24%
Wisconsin	76%	28%	43%	70%	39%	23%

Cost Burden is housing cost that equals 30 percent or more of household income

Source: U.S. Department of Housing and Urban Development (HUD), 2011-2015 Comprehensive Housing Affordability Strategy

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE DURAND ASSESSMENT AREA

The bank's lending performance in the Durand assessment area is reasonable. The bank's community development performance demonstrates adequate responsiveness to community development needs in the assessment area.

LENDING TEST

The bank's lending to farms of different revenue sizes is reasonable. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

LENDING TO FARMS OF DIFFERENT SIZES

Small Farm Lending. The bank's small farm lending in the Durand assessment area is reasonable and comparable to demographics. Table 16 shows the bank's small farm lending by year, as well as demographic data.

Table 16									
Distribution of 2019 and 2020 Small Farm Lending by Revenue Size of Farms									
Assessment Area: Durand Assessment Area									
	Bank Loans by Year								Total Farms %
	2019				2020				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
By Revenue									
\$1 Million or Less	4	100.0	174	100.0	40	97.6	2,765	91.7	95.9
Over \$1 Million	0	0.0	0	0.0	1	2.4	250	8.3	2.7
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	1.4
Total	4	100.0	174	100.0	41	100.0	3,015	100.0	100.0
By Loan Size									
\$100,000 or Less	3	75.0	60	34.5	34	82.9	1,213	40.2	
\$100,001 - \$250,000	1	25.0	114	65.5	5	12.2	930	30.8	
\$250,001 - \$500,000	0	0.0	0	0.0	2	4.9	872	28.9	
Total	4	100.0	174	100.0	41	100.0	3,015	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	3	75.0	60	34.5	34	85.0	1,213	43.9	
\$100,001 - \$250,000	1	25.0	114	65.5	4	10.0	680	24.6	
\$250,001 - \$500,000	0	0.0	0	0.0	2	5.0	872	31.5	
Total	4	100.0	174	100.0	40	100.0	2,765	100.0	
<i>Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>									

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The bank originated 97.6% of its small farm loans to entities with gross annual revenues of \$1 million or less in 2020 and 100.0% of its small farm loans to those entities in 2019. The bank's lending to small farms exceeds demographics. According to 2020 Dun & Bradstreet data, 95.9% of farms in the assessment area have gross annual revenues of \$1 million or less. The bank's lending to small farms is reasonable given the competitive banking environment in this assessment area. Table 16 also shows that the bank originated 83.0% of its loans to small farms in amounts of \$100,000 or less, indicating a willingness to lend to small farms in the community.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of small farm loans in the Durand assessment area is reasonable. The census tracts in the assessment area are all middle-income tracts, and the bank originated loans in all tracts except census tract 9602.00. This tract follows the outline of the city of Mondovi, Wisconsin, which is in Buffalo County. Mondovi is approximately 19 miles from Durand and includes offices of three different financial institutions, as well as another agricultural lender. The majority of the bank's lending occurred in census tracts closer to the bank's main office.

COMMUNITY DEVELOPMENT TEST

The levels of community development activities in the Durand assessment area are reasonable, based on the bank's qualifying community development loans, community development investments including donations, and community development services. The bank's community development activities demonstrate adequate responsiveness to community needs in the Durand assessment area.

Community Development Loans. The bank's community development lending in the assessment area is excellent. Since the previous evaluation, the bank originated six community development loans totaling \$3.6 million. The bank's community development loans supported economic development and community service entities in the assessment area.

Qualified Investments. The bank's level of qualified investments in the assessment area is adequate. The bank did not purchase any new qualified investment securities during the evaluation period. The bank continued to hold approximately \$1.2 million in prior period investment securities. Those securities helped fund infrastructure for the revitalization and stabilization of census tracts that had been classified as underserved. Bank management indicated that investment opportunities during the evaluation period were limited.

The bank also made \$13,100 in qualifying donations in the assessment area since the previous evaluation. All donations supported organizations that assist low- and moderate-income individuals. Two large donations went to an entity that helps meet the basic food needs of individuals in the assessment area.

Community Development Services. During the evaluation period, the bank provided an adequate level of community development services in the Durand assessment area. Four bank officers and staff served as board and committee members, providing 13 community development services to three different organizations. The services primarily supported organizations that provide essential services to low- and moderate-income individuals. Some services also supported an organization that promotes economic development.

METROPOLITAN AREA – LIMITED REVIEW

DESCRIPTION OF THE RIVER FALLS ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's CRA performance in the River Falls assessment area. The bank's performance in this assessment area is consistent with the performance in the Eau Claire MSA and Durand assessment areas. Examiners analyzed the bank's small business, small farm, and HMDA lending and evaluated community development activities to ascertain consistency with the full-scope assessment areas.

The River Falls assessment area is in the Minneapolis-St. Paul MSA and consists of 22 census tracts located in Pierce and St. Croix counties, Wisconsin. The assessment area contains four moderate-income census tracts and no low-income census tracts. The majority of tracts are middle income. The population of the River Falls assessment area is 126,917, according to 2020 FFIEC adjusted census data.

According to the June 30, 2020, FDIC Deposit Market Share Report, the bank has 1.5% of the deposits in the River Falls assessment area and ranks 15th out of 16 financial institutions by deposit market share. Approximately, 15% of the bank's lending activity in the CRA sample occurred in the River Falls assessment area. The bank operates one full-service branch in River Falls, Wisconsin. The hours of operation are reasonable, and the branch offers drive-up services with extended weekday and Saturday hours. The bank has not opened or closed any branches in this assessment area since the previous evaluation.

The bank actively participated in the PPP program in the River Falls assessment area. The level of lending reflects the bank's efforts to support businesses in the assessment area during the COVID-19 pandemic. In addition to PPP loans, the bank made numerous community development loans in this assessment area, including loans that helped add jobs in the community, revitalized and stabilized moderate-income neighborhoods, and supported economic development. Finally, the bank made approximately \$25,000 in donations to organizations in the River Falls assessment area, the majority of which went to economic development initiatives and food pantries.

NONMETROPOLITAN AREA – LIMITED REVIEW

DESCRIPTION OF THE LADYSMITH ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's Ladysmith assessment area and determined that the bank's lending performance is consistent with the bank's performance in its Eau Claire MSA and Durand assessment areas. Examiners analyzed the bank's small business, small farm, and HMDA lending and evaluated community development activities to ascertain consistency with the full-scope assessment areas.

The Ladysmith assessment area is new since the previous examination. In 2018, management acquired Pioneer Bank of Wisconsin, Ladysmith. Due to the acquisition, management established a new assessment area comprising Rusk County, Wisconsin. The assessment area consists of five census tracts in Rusk County; three are classified as moderate income, and two are classified as middle income. None of the middle-income tracts in the assessment area are considered distressed or underserved. During the evaluation period, the bank consolidated a grocery store branch into the primary Ladysmith branch. The bank's branch is located in moderate-income census tract 9605.00.

According to the June 30, 2020, FDIC Deposit Market Share Report, the bank has 21.7% of the market's deposits and ranks second out of five institutions in Rusk County in deposit market share. Approximately 7.5% of the bank's loans in the CRA sample was in the Ladysmith assessment area, making it the smallest assessment area by loan volume.

The bank had limited community development services, investments, and donations in the Ladysmith assessment area, but this was reasonable given the needs and size of this assessment area. The bank made nine community development loans totaling \$1.8 million. These loans helped serve low- and moderate-income individuals, promoted economic development, and helped revitalize and stabilize moderate-income areas.

Appendix A

Glossary of Common CRA Terms

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan statistical area/assessment area.

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

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or 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 C.F.R. 121.301) or have gross annual revenues of \$1 million or less; (4) activities that revitalize or stabilize low- or moderate-income census tracts, designated disaster areas, or distressed or underserved nonmetropolitan middle-income census tracts; or (5) Neighborhood Stabilization Program (NSP)-eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and census tracts.

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

Distressed nonmetropolitan middle-income census tract: A middle-income, nonmetropolitan census tract will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20.0% or more, or (3) a population loss of 10.0% or more between the previous and most recent decennial census or a net migration loss of 5.0% or more over the 5-year period preceding the most recent census.

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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Full-scope review: Performance is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender, and income of applicants; the amount of loan requested; and the disposition of the application (i.e., approved, denied, or withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

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.

Limited-scope review: Performance is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments).

Low income: 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 geography.

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 metropolitan statistical area/assessment area.

Metropolitan statistical area (MSA): An area, defined by the Office of Management and Budget, based on the concept of a core area with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Middle income: 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 geography.

Moderate income: 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 geography.

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

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

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Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate MSA. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate MSA, the institution will receive a rating for the multistate metropolitan area.

Small loan to business: A loan included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or classified as commercial and industrial loans.

Small loan to farm: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income census tract: A middle-income, nonmetropolitan census tract will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper income: Individual income that is more than 120 percent of the area median income or a median family income that is more than 120 percent, in the case of geography.

(For additional information, please see the Definitions sections of Regulation BB at 12 C.F.R. 228.12.)