

PUBLIC DISCLOSURE

February 8, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Brodhead
RSSD# 517441

806 East Exchange Street
Brodhead, Wisconsin 53520

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, IL 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.

TABLE OF CONTENTS

PERFORMANCE EVALUATION 2

SCOPE OF EXAMINATION 2

DESCRIPTION OF INSTITUTION..... 3

DESCRIPTION OF ASSESSMENT AREA 4

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA11

LENDING TEST11

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW21

APPENDIX A – MAP OF ASSESSMENT AREA.....22

APPENDIX B – SCOPE OF EXAMINATION23

APPENDIX C – ADDITIONAL TABLES.....24

APPENDIX D – GLOSSARY27

BANK'S CRA RATING

The Bank of Brodhead is rated Satisfactory.

The Bank of Brodhead provides credit consistent with its size and the economic conditions within the assessment area. The bank is satisfactorily meeting the credit needs of its community. The bank's average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the loans were originated in the assessment area. The bank's geographic distribution of loans is reasonable throughout the assessment area; while the bank's loan distribution reflects excellent penetration to individuals of different income levels and businesses and farms of different sizes. Neither Bank of Brodhead nor this Reserve Bank received any CRA-related complaints.

SCOPE OF EXAMINATION

The Bank of Brodhead's performance was evaluated using the Federal Financial Institution Examinations Council's (FFIEC) Interagency Small Institutions Examination Procedures. The evaluation considered the CRA performance context, including the bank's asset size, financial condition, and market competition, as well as assessment area demographic, economic, and credit needs. Lending performance was evaluated within the bank's assessment area. The bank's primary product lines, which include Home Mortgage Disclosure Act (HMDA)-reportable, small business, and small farm loans were evaluated.

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

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio ending September 30, 2020 was calculated for the bank and compared to a sample of local competitors;
- ***Lending in the Assessment Area*** – The bank's Home Mortgage Disclosure Act (HMDA)-reportable loans originated from January 1, 2018 through December 31, 2019 and a statistical sample of small business and small farm loans originated from January 1, 2019 through December 31, 2019 were reviewed to determine the percentage of loans originated within the assessment area;
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated from January 1, 2018 through December 31, 2019 and a statistical sample of small business and small farm loans originated from January 1, 2019 through December 31, 2019 were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as moderate-income;

- *Lending to Borrowers of Different Income and to Businesses of Different Sizes* – The bank’s HMDA-reportable loans originated from January 1, 2018 through December 31, 2019 and samples of small business and small farm loans originated within the assessment area from January 1, 2019 through December 31, 2019, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- *Response to Substantiated Complaints* – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

In addition, three community representatives were contacted in connection with this examination to provide information regarding local socio-economic and housing conditions in the assessment area. Contacts represented organizations involved with economic development and affordable housing.

DESCRIPTION OF INSTITUTION

The Bank of Brodhead, located in Brodhead, Wisconsin, is wholly owned by Brodhead Bancshares Incorporated, a holding company located in the same town. The bank maintains its main office and one cash-only automated teller machine (ATM) within the Madison MSA.

According to the Uniform Bank Performance Report (UBPR) as of September 30, 2020, the bank held \$233.8 million in assets. Gross loans and total deposits as of September 30, 2020 were \$133.9 and \$187.3 million, respectively. As shown in the table below, as of September 30, 2020, commercial loans comprise the largest percentage of the bank’s loan portfolio at 40.7 percent, followed by agricultural loans at 31.9 percent and residential real estate loans at 22.7 percent. In addition to its lending activities, the bank’s deposit products include demand deposits, savings accounts, money market accounts, negotiable orders of withdrawal, and certificates of deposit. The bank also offers mobile banking, internet banking, and electronic bill pay via the bank’s website, www.bankofbrodhead.com. The mix of lending products provides the bank with substantial opportunities to help meet the credit needs of its community.

Composition of Loan Portfolio as of September 30, 2020		
Loan Type	Dollar Volume (\$ are in 000s)	% of Portfolio
Commercial	54,578	40.7
Residential Real Estate	30,454	22.7
Agricultural	42,803	31.9
Consumer	4,759	3.6
Other	1,383	1.0
Total Loans	133,977	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

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

The bank was rated Satisfactory under the CRA at its previous evaluation conducted on October 31, 2016.

DESCRIPTION OF ASSESSMENT AREA¹

The Bank of Brodhead assessment area is comprised of Green County (in its entirety) and a portion of Rock County, Wisconsin. The assessment area includes 11 census tracts; eight within Green County and three tracts within Rock County. Green County is located within the Madison, Wisconsin Metropolitan Statistical Area (MSA) #31540, while Rock County is located within the Janesville-Beloit, Wisconsin MSA #27500. The Bank of Brodhead assessment area is a contiguous geography within the Madison-Janesville-Beloit Combined Statistical Area (CSA). There have been no changes to the bank’s assessment area since the previous examination. The bank’s main office is located within a moderate-income census tract in Green County.

In 2019, The Bank of Brodhead ranked thirteenth among 185 organizations that originated or purchased home mortgage loans (HMDA-reporters), originating 34 HMDA-reportable loans. By comparison, the first and second ranked financial institutions by market share were The Bank of New Glarus and Summit Credit Union with 326 and 242 originations, respectively.

As shown in the Census Tract Designation table below, there small changes in the distribution of census tracts by income since the previous evaluation.

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

The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau’s American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2016 and 2017. Lending activity performed in 2017 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2016 Designations (#)	2017 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	4	5	1
Middle	6	4	-2
Upper	1	2	1
Unknown	0	0	0
Total	11	11	0

*Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2006-2010
U.S. Census Bureau: Decennial Census: America Community Survey Data: 2011-2015*

According to the June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, The Bank of Brodhead ranked fifth among nine FDIC-insured financial institutions operating in the assessment area with 12.1 percent of market share. The top three financial institutions with the largest market share in the area were The Bank of New Glarus (22.5 percent), Wisconsin Bank & Trust (20.3 percent), and Woodford State Bank (14.3 percent).

Additional 2019 assessment area demographic information is presented in the following table. Please refer to Appendix C for 2018 demographic information.

Assessment Area: 2019 Combined AA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	3,026	20.8
Moderate-income	5	45.5	5,329	36.6	435	8.2	3,010	20.7
Middle-income	4	36.4	6,237	42.8	304	4.9	3,483	23.9
Upper-income	2	18.2	2,994	20.6	157	5.2	5,041	34.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	11	100.0	14,560	100.0	896	6.2	14,560	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	8,867	5,527	35.2	62.3	2,761	31.1	579	6.5
Middle-income	9,100	6,880	43.8	75.6	1,658	18.2	562	6.2
Upper-income	4,423	3,288	20.9	74.3	881	19.9	254	5.7
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	22,390	15,695	100.0	70.1	5,300	23.7	1,395	6.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	1,066	47.4	950	46.7	94	57.3	22	45.8
Middle-income	803	35.7	731	35.9	52	31.7	20	41.7
Upper-income	379	16.9	355	17.4	18	11.0	6	12.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	2,248	100.0	2,036	100.0	164	100.0	48	100.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	129	30.4	125	30.1	3	37.5	1	50.0
Middle-income	240	56.5	236	56.9	3	37.5	1	50.0
Upper-income	56	13.2	54	13.0	2	25.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	425	100.0	415	100.0	8	100.0	2	100.0
Percentage of Total Businesses:				90.6	7.3		2.1	
Percentage of Total Farms:				97.6	1.9		0.5	
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Population Characteristics

The following table illustrates the population changes according to the U.S. Census Bureau from 2010 to 2011-2015. Based on the data, the population within the assessment area, along with Green and Rock County, has remained relatively consistent since 2010. Of the remaining comparable geographies, the Madison, WI MSA experienced largest increase of 3.7 percent. According to community representatives within Green County, Green County is not growing at the same rate as the Madison MSA, largely due to the lack of available housing and the rural nature of the area, lack of day-care for young families, and lack of major highways in the area. The contact also added that the Madison MSA is a more attractive area for recent college graduates as there are more industries and more professional job opportunities. Contacts within Rock County noted that the population has remained stable. Rock County is known as a strong commuter location. Residents recognize they do not have to relocate to enjoy larger cities such as Milwaukee, Madison, and Chicago. The contact noted that younger populations tend to relocate to other areas for college and job opportunities. However, many people tend to return when they begin to have families given the lower cost of living in the area.

Please note, Rock County encompasses the Janesville-Beloit, Wisconsin MSA #27500 in its entirety. As such, Rock County figures will not be discussed separately in the tables below.

Population Change 2010-2015			
Area	2010 Population	2011-2015 Population	Percentage Change (%)
Assessment Area	52,672	53,097	0.1
Green County, WI	36,842	37,044	0.5
Rock County, WI	160,331	160,727	.01
Madison, WI MSA	605,435	627,618	3.7
State of 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>			

Income Characteristics

Based on 2015 U.S. Census Bureau data, the median family income (“MFI”) in the assessment area was \$69,555 with an increase of 5.0 percent. Of the remaining comparable geographies, the Madison WI, MSA maintains the highest MFI at \$81,321 with an increase of 6.0 percent. Conversely, Rock County maintains the lowest MFI income at \$60,820 and experienced a decrease of 0.1 percent. Community representatives indicated that the MFI in the Madison MSA is considerably higher and largely due to higher wages in urban areas as opposed to those of rural areas. However, the MFI in Green County increased at a slightly greater rate (7.5 percent) than that of the Madison MSA (6.0 percent). Community representatives attributed this increase in growth to companies in the area raising wages to attract and retain employers.

Contacts within Rock County noted that the General Motors (GM) plant closure in December 2008 removed a lot of income out of the marketplace, which took a while for Rock County’s MFI to return to a sustainable level. The contact noted that the economic system within Rock County is a different dynamic compared to other counties and the state of Wisconsin. Rock County does not maintain as many jobs that pay high wages compared to larger cities. As such, residents in Rock County tend to commute to larger cities to seek better pay job opportunities. Over time the gap in wages and employment has closed due to proximity of Madison and Milwaukee, Wisconsin.

Median Family Income Change 2006-2010 and 2011-2015			
Area	2006-2010 Median Family Income (\$)	2011-2015 Median Family Income (\$)	Percentage Change (%)
Assessment Area	66,283	69,555	5.0
Green County, WI	64,092	68,878	7.5
Rock County, WI	61,165	60,820	-0.1
Madison, WI MSA	76,735	81,321	6.0
State of Wisconsin	64,869	68,064	4.9
<i>Source: 2006-2010—U.S. Census Bureau: American Community Survey 2011-2015—U.S. Census Bureau: American Community Survey</i>			

Housing Characteristics

The following table presents recent housing cost trends within Green County, Rock County, the Madison MSA, and the state of Wisconsin. The assessment area includes 22,390 housing units; the majority are owner-occupied, representing 70.1 percent of the units, followed by 23.7 percent rental units and 6.2 percent vacant housing units.

According to the 2015 American Community Survey, median housing values in the assessment area were \$164,487, with an increase of 2.0 percent since 2010. Among the comparable geographies, the Madison, WI MSA maintains the highest median housing value at \$219,197 with no increase (0.0 percent) since 2010. Conversely, Rock county maintains the lowest median housing value at \$131,800 and experienced a 4.5 percent decrease since 2010. Overall, Green County experienced the greatest increase in median housing values at 6.6 percent and maintains a median housing value of \$160,200. According to community contacts within Green County, demand for housing is high across the county. Housing stock for all income levels, ages, and price points are lacking, (i.e. young individuals, single family housing, and senior housing). Once homes are for sale, they do not stay on the market long. This trend has occurred for several years and has contributed to the increase in housing values within Green County. Contacts within Rock County noted that home values suffered coming out of the 2008 recession, however, home values began to rebound after 2015. Since 2015, the county has seen housing values increase over time and have remained consistent up until 2021. Since 2015, housing demand in Rock County has remained consistent given prices are relatively cheaper than homes in surrounding metropolitan areas.

Median gross rents for the assessment area are \$710 with an increase of 10.2 since 2010. The increase experienced by the assessment area was only second to the Madison, WI MSA who experienced an increase of 11.1 percent. By comparison, median gross rents in the counties that comprise the assessment area range from \$689 (Green County) to \$744 (Rock County). Those counties experienced an increase of 7.0 and 6.6 percent respectively. According to community contacts, the area is experiencing a shortage of rental properties. Even though there is a high demand for rental properties, limited development is happening to address this shortage. Contacts noted there is a demand to build more affordable housing units, however, the struggle is convincing developers to build affordable units when high-end units cost the same to build.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, defined in Appendix D. A higher ratio suggests more affordable housing opportunities. Based on the 2015 American Community Survey data, the affordability ratio for Rock County was 0.38 while Green County was 0.35. Both ratios were higher than the Madison, WI MSA affordability ratio of 0.28 and the state of Wisconsin ratio of 0.32. Ultimately, the figures indicate that home ownership in Rock and Green County are more affordable than the Madison, WI MSA and the rest of the state.

Trends in Housing Costs 2006-2010 and 2011-2015						
Location	Median Housing Value			Median Gross Rent		
	2006-2010 (\$)	2011-2015(\$)	% Change	2006-2010 (\$)	2011-2015 (\$)	% Change
Assessment Area	161,361	164,487	2.0	664	710	10.2
Green County, WI	150,300	160,200	6.6	644	689	7.0
Rock County, WI	138,000	131,800	-4.5	698	744	6.6
Madison, WI MSA	219,147	219,197	0.0	812	902	11.1
State of Wisconsin	169,000	165,800	-1.9	713	776	8.8

*Source: 2006-2010 – U.S. Census Bureau: American Community Survey
2011-2015 – U.S. Census Bureau: American Community Survey*

Employment Conditions

The following table presents the employment conditions for the counties in the assessment area, the Madison MSA, and the state of Wisconsin. As noted below, the unemployment rate in both counties has steadily declined since 2015, with Green County maintaining a lower unemployment rate of 2.6 percent. In comparison, Green County’s unemployment rate was slightly higher than that of the Madison, WI MSA (2.6 percent), but more favorably than the state of Wisconsin at 3.0 percent. According to a community representatives, industries are very stable in the area, leading to low levels of unemployment. Ultimately, the 2008 recession and COVID pandemic did not

affect the area significantly due to its main industries' focused on food and beverage manufactures.

Contacts within Rock County noted that coming out of the heart of the recession in 2010, the unemployment rates struggled with the closure of the General Motors plant. The unemployment rates began to improve after 2015 and have been on par with the State of Wisconsin. The area continues to grow by adding jobs across all sectors in manufacturing, retail, and healthcare. Rock County's proximity to various metropolitan areas allows for residents to commute for work and maintain a lower cost of living. The biggest challenge is on the labor side because employers are dealing with a shirking labor market. Employers find it hard to fill positions in manufacturing because these positions are not desirable by job seekers in the area, so residents will look for more non-manufacturing jobs outside of the Rock County area. Many of the professional job opportunities are filled by people who transfer to the area and relocate after a few years.

Unemployment Rates (%)				
Region	2015	2016	2017	2018
Green County, WI	3.8	3.4	2.8	2.6
Rock County, WI	5.2	4.6	3.7	3.2
Madison, WI MSA	3.4	3.0	2.5	2.3
State of Wisconsin	4.6	4.1	3.3	3.0

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Conditions

The following table illustrates the largest employers operating within the bank's assessment area. Overall, there is a diverse employment base, including internet and catalog shopping, healthcare, and manufacturing. Additionally, the food and beverage industries play a significant role in the economy, given the rural nature of the area.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Seventh Avenue	1500	Internet & Catalog Shopping
Monroe Clinic Hospital	1008	Hospitals
S C Data Center Incorporated	830	Call Centers
Colony Brands, Incorporated	600	Internet & Catalog Shopping
Monroe Truck Equipment	550	Metal Goods – Manufacturers
New Glarus Meat	500	Meat – Retail
Wisconsin Cheeseman	300	Gift Shops
Links Snacks New Glarus	300	Food Preparation – Manufacturers
Kuhn North America, Incorporated	300	Manufacturers

Source: Business information provided by Infogroup®, Omaha, NE

Community Representatives

Three community representatives were contacted during the examination to better understand the credit needs of the assessment area. The contacts represented economic development and affordable housing organizations. Overall, the representatives indicated economic conditions in the assessment area have remained relatively stable throughout the 2008 economic recession and the recent pandemic. Contacts stressed the need for more housing and adequate childcare to attract more employees to companies in the area. Additionally, representatives noted that local banks are always responsive to the credit needs of the community, especially in light of the COVID-19 pandemic.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small banks consist of the following, as applicable: the bank's loan-to-deposit (LTD) ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income levels and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the preceding standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.

LENDING TEST

The Bank of Brodhead's performance relative to the lending test is rated Satisfactory. The loan-to-deposit ratio is reasonable considering the characteristics of the bank, performance of local competitors, current economic conditions, and the credit needs of the assessment area. A majority of lending is occurring within the bank's assessment area. HMDA-reportable, small business, and small farm loans reflects a reasonable distribution of loans throughout the assessment area. Loans reflect an excellent distribution among individuals of different income levels, and business and farms of different sizes and revenues. The bank and this Reserve Bank received no CRA-related complaints since the previous evaluation.

Loan-to-Deposit Ratio

The following table shows the 16-quarter average loan-to-deposit (LTD) ratio for The Bank of Brodhead and a sample of local competitors. As noted below, the bank maintained a 16-quarter average of 70.0 percent from December 31, 2016 through September 30, 2020. While the bank's LTD ratio is lower than many local competitors, the bank's 16 quarter average ratio has increased from 60.8 percent, noted during the previous evaluation, to 70.0percent at this evaluation. The bank also operates in a competitive market, which is served by a number of national institutions, local community banks, and credit unions. Ultimately, the bank's LTD ratio was deemed

reasonable given the size of the bank, credit needs of the assessment area, and the high volume of bank competition within surrounding communities.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	16 – Quarter Average
The Bank of Brodhead	70.0
Competitors	
Blackhawk Bank	73.7
First Community Bank	76.5
Bank of Milton	78.4
First National Bank & Trust Company	80.4
Woodford State Bank	80.4
Bank of New Glarus	97.1

Assessment Area Concentration

The Bank of Brodhead originated a majority of its HMDA-reportable, small business, and small farm loans inside the combined assessment area during the review period. According to the table below, the bank originated 77.4 percent of its total loans by number, and 66.0 percent by dollar volume within the assessment area. The following table depicts a breakdown of loan originations by product inside and outside the combined assessment area during the review period. Ultimately, the percentage of HMDA-reportable, small business, and small farm originations within the assessment area indicates the bank is actively serving the credit needs of the community.

Assessment Area Concentration								
Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Improvement	6	100.0	201	100.0	0	0.0	0	0.0
Home Purchase – Conventional	31	58.5	3,912	47.8	22	41.5	4,271	52.2
Multi-Family Housing	0	0.0	0	0.0	1	100.0	1,449	100.0
Refinancing	39	78.0	5,395	74.9	11	22.0	1,992	25.1
Total Home Mortgage	76	69.1	10,048	56.6	34	30.9	7,712	43.4
Small Business	43	79.6	3,600	87.3	11	20.4	524	12.7
Total Small Business	43	79.6	3,600	87.3	11	20.4	524	12.7
Small Farm	56	90.3	2,954	90.6	6	9.7	308	9.4
Total Small Farm	56	90.3	2,954	90.6	6	9.7	308	9.4
TOTAL LOANS	175	77.4	16,602	66.0	51	22.6	8,544	34.0
<i>Note: Percentages may not add to 100.0 percent due to rounding.</i>								
<i>Note: Affiliate loans not included</i>								

Geographic Distribution of Loans

The geographic distribution of HMDA-reportable, small business, and small farm loans reflects a reasonable dispersion of loans throughout the assessment area, including in the bank's moderate-income census tracts. Overall, all products were weighted equally; however, 2019 figures were used to evaluate the bank's performance, while 2018 figures were used for comparison purposes. Finally, when determining performance, comparison to aggregate of lenders figures was weighted more heavily than the assessment area demographics (percentage of owner occupied housing units) as it is a better measure of loan demand.

A gap analysis was completed as part of the evaluation. Based upon this analysis, there were no conspicuous, unexplained lending gaps in the assessment area.

HMDA-Reportable Loans

The table below demonstrates reasonable geographic distribution compared to aggregate lenders and the percentage of owner-occupied units in 2019. The geographic distribution of 2018 HMDA-reportable loans in Appendix C provides similar results.

Please note, since there are no low-income census tracts in the assessment area, lending in those tracts will not be referenced in the loan products discussions of the geographic distribution tables. Also, 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

In 2019, home purchase loans represented 32.4 percent of the bank's total HMDA-reportable loans in the assessment area. Six home purchase loans were originated in moderate-income census tracts, which amounted to 54.5 percent of the bank's total home purchase loans. This percentage is significantly above both the aggregate lender's lending in these tracts of 34.4 percent and the percentage of owner-occupied housing in moderate-income census tracts of 35.2 percent. The bank originated 36.4 percent of its home purchase loans in middle-income census tracts, which was consistent with the aggregate lender percentage of 38.8 percent and below the percentage of owner-occupied housing units at 43.8 percent.

Refinance

At 67.6 percent, refinance loans represented the largest percentage of originations for the bank's total 2019 HMDA-reportable loans in the assessment area. Overall, eight loans were originated in moderate-income census tracts, representing 34.8 percent of total refinance loans by number, which was above the 25.0 percent originated by aggregate lenders while consistent with the 35.2 percent of owner-occupied housing units located in moderate-income census tracts. Also, the bank

originated 56.5 percent of its refinance loans in middle-income census tracts, which was above the aggregate lender percentage of 51.2 percent and above the percentage of owner-occupied housing units at 43.8 percent.

The following table represents the 2019 geographic distribution of HMDA-reportable loans in the assessment area. Please refer to Appendix C for the bank's 2018 HMDA-reportable lending information.

Geographic Distribution of HMDA Reportable Loans								
Assessment Group: 2019 Combined AA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2019		2019				
		Count		Dollar		Agg		
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	6	54.5	34.4	597	39.5	25.5	35.2
	Middle	4	36.4	38.8	614	40.6	44.7	43.8
	Upper	1	9.1	26.7	300	19.9	29.8	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	11	100.0	100.0	1,511	100.0	100.0	100.0
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	8	34.8	25.0	926	25.8	19.7	35.2
	Middle	13	56.5	51.2	2,392	66.5	57.1	43.8
	Upper	2	8.7	23.8	278	7.7	23.2	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	23	100.0	100.0	3,596	100.0	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	16.9	0	0.0	13.3	35.2
	Middle	0	0.0	53.8	0	0.0	54.3	43.8
	Upper	0	0.0	29.4	0	0.0	32.4	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	Multi-Family
	Moderate	0	0.0	47.1	0	0.0	31.6	68.0
	Middle	0	0.0	29.4	0	0.0	17.0	19.6
	Upper	0	0.0	23.5	0	0.0	51.4	12.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose LOC	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	16.3	0	0.0	11.2	35.2
	Middle	0	0.0	59.3	0	0.0	61.4	43.8
	Upper	0	0.0	24.4	0	0.0	27.4	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	52.5	0	0.0	48.4	35.2
	Middle	0	0.0	32.5	0	0.0	26.4	43.8
	Upper	0	0.0	15.0	0	0.0	25.2	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	48.3	0	0.0	36.6	35.2
	Middle	0	0.0	31.0	0	0.0	39.3	43.8
	Upper	0	0.0	20.7	0	0.0	24.1	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	14	41.2	28.8	1,523	29.8	22.8	35.2
	Middle	17	50.0	46.0	3,006	58.9	49.8	43.8
	Upper	3	8.8	25.2	578	11.3	27.4	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	34	100.0	100.0	5,107	100.0	100.0	100.0

Originations & Purchases
2016 FFIEC Census Data

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

Small Business Loans

The geographic distribution of small business loans is reasonable. During the evaluation period, the bank originated 53.5 percent of its small business loans to businesses located in moderate-income census tracts. This percentage exceeds the percentage of total small businesses in the area of 47.4 percent. The bank also originated 39.5 percent of loans to small businesses in middle-income census tracts, which is slightly above the percentage of total businesses in the area of 35.7 percent.

The following table presents the geographic distribution of small business loans in 2019 compared to the selected demographic data.

Geographic Distribution of Small Business Loans						
Assessment Area: 2019 Combined AA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	23	53.5	2,190	60.8	47.4
	Middle	17	39.5	1,222	33.9	35.7
	Upper	3	7.0	188	5.2	16.9
	Unknown	0	0.0	0	0.0	0.0
	Total	43	100.0	3,600	100.0	100.0
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Farm Loans

The geographic distribution of small farm loans is reasonable. The bank made 12.5 percent of its small farm loans in moderate-income census tracts, which is significantly below the percentage of total farms operating within those tracts at 30.4 percent. The majority of the bank's loans were made to small farms located in middle-income census tracts, totaling 62.5 percent, exceeding the percentage of total farms in the area of 56.5 percent. The following table presents the geographic distribution of small farm loans in 2019 compared to the selected demographic data.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2019 Combined AA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count		Dollar		Total Farms
		Bank		Bank		
#	%	\$ 000s	\$ %	%		
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	7	12.5	447	15.1	30.4
	Middle	35	62.5	2,068	70.0	56.5
	Upper	14	25.0	438	14.8	13.2
	Unknown	0	0.0	0	0.0	0.0
	Total	56	100.0	2,954	100.0	100.0

2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

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

The Bank of Brodhead’s distribution of loans reflects an excellent penetration among individuals of different income levels and to businesses and farms of different sizes in the bank’s assessment area. Overall, all products were weighted equally; however, 2019 figures were used to evaluate the bank’s performance, while 2018 figures were used for comparison purposes. Finally, when determining performance, comparison to aggregate of lenders figures was weighted more heavily than the assessment area demographics (families-by-family income) as it is a better measure of loan demand.

HMDA-Reportable Loans

The distribution of HMDA-reportable loans to borrowers of different incomes reflects an excellent distribution throughout the assessment area. The borrower distribution of 2018 HMDA-reportable loans in Appendix C presents similar results. Please note, due to low volume, home improvement, multi-family, other loan purpose, and loan purpose not applicable loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase

In 2019, home purchase loans represented 32.4 percent of the bank’s total HMDA-reportable loans in the assessment area. The bank originated 27.3 percent of its total home purchase originations to low-income borrowers. The bank’s performance significantly exceeds the aggregate of lenders at 12.6 percent and above the demographic of 20.8 percent of low-income families in the assessment area. Amongst moderate-income borrowers, the bank made 27.3 percent of home purchase loans, above the aggregate of lenders and moderate-income families living in the assessment area at 23.2 and 20.7, respectively.

The bank originated 9.1 percent of its home purchase loans to middle-income borrowers, which was significantly below the aggregate of lenders at 23.4 percent and 23.9 percent of families in the assessment area that classify as middle-income. The bank originated 27.3 percent of its home purchase loans to upper-income borrowers, which is consistent with the aggregate of lenders at 29.9 percent and below the percentage of upper-income families at 34.6 percent.

Refinance

Refinance loans represented the largest percentage of the bank's total 2019 HMDA-reportable loans in the assessment area with 67.6 percent of loan originations. In 2019, loans originated to low-income borrowers totaled 21.7 percent of all refinance loans. This was significantly above the aggregate of lenders rate at 10.7 percent and consistent with the percentage of low-income families within the assessment area at 20.8 percent. The bank originated 17.4 percent of refinance loans to moderate-income borrowers, which is consistent with the aggregate rate of 19.1 but slightly below percentage of moderate-income families in the assessment area at 20.7 percent. Amongst middle-income borrowers, the bank originated 26.1 percent of its refinance loans, above the aggregate and the percentage of middle-income families at 22.6 and 23.9 percent, respectively. Upper-income borrowers received 34.8 percent of the bank's refinance originations, which was consistent with the aggregate and the percentage of upper-income families in the area at 36.1 and 34.6 percent, respectively.

The following table represents the 2019 borrower distribution of HMDA-reportable loans in the assessment area. Please refer to Appendix C for the bank's 2018 HMDA-reportable lending information.

Borrower Distribution of HMDA Reportable Loans								
Assessment Group: 2019 Combined AA								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2019						
		Count Bank		Agg	Dollar Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	3	27.3	12.6	348	23.0	7.7	20.8
	Moderate	3	27.3	23.2	272	18.0	19.3	20.7
	Middle	1	9.1	23.4	96	6.4	23.8	23.9
	Upper	3	27.3	29.9	740	49.0	40.0	34.6
	Unknown	1	9.1	10.9	55	3.6	9.2	0.0
	Total		11	100.0	100.0	1,511	100.0	100.0
Refinance	Low	5	21.7	10.7	500	13.9	6.4	20.8
	Moderate	4	17.4	19.1	456	12.7	15.0	20.7
	Middle	6	26.1	22.6	1,054	29.3	22.0	23.9
	Upper	8	34.8	36.1	1,586	44.1	41.9	34.6
	Unknown	0	0.0	11.4	0	0.0	14.6	0.0
	Total		23	100.0	100.0	3,596	100.0	100.0
Home Improvement	Low	0	0.0	10.6	0	0.0	6.7	20.8
	Moderate	0	0.0	16.3	0	0.0	11.9	20.7
	Middle	0	0.0	21.3	0	0.0	14.1	23.9
	Upper	0	0.0	46.9	0	0.0	61.8	34.6
	Unknown	0	0.0	5.0	0	0.0	5.6	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.8
	Moderate	0	0.0	5.9	0	0.0	1.2	20.7
	Middle	0	0.0	5.9	0	0.0	2.4	23.9
	Upper	0	0.0	0.0	0	0.0	0.0	34.6
	Unknown	0	0.0	88.2	0	0.0	96.4	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose LOC	Low	0	0.0	9.3	0	0.0	4.8	20.8
	Moderate	0	0.0	17.4	0	0.0	14.1	20.7
	Middle	0	0.0	27.9	0	0.0	34.7	23.9
	Upper	0	0.0	41.9	0	0.0	44.8	34.6
	Unknown	0	0.0	3.5	0	0.0	1.6	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	10.0	0	0.0	4.8	20.8
	Moderate	0	0.0	27.5	0	0.0	29.5	20.7
	Middle	0	0.0	35.0	0	0.0	29.1	23.9
	Upper	0	0.0	22.5	0	0.0	25.4	34.6
	Unknown	0	0.0	5.0	0	0.0	11.2	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	20.8
	Moderate	0	0.0	0.0	0	0.0	0.0	20.7
	Middle	0	0.0	0.0	0	0.0	0.0	23.9
	Upper	0	0.0	0.0	0	0.0	0.0	34.6
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	8	23.5	11.2	848	16.6	6.8	20.8
	Moderate	7	20.6	20.3	728	14.3	16.5	20.7
	Middle	7	20.6	22.9	1,150	22.5	22.1	23.9
	Upper	11	32.4	33.7	2,326	45.5	39.9	34.6
	Unknown	1	2.9	12.1	55	1.1	14.7	0.0
	Total		34	100.0	100.0	5,107	100.0	100.0

Originations & Purchases

2016 FFIEC Census Data

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

Small Business Loans

The distribution of small business loans reflects excellent penetration of lending activity among businesses of different revenue sizes. In 2019, the bank originated 93.0 percent of loans to businesses with revenues of \$1.0 million or less, compared to 90.6 percent of total businesses operating in the assessment area. Of the 40 small business loans originated to these borrowers, 72.5 percent were in loan amounts of \$100,000 or less which is considered most beneficial to the financing needs of small business borrowers.

The following table presents the bank’s 2019 small business lending compared to the selected demographic data.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2019 Combined AA							
Product Type		Bank & Demographic Comparison					
		2019		2019		Total Businesses %	
Revenue	Loan Size	Count Bank	Dollar Bank				
		#	%	\$ 000s	\$ %		
Small Business	Revenue	\$1 Million or Less	40	93.0	2,552	70.9	90.6
		Over \$1 Million or Unknown	3	7.0	1,048	29.1	9.4
		Total	43	100.0	3,600	100.0	100.0
	Loan Size	\$100,000 or Less	29	67.4	663	18.4	
		\$100,001 - \$250,000	10	23.3	1,513	42.0	
		\$250,001 - \$1 Million	4	9.3	1,424	39.6	
		Total	43	100.0	3,600	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	29	72.5	663	26.0	
		\$100,001 - \$250,000	10	25.0	1,513	59.3	
		\$250,001 - \$1 Million	1	2.5	376	14.7	
		Total	40	100.0	2,552	100.0	
	Originations & Purchases						
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Small Farm Loans

The distribution of small farm loans reflects excellent penetration among farms of different sizes. In 2019, the bank originated 98.2 percent of agricultural loans to farms with revenues of \$1.0 million dollars or less, compared to the demographic of 97.6 percent of farms with similar revenue size in the assessment area. Of the 55 small farm loans originated, 81.8 percent were loan amounts of \$100,000 or less which is considered most beneficial to small farm borrowers.

The following table presents the bank’s 2019 small farm lending compared to the selected demographic data.

Small Farm Lending By Revenue & Loan Size								
Assessment Area: 2019 Combined AA								
Product Type		Bank & Demographic Comparison						
		2019		2019		Total Farms		
		Count Bank		Dollar Bank				
		#	%	\$ 000s	\$ %	%		
Small Farm	Revenue	\$1 Million or Less	55	98.2	2,753	93.2	97.6	
		Over \$1 Million or Unknown	1	1.8	201	6.8	2.4	
		Total	56	100.0	2,954	100.0	100.0	
	Loan Size	\$100,000 or Less	45	80.4	1,029	34.8		
		\$100,001 - \$250,000	10	17.9	1,598	54.1		
		\$250,001 - \$500,000	1	1.8	326	11.0		
		Total	56	100.0	2,953	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	45	81.8	1,029	37.4		
		\$100,001 - \$250,000	9	16.4	1,398	50.8		
\$250,001 - \$500,000		1	1.8	326	11.8			
Total		55	100.0	2,753	100.0			
Originations & Purchases								
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Response to Complaints

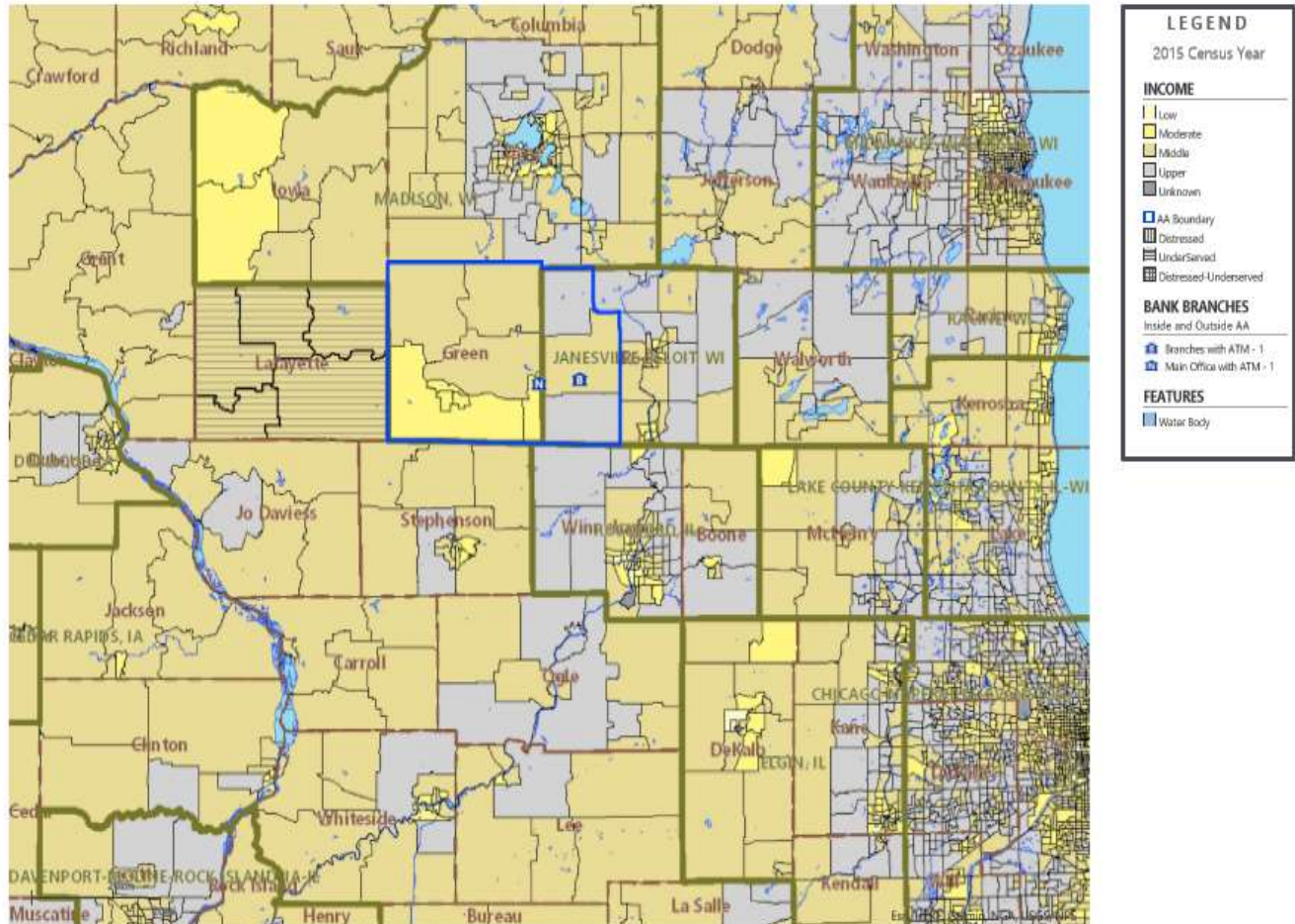
The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A – Map of Assessment Area

The Bank of Brodhead 517441
Combined Assessment Area



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		HMDA-Reportable Lending, January 1, 2018 – December 31, 2019 Small Farm Lending: January 1, 2019 – December 31, 2019 Small Business Lending: January 1, 2019 – December 31, 2019	
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
The Bank of Brodhead, Brodhead WI			HMDA-reportable loans Small business loans 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
Madison, WI MSA #31540 Janesville-Beloit, WI MSA #27500	Full Scope	None	N/A

APPENDIX C – 2018 Tables

Assessment Area: 2018 Combined AA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	3,026	20.8
Moderate-income	5	45.5	5,329	36.6	435	8.2	3,010	20.7
Middle-income	4	36.4	6,237	42.8	304	4.9	3,483	23.9
Upper-income	2	18.2	2,994	20.6	157	5.2	5,041	34.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	11	100.0	14,560	100.0	896	6.2	14,560	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	8,867	5,527	35.2	62.3	2,761	31.1	579	6.5
Middle-income	9,100	6,880	43.8	75.6	1,658	18.2	562	6.2
Upper-income	4,423	3,288	20.9	74.3	881	19.9	254	5.7
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	22,390	15,695	100.0	70.1	5,300	23.7	1,395	6.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	1,037	46.7	921	45.8	95	57.6	21	46.7
Middle-income	797	35.9	726	36.1	52	31.5	19	42.2
Upper-income	386	17.4	363	18.1	18	10.9	5	11.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	2,220	100.0	2,010	100.0	165	100.0	45	100.0
	Percentage of Total Businesses:			90.5		7.4		2.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	129	29.9	125	29.7	3	37.5	1	50.0
Middle-income	240	55.7	236	56.1	3	37.5	1	50.0
Upper-income	62	14.4	60	14.3	2	25.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	431	100.0	421	100.0	8	100.0	2	100.0
	Percentage of Total Farms:			97.7		1.9		0.5
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of HMDA Reportable Loans								
Assessment Group: 2018 Combined AA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2018						
		Count Bank		Agg %	Dollar Bank		Agg %	
#	%	%	\$ (000s)	\$ %	\$ %			
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	8	40.0	30.4	771	32.1	22.4	35.2
	Middle	6	30.0	43.3	818	34.1	49.7	43.8
	Upper	6	30.0	26.4	812	33.8	27.9	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	20	100.0	100.0	2,401	100.0	100.0	100.0
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	10	62.5	26.8	1,024	43.8	21.5	35.2
	Middle	5	31.3	48.0	1,118	47.8	53.7	43.8
	Upper	1	6.3	25.3	197	8.4	24.7	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	16	100.0	100.0	2,339	100.0	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	3	50.0	18.1	110	54.7	13.8	35.2
	Middle	2	33.3	50.6	66	32.8	55.2	43.8
	Upper	1	16.7	31.3	25	12.4	31.0	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	6	100.0	100.0	201	100.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	Multi-Family 0.0
	Moderate	0	0.0	33.3	0	0.0	42.3	68.0
	Middle	0	0.0	25.0	0	0.0	25.6	19.6
	Upper	0	0.0	41.7	0	0.0	32.1	12.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose LOC	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	17.0	0	0.0	13.6	35.2
	Middle	0	0.0	44.6	0	0.0	49.0	43.8
	Upper	0	0.0	38.4	0	0.0	37.3	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	46.5	0	0.0	31.5	35.2
	Middle	0	0.0	44.2	0	0.0	59.9	43.8
	Upper	0	0.0	9.3	0	0.0	8.6	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	47.1	0	0.0	36.0	35.2
	Middle	0	0.0	23.5	0	0.0	30.8	43.8
	Upper	0	0.0	29.4	0	0.0	33.2	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	21	50.0	27.8	1,905	38.6	22.4	35.2
	Middle	13	31.0	45.3	2,002	40.5	50.5	43.8
	Upper	8	19.0	26.9	1,034	20.9	27.1	20.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	42	100.0	100.0	4,941	100.0	100.0	100.0

Originations & Purchases
2016 FFIEC Census Data

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

Borrower Distribution of HMDA Reportable Loans								
Assessment Group: 2018 Combined AA								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2018						
		Count Bank		Agg %	Dollar Bank		Agg \$ %	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	4	20.0	11.7	328	13.7	6.5	20.8
	Moderate	6	30.0	20.1	531	22.1	15.8	20.7
	Middle	3	15.0	30.5	528	22.0	31.4	23.9
	Upper	5	25.0	29.6	529	22.0	38.9	34.6
	Unknown	2	10.0	8.2	485	20.2	7.3	0.0
	Total		20	100.0	100.0	2,401	100.0	100.0
Refinance	Low	1	6.3	11.6	98	4.2	7.7	20.8
	Moderate	7	43.8	21.2	735	31.4	18.0	20.7
	Middle	5	31.3	24.6	825	35.3	24.8	23.9
	Upper	3	18.8	30.5	681	29.1	35.5	34.6
	Unknown	0	0.0	12.1	0	0.0	14.0	0.0
	Total		16	100.0	100.0	2,339	100.0	100.0
Home Improvement	Low	0	0.0	6.6	0	0.0	4.4	20.8
	Moderate	1	16.7	19.9	50	24.9	14.8	20.7
	Middle	3	50.0	29.5	86	42.8	24.0	23.9
	Upper	2	33.3	41.0	65	32.3	53.4	34.6
	Unknown	0	0.0	3.0	0	0.0	3.5	0.0
	Total		6	100.0	100.0	201	100.0	100.0
Multi-Family	Low	0	0.0	8.3	0	0.0	1.1	20.8
	Moderate	0	0.0	0.0	0	0.0	0.0	20.7
	Middle	0	0.0	0.0	0	0.0	0.0	23.9
	Upper	0	0.0	0.0	0	0.0	0.0	34.6
	Unknown	0	0.0	91.7	0	0.0	98.9	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose LOC	Low	0	0.0	8.0	0	0.0	5.8	20.8
	Moderate	0	0.0	17.9	0	0.0	17.7	20.7
	Middle	0	0.0	24.1	0	0.0	21.2	23.9
	Upper	0	0.0	49.1	0	0.0	54.8	34.6
	Unknown	0	0.0	0.9	0	0.0	0.4	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	18.6	0	0.0	15.0	20.8
	Moderate	0	0.0	30.2	0	0.0	25.0	20.7
	Middle	0	0.0	27.9	0	0.0	26.1	23.9
	Upper	0	0.0	20.9	0	0.0	33.3	34.6
	Unknown	0	0.0	2.3	0	0.0	0.5	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	5.9	0	0.0	3.4	20.8
	Moderate	0	0.0	0.0	0	0.0	0.0	20.7
	Middle	0	0.0	0.0	0	0.0	0.0	23.9
	Upper	0	0.0	5.9	0	0.0	4.8	34.6
	Unknown	0	0.0	88.2	0	0.0	91.8	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	5	11.9	11.1	426	8.6	6.8	20.8
	Moderate	14	33.3	20.2	1,316	26.6	16.1	20.7
	Middle	11	26.2	27.5	1,439	29.1	27.8	23.9
	Upper	10	23.8	31.5	1,275	25.8	37.4	34.6
	Unknown	2	4.8	9.7	485	9.8	12.0	0.0
	Total		42	100.0	100.0	4,941	100.0	100.0

Originations & Purchases

2016 FFIEC Census Data

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

APPENDIX D – Glossary

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

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

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

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.²

Area Median Income (AMI): AMI means –

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

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

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

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

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

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

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

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

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

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

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

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

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

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

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

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

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

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into “male householder” (a family with a male 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 product office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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

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

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

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

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

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

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

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

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

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

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

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

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