

PUBLIC DISCLOSURE

August 2, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community First Bank
RSSD# 175140

925 Wisconsin Avenue
Boscobel, Wisconsin 53805

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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

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INSTITUTION'S CRA RATING

Community First Bank is rated: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

Community First Bank is meeting the credit needs of its community based on an analysis of lending and community development activities. The bank's average loan-to-deposit ratio is reasonable considering the characteristics of the bank, its local competitors, and the credit needs of the assessment area. A substantial majority of the bank's loans are located in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area and lending reflects reasonable penetration among borrowers of different incomes and businesses and farms of different revenue sizes. Neither Community First Bank nor this Reserve Bank received any Community Reinvestment Act (CRA)-related complaints since the previous examination.

Community First Bank's community development performance demonstrates adequate responsiveness to the needs of its assessment area through community development loans, qualified investments, and community development services. This performance is appropriate, considering the bank's capacity, and the need and availability of such opportunities for community development in the bank's assessment area.

SCOPE OF EXAMINATION

Community First Bank's CRA performance was evaluated using the Intermediate Small Institution Examination Procedures issued by the Federal Financial Institutions Examination Council (FFIEC). Performance was evaluated in the context of information about the institution and its assessment area, including the bank's asset size, financial condition, competition, and economic and demographic characteristics. The evaluation included a full-scope review of the bank's single Non-Metropolitan Statistical Area (MSA) Wisconsin assessment area.

Loan products reviewed include home mortgage, small business, and small farm loans. These products are considered the bank's primary business lines based on volume by number and dollar amount. The bank's level of community development activities was also evaluated.

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

- ***Loan-to-Deposit Ratio*** – A 13 quarter average loan-to-deposit ratio from January 1, 2018 through March 31, 2021 was calculated for the bank and compared to a sample of local competitors.

- ***Lending in the Assessment Area*** – The bank’s home mortgage, small business, and small farm loans originated from January 1, 2020 through December 31, 2020 were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank’s home mortgage, small business, and small farm loans originated within the assessment area, from January 1, 2020 through December 31, 2020, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – The bank’s home mortgage, small business, and small farm loans originated within the assessment area, from January 1, 2020 through December 31, 2020, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank’s responsiveness to community development needs through community development loans, qualified investments, and community development services, from April 3, 2018 through August 2, 2021 were reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

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

DESCRIPTION OF INSTITUTION

Community First Bank, headquartered in Boscobel, Wisconsin, is a wholly-owned subsidiary of Boscobel Bancorp, Inc. with assets of \$518 million as of June 30, 2021. The bank operates in southwestern Wisconsin through its ten office locations, including the main office, and nine automated teller machines (ATMs). The bank’s assessment area remains unchanged since the previous evaluations and consists of the following six Wisconsin counties: Crawford, Grant, Iowa, Lafayette, Richland, and Sauk. Since the previous examination, the bank has opened three new branches (all located within middle-income census tracts) and closed one branch located in Platteville, Wisconsin (middle-income census tract).

Community First Bank has a relatively diverse lending portfolio with commercial loans representing the largest concentration (41.6 percent) by dollar volume, as of June 30, 2021. The loan portfolio is also comprised of agricultural loans (31.3 percent), residential real estate loans (20.9 percent), consumer loans (1.8 percent), and other loans (4.4 percent). The bank provides a range of retail banking services that are available to the communities it serves. Loan products are standard and generally non-complex and include residential mortgages, construction, consumer installment, commercial, and home equity lines of credit. In addition, the bank participates in various government-sponsored loan programs offered through the Small Business Administration (SBA), United States Department of Agriculture (USDA), and the Wisconsin Housing and Economic Development Authority (WHEDA) mortgage program.

Deposit products include, personal checking and savings, business/commercial checking and savings, money market, certificates of deposit, and more. The bank maintains a full-service internet banking website (<https://www.cfbank.com>) which allows customers to view balances and check their transaction history, transfer funds between accounts, pay and review bills, view check images, and online statements. Additionally, mobile banking services are also available.

Details of the allocations of the loan portfolio are provided in the following table.

Composition of Loan Portfolio as of June 30, 2021		
Type	\$(000s)	%
Commercial	135,472	41.6
Agriculture	101,972	31.3
Residential Real Estate	68,112	20.9
Consumer	6,001	1.8
Other	14,467	4.4
Total	326,024	100.0

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

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 April 2, 2018.

DESCRIPTION OF ASSESSMENT AREA

Community First Bank’s assessment area includes the non-metropolitan counties of Crawford, Grant, Lafayette, Richland, and Sauk, in their entirety. The assessment area also includes all of Iowa County, which is part of the four-county Madison, Wisconsin Metropolitan Statistical Area #31540. The MSA portion of the assessment area does not cross substantially into the MSA;

therefore, the full assessment area is comprised of one contiguous non-MSA assessment area. The assessment area includes 47 census tracts, of which the majority are located in Sauk (13 census tracts) and Grant (12 census tracts) Counties. The assessment area includes four moderate-income, 41 middle-income, and two upper-income census tracts. There are no low-income census tracts in the assessment area. Further, all five census tracts located in Lafayette County were designated as underserved in 2020. The assessment area has remained unchanged since the previous evaluation.

The Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report dated June 30, 2020, ranks Community First Bank fourth of 30 FDIC-insured institutions with operations located in the assessment area. The bank held \$396.3 million in deposits, representing 8.4 percent of the total deposit market share in the assessment area. Based on the deposit market share, the largest competitors in the assessment area are Peoples State Bank, Bank of Prairie du Sac, and BMO Harris Bank National Association.

Additional assessment area demographic information is provided in the following table.

Assessment Area: 2020 WI Non MSA									
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	9,137	18.7	
Moderate-income	4	8.5	4,381	9.0	472	10.8	9,172	18.8	
Middle-income	41	87.2	42,707	87.4	3,449	8.1	11,898	24.4	
Upper-income	2	4.3	1,766	3.6	106	6.0	18,647	38.2	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	47	100.0	48,854	100.0	4,027	8.2	48,854	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	7,902	4,469	8.2	56.6	2,728	34.5	705	8.9	
Middle-income	75,950	47,751	88.0	62.9	17,115	22.5	11,084	14.6	
Upper-income	3,382	2,040	3.8	60.3	1,180	34.9	162	4.8	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	87,234	54,260	100.0	62.2	21,023	24.1	11,951	13.7	
	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	0.0
Moderate-income	752	9.3	650	9.1	81	12.5	21	9.3	
Middle-income	6,995	86.9	6,251	87.1	542	83.5	202	89.4	
Upper-income	303	3.8	274	3.8	26	4.0	3	1.3	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	8,050	100.0	7,175	100.0	649	100.0	226	100.0	
	Percentage of Total Businesses:			89.1		8.1		2.8	
	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	0.0
Moderate-income	110	7.3	109	7.3	1	4.3	0	0.0	
Middle-income	1,386	91.8	1,362	91.7	22	95.7	2	100.0	
Upper-income	14	0.9	14	0.9	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	1,510	100.0	1,485	100.0	23	100.0	2	100.0	
	Percentage of Total Farms:			98.3		1.5		0.1	
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS									
Note: Percentages may not add to 100.0 percent due to rounding									

Population Characteristics

The assessment area’s population is 189,314 and experienced stagnant growth from 2010 to 2015 with an increase of 0.1 percent. Only Sauk County saw an increase in population greater than the state of Wisconsin during the same time period with increases of 1.6 percent and 1.0 percent, respectively. Sauk County also represents the most populated county within the bank’s assessment area at 62,992, or 33.3 percent of the total assessment area population. The remaining counties within the assessment area saw stagnant growth, with the exception of Crawford and Richland Counties, which experienced 1.0 percent and 1.5 percent declines in population, respectively. The declines in population can be attributed to the aging population, as both Crawford and Richland Counties have the highest percentage of their residents over the age of 65 within the assessment area at 20.0 percent and 19.4 percent, respectively. Further, a community representative provided that the counties comprising the assessment area are more rural in nature and struggle to attract young professionals who are more inclined to relocate to larger urban population centers within the region such as Dubuque, Madison, Milwaukee, and Chicago.

Population Change			
Area	2010 Population	2011-2015 Population	Percentage Change
Assessment Area	188,372	189,314	0.1
Crawford County, WI	16,644	16,483	-1.0
Grant County, WI	51,208	51,489	0.5
Iowa County, WI	23,687	23,769	0.3
Lafayette County, WI	16,836	16,835	0.0
Richland County, WI	18,021	17,746	-1.5
Sauk County, WI	61,976	62,992	1.6
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

The assessment area is comprised of 48,854 families, of which 18.7 percent are designated as low-income, 18.8 percent are moderate-income, 24.4 percent are middle-income, and 38.2 percent are upper-income. Further, 8.2 percent of families residing within the assessment area live below the poverty line, slightly below the state of Wisconsin’s poverty rate of 8.6 percent. According to the 2011-2015 American Community Survey (ACS), the median family income (MFI) for the assessment area is \$62,213 which remains slightly below the median family income for the state of Wisconsin at \$68,064. Within the assessment area, all counties have median family incomes below the state of Wisconsin with the exception of Iowa County which has the highest median family income among the counties at \$69,813. The higher family income can be attributed to Iowa

County’s close proximity to Madison, the state capitol and second largest city in Wisconsin. From 2010 to 2015, Crawford and Grant Counties experienced the greatest increase in median family income at 10.9 percent and 12.1 percent, respectively. Community representatives stated that the increases in median family income in Grant and Crawford Counties are mainly attributable to an increase in residents commuting to Dubuque, Iowa where there is a greater prevalence of higher wage job opportunities. The representatives also stated that they are anticipating median family income to continue to rise especially in light of the recent national job shortage, which is causing local businesses to raise wages in an effort to help attract and retain employees.

Median Family Income 2006-2010 and 2011-2015			
Area	2006-2010 Median Family Income (In 2010 Dollars)	2011-2015 Median Family Income (In 2015 Dollars)	Percentage Change
Assessment Area	57,899	62,213	7.5
Crawford County, WI	51,466	57,098	10.9
Grant County, WI	54,743	61,343	12.1
Iowa County, WI	67,090	69,813	4.1
Lafayette County, WI	58,031	62,833	8.3
Richland County, WI	54,186	56,013	3.4
Sauk County, WI	62,196	64,671	4.0
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

There are a total of 87,234 housing units within the assessment area. The majority of housing units are owner-occupied at 62.2 percent, whereas rental units comprise 24.1 percent. Within the assessment area, 13.7 percent of housing units are vacant, which is slightly above the number of vacant units within the state of Wisconsin at 13.0 percent.

According to the 2011-2015 American Community Survey, the assessment area had a median housing value of \$147,147 and median gross rent of \$682. The counties that comprise the assessment area outperformed the state of Wisconsin with respect to housing value trends with each county experiencing positive growth in housing value, whereas the state saw a 1.9 percent decrease in housing value from 2010 to 2015. Median gross rent within the assessment area saw an increase of 10.7 percent with the largest increase in median gross rent being within Grant County which saw an increase of 26.5 percent. The significant increase in median gross rent within Grant County can be attributed to a larger presence of young professionals residing within the southern portion of the county and commuting to Dubuque for work. The increase in gross median rent within the assessment area (10.7 percent) was slightly above the increase experienced by the state

of Wisconsin at 8.8 percent. While housing value and median gross rents within the assessment area grew at a larger percentage compared to the state of Wisconsin, they remain notably below the average for the state. Specifically, housing values and median gross rents within the assessment area are below the state of Wisconsin by 12.7 percent and 13.8 percent, respectively.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix D – Glossary. A higher ratio generally suggests more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratio for the assessment area was 0.34, which is slightly above the state of Wisconsin at 0.32. As such, the affordability ratios suggest that housing within the assessment area is slightly more affordable when compared to the state of Wisconsin as a whole. The highest affordability ratio within the assessment area was exhibited in Lafayette County, 0.41, while the lowest affordability ratio was exhibited in Sauk County, 0.31.

Community representatives stated that housing values and gross median rents continue to rise throughout the assessment area, particularly within the past two years. The increase is due to a variety of factors including the significant increase in raw material costs making the construction of new housing units more expensive, as well as a general increase in the demand for housing, and the scarcity in housing inventory throughout the assessment area. Representatives unanimously agreed the most pressing challenge to the local economy is the lack of affordable housing available throughout the assessment area. While they believe there is a strong labor market within the area, they stated prospective residents are finding it increasingly more difficult to find housing therefore slowing the influx of new residents.

Trends in Housing Costs 2006-2010 and 2011-2015							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio 2011-2015
	2006-2010	2011-2015	% Change	2006-2010	2011-2015	% Change	
Assessment Area	140,134	147,147	5.0	616	682	10.7	0.34
Crawford County, WI	113,900	123,500	8.4	526	569	8.2	0.36
Grant County, WI	118,300	133,200	12.6	535	677	26.5	0.37
Iowa County, WI	155,500	163,300	5.0	665	687	3.3	0.34
Lafayette County, WI	117,700	124,000	5.4	556	635	14.2	0.41
Richland County, WI	123,000	124,200	1.0	568	589	3.7	0.36
Sauk County, WI	166,400	166,700	0.2	700	731	4.4	0.31
State of Wisconsin	169,000	165,800	-1.9	713	776	8.8	0.32
<i>Source: 2006-2010 – U.S. Census Bureau: American Community Survey 2011-2015 – U.S. Census Bureau: American Community Survey</i>							

Foreclosure Inventory Rates

The Federal Reserve Bank of Chicago conducted a study on the changes in the foreclosure inventory rate at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. It excludes properties that have completed the foreclosure cycle.

Foreclosure inventory rates in the state and the assessment area have generally declined since the previous evaluation. As of September 2019, the state of Wisconsin's foreclosure rate was 0.6 percent which is comparable to the foreclosure inventory rates of Sauk County at 0.4 percent, and Richland and Iowa Counties both at 1.0 percent. Crawford and Grant Counties had the lowest foreclosure inventory rates at 0.0 percent, whereas the Lafayette County had the highest rate of foreclosure at 1.3 percent.

Employment Conditions

The following table presents the unemployment trends for the assessment area and the state of Wisconsin from 2016 to 2019. In general, the unemployment rates for the assessment area and the state have continued to decline during this timeframe. In 2019, the unemployment rates for the counties comprising the assessment area were slightly below the state of Wisconsin's unemployment rate of 3.3 percent with the exception of Crawford County which had an unemployment rate of 4.3 percent. The overall decline in unemployment rates can be attributed to an improving economy. Community representatives stated the unemployment rate within the assessment area increased in 2020 because of the COVID-19 pandemic, however they believe it has been gradually decreasing and is currently back to pre-pandemic levels. Further, they believe the largest contributor to unemployment is the unattractiveness of certain positions currently available. Representatives believe a segment of the population is not interested in manual labor positions, and therefore do not seek out manufacturing or trade-like opportunities. They also indicated that due to the recent tightening of the labor market they anticipate the unemployment rate to decrease as local businesses begin to raise wages to attract, and retain, employees.

Recent Unemployment Rates				
Area	2016	2017	2018	2019
Crawford County, WI	5.0	4.2	3.7	4.3
Grant County, WI	4.1	3.1	2.8	3.2
Iowa County, WI	3.6	3.0	2.6	2.9
Lafayette County, WI	3.3	2.5	2.3	2.7
Richland County, WI	3.8	3.0	2.7	3.2
Sauk County, WI	3.7	2.9	2.6	2.9
State of Wisconsin	4.1	3.3	3.0	3.3

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

Bankruptcy Trends

Personal bankruptcy filings have remained relatively stagnant in the assessment area between 2016 and 2019. All counties comprising the assessment area have personal bankruptcy filing rates lower than the state of Wisconsin. Grant and Lafayette Counties have the lowest filing rate for 2019 with 1.2 and 1.4 per 1,000 population, respectively. Sauk County had the only personal bankruptcy filing rate comparable to the state of Wisconsin's filing rate (2.8) at 2.3 per 1,000 population in 2019. Iowa County experienced the largest increase in bankruptcy filing rate increasing by 0.6 per 1,000 population between 2016 and 2019.

Personal Bankruptcy Filing Rate (per 1,000 population)				
Area	2016	2017	2018	2019
Crawford County, WI	1.7	1.4	1.9	1.8
Grant County, WI	1.3	1.1	1.2	1.2
Iowa County, WI	1.4	1.7	1.8	2.0
Lafayette County, WI	1.1	1.7	1.3	1.4
Richland County, WI	1.3	1.9	1.5	1.7
Sauk County, WI	2.3	2.2	2.1	2.3
State of Wisconsin	2.9	2.9	2.8	2.8

Source: Administrative Office of The U.S. Courts

Industry Characteristics

The assessment area contains a diverse employment base that includes goods-producing, manufacturing, natural resources and mining, and transportation. In addition to these major employers, Dun & Bradstreet data indicate that there were 8,050 businesses and 1,510 farms located within the assessment area in 2020, and the majority (89.1 percent and 98.3 percent, respectively) had revenues of \$1 million or less. Community representatives stated there have not been any notable changes to the industry composition of the assessment area, with no major employers entering or leaving the area in recent years. Nonetheless, representatives believe businesses offering lower wage positions have been struggling in the past year attracting new employees due to a tightening labor market. Further, they presume the labor shortage is having a disproportionate impact on the retail and hospitality industry, as well as some local manufacturing companies. The representatives stated the labor shortage is resulting in local businesses competing with one another to attract new employees, resulting in higher wages and increased benefits. Finally, representatives also stated local beef, swine, and dairy farmers have been struggling in recent years due to volatile commodity prices.

Largest Employers in the Assessment Area			
Company	County	Industry	# of Employees
Glacier Canyon Lodge	Sauk	Hotels	1,500
National Brewery Museum	Grant	Museums	1,001
Grede Foundries Inc	Sauk	Foundries – Steel (Manufacturers)	860
Cabela’s	Crawford	Sporting Goods – Retail	800
Sauk County Courthouse	Sauk	Government Offices – County	650
Rockwell Automation	Richland	Automation Systems & Equipment (Manufacturers)	630
Sysco Baraboo LLC	Sauk	Food Products (Wholesale)	601
Sauk Prairie Healthcare	Sauk	Healthcare Management	600
Lands’ End Distribution Center	Sauk	Clothing - Retail	600
3M Co	Crawford	Abrasives (Wholesale)	550
<i>Source: America’s Labor Market Information System</i>			

Community Representatives

Two community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the assessment area. Prior to the pandemic, the counties comprising the assessment area experienced sustained economic growth in alignment with the rest of the state of Wisconsin. The counties, due to their rural makeup, have struggled to attract and retain population due to an aging population as well as young professionals relocating to larger, regional urban centers such as Dubuque, Madison, Milwaukee, and Chicago. Further, the inventory of affordable housing is a substantial need for the assessment area due to limited supply, increased demand, and inflated construction costs. The COVID-19 pandemic’s impact on local small businesses and farms resulted in a significant, transitory spike in unemployment. However, representatives believe the assessment area has largely recovered and is functioning near pre-pandemic levels. Finally, representatives noted that local banks have been responsive to the credit needs of the community, especially considering the COVID-19 pandemic.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Community First Bank’s performance relative to the lending test is Satisfactory based on several major factors. The loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. A substantial majority of the loans and other lending-related activities are in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. In addition, loan distribution reflects reasonable

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

Loan-to-Deposit Ratio

Community First Bank’s loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment area. Since the previous evaluation, Community First Bank’s average LTD ratio increased from 76.5 percent to 82.1 percent, indicating additional willingness to lend and meet the credit needs of the assessment area. The bank’s LTD ratio remains comparable to local competitors of similar size and structure.

The following table compares the bank’s LTD ratio to its local competitors.

Comparative Loan-to-Deposit Ratios as of March 31, 2021	
Comparative Data	13 Quarter Average (%)
Community First Bank	82.1
Peer Avg – Local	81.8
Competitors	
River Bank	106.9
Wisconsin River Bank	104.1
The Peoples Community Bank	95.3
Mound City Bank	92.1
Bank of Wisconsin Dells	88.9
Citizens First Bank	87.8
Woodford State Bank	82.5
Prevail Bank	82.1
Royal Bank	81.4
Peoples State Bank	79.3
Baraboo State Bank	76.3
Bank of Mauston	72.1
Bank of Prairie du Sac	72.0
Apple River State Bank	65.2
Farmers Savings Bank	63.0
Clare Bank	60.0

Assessment Area Concentration

During the evaluation period, Community First Bank originated a substantial majority of its loans, and as appropriate, other lending-related activities in the bank’s assessment area. Specifically, of the 293 loans sampled for review, 88.8 percent by volume and 87.6 percent by dollar were originated inside the assessment area during the evaluation period. Within the sample the bank originated 129 home mortgage loans during the evaluation period, 86.6 percent by number and 88.7 by dollar were originated inside the assessment area. Of the 72 small business loans originated

during the evaluation period, 88.9 percent by number and 79.5 by dollar were originated inside the assessment area. Similarly, the bank originated 92 small farms loans, or 92.0 percent by number and 90.7 percent by dollar were originated inside the assessment area. Overall, the percentage of home mortgage, small business, and small farm originations within the assessment area indicates the bank is actively serving the credit needs of the community.

The following table summarizes Community First Bank’s lending inside and outside its assessment area for home mortgage, small business, and small farm loans from January 1, 2020 to December 31, 2020.

Assessment Area Concentration								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Mortgage	129	86.6	\$29,196	88.7	20	13.4	\$3,730	11.3
Small Business	72	88.9	\$8,293	79.5	9	11.1	\$2,145	20.5
Small Farm	92	92.0	\$15,436	90.7	8	8.0	\$1,588	9.3
Total Loans	293	88.8	\$52,925	87.6	37	11.2	\$7,463	12.4

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

Geographic Distribution of Loans

Overall, the Community First Bank’s geographic distribution of home mortgage, small business, and small farm loans reflects reasonable dispersion throughout the assessment area. An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among the census tract designations within the assessment area, particularly moderate-income census tracts. The bank’s assessment area consists of four moderate-income, forty-one middle-income, and two upper-income census tracts. There are no low-income census tracts in the assessment area. The bank originated loans in 85.1 percent of the 47 census tracts in the assessment area, including all four moderate-income census tracts. Based upon this analysis, it appears there are no conspicuous geographic lending gaps. A detailed discussion of home mortgage, small business, and small farm lending in relation to census demographics is provided below.

Home Mortgage Lending

Geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. In 2020, Community First Bank originated 3.9 percent by count and 1.7 percent by dollar amount of its home mortgage loans in moderate-income census tracts, below the percentage of owner-occupied units located in those geographies at 8.2 percent. The majority of the bank’s home mortgage loans were originated in middle-income census tracts at 94.6 percent by count and 97.3 percent by dollar amount, comparable to the 88.0 percent of owner-occupied units located within those geographies.

The following table summarizes the bank’s 2020 home mortgage lending in the assessment area.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: 2020 WI Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units
		2020		2020		
		Count Bank	Dollar Bank	Count Bank	Dollar Bank	
		#	%	\$ (000s)	\$ %	
Totals	Low	0	0.0	0	0.0	0.0
	Moderate	5	3.9	503	1.7	8.2
	Middle	122	94.6	28,404	97.3	88.0
	Upper	2	1.6	289	1.0	3.8
	Unknown	0	0.0	0	0.0	0.0
	Total		129	100.0	29,196	100.0
2020 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Lending

Geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. In 2020, Community First Bank originated 13.9 percent by count and 19.6 percent by dollar amount of its small business loans in moderate-income census tracts, above the percentage of small businesses located in those geographies at 9.3 percent. The majority of the bank’s small businesses loans were originated in middle-income census tracts at 86.1 percent by count and 80.4 percent by dollar amount, comparable to the 86.9 percent of small businesses residing within such geographies.

The following table summarizes the bank’s 2020 small business lending in the assessment area.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 WI Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2020 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	10	13.9	1,624	19.6	9.3
	Middle	62	86.1	6,669	80.4	86.9
	Upper	0	0.0	0	0.0	3.8
	Unknown	0	0.0	0	0.0	0.0
	Total	72	100.0	8,293	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

Small Farm Lending

Geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. In 2020, Community First Bank originated 17.4 percent by count and 17.1 percent by dollar amount of its small farm loans in moderate-income census tracts, above the percentage of small farms located in those geographies at 7.3 percent. The majority of the bank’s small farm loans were originated in middle-income census tracts at 82.6 percent by count and 82.9 percent by dollar amount, comparable to the 91.8 percent of small farms residing within such geographies.

The following table summarizes the bank’s 2020 small farm lending in the assessment area.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2020 WI Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2020 Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	16	17.4	2,640	17.1	7.3
	Middle	76	82.6	12,796	82.9	91.8
	Upper	0	0.0	0	0.0	0.9
	Unknown	0	0.0	0	0.0	0.0
	Total	92	100.0	15,436	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

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

Overall, the loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers, and reasonable dispersion among businesses and farms of different sizes. An analysis of loans was conducted to determine the level of lending to borrowers of different income levels and businesses of different revenues.

Home Mortgage Lending

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels. In 2020, the bank originated 3.9 percent by volume and 1.9 percent by dollar amount of home mortgage loans to low-income borrowers, which is below the percentage of low-income families residing within the assessment area at 18.7 percent. The bank originated 17.8 percent by volume and 9.6 percent by dollar amount of home mortgage loans to moderate-income borrowers, which is comparable to the demographic within the assessment area at 18.8 percent. Further, the bank originated 18.6 percent and 45.7 percent by volume and 11.4 percent and 36.7 percent by dollar amount of home mortgage loans to middle- and upper-income borrowers, respectively. Lastly, the bank originated 14.0 percent by volume and 40.5 percent by dollar amount to borrowers of unknown-income. Lending to low- and moderate-income borrowers was particularly difficult in 2020 due to the COVID-19 pandemic, which had a substantial adverse impact on home mortgage lending throughout the year. Further, the low interest rate environment in 2020 encouraged refinance lending which traditionally favors borrowers of higher incomes.

The following table summarizes the bank's 2020 home mortgage lending in the assessment area.

Borrower Distribution of Home Mortgage Loans						
Assessment Area: 2020 WI Non MSA						
	Borrower Income Levels	Bank & Demographic Comparison				Families by Family Income
		2020				
		Count		Dollar		
		#	%	\$ (000s)	\$ %	%
Totals	Low	5	3.9	563	1.9	18.7
	Moderate	23	17.8	2,793	9.6	18.8
	Middle	24	18.6	3,323	11.4	24.4
	Upper	59	45.7	10,701	36.7	38.2
	Unknown	18	14.0	11,816	40.5	0.0
	Total		129	100.0	29,196	100.0
2020 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Lending

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. In 2020, Community First Bank originated 52.8 percent by count and 34.6 percent by dollar amount of its commercial loans to small businesses reporting annual revenues of \$1 million or less, which was below the percentage of small businesses operating within the assessment area at 89.1 percent. Of the 38 loans originated to small businesses, 84.2 percent were in amounts of \$100,000 or less which are considered most beneficial to small businesses. As mentioned previously, the COVID-19 pandemic had a significant impact on the revenues of local businesses, making commercial lending opportunities scarce. As a result of the pandemic, the bank participated in the Small Business Administration's (SBA) Payment Protection Program (PPP), and originated 894 PPP loans, not reflected in the table below, as of June 24, 2021. This lending activity is particular responsive considering the financial stress many small businesses have been experiencing since the start of the pandemic.

The following table summarizes the bank's 2020 small business lending in the assessment area.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2020 WI Non MSA							
Product Type		Bank & Demographic Comparison					
		2020		2020		Total Businesses %	
Revenue	Loan Size	Count Bank	%	Dollar Bank	%		Total Businesses %
		#	%	\$ 000s	\$ %		
Small Business	Revenue	\$1 Million or Less	38	52.8	2,868	34.6	89.1
		Over \$1 Million or Unknown	34	47.2	5,425	65.4	10.9
		Total	72	100.0	8,293	100.0	100.0
	Loan Size	\$100,000 or Less	47	65.3	2,694	32.5	
		\$100,001 - \$250,000	17	23.6	2,549	30.7	
		\$250,001 - \$1 Million	8	11.1	3,050	36.8	
		Total	72	100.0	8,293	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	32	84.2	1,865	65.0	
		\$100,001 - \$250,000	5	13.2	684	23.8	
		\$250,001 - \$1 Million	1	2.6	319	11.1	
		Total	38	100.0	2,868	100.0	
	Originations & Purchases						
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Small Farm Lending

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. In 2020, Community First Bank originated 82.6 percent by count and 71.6 percent by dollar amount of its agricultural loans to small farms reporting annual revenues of \$1 million or

less, which was below the percentage of small farms operating within the assessment area at 98.1 percent. Of the 76 loans originated to small farms, 60.5 percent were in amounts of \$100,000 or less which are considered most beneficial to small farms.

The following table summarizes the bank’s 2020 small farm lending in the assessment area.

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2020 WI Non MSA							
Product Type		Bank & Demographic Comparison					
		2020		2020		Total Farms	
Revenue	Loan Size	Count	Dollar				
		Bank	Bank	\$ 000s	\$ %	%	
#	%						
Small Farm	Revenue	\$1 Million or Less	76	82.6	11,048	71.6	98.3
		Over \$1 Million or Unknown	16	17.4	4,388	28.4	1.7
		Total	92	100.0	15,436	100.0	100.0
	Loan Size	\$100,000 or Less	51	55.4	2,114	13.7	
		\$100,001 - \$250,000	15	16.3	2,730	17.7	
		\$250,001 - \$500,000	26	28.3	10,592	68.6	
		Total	92	100.0	15,436	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	46	60.5	1,803	16.3	
		\$100,001 - \$250,000	12	15.8	2,277	20.6	
		\$250,001 - \$500,000	18	23.7	6,968	63.1	
		Total	76	100.0	11,048	100.0	
	Originations & Purchases						
2020 FFIEC Census Data & 2020 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.

COMMUNITY DEVELOPMENT TEST

Community First Bank’s performance relative to the community development test is Satisfactory. The bank demonstrates adequate responsiveness to community development needs by providing community development loans, qualified investments, and community development services, considering the bank's capacity and the need and availability of such opportunities in the assessment area.

Lending, Investment, and Services Activities

Overall, the Community First Bank’s geographic distribution of home mortgage, small business, and small farm loans reflects reasonable dispersion throughout the assessment area.

During the review period the bank originated 26 such loans worth \$13.2 million in the assessment area. When compared to the previous evaluation of 34 loans totaling \$9.0 million, the bank decreased the number of loans by 23.5 percent, but increased the dollar volume by 46.5 percent. Of the bank’s qualified community development loans, four loans totaling \$206 thousand were made for affordable housing, five loans totaling \$1.8 million for economic development purposes, and seventeen loans totaling \$11.2 million for revitalization/stabilization purposes.

Community representatives contacted as part of this evaluation indicated that one of the most pressing needs for the assessment area is affordable housing development. With that said, Community First Bank originated a number of loans specifically addressing this affordable housing need. This demonstrates a level of responsiveness to the assessment area’s credit needs.

The table below presents the bank’s community development loans in the assessment area during the review period.

Qualified Community Development Loans by Purpose April 3, 2018 – August 2, 2021										
AA Name	AH		CS		ED		R/S		Total	Total
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$
Non-MSA WI	4	206	0	0	5	1,800	17	11,216	26	13,222

During the evaluation period, the bank made 11 qualified investments, consisting of \$3.3 million current period and maintained \$1.2 million prior period investments for a total of \$4.4 million. This represents an increase of 283.0 percent by dollar amount from the previous examination. New investments in the current evaluation period include a mortgage-backed security for affordable home loan financing, bonds to local school districts where a majority of students are from low- or moderate-income households, as well as bonds to local municipalities primarily serving low- to moderate-income communities or families.

The bank also originated a total of \$59,401 in qualified donations in the current evaluation period. The donations were made to organizations who serve a variety of purposes including those focused on affordable housing, community service, and revitalization/stabilization. When compared to the previous evaluation of five qualified donations totaling \$12,045, the bank increased the number of donations by 460.0 percent and increased the dollar amount by 393.2 percent. A large reason for the significant increase in the number and dollar amount of donations made during this evaluation period compared to the prior evaluation is due to the bank’s responsiveness and intentionality in helping their local communities respond to the COVID-19 pandemic, further indicating an increased level of responsiveness to the assessment area’s credit needs.

The table below presents the bank’s community development investments during the review period.

Qualified Community Development Investments by Purpose										
April 3, 2018 – August 2, 2021										
AA Name	AH		CS		ED		R/S		Total #	Total \$
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Non-MSA WI - New	1	1,568	1	295	1	500	4	920	7	3,283
Non-MSA WI – Prior Period	0	0	1	525	1	85	2	550	4	1,160
Total	1	1,568	2	820	2	585	6	1,470	11	4,443

During the evaluation period, bank staff provided 783 hours of volunteer financial services; an increase of 11.4 percent compared to the previous evaluation. A majority of the services provided were through active board memberships at organizations serving a variety of community development purposes, including those of low- and moderate-income individuals and small businesses.

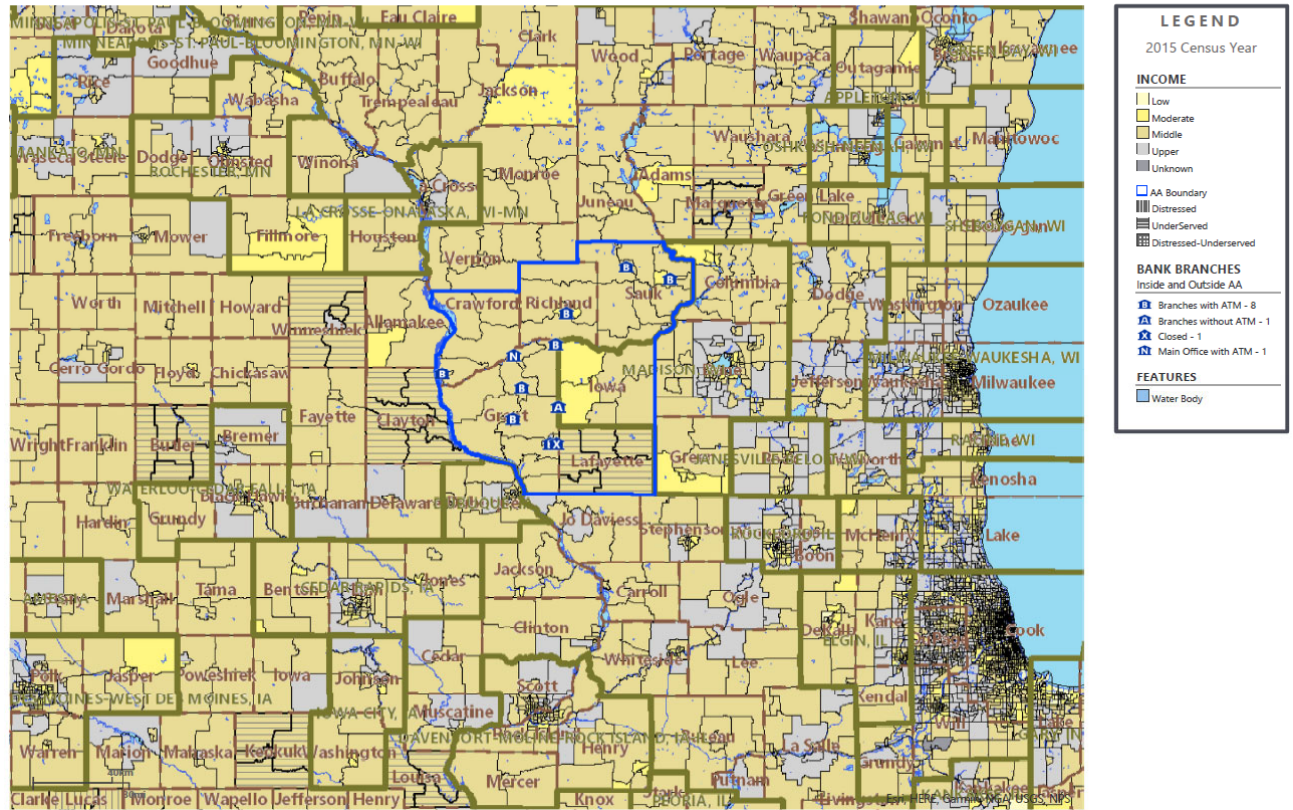
Qualified Community Development Services by Purpose					
April 3, 2018 – August 2, 2021					
AA Name	AH	CS	ED	R/S	Total Hours
	Hours	Hours	Hours	Hours	
Non-MSA WI	20	369	369	25	783

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

Community First Bank 175140
WI Non MSA



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Lending Test: Home mortgage, small business, and small farm loans originated from January 1, 2020 through December 31, 2020. Community Development Test: April 3, 2018 – August 2, 2021		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Community First Bank			Home Mortgage Loans Small Business Loans Small Farm Loans Community Development Activities
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
Non-MSA Wisconsin	Full scope review	None	N/A

APPENDIX C – Glossary

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

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

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

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

Area Median Income (AMI): AMI means –

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Income Level: Income level means:

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

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

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

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

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

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

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

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

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