PUBLIC DISCLOSURE

May 6, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Farmers Savings Bank
Certificate Number: 13025

305 Doty St
Mineral Point, Wisconsin 53565

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

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Chicago, Illinois 60606

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory.**

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- The bank made a majority of small business, home mortgage, and small farm loans in the AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The distribution of loans to borrowers reflects reasonable penetration among businesses and farms of various sizes, and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution's community development performance demonstrates adequate responsiveness to the community development needs of its AA through community development loans, qualified investments and donations, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the AA.

DESCRIPTION OF INSTITUTION

Farmers Savings Bank (FSB) is a full-service community bank headquartered in Mineral Point, Wisconsin. The one-bank holding company, Southern Wisconsin Bancshares Corporation, headquartered in Inverness, Illinois, owns the bank. The bank does not have credit-based affiliates or subsidiaries. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated July 12, 2021, based on Interagency Small Institution Examination Procedures. The current evaluation is the bank's first review under the Interagency Intermediate Small Institution Examination Procedures.

In addition to its main office, FSB operates five branch offices. Four of the branches are located in Iowa County, within the following communities: Dodgeville, Edmund, Hollandale, and Ridgeway. One additional branch is located in Mount Horeb, in Dane County. Of the six banking locations, five are in middle-income census tracts (CTs), and one is in a moderate-income CT (Edmund). FSB has not opened or closed any offices, and no merger or acquisition activities have occurred since the previous evaluation.

FSB offers a variety of commercial, home mortgage, agriculture, and consumer loan products. Commercial and agricultural products include term loans, real estate, equipment, vehicle loans, and lines of credit. FSB also originates loans through the Small Business Administration programs. Consumer loans include home mortgage, construction, vehicle, and other personal loans. Deposit account products include various checking, money market, savings, health savings, certificate of deposit, and individual retirement accounts. Alternative banking services include online banking, mobile banking, electronic bill pay, mobile check deposit, online loan applications. FSB also offers cash-dispensing automated teller machines (ATMs) at the Mineral Point, Dodgeville, Hollandale, and Mount Horeb office locations. One additional ATM is located at a convenience store in Ridgeway, Wisconsin.

According to the March 31, 2024 Call Report, the bank had $407.6 million in total assets, $211.1 million in total loans, $139.6 million in total securities, and $364.5 million in total deposits. Overall, the composition of FSB's loan portfolio remains stable, with mild increases in total assets and deposits. Total securities has decreased by $29.2 million, a decrease of 17.3 percent, since the previous evaluation. The following table details the bank's loan composition.

Loan Portfolio Distribution as of 3/31/2024		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	5,848	2.8
Secured by Farmland	28,723	13.6
Secured by 1-4 Family Residential Properties	52,172	24.7
Secured by Multifamily (5 or more) Residential Properties	1,235	0.6
Secured by Nonfarm Nonresidential Properties	54,117	25.6
Total Real Estate Loans	**142,095**	**67.3**
Commercial and Industrial Loans	32,921	15.6
Agricultural Production and Other Loans to Farmers	3,187	1.5
Consumer Loans	9,179	4.4
Obligations of State and Political Subdivisions in the U.S.	23,733	11.2
Other Loans	6	0.0
Lease Financing Receivable (net of unearned income)	113	0.1
Less: Unearned Income	(138)	(0.1)
Total Loans	**211,096**	**100.0**
Source: Reports of Condition and Income		

The above dollar volume of loans supports the bank's primary business emphasis of commercial lending, as this loan type represents 41.2 percent of the portfolio (includes commercial and industrial, commercial real estate, and related construction/land development loans). Residential lending is secondary at 24.7 percent of the portfolio (includes related construction and multifamily loans). Agriculture lending is the third emphasis at 15.1 percent of the portfolio. There have been no significant changes in the bank's loan portfolio distribution since the last evaluation.

Examiners did not identify any financial, legal, or other impediments that would limit the institution's ability to meet the credit needs of its AA.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its CRA performance. FSB has designated one AA, which includes all six CTs in Iowa County, and CTs 127 and 128 on the western edge of Dane County. The AA has not changed since the previous evaluation. Iowa and Dane Counties are part of the Madison, Wisconsin Metropolitan Statistical Area (MSA). The AA meets the requirements of the CRA and does not arbitrarily exclude low- or moderate-income geographies. Sources for the data used throughout this report are as follows: Federal Financial Institutions Examination Council (FFIEC); 2015 American Community Survey (ACS); 2020 U.S. Census; 2023 D&B data; U.S. Bureau of Labor Statistics; Wisconsin Department of Workforce Development; Wisconsin Realtors Association; 2022 USDA Agricultural Census; and loan information reported under the Home Mortgage Disclosure Act (HMDA).

Economic and Demographic Data

Of the AA's eight CTs, six are middle-income and two are moderate-income. There are no low- or upper-income CTs in the AA. The CT income designations did not change since the last evaluation. There are also no designated distressed or underserved areas within the AA. See the following table for demographic data specific to the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	8	0.0	25.0	75.0	0.0	0.0
Population by Geography	36,237	0.0	16.7	83.3	0.0	0.0
Housing Units by Geography	16,800	0.0	18.2	81.8	0.0	0.0
Owner-Occupied Units by Geography	11,808	0.0	16.9	83.1	0.0	0.0
Occupied Rental Units by Geography	3,708	0.0	16.0	84.0	0.0	0.0
Vacant Units by Geography	1,284	0.0	35.9	64.1	0.0	0.0
Businesses by Geography	3,974	0.0	14.2	85.8	0.0	0.0
Farms by Geography	521	0.0	27.3	72.7	0.0	0.0
Family Distribution by Income Level	9,412	17.8	21.5	27.0	33.7	0.0
Household Distribution by Income Level	15,516	21.2	23.3	17.8	37.7	0.0
Median Family Income MSA - 31540 Madison, WI MSA		$97,334	Median Housing Value			$179,409
			Median Gross Rent			$858
			Families Below Poverty Level			3.5%

Sources: 2020 U.S. Census and 2023 D&B Data
Due to rounding, totals may not equal 100.0%
** The NA category consists of geographies that have not been assigned an income classification*

The analysis of small business loans under the Borrower Profile criterion analyzes the distribution of these loans by gross annual revenue (GAR) levels. According to 2023 D&B data, there were 3,533 reporting non-farm businesses in the AA. The service industry represents the largest sector of businesses at 30.0 percent. This is followed by non-classified establishments at 21.0 percent; agriculture, forestry and fishing at 11.6 percent; and, retail trade businesses at 9.1 percent. In addition, 66.2 percent of area businesses have four or fewer employees, and 93.3 percent of businesses operate from a single location. This data gives insight into the level and types of small business lending opportunities within the AA. Top employers within the AA include Land's End Inc., Hodan Center Inc., and Upland Hills Health Hospital and Clinics.

Unemployment rates have declined since the previous evaluation. Notably, Iowa and Dane counties have unemployment rates below the statewide and national rates.

Annual Unemployment Rates			
Area	**2021**	**2022**	**2023***
	%	**%**	**%**
Iowa County	3.4	2.6	2.4
Dane County	2.9	2.2	2.1
Wisconsin	3.9	2.9	3.0
National	5.3	3.6	3.5
*Source: Bureau of Labor Statistics; *Denotes as of December 31, 2023*			

Examiners used the FFIEC median family income (MFI) levels to analyze home mortgage loans under the Borrower Profile criterion. The below table provides the low-, moderate-, middle- and upper-income categories and corresponding income ranges for each evaluation year included in this report.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Madison, WI MSA Median Family Income (31540)				
2021 ($99,000)	<$49,500	$49,500 to <$79,200	$79,200 to <$118,800	≥$118,800
2022 ($111,800)	<$55,900	$55,900 to <$89,440	$89,440 to <$134,160	≥$134,160
2023 ($117,100)	<$58,550	$58,550 to <$93,680	$93,680 to <$140,520	≥$140,520
Source: FFIEC				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. According to the 2020 U.S. Census, there are 16,800 housing units in the AA. Of these, 72.3 percent are owner-occupied, 22.1 percent are occupied rental units, and 7.6 percent are vacant. The two moderate-income CTs in Iowa County contain 3,053 total housing units. Of these, 65.5 percent are owner-occupied, 19.4 percent are rental units, and 15.1 percent are vacant. This data aids in determining potential lending opportunities for home mortgage-related loans within the AA.

During the evaluation period, annual home sales declined, while the median home prices rose considerably. The following table provides home sales and cost data. This information indicates that housing affordability may be challenging for low- and moderate-income individuals.

Home Sales and Median Housing Prices						
County	**Total Annual Sales**			**Median Sale Price**		
	2021*	**2022***	**2023***	**2021***	**2022***	**2023***
Iowa	285	276	228	220,000	252,500	252,500
Dane	9,007	7,673	6,164	351,000	385,000	410,000
*Source: Wisconsin Realtors Association; *Denotes year-end figures*						

The analysis of small farm loans under the Borrower Profile criterion also analyzes the distribution of such loans by GAR levels. According to the 2023 D&B data, there were 515 reporting farms in the AA. Of these, 142 (27.6 percent) are within the two moderate-income CTs of Iowa County.

In Iowa and Dane Counties, the number of farms continues to decrease. This is generally consistent with purchasing and consolidation of small farms. Furthermore, the census data shows that while the average market value of products sold has increased substantially over the last five years, the average market value of land and buildings also substantially increased, more so in Iowa County. This information provides insight to the decreased opportunities and higher costs to small farms. Refer to the below table for additional AA farm data.

Assessment Area Agriculture Data – By County				
Census Data	**Iowa County**	**% Change***	**Dane County**	**% Change***
Number of Farms	1,534	(2.7)	2,284	(11.0)
Average Farm Size (acres of land)	244	6.6	197	0.0
Average Market Value of Land & Buildings	$1,559,500	40.3	$1,855,202	14.0
Market Value of Agriculture Product Sold	$207,686	58.4	$286,072	44.2
*Source: 2022 USDA Census of Agriculture; *Denotes change from the 2017 USDA Census of Agriculture*				

Notably, there are differences in the reported number of farms based on D&B data and the agricultural census. While the lending test relies on demographic information obtained from D&B for comparative purposes, the 2022 census also provides insight into potential demand and opportunities for banks.

Competition

The AA has moderate competition in its market for financial services. As of December 31, 2023, the FDIC Deposit Market Share data reflects eight financial institutions operating 16 offices within the AA. FSB operates six of these locations and ranked first with a deposit market share of 42.5 percent.

The bank is not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analyses of small business loans do not include comparisons to aggregate data.

The aggregate data, however, is an indicator of the level of demand, opportunities and competition for such loans in the AA, and it is therefore included here. The aggregate data only includes loans originated by reporting banks.

Small business aggregate data for 2022 (the most recent year available) shows that 96 institutions reported 9,963 small business loans in the AA counties. However, the inclusion of Dane County substantially skews the data, as the AA only includes two CTs in Dane County. In Iowa County, 35 lenders reported 294 small business loans, indicating a moderate degree of competition for this product.

There is a strong level of competition for home mortgage loans among the various banks, credit unions, and non-depository mortgage lenders within and near the AA. Based on the reported HMDA loans, the 2022 aggregate data shows that 137 financial institutions originated 1,261 mortgage loans in the AA. FSB ranked third by number, with a market share of approximately 7.2 percent. The bank's average loan size was $173,000 compared to the $209,000 average loan size for the combined aggregate reporters.

Similar to small business lending, the bank does not collect or report its small farm loan data, and performance is not directly compared to aggregate data. Still, the aggregate data is an indicator of the level of demand, opportunities, and competition for small farm loans in the AA, and it is therefore included here. The aggregate data only includes loans originated by reporting banks. Aggregate data for 2022 (the most recent year available) shows that 21 institutions reported 345 small farm loans in the AA counties. However, the inclusion of Dane County skews the data significantly. In Iowa County, 18 lenders reported 96 small farm loans, indicating a modest degree of competition for this product.

Additionally, the bank's Edmund branch is located in one of the two AA moderate-income CTs. Edmund has a population of only 129 people (2020 Census). This population level has decreased from 173 at the 2010 Census (25.4 percent). Edmund does not have a designated business district, and is a predominantly rural and agricultural community. It is within three to thirteen miles of several other predominantly small, rural communities (examples include Cobb, Dodgeville, Highland, Livingston, and Mineral Point) in the moderate-income CTs. These communities have other financial institutions serving the area. Financial institutions in Monfort, Livingston, Cobb, and Highland are located in or serving the moderate-income CTs; while the financial institutions, as well as credit unions and the Farm Service Agency, in the adjacent middle-income CTS (Dodgeville and Mineral Point) also compete for financial products and services. Since Edmund, and other communities in the moderate-income CTs, do not have large employers, residents typically commute to other communities for jobs. These commuters typically bank in the communities where their jobs are due to convenience (as supported by the community contact comments, below).

Community Contact

As part of the evaluation process, examiners use information obtained from third parties active in the AA to assist in identifying the credit and community development needs and opportunities. This information helps determine whether local financial institutions are responsive to these needs. Examiners obtained information from a government-planning agency that serves Iowa County.

The contact stated that the area relies heavily on tourism and agriculture. The contact mentioned that there is currently very little economic and residential development occurring in Iowa County. There are opportunities for business development in any of the several industrial parks throughout Iowa County, as well as room for residential development. However, the contact said that developers are not as willing to develop in the rural areas, as they would in the more metropolitan areas, primarily due to costs, lack of qualified labor, and business/financing risks.

The contact said that small business start-ups struggle to obtain financing and flexible funding that would work for their needs. The contact mentioned that the area needs more small business start-up financing, capital funding, along with flexible financing with less paper work involved (which is a common deterrent). The contact further noted that labor shortages (lack of qualified labor force) are a hindrance for the county in attracting new businesses, as well as for current business expansions. The contact stated that since the COVID-19 pandemic, businesses have recovered. While some small businesses closed, the contact further stated that there were not many in Iowa County that could have closed in the first place, due to a lower presence of small business activity in the county.

The contact also stated that housing stock in the area is very limited, and that there is a need for more housing of all sizes and values in the county, especially for affordable housing. The contact commented that housing costs are high, and people of low- or moderate-income status are typically not able to afford current, higher-end housing stock or new construction. The contact further stated that although there are plans through local community development organizations to address these issues, they have not yet come to fruition.

In addition, the contact stated that there is a general need for financing of small farms. The contact further said that land values continue to increase as well. The contact noted that another trend is that retiring farmers typically sell to neighboring farms, since the younger generation is less disposed to taking over the family farm. This has resulted in larger farms over the past few years. Some farmers lease land for newer solar and wind farm projects in an effort to keep the farmland within the family. Overall, the contact stated that it is rare to have a new farm start-up.

Finally, the contact confirmed that the western half of Iowa County is more rural, predominantly farmland, and has very little business districts and employment opportunities in the smaller communities located there. For this reason, non-farm residents tend to commute to other communities inside and outside the county for employment. The contact said that, for convenience, residents of that area tend to conduct their banking business in the community where they work. While there are credit and community development needs, given the demographics of the area, the opportunities for such projects are fairly limited in Iowa County. The contact stated that while projects for community development in Iowa County are in the planning stages, the potential opportunities are less than those for surrounding counties and metropolitan areas. The contact did state that if every bank actively engaged in economic development activities, that Iowa County would fare much better overall.

Credit and Community Development Needs and Opportunities

Considering information from bank management, the community contact, as well as AA demographic and economic data, examiners determined that there are credit and community development needs for affordable housing, small businesses, and small farms in the AA; including start-up business financing and more flexible loan programs. This is substantiated by the community contact comments, as well as area housing costs compared to MFI levels of low- and moderate-income people. Based on demographic data and community contact information, examiners also conclude that there is a need for small business loans, for purchase and start-ups, ongoing operations, and expansions. The number of businesses with GARs of $1 million and less and consisting of four or fewer employees also supports this conclusion. The AA also has opportunities for community development through community development loans, investments and donations, and services. However, as substantiated by the community contact, limited opportunities exist when compared to surrounding counties.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate the bank's performance from July 12, 2021, to May 6, 2024. These procedures consist of the Lending Test and the Community Development Test. The Appendix details the performance criteria for these tests, while the Glossary provides pertinent definitions. Banks must achieve a rating of at least "Satisfactory" under each test to obtain an overall "Satisfactory" rating.

This evaluation does not include any lending activity performed by affiliates, as the bank does not have any affiliates that are involved in lending activities. For comparison purposes, and as applicable, examiners relied on 2015 ACS data, 2020 U.S. Census data, 2021 and 2022 HMDA aggregate data (most recent available), 2023 D&B demographic data, and performances of similarly situated institutions (SSIs). The bank's CRA performance was also analyzed in relation to the bank's performance context, which includes (but is not limited to) bank size and structure, financial condition, loan mix, resources, limitations, AA demographics, economic factors, competition, loan demand, and available opportunities.

Activities Reviewed

Examiners determined that the bank's major product lines are small business, home mortgage, and small farm loans. This conclusion considered the bank's business strategy, the number and dollar volume of loans originated during the evaluation period, and management comments. Based on these considerations, small business lending performance received greatest consideration and carried the most weight when arriving at overall conclusions. Residential lending carried the second highest weight, while small farm performance received the least weight of the three products. No other types of loan products, such as consumer, represent a major product line and, therefore, they were not considered in this evaluation. Bank records and discussions with management indicate that the small business and small farm lending activity remained fairly consistent throughout the evaluation period. However, home mortgage loan originations have declined during the evaluation period.

For small business and small farm loans, examiners reviewed the full universe of loan originations occurring from January 1, 2023 through December 31, 2023. This activity is considered representative of the bank's general lending performance for these categories of loans throughout the evaluation period. Examiners also analyzed the full universe of 2021, 2022, and 2023 HMDA-reported loans. The universe for each loan product is detailed below.

Product	Universe	
	Number	Dollar Volume $(000)
Small Business	197	21,615
Home Mortgage		
2021	256	48,250
2022	128	23,830
2023	74	11,636
Small Farm	61	4,626
Source: Bank Records; Reported HMDA Data		

For the Lending Test, examiners analyzed the number and dollar volume of small business, home mortgage, and small farm loans. While both the number and dollar volume of loans are presented, examiners emphasized performance by number of loans originated, as that is a better indicator of the number of small businesses, individuals, and small farms served.

D&B data for 2023 provided a standard of comparison for the small business and small farm loan performances. For home mortgage loans, 2021 HMDA lending performance is analyzed using the 2015 ACS and 2010 Census boundary data. Data from 2022 and 2023 is compared to 2020 U.S. Census data. Examiners focused more on the comparison to aggregate data for the home mortgage loan analyses, as aggregate data provides an insight to the demand and competition for home mortgage loans within the AA.

For the lending test rating, examiners gave more weight to the Borrower Profile criterion than to the other criteria. The Borrower Profile criterion provides a better indicator of the category of borrower benefitting from the loans (such as smaller businesses, low- and moderate-income individuals, and smaller farms).

Banks evaluated under Intermediate Small Institution Examination Procedures may choose to have their small business loans evaluated under the Community Development Test instead of the Lending Test if they meet the definition of community development. Accordingly, examiners adjusted the universe of small business loans under the Lending Test to preclude double counting the small business loan activity.

For the Community Development Test, management provided data on community development loans, qualified investments and donations, and community development services occurring since the previous CRA evaluation through May 6, 2024. Examiners considered both the number and dollar volume of these activities (as applicable). All outstanding qualified investments that were purchased prior to the previous evaluation are included at their current book values. Quantitative consideration is given to these activities based on the bank's financial capacity, level of activity, comparison to SSIs' activities, trends from the prior examination, and other such factors. Qualitative consideration is given based on AA opportunities, competition, community contact information, the extent to which the activity benefits to the AA, and other such factors.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated "Satisfactory." The bank's performance under each Lending Test criteria supports this conclusion. See below analyses for performance details.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AA credit needs and opportunities. The bank's LTD ratio, calculated from Call Report data, averaged 54.1 percent over the past 11 quarters from September 30, 2021, to March 31, 2024. The ratio ranged from a low of 49.7 percent as of March 31, 2022, to a high of 58.2 percent as of September 30, 2023, and has been slightly improving during the evaluation period. Since July 13, 2021, FSB originated 122 secondary market loans totaling $28.8 million, which are generally not included in the LTD ratio due to their sale. However, it is worth noting that such lending activity would enhance similarly situated institutions' (SSIs) ratios as well.

Although on the low end of the SSIs' range of ratios, FSB's LTD ratio is reasonably comparable as shown in the following table. Notably, most of the SSIs have experienced declines in their ratios since their respective examinations. Examiners selected SSIs based on their asset size, banking structure, geographic location, product mix, lending focus, and comments from management.

(LTD) Ratio Comparison		
Bank	**Total Assets as of 3/31/2024 ($000s)**	**Average Net LTD Ratio (%)**
Farmers Savings Bank	**407,551**	**54.1**
Clare Bank*	321,408	46.2
Peoples Community Bank	359,485	60.4
Community First Bank	592,807	69.7
Bank of New Glarus	491,682	78.8
Woodford State Bank*	435,406	80.4
Farmers & Merchants Union Bank	509,099	81.2
Mound City Bank	483,655	87.2
Source: Reports of Condition and Income 9/30/2021 - 3/31/2024 **Denotes bank-selected SSIs*		

Assessment Area Concentration

FSB originated a majority of its small business, home mortgage, and small farm loans, by number and dollar volume, within its AA. While a slight majority of the dollar amount of home mortgage loans is outside of the AA in 2023, this was isolated during the evaluation period, as the prior two years had the majority of dollar amounts within the AA. Refer to the following table for details.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total**	**Dollar Amount of Loans**				**Total**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**	**#**	**$**	**%**	**$**	**%**	**$**
Small Business										
2023	145	73.6	52	26.4	197	15,569	72.0	6,046	28.0	21,615
Home Mortgage										
2021	194	75.8	62	24.2	256	35,060	72.7	13,190	27.3	48,250
2022	91	71.1	37	28.9	128	15,765	66.2	8,065	33.8	23,830
2023	43	58.1	31	41.9	74	5,669	48.7	5,966	51.3	11,636
Subtotal	**328**	**71.6**	**130**	**28.4**	**458**	**56,494**	**67.5**	**27,221**	**32.5**	**83,716**
Small Farm										
2023	45	73.8	16	26.2	61	3,460	74.8	1,166	25.2	4,626
Source: Bank Data *Due to rounding, totals may not equal 100.0%*										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Examiners gave heavier consideration to the bank's distribution of small business loans, followed by home mortgage loans, given that they are the bank's predominant lending emphases.

Small Business Loans

FSB's geographic distribution of small business loans throughout the AA reflects reasonable dispersion among CTs of various income levels. Details and support for this conclusion follow.

Geographic Distribution of Small Business Loans					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Moderate					
2023	14.2	10	6.9	1,006	6.5
Middle					
2023	85.8	135	93.1	14,563	93.5
Totals					
2023	**100.0**	**145**	**100.0**	**15,569**	**100.0**
Sources: 2023 D&B Data; Bank Data *Due to rounding, totals may not equal 100.0%.*					

While the performance in moderate-income CTs trails the percentage of businesses by 7.3 percentage points, examiners considered additional factors in determining that performance is reasonable. For example, FSB's Edmund office, which is located in a moderate-income CT, is in a very small community with no designated business district. Based on D&B data, the two rural moderate-income CTs include a combined 494 small businesses. The number of small businesses in the area substantiate limited opportunities, as not all businesses are in the market for financial services. There is competition from other nearby financial institutions located in both AA moderate-income CTs (as discussed previously). Additionally, as five of the six banking offices are in middle-income CTs, and six of the eight CTs are middle-income, it is reasonable to expect that a strong majority of the bank's loans would be originated in the AA middle-income geographies. Finally, a review of the bank's dispersion of small business loans throughout the AA did not reveal any concerns.

Overall, considering the AA demographics, D&B data, office locations, competition, credit needs and opportunities, and community contact comments, FSB's distribution of small business loans throughout the AA geographies is reasonable.

Home Mortgage Loans
The geographic distribution of home mortgage loans is reasonable. FSB's lending performance is below the presented demographics for all three years; however, the bank's performance is consistent with 2021 aggregate data, and is above 2022 aggregate data. There is a noted decrease in FSB's 2023 lending performance in the moderate-income CTs. However, that performance is reasonably in line with the bank's 2021 and 2022 performance levels. Considering all three years' performance levels, as well as AA demographics, opportunities, competition, and office locations, the home mortgage geographic distribution is reasonable.

Geographic Distribution of Home Mortgage Loans

Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	$(000s)	%
Moderate						
2021	18.9	9.9	19	9.8	2,645	7.5
2022	16.9	9.7	11	12.1	1,895	12.0
2023	16.9	--	3	7.0	430	7.6
Middle						
2021	81.1	90.1	175	90.2	32,415	92.5
2022	83.1	90.3	80	87.9	13,870	88.0
2023	83.1	--	40	93.0	5,239	92.4
Totals						
2021	**100.0**	**100.0**	**194**	**100.0**	**35,060**	**100.0**
2022	**100.0**	**100.0**	**91**	**100.0**	**15,765**	**100.0**
2023	**100.0**	**--**	**43**	**100.0**	**5,669**	**100.0**

Sources: 2015 ACS; 2020 U.S. Census; Bank Data; 2021 and 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%.

Small Farm Loans

The geographic distribution of small farm loans throughout the AA reflects reasonable dispersion among CTs of various income levels. Details follow.

Geographic Distribution of Small Farm Loans					
Tract Income Level	**% of Farms**	**#**	**%**	**$(000s)**	**%**
Moderate					
2023	27.3	9	20.0	374	10.8
Middle					
2023	72.7	36	80.0	3,086	89.2
Totals					
2023	**100.0**	**45**	**100.0**	**3,460**	**100.0**
Source: 2023 D&B Data; Bank Data *Due to rounding, totals may not equal 100.0%*					

FSB's small farm lending performance is below, but reasonably in line with, the percentage of farms in the moderate-income CTs. Examiners considered several factors in arriving at the overall reasonable performance conclusion. First, the percentage of these loans within moderate-income CTs, by number, has increased from the prior performance level of 8.0 percent. In addition, as noted previously, there is a high level of banking competition in and near the moderate-income geographies. It is difficult for the Edmund branch (located in a moderate-income CT) to attract new customers given the availability of multiple, competing area banks, particularly the Farm Service Agency located in Dodgeville. Additionally, the Edmund branch obtains little of the overall bank and market share of total deposits and loans, as the community is extremely small and that office operates without a resident lender. Furthermore, considering the community contact comments as noted previously, Edmund area residents tend to bank where they work. Finally, a review of the bank's dispersion of small farm loans throughout the AA did not reveal any concerns.

Overall, considering the limited farms in the AA moderate-income CTs, office locations, competition, credit needs and opportunities, and additional factors noted above, the distribution of small farm loans throughout the AA geographies is reasonable.

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among businesses and farms of various sizes and individuals of different income levels in the AA. The bank's reasonable performance for both the small business and small farm loans, and excellent performance for the home mortgage loans, support this conclusion. For the small business and small farm loan analyses, examiners focused on the percentage by number of loans to businesses and farms with GARs of $1 million or less, using D&B demographics as a comparator. The analysis of home mortgage loans focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers, and comparisons to aggregate data.

Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses with GARs of $1 million or less. Details of the bank's lending performance for 2023 follows.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2023	88.9	113	77.9	13,793	88.6
>$1,000,000					
2023	2.7	32	22.1	1,776	11.4
Revenue Not Available					
2023	8.4	0	0.0	0	0.0
Totals					
2023	**100.0**	**145**	**100.0**	**15,569**	**100.0**
Sources: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%					

By number, FSB's lending to businesses with GARs of $1 million or less is below, but reasonably in line with, the percentage of businesses. Notably, the amount of lending by dollar volume is comparable to the percentage of businesses. Overall, considering the AA demographics, D&B data, credit needs, area competition, and both number and dollar volume performance levels, the bank's distribution of small business loans reflects reasonable penetration among businesses of different sizes.

Home Mortgage Loans

FSB's distribution of home mortgage loans reflects excellent penetration among individuals of different income levels, particularly those designated low- and moderate-income. FSB's lending to low-income borrowers is higher than aggregate performance levels for 2021 and 2022. Aggregate data is not available for 2023. However, the bank's performance in lending to low-income borrowers in 2023 exceeds the presented demographics and increased notably from 2022 levels. This is excellent performance considering the poverty level, limited affordable housing stock, and housing costs for the area, as noted previously.

FSB's lending to moderate-income borrowers is slightly above the demographic data and aggregate performance level in 2021. The bank's performance to these borrowers increased significantly in 2022 to be well above demographic data (by 9.3 percentage points) and aggregate levels (by 6.9 percentage points). Aggregate data is not available for 2023; however, the bank's performance in lending to moderate-income borrowers during this year is significantly above the presented demographics (by 11.1 percentage points), and resulted in an increase from the noted strong 2022 level. Overall, considering the AA demographics (including housing data noted above), competition, credit needs, opportunities, and performance levels for each year, the bank's distribution of loans to individuals of different income levels is excellent.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	21.6	10.9	30	15.5	3,210	9.2
2022	17.8	13.7	13	14.3	1,455	9.2
2023	17.8	--	8	18.6	670	11.8
Moderate						
2021	20.4	20.8	45	23.2	6,785	19.4
2022	21.5	23.9	28	30.8	3,830	24.3
2023	21.5	--	14	32.6	1,606	28.3
Middle						
2021	24.4	26.2	60	30.9	11,200	31.9
2022	27.0	25.1	21	23.1	3,825	24.3
2023	27.0	--	8	18.6	1,161	20.5
Upper						
2021	33.5	33.8	52	26.8	12,300	35.1
2022	33.7	29.6	20	22.0	4,360	27.7
2023	33.7	--	8	18.6	1,593	28.1
Not Available						
2021	0.0	8.3	7	3.6	1,565	4.5
2022	0.0	7.8	9	9.9	2,295	14.6
2023	0.0	--	5	11.6	640	11.3
Totals						
2021	**100.0**	**100.0**	**194**	**100.0**	**35,060**	**100.0**
2022	**100.0**	**100.0**	**91**	**100.0**	**15,765**	**100.0**
2023	**100.0**	--	**43**	**100.0**	**5,669**	**100.0**

Sources: 2015 ACS; 2020 U.S. Census; Bank Data, 2021 and 2022 HMDA Aggregate Data, "--" data not available
Due to rounding, totals may not equal 100.0%

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms with GARs of $1 million or less. The percentage of loans, by number, is consistent with the percentage of small farms in the AA. This is reasonable performance considering demographics, AA competition, and credit needs and opportunities.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Farms**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2023	98.8	44	97.8	2,960	85.5
>$1,000,000					
2023	1.0	1	2.2	500	14.5
Revenue Not Available					
2023	0.2	0	0.0	0	0.0
Totals					
2023	**100.0**	**45**	**100.0**	**3,460**	**100.0**
Source: 2023 D&B Data; Bank Data *Due to rounding, totals may not equal 100.0%*					

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation. Therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

A "Satisfactory" rating is assigned under the Community Development Test. FSB has demonstrated adequate responsiveness to the community development needs of its AA through community development loans, qualified donations, and community development services. Examiners considered the bank's capacity, as well as the need for and availability of such opportunities. The below information does not describe changes since the previous evaluation, because this is FSB's first evaluation under the Community Development Test.

Community Development Loans

In the 11 calendar quarters since the previous evaluation, FSB originated or renewed 88 community development loans totaling approximately $10.2 million during the evaluation period. This level of activity represents 2.5 percent of total assets and 4.9 percent of net loans.

Examiners also considered the bank's community development lending activities in the broader statewide regional area (BSRA). FSB originated an additional seven qualified loans in the BSRA. The qualifying loans in the BSRA increase the total level of community development lending activity to 95 loans totaling $12.2 million. This represents 3.0 percent of total assets and 5.9 percent of net loans. The following table shows the community development loan activity by purpose, area, and year.

Community Development Lending by Assessment Area										
Assessment Area	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
AA Activities	0	0	3	576	82	9,470	3	125	**88**	**10,171**
BSRA Activities	1	784	1	550	5	713	0	0	**7**	**2,047**
Total	**1**	**784**	**4**	**1,126**	**87**	**10,183**	**3**	**125**	**95**	**12,218**
Source: Bank Data										

Community Development Lending by Year										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
2021 (Partial)	0	0	2	426	16	3,461	0	0	**18**	**3,887**
2022	0	0	0	0	37	2,608	2	85	**39**	**2,693**
2023	0	0	2	700	26	2,989	1	40	**29**	**3,729**
2024 (YTD)	1	784	0	0	8	1,126	0	0	**9**	**1,910**
Total	**1**	**784**	**4**	**1,126**	**87**	**10,183**	**3**	**125**	**95**	**12,218**
Source: Bank Data; 2021 data is from last evaluation, July 12, 2021; 2024 data is to current exam date. Rounding may affect totals.										

Examiners compared the bank's level of community development lending with five SSIs evaluated as at least Satisfactory under the Community Development Test. Lending activity of SSI's showed highs of 7.2 percent of total assets and 10.1 percent of net loans with lows of 4.3 percent of total assets and 6.1 percent of net loans.

FSB's community development loans as a percent of total assets and net loans trails the SSIs' performance. Despite this, FSB demonstrated responsiveness to AA credit needs and examiners also considered qualitative aspects of FSB's community development lending. While there is variability in the number of calendar quarters for each SSI's community development loan performances, FSB originated more qualifying loans (by number) than these SSIs, which ranged from 18 to 57 loans. FSB's total number of loans exceeds the number of qualifying loans originated by the highest ranking SSI by 38. Notably, FSB originated or renewed 63 community development loans with amounts below $100,000. This type of lending is reflective of the needs of the small farms and small businesses in the AA, many of which would not need higher dollar loans. When considering the AA demographics, credit needs and opportunities, as well as competition, the bank's community development lending is responsive to AA credit needs.

Notable FSB community development lending activity during the evaluation period includes:

- A substantial number of small loans to businesses with less than four employees with the purpose to create and/or retain low- and moderate-income jobs;
- Several loans for the purpose of developing infrastructure within moderate-income CTs and/or Tax Increment Financing (TIF) Districts, to attract and retain small businesses; and,
- Numerous loans for start-up businesses and farms that created low- and moderate-income jobs.

Qualified Investments

FSB made 46 qualified donations totaling approximately $71,000 within the AA. FSB did not make any qualified investments inside of the AA since the prior evaluation. The dollar amount of total qualified investments equates to less than 0.1 percent of total assets, less than 0.1 percent of total securities, and 0.2 percent of equity capital in the 11 quarters since the prior evaluation.

The bank made an additional 17 qualified investments, totaling $8.7 million, which were outside the AA, but in the BSRA. These additional BSRA investments represents 27.0 percent of all qualified investments and donations by number, and 99.2 percent by dollar volume. Examiners considered qualified investments within the BSRA as the bank has at least reasonably served the AA with community development activities. When considering activities in the BSRA, the dollar amount of total qualified investments equates to 2.2 percent of total assets, 6.3 percent of total securities, and 23.6 percent of total equity capital in the 11 quarters since the prior evaluation.

The following table shows the community development investment activity by purpose, area, and year.

Qualified Investments by Area

Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	$(000)	#	$(000)	#	$(000)	#	$(000s)	#	$(000)
AA	0	0	30	39	5	15	11	16	**46**	**71**
BSRA	1	1,650	12	6,304	3	570	1	200	**17**	**8,724**
Total	**1**	**1,650**	**42**	**6,344**	**8**	**585**	**12**	**216**	**63**	**8,795**

Source: Bank Data; Rounding may affect totals.

Qualified Investments

Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
Prior Period	0	0	11	5,625	3	570	1	200	**15**	**6,395**
2021 (Partial)	0	0	1	680	0	0	0	0	**1**	**680**
2022	0	0	0	0	0	0	0	0	**0**	**0**
2023	1	1,650	0	0	0	0	0	0	**1**	**1,650**
2024 (YTD)	0	0	0	0	0	0	0	0	**0**	**0**
Subtotal	**1**	**1,650**	**12**	**6,304**	**3**	**570**	**1**	**200**	**17**	**8,724**
Qualified Grants & Donations	0	0	30	39	5	15	11	16	**46**	**71**
Total	**1**	**1,650**	**42**	**6,344**	**8**	**585**	**12**	**216**	**63**	**8,795**

Source: Bank Data; Rounding may affect totals.

Examiners compared FSB's qualified investment performance to five SSIs. FSB's ratios for total qualified investments as a percent of total assets and as a percent of total equity capital are slightly higher than, but comparable to, the performance levels of the five SSIs that were rated "Satisfactory" for their respective Community Development Tests. FSB's ratio of qualified investments as a percent of total securities was within the range of the SSIs' performance levels. For qualified investments as a percent of total assets, the SSIs had ratios ranging from 0.1 percent to 1.7 percent. For qualified investments as a percent of total securities, the SSI's ratios ranged from 0.2 percent to 11.4 percent. Lastly, for qualified investments as a percent of equity capital, the SSIs ratios ranged from 0.4 percent to 15.1 percent.

While FSB only made donations within the AA, the activity is considered responsive to the AA community development needs. As substantiated by the community contact, there are limited opportunities for investments with larger community development organizations within the AA, and significant competition within the AA for these activities. FSBs activities are consistent with the AA opportunities. The investments in the BSRA further supplement FSB's investment activities, as most projects benefited schools with low- and moderate-income students (which the AA has none) and multifamily affordable housing projects (there are no such formal initiatives in the evaluation period within the AA). Notably, all BSRA investments but two are prior period investments. While FSB has committed to making community development investments that benefit the AA, and actively seek to do so, such opportunities are limited.

Notable FSB community development investment activity during the evaluation period includes:

- Seven donations, totaling $7,530, to a local health facility that provides free healthcare to low- and moderate-income people.
- A $10,000 donation to a local economic development organization which loans money to small businesses and startups in Iowa County, promoting job creation and retention.
- Various investments to support projects benefitting schools with predominantly low- and moderate-income students.

Community Development Services

During the evaluation period, 12 FSB staff members provided 44 qualified instances of community development services to 24 different entities within the AA. The following table illustrates the bank's qualified community development services by year and purpose.

Community Development Services					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
2021 (Partial)	2	0	3	0	**5**
2022	2	3	3	0	**8**
2023	1	14	7	0	**22**
2024 (YTD)	1	4	4	0	**9**
Total	**6**	**21**	**17**	**0**	**44**
Source: Bank Data					

The five SSIs noted previously were used as comparators for FSB's community development service performance. The SSIs had community development services ranging from 10 to 56. FSB's performance is comparable to those with satisfactory ratings under the Community Development Test.

The following are examples of notable FSB community development services during the evaluation period:

- One employee audits financial records for a food pantry that provides free food to low- and moderate-income individuals.
- One employee serves on a committee that promotes economic development initiatives for small businesses and affordable housing programs for low- and moderate-income people.
- Two employees participated in financial literacy events to local high schools, which included school districts serving the moderate-income geographies of Iowa County.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
3) The geographic distribution of the bank's loans;
4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

1) The number and amount of community development loans;
2) The number and amount of qualified investments;
3) The extent to which the bank provides community development services; and
4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

GLOSSARY

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

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

1. Support affordable housing for low- and moderate-income individuals;
2. Target community services toward low- and moderate-income individuals;
3. Promote economic development by financing small businesses or farms; or
4. Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

(1) Has as its primary purpose community development; and

(2) Except in the case of a wholesale or limited purpose institution:

(i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and

(ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

(1) Has as its primary purpose community development;

(2) Is related to the provision of financial services; and

(3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

Consumer Loan(s): 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: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

(1) An unemployment rate of at least 1.5 times the national average;
(2) A poverty rate of 20 percent or more; or
(3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

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

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

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

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

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

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.