

PUBLIC DISCLOSURE

May 5, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

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

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

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

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Outstanding

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

The bank's Lending Test rating is Satisfactory based on the following criteria:

- The bank's level of lending to borrowers of different income levels and to businesses and farms of different sizes is reasonable.
- The geographic distribution of the bank's loans reflects an excellent dispersion throughout the AAs.
- The net loan-to-deposit ratio is reasonable given the bank's size and financial condition, and the credit needs of the AAs.
- The bank originated a majority of its loans within its AAs.

The bank's Community Development Test rating is Outstanding based on the following criteria:

- The bank's performance demonstrates excellent responsiveness to the community development needs of its AAs. The bank's overall level of community development loans and qualified investments and donations is excellent. The bank's community development services are adequate.

The bank received an Outstanding rating at the previous evaluation, dated March 29, 2021.

SCOPE OF EVALUATION

The evaluation of the bank's CRA performance is based in part on information provided by bank management and community contacts. Examiners analyzed information from these sources, as well as economic and demographic characteristics, competitive factors, and the size and financial condition of the bank, to understand and evaluate the bank's performance. The CRA evaluation covers the period from December 1, 2020, to December 31, 2024.

Examiners performed a full-scope review of the Eau Claire metropolitan statistical area (MSA) AA and the Durand AA based on the June 30, 2024, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data, as well as bank-provided lending data. According to those data sources, approximately 65.3% of the bank's total deposits and 62.6% of the bank's loans by number are in the Eau Claire MSA (45.5%) and Durand (17.1%) AAs. Examiners conducted limited-scope reviews of the River Falls MSA, Black River Falls, and Ladysmith AAs.

Examiners weighed the bank's performance as follows for the overall rating:

- Examiners assigned more weight to the bank's Community Development Test than to the Lending Test. The weighting reflects the opportunities for community development loans and investments, specifically donations, and the bank's volume of those activities.
- For the Lending Test, examiners placed the greatest weight on the bank's distribution of loans to borrowers of different income levels and to businesses and farms of different sizes, followed by

geographic distribution. Examiners placed equal weight on the remaining criteria. In the Eau Claire MSA AA, examiners placed equal weight on HMDA and small business loans as the bank actively originates residential real estate and small business loans in the AA. In the Durand AA, examiners only reviewed small farm loans.

- Examiners weighed the bank's performance in the Eau Claire MSA AA more than in the Durand AA primarily based on lending volume and community development opportunities.

Throughout the evaluation, examiners used demographic characteristics to evaluate the bank's record of lending in the individual AAs. Sources for demographic information are primarily the Federal Financial Institutions Examination Council (FFIEC) adjusted census data and 2024 Dun & Bradstreet data.

Assessment area demographics are useful in analyzing the bank's lending because they provide a means of estimating lending opportunities. Examiners used self-reported data collected and published by Dun & Bradstreet regarding the revenue size and location of businesses and farms to assess small business and small farm lending. The demographic data does not define an expected level of lending in a particular area or to a particular group of borrowers.

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

Lending Test Scope

The scope of the Lending Test covers the bank's major product lines, consisting of residential real estate, small farm, and small business loans. The table below shows the composition of the bank's loan portfolio as of March 31, 2025.

Composition of Loan Portfolio as of March 31, 2025		
Loan Type	\$(000)	%
Residential Real Estate	87,724	12.8
Commercial	385,369	56.3
Agricultural	196,322	28.7
Consumer	13,203	1.9
Other	2,310	0.3
Gross Loans	684,928	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The Lending Test is based, in part, on a statistical sample of the bank's small business and small farm loans. The loan samples include 119 small business loans and 106 small farm loans originated between January 1, 2024, and December 31, 2024. Because the bank has offices in an MSA and is required to report Home Mortgage Disclosure Act (HMDA) loans, examiners also analyzed the bank's 2022 and 2023 HMDA-reportable loans. Examiners reviewed the bank's 2021 HMDA lending for consistency with the 2022 and 2023 data but did not include a detailed analysis of the 2021 data in this evaluation. Additionally, examiners compared the bank's HMDA lending to that of aggregate lenders who originated or purchased HMDA loans in the AAs.

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

- Lending to borrowers of different income levels and to businesses and farms of different sizes.
- Geographic distribution of loans.
- Net loan-to-deposit ratio.

- Lending inside the AAs.
- The bank's record of responding to complaints about its CRA performance.

The bank did not receive any CRA-related complaints during the evaluation period.

Community Development Test Scope

Examiners reviewed the bank's community development lending, qualified investments, and community development services for each AA and for larger regional or statewide areas that include the bank's AAs. Examiners based the Community Development rating on the bank's community development activities occurring from December 1, 2020, through December 31, 2024.

DESCRIPTION OF INSTITUTION

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

Offices and Retail Delivery Systems. The bank operates eight full-service offices in Wisconsin: the main office in Durand and branch offices in Eau Claire, Bloomer, River Falls, Black River Falls, Alma Center, and Ladysmith. The bank merged with Jackson County Bank, Black River Falls, in August 2021, resulting in the addition of three branches: one in Alma Center and two in Black River Falls.¹ The bank operates cash-dispensing-only ATMs at its main office and the Bloomer and Black River Falls branches, for a total of four ATMs.

Loan Portfolio. According to the March 31, 2025, Report of Condition, the bank's assets total \$970.4 million, which is a 55.5% increase since the previous evaluation. The bank's \$684.9 million loan portfolio consists of 56.3% commercial, 28.7% agriculture, 12.8% residential real estate, 1.9% consumer, and 0.3% other loans. The overall composition of the loan portfolio has remained relatively consistent since the previous evaluation. The loan portfolio increased by 66.4% since the previous evaluation.

Credit Products. The bank provides a variety of closed- and open-end commercial, agricultural, residential real estate, and consumer loan products. Additionally, the bank continues to participate in Small Business Administration (SBA) and Farm Service Agency guaranteed loan programs.

DESCRIPTION OF ASSESSMENT AREAS

The bank designates five AAs in Wisconsin for CRA purposes: Eau Claire MSA, Durand, River Falls MSA, Black River Falls, and Ladysmith. The Eau Claire MSA AA is defined as Chippewa and Eau Claire counties; these counties comprise the Eau Claire, Wisconsin MSA. The Durand AA includes all of Pepin County and portions of Buffalo and Dunn counties. The River Falls MSA AA includes Pierce and St. Croix counties, which comprise a portion of the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin MSA. The Black River Falls AA, which is new since the previous evaluation, includes Jackson County; management designated this AA when the bank merged with Jackson County Bank in 2021. Finally, the Ladysmith AA includes Rusk County. Except for the addition of the Black River Falls AA, management has not changed its AAs delineations since the previous evaluation.

¹ Security Financial Services Corporation acquired Jackson County Bank in November 2020; the acquired bank operated independently as Jackson County Bank until the merger.

The bank's non-MSA AAs, Durand, Ladysmith, and Black River Falls, did not include any middle-income tracts classified as distressed or underserved during the evaluation period. In the bank's AAs, the total number of census tracts and income classification of several tracts changed based on U.S. Census updates. For 2021, the combined AAs consisted of 70 census tracts: 14 moderate-, 51 middle-, and five upper-income tracts. For 2022 through 2024, the combined AAs consisted of 77 census tracts: 14 moderate-, 54 middle-, and nine upper-income tracts. Detailed descriptions of the bank's AAs can be found in the individual AA evaluations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

LENDING TEST

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

- The bank's lending to businesses and farms of different sizes and to borrowers of different income levels is reasonable.
- The geographic distribution reflects an overall excellent dispersion of lending throughout the AAs.
- The net loan-to-deposit ratio indicates a reasonable level of lending.
- The bank originated a majority of its loans within its AAs.

LOAN-TO-DEPOSIT RATIO ANALYSIS

The bank's net loan-to-deposit ratio is reasonable given its asset size, financial condition, and the credit needs and competition in the AAs. As of March 31, 2025, the bank's net loan-to-deposit ratio is 84.3%, which is above the national peer group's net loan-to-deposit ratio of 77.4%. The national peer group consists of all insured commercial banks with assets between \$300 million and \$1 billion. The table below shows the total assets and 17-quarter average net loan-to-deposit ratio for the bank and similarly-situated financial institutions operating in at least one of the bank's AAs.

17-Quarter Average Net Loan-to-Deposit Ratios		
<i>Bank Name and Location</i>	<i>Assets as of March 31, 2025 (in millions)</i>	<i>Average Net Loan-to-Deposit Ratio</i>
Security Financial Bank, Durand, Wisconsin	\$970.4	77.6%
Dairy State Bank, Rice Lake, Wisconsin	\$743.9	45.1%
The Northwestern Bank, Chippewa Falls, Wisconsin	\$687.7	82.4%

The bank's 17-quarter average net loan-to-deposit ratio is 77.6%, which is lower than the bank's 15-quarter average net loan-to-deposit ratio of 89.9% at the previous evaluation. The bank's quarterly net loan-to-deposit ratio has ranged from 66.1% to 88.3% since that evaluation. Bank management indicated its focus on expanding customer relationships to include both loans and deposits when possible. The bank is an active lender in a competitive lending environment.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREAS

The bank originated a majority of its loans, 77.9% of loans by number and 71.9% by dollar amount, within its AAs. The table below shows lending activity by loan type within the AAs.

Lending Inside and Outside the AAs								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	35	74.5	\$2,542	68.9	12	25.5	\$1,146	31.1
Home Purchase - Conventional	185	76.8	\$41,899	74.8	56	23.2	\$14,151	25.2
Multi-Family Housing	19	70.4	\$25,047	60.5	8	29.6	\$16,356	39.5
Other Purpose Closed-End	18	75.0	\$2,670	56.2	6	25.0	\$2,083	43.8
Refinancing	224	85.5	\$35,624	86.2	38	14.5	\$5,724	13.8
Total HMDA related²	481	80.0	\$107,782	73.2	120	20.0	\$39,460	26.8
Total Small Business related	87	72.5	\$17,219	68.1	33	27.5	\$8,072	31.9
Total Small Farm related	76	71.7	\$10,102	65.9	30	28.3	\$5,232	34.1
Total Loans	644	77.9	\$135,103	71.9	183	22.1	\$52,764	28.1
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

The bank's lending activity shows its commitment to meeting the credit needs of the residents, businesses, and farms within its AAs.

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

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

GEOGRAPHIC DISTRIBUTION OF LOANS

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

RECORD OF RESPONSE TO CRA-RELATED COMPLAINTS

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

COMMUNITY DEVELOPMENT TEST

The bank's Community Development Test rating is Outstanding. Overall, the bank's community development activities demonstrate excellent responsiveness to the needs of the AAs.

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

Community Development Loans. The bank's level of community development lending is excellent. The bank made 85 community development loans totaling \$52.6 million during the evaluation period that benefited the bank's AAs. In addition, the bank made five community development loans totaling \$3.5 million that benefited a broader regional or statewide area that included the bank's AAs. The bank originated community development loans in all of its AAs; most of these loans benefited the Eau Claire MSA AA, Ladysmith AA, and River Falls MSA AA. Of the loans benefiting the bank's AAs and a broader regional or statewide area, 72.3% of the loan dollars supported economic development and revitalization or stabilization of qualified areas. Of the remaining loans, the bank also made loans supporting affordable housing and the provision of community services to LMI individuals.

Given the bank's responsiveness, examiners also considered qualified community development loans benefitting geographies outside the bank's AAs. The bank originated 26 community development loans totaling \$26.9 million that benefited areas of Wisconsin and Minnesota outside of the bank's AAs. Most of these loans, by number and by dollar, supported economic development.

Qualified Investments. The bank's level of qualified investments, including donations, is excellent. The bank purchased two investments totaling \$464,771 since the previous evaluation; these investments supported school improvements in a district primarily serving LMI children in the bank's Black River Falls AA.³ During the evaluation period, the bank held several prior-period securities totaling \$2.2 million that benefited its AAs.^{4,5} Specifically, these investments supported community services to LMI individuals in the bank's Eau Claire MSA AA, as well as revitalization or stabilization of qualified areas in the Eau Claire MSA, Durand, and Ladysmith AAs. A portion of the prior-period investments were redeemed or matured during the evaluation period. The majority of the bank's prior-period investments, by number and dollar, were in the Durand AA. The bank did not have any new or prior-period investment securities in the River Falls MSA AA.

Given this responsiveness, examiners can also consider qualified community development investments benefitting geographies outside the bank's AAs. The bank held three prior-period securities totaling \$927,419 that benefited areas in Wisconsin outside of the bank's AAs. In addition, the bank held 12 prior-period securities totaling \$1.7 million that supported capital for small businesses in various states. A portion of these prior-period investments were redeemed or matured during the evaluation period.

The bank made qualified donations in the amount of \$171,662 that benefited its AAs during the evaluation period. By dollar amount, 51.9% of those donations benefited the Eau Claire MSA AA. The bank also made \$86,981 in donations that benefited broader regional or statewide areas that include the bank's AAs. Over 65.0% of these donations helped support the provision of community services to LMI individuals. These donations were impactful given that they helped organizations meet critical needs, such as the provision of food, shelter, healthcare, and literacy programs, as well as the development of job skills and improved adult literacy. The bank also made donations that helped promote economic development, revitalize or stabilize qualified areas, and support affordable housing. Given this responsiveness, examiners can consider qualified community development donations benefitting geographies outside the bank's AAs. The bank also made \$950 in these qualified donations.

³ In 2024, a portion of these securities was subject to partial defeasance and redemption. As part of that occurrence, the bank bought the resulting new investment issuances. The amount of the resulting issuances generally matched the amount of the defeased, redeemed investments.

⁴ In 2022 and 2023, a portion of these prior-period securities was subject to partial defeasance and redemption. As part of that occurrence, the bank bought the resulting new investment issuances. The amount of the resulting issuances generally matched the amount of the defeased, redeemed investments.

⁵ The bank's prior-period investment totals include bank-identified qualified investments obtained from Jackson County Bank during the merger.

Community Development Services. The bank's level of community development services is adequate. The bank provided 53 services in its AAs during the evaluation period. In addition, the bank provided 26 services in a broader regional or statewide area including the AAs; these services mostly impacted regional areas that included a part, or all of, at least two of the bank's AAs. Twenty-one bank employees provided financial expertise to 19 organizations. Bank employees held various leadership positions in these organizations, serving as board, advisory, and committee members. Most of the bank's community development services were provided in the Eau Claire MSA AA and the River Falls MSA AA. Through its community development services in the AAs, the bank primarily served organizations that promoted economic development, provided community services to LMI individuals, helped revitalize or stabilize qualified areas, and to a lesser extent, supported affordable housing.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

METROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE EAU CLAIRE MSA ASSESSMENT AREA

Bank Information. The bank operates two full-service branches in the Eau Claire MSA AA, one each in Bloomer, Wisconsin, and Eau Claire, Wisconsin. Both branches have drive-up facilities; the Bloomer facility has extended weekday and Saturday hours. The Bloomer branch has a cash-dispensing-only ATM.

According to the June 30, 2024, FDIC Deposit Market Share Report, the bank ranked seventh out of 22 financial institutions operating in the Eau Claire, WI MSA, with a 5.5% deposit market share and \$199.1 million in deposits. The deposits in this AA represent 27.3% of the bank's total deposits. Bank management indicated that banking competition in the AA is strong.

Assessment Area. The Eau Claire MSA AA includes Chippewa and Eau Claire counties, which comprise the Eau Claire, WI MSA. The bank has not changed the AA since the previous evaluation; however, the number of census tracts and the income classification of several tracts changed. For 2021, the AA included 31 census tracts: six moderate-, 22 middle-, and three upper-income tracts. For 2022 through 2024, the AA included 34 census tracts: seven moderate-, 20 middle-, and seven upper-income tracts.

The table below illustrates the demographic characteristics of the AA, based on 2024 FFIEC adjusted census data and 2024 Dun & Bradstreet data.

2024 Eau Claire MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	7,772	18.8
Moderate	7	20.6	7,864	19.1	566	7.2	7,797	18.9
Middle	20	58.8	25,868	62.7	1,534	5.9	9,841	23.9
Upper	7	20.6	7,500	18.2	281	3.7	15,822	38.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	34	100.0	41,232	100.0	2,381	5.8	41,232	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	14,912	7,940	17.3	53.2	5,855	39.3	1,117	7.5
Middle	44,069	29,819	65.2	67.7	10,997	25.0	3,253	7.4
Upper	14,064	8,007	17.5	56.9	5,028	35.8	1,029	7.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	73,045	45,766	100.0	62.7	21,880	30.0	5,399	7.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,563	23.1	1,387	22.6	167	30.8	9	11.3
Middle	4,105	60.7	3,760	61.2	288	53.0	57	71.3
Upper	1,100	16.3	998	16.2	88	16.2	14	17.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6,768	100.0	6,145	100.0	543	100.0	80	100.0
Percentage of Total Businesses:				90.8		8.0		1.2

2024 Eau Claire MSA AA Demographics								
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	55	11.6	54	11.6	1	11.1	0	0.0
Middle	316	66.8	312	67.2	4	44.4	0	0.0
Upper	102	21.6	98	21.1	4	44.4	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	473	100.0	464	100.0	9	100.0	0	0.0
Percentage of Total Farms:				98.1		1.9		0.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Income. For the purposes of classifying borrower incomes, this evaluation uses the FFIEC estimated median family income for the Eau Claire, WI MSA for the year of loan origination. This figure was \$99,400 in 2024. For purposes of classifying census tracts by income level, this evaluation uses the 2020 FFIEC adjusted census data median family income for the Eau Claire, WI MSA, which was \$79,795 for 2024.

The table below shows the median family income for the Eau Claire MSA AA, the counties comprising the AA, and the state of Wisconsin, based on U.S. Census Bureau data. The 2020 median family income for the AA increased since the 2015 census and is generally consistent with the statewide median family income figure. The median family income for Eau Claire County increased more than the median family income for Chippewa County and for the state of Wisconsin.

Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Eau Claire MSA AA	\$72,862	\$79,795	9.5%
Chippewa County, WI	\$70,349	\$73,941	5.1%
Eau Claire County, WI	\$74,817	\$83,518	11.6%
Wisconsin	\$74,365	\$80,844	8.7%
Source: 2011-2015 U.S. Census Bureau American Community Survey 2016-2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.			

Population Characteristics. According to FFIEC census data, the population in the Eau Claire MSA AA is 172,007. The table below shows the population change from 2015 to 2020 for the AA, the counties in the AA, and the state of Wisconsin. The population growth in the AA slightly outpaced the growth in the state of Wisconsin. The population of the counties in the AA increased by a similar percentage. After the onset of the COVID-19 pandemic, a contact noted that the area experienced growth from people moving from larger metropolitan areas outside of the state. The contact also mentioned an increase in students who remain in the area to live and work.

Population Change			
Area	2015 Population	2020 Population	Percent Change
Eau Claire MSA AA	164,490	172,007	4.6%
Chippewa County, WI	63,209	66,297	4.9%
Eau Claire County, WI	101,281	105,710	4.4%
Wisconsin	5,742,117	5,893,718	2.6%
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

Economy. According to bank management and community contacts, the economy in the AA is strong and growing. Major employment sectors include education, local government, healthcare, industrial, and manufacturing. Jobs are generally available if people are seeking employment. Generally, the area does not have enough laborers. Some businesses, particularly in the service industry, needed to raise wages in order to compete with area wages and retain staff. The contacts noted that the population in the AA is younger, mainly due to the presence of the university and technical college. Unemployment in the AA is generally low, though one contact noted a slight increase in unemployment in 2024, driven by a hospital closure and layoffs at a manufacturing company. Some farming occurs in more rural areas of Dunn County. Area farmers have been doing reasonably well but current prices are low, which is causing some uncertainty. Given increases in land prices, farmers have land equity to access if needed.

The table below shows the unemployment rates for the AA, the counties in the AA, and the state of Wisconsin during the evaluation period. The unemployment rate for the AA was generally comparable to the unemployment rate for the state of Wisconsin from 2021 to 2023. Chippewa County had slightly higher unemployment than Eau Claire County during that time period.

Average Annual Unemployment Rates			
Area	2021	2022	2023
Eau Claire MSA AA	3.6%	2.8%	3.0%
Chippewa County, WI	4.0%	3.4%	3.5%
Eau Claire County, WI	3.3%	2.5%	2.7%
Wisconsin	3.9%	2.9%	3.0%
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics			

Housing. During the evaluation period, home and rental prices in the AA have remained very high. According to the contacts, construction of single-family and twin homes has been significant. Twin homes have been a focus because they offer a lower purchase price at \$225,000 to \$250,000 than single-family homes; however, this price point is not necessarily affordable. A contact noted that a single-family home in the area starts around \$300,000 to \$350,000, while another contact and bank management indicated that a newly built single-family home will cost at least \$400,000 to \$450,000. Additionally, demand for new and existing rental housing is significant. The area has a high percentage of renters given the presence of the university and technical college. According to a contact, the overall supply of affordable housing in the AA is insufficient to meet the demand. Developers are unable to keep pace with the demand for new housing. Bank management and a contact noted that the increasing interest rate environment over the evaluation period has been a challenge with respect to housing. A contact also noted land use constraints as a housing-related challenge.

The table below shows the housing cost burden faced by renters and homeowners by geography and income level in the AA, the counties in the AA, and the state of Wisconsin. The U.S. Department of Housing and Urban Development (HUD) defines cost-burdened families as follows: those who pay more than 30% of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care. Overall, the cost burden for renters and homeowners in the AA is

generally comparable to the state of Wisconsin's housing cost burden. As shown in the table, low-income renters and homeowners face significant cost burden that exceeds HUD's threshold.

Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Eau Claire MSA AA	78.6%	24.3%	38.4%	58.8%	28.6%	15.5%
Chippewa County, WI	79.0%	32.5%	43.0%	58.7%	29.1%	16.3%
Eau Claire County, WI	78.4%	21.2%	36.2%	58.8%	28.2%	14.9%
Wisconsin	75.0%	25.2%	38.4%	63.9%	29.3%	16.9%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i> <i>Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy</i>						

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's Lending Test performance in the Eau Claire MSA AA is satisfactory. The bank's overall Community Development Test performance demonstrates excellent responsiveness to community development needs. The Eau Claire MSA AA accounts for most of the bank's lending activity and a significant amount of the bank's community development activities.

LENDING TEST

The bank effectively meets the credit needs of businesses and residents in the Eau Claire MSA AA. Overall, the bank's lending to businesses of different sizes and to borrowers of different income levels is reasonable. In addition, the overall geographic distribution of loans reflects an excellent dispersion throughout the AA.

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

Small Business Lending. The bank's lending to small businesses is reasonable. The following table reflects the bank's small business lending by business revenue and loan size, as well as demographic data.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses Eau Claire MSA AA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	18	42.9	3,279	35.8	90.8
Over \$1 Million	24	57.1	5,872	64.2	8.0
Revenue Unknown	0	0.0	0	0.0	1.2
Total	42	100.0	9,150	100.0	100.0
By Loan Size					
\$100,000 or Less	16	38.1	1,036	11.3	
\$100,001 - \$250,000	12	28.6	1,977	21.6	
\$250,001 - \$1 Million	14	33.3	6,138	67.1	
Total	42	100.0	9,150	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	8	44.4	418	12.7	
\$100,001 - \$250,000	6	33.3	936	28.5	

Distribution of 2024 Small Business Lending By Revenue Size of Businesses Eau Claire MSA AA					
\$250,001 - \$1 Million	4	22.2	1,925	58.7	
Total	18	100.0	3,279	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

The bank originated 42.9% of its small business loans to entities with gross annual revenues of \$1 million or less. The bank's performance is below demographics, which show that 90.8% of businesses in the AA are small businesses. The bank faces strong competition in this AA from various creditors, including community banks and a credit union. Many other creditors also operate in the area. The bank originated 44.4% of its loans to small businesses in amounts of \$100,000 or less, which indicates a willingness to serve the needs of small businesses in the AA.

Residential Real Estate Lending. The bank's HMDA lending to LMI borrowers is reasonable. The tables below show the bank's 2022 and 2023 HMDA lending by borrower income level and product type. The tables also include aggregate lending data for each year and demographic data.

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level Eau Claire MSA AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	3	10.7	9.2	326	4.8	5.1	5	20.0	5.8	645	10.2	2.9	18.8
Moderate	5	17.9	24.7	606	8.8	18.4	4	16.0	20.9	657	10.4	14.4	18.9
Middle	3	10.7	26.5	551	8.0	25.8	3	12.0	24.2	551	8.7	21.9	23.9
Upper	6	21.4	27.7	1,967	28.7	38.9	12	48.0	34.5	4,131	65.2	46.3	38.4
Unknown	11	39.3	11.9	3,412	49.7	11.9	1	4.0	14.7	350	5.5	14.5	0.0
Total	28	100.0	100.0	6,862	100.0	100.0	25	100.0	100.0	6,334	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	15.1	0	0.0	9.4	2	20.0	12.0	15	1.2	7.8	18.8
Moderate	3	15.8	26.4	293	5.3	21.6	3	30.0	24.4	308	24.6	19.6	18.9
Middle	3	15.8	23.9	838	15.1	23.9	1	10.0	24.6	125	10.0	24.1	23.9
Upper	9	47.4	25.1	2,682	48.4	34.2	2	20.0	25.9	242	19.3	34.5	38.4
Unknown	4	21.1	9.6	1,734	31.3	10.9	2	20.0	13.1	564	45.0	14.0	0.0
Total	19	100.0	100.0	5,547	100.0	100.0	10	100.0	100.0	1,254	100.0	100.0	100.0

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level Eau Claire MSA AA													
Home Improvement Loans													
Low	0	0.0	9.3	0	0.0	6.9	0	0.0	7.7	0	0.0	4.9	18.8
Moderate	0	0.0	19.8	0	0.0	14.8	0	0.0	18.5	0	0.0	10.8	18.9
Middle	0	0.0	27.2	0	0.0	22.1	3	50.0	24.6	201	35.6	20.8	23.9
Upper	2	100.0	39.7	162	100.0	49.1	2	33.3	42.4	315	55.9	53.1	38.4
Unknown	0	0.0	3.9	0	0.0	7.2	1	16.7	6.8	48	8.5	10.5	0.0
Total	2	100.0	100.0	162	100.0	100.0	6	100.0	100.0	564	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	3	5.8	11.1	326	2.5	6.4	7	15.6	7.7	660	7.4	3.9	18.8
Moderate	10	19.2	23.8	989	7.6	18.8	8	17.8	21.2	985	11.1	14.9	18.9
Middle	6	11.5	25.6	1,389	10.7	25.0	7	15.6	24.3	877	9.9	22.1	23.9
Upper	18	34.6	29.9	5,161	39.7	38.7	19	42.2	35.2	5,383	60.7	45.5	38.4
Unknown	15	28.8	9.5	5,146	39.6	11.0	4	8.9	11.6	962	10.8	13.7	0.0
Total	52	100.0	100.0	13,011	100.0	100.0	45	100.0	100.0	8,867	100.0	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.													

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level Eau Claire MSA AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	##	##	\$(000)	\$%	\$%	#	##	##	\$(000)	\$%	\$%	
Other Purpose LOC													
Low	0	0.0	12.1	0	0.0	7.9	0	0.0	9.4	0	0.0	5.9	18.8
Moderate	0	0.0	18.3	0	0.0	14.0	0	0.0	21.1	0	0.0	15.6	18.9
Middle	0	0.0	25.4	0	0.0	24.5	0	0.0	25.9	0	0.0	25.0	23.9
Upper	0	0.0	41.0	0	0.0	49.8	0	0.0	40.1	0	0.0	47.9	38.4
Unknown	0	0.0	3.2	0	0.0	3.7	0	0.0	3.5	0	0.0	5.7	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	0	0.0	11.1	0	0.0	11.9	0	0.0	11.9	0	0.0	8.9	18.8
Moderate	2	66.7	25.9	90	20.5	17.5	1	25.0	24.6	20	2.8	17.2	18.9
Middle	0	0.0	21.3	0	0.0	18.1	0	0.0	20.3	0	0.0	14.3	23.9
Upper	1	33.3	32.4	350	79.5	44.8	3	75.0	39.8	695	97.2	55.5	38.4
Unknown	0	0.0	9.3	0	0.0	7.7	0	0.0	3.4	0	0.0	4.2	0.0
Total	3	100.0	100.0	440	100.0	100.0	4	100.0	100.0	715	100.0	100.0	100.0

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level Eau Claire MSA AA													
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	18.8
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	18.9
Middle	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	23.9
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	38.4
Unknown	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.													

In 2022, the bank's lending to low-income borrowers was below aggregate lenders and demographics, and its lending was below aggregate and consistent with demographics for loans to moderate-income borrowers. For 2023, the bank's lending to low-income borrowers exceeded aggregate lenders and was slightly below demographics, and its lending was consistent with aggregate lenders and demographics for loans to moderate-income borrowers. According to 2024 FFIEC adjusted census data, 18.8% and 18.9% of families in the AA were low-income and moderate-income, respectively.

The bank's HMDA lending performance, which is largely based on home purchase and refinance loans, is explainable through performance context. First, the cost and availability of housing, specifically single-family housing, pose challenges for potential LMI borrowers in the AA. Demand for homes in the area outpaces the supply; available affordable housing is limited. According to management and a community contact, the cost to build an entry-level home is high. Management and the contact stated the cost to build a single-family home is between \$400,000 and \$450,000. The contact stated that the median home sale price in 2023 was \$320,000. Finally, the bank operates in a competitive environment. The bank is one of over 200 HMDA reporters in 2022 and 2023, ranking 19th in 2022, and 13th in 2023. Top HMDA reporters include a credit union, as well as several regional and national banks.

The bank's 2021 HMDA lending by income level of borrower is generally consistent with its 2022 and 2023 HMDA lending.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution and dispersion of the bank's small business and HMDA loans in the AA is excellent and does not reveal any unexplained gaps in lending.

Small Business Lending. The geographic distribution and dispersion of the bank's small business loans in the AA is excellent. The table below shows the distribution of the bank's small business loans by census tract income level, as well as demographic data.

Distribution of 2024 Small Business Lending By Income Level of Geography Eau Claire MSA AA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	16	38.1	3,295	36.0	23.1
Middle	20	47.6	5,142	56.2	60.7
Upper	6	14.3	713	7.8	16.3

Distribution of 2024 Small Business Lending By Income Level of Geography Eau Claire MSA AA					
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	42	100.0	9,150	100.0	100.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

The bank's small business lending in moderate-income tracts in the AA, 38.1%, exceeds demographics. According to 2024 Dun & Bradstreet data, 23.1% of businesses in the AA are in the moderate-income census tracts. The majority of the bank's lending is in the middle-income tracts, where most businesses are located. The bank did not make small business loans in two moderate-, as well as some middle- and upper-income tracts, which is reasonable given performance context. For the moderate-income tracts with no loans, one tract is primarily residential and the other tract is rural with few businesses. Some of these factors were also present in the middle- and upper-income tracts with no loans. In addition, strong competition exists in the AA, especially in and near Eau Claire and Chippewa Falls.

Residential Real Estate Lending. The geographic distribution and dispersion of the bank's HMDA lending is reasonable. The table below illustrates the bank's 2022 and 2023 HMDA lending, as well as aggregate lending and demographic data.

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography Eau Claire MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%%	%%	\$(000)	%	%%	#	%%	%%	\$(000)	%	%%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	3.6	18.8	228	3.3	15.3	6	24.0	20.6	1,082	17.1	16.6	17.3
Middle	24	85.7	64.9	6,195	90.3	65.7	17	68.0	63.1	4,613	72.8	64.9	65.2
Upper	3	10.7	16.3	439	6.4	19.0	2	8.0	16.3	639	10.1	18.5	17.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	28	100.0	100.0	6,862	100.0	100.0	25	100.0	100.0	6,334	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	15.8	20.7	834	15.0	16.1	1	10.0	20.0	345	27.5	14.6	17.3
Middle	14	73.7	62.8	4,161	75.0	65.7	8	80.0	65.6	730	58.2	68.4	65.2
Upper	2	10.5	16.5	552	10.0	18.2	1	10.0	14.4	179	14.3	17.1	17.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	19	100.0	100.0	5,547	100.0	100.0	10	100.0	100.0	1,254	100.0	100.0	100.0

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography												
Eau Claire MSA AA												
Home Improvement Loans												
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Moderate	2	100.0	16.4	162	100.0	14.3	0	0.0	16.4	0	0.0	15.4
Middle	0	0.0	66.0	0	0.0	69.3	6	100.0	65.4	564	100.0	66.6
Upper	0	0.0	17.5	0	0.0	16.3	0	0.0	18.2	0	0.0	18.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Total	2	100.0	100.0	162	100.0	100.0	6	100.0	100.0	564	100.0	100.0
Multifamily Loans												Multifamily Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Moderate	0	0.0	17.6	0	0.0	22.8	2	66.7	24.4	3,142	70.7	22.4
Middle	0	0.0	48.5	0	0.0	51.8	1	33.3	55.6	1,305	29.3	40.5
Upper	1	100.0	33.8	968	100.0	25.4	0	0.0	20.0	0	0.0	37.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Total	1	100.0	100.0	968	100.0	100.0	3	100.0	100.0	4,447	100.0	100.0
Total Home Mortgage Loans												Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Moderate	6	11.3	18.6	1,224	8.8	16.5	9	18.8	19.1	4,569	34.3	17.5
Middle	41	77.4	64.0	10,796	77.2	63.7	34	70.8	64.2	7,432	55.8	59.5
Upper	6	11.3	17.5	1,959	14.0	19.8	5	10.4	16.7	1,313	9.9	22.9
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Total	53	100.0	100.0	13,979	100.0	100.0	48	100.0	100.0	13,314	100.0	100.0
Source: 2023 FFIEC Census Data												
2016-2020 U.S. Census Bureau: American Community Survey												
Note: Percentages may not total 100.0 percent due to rounding.												

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography												
Eau Claire MSA AA												
Geographic Income Level	Bank And Aggregate Loans By Year											
	2022						2023					
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%
Other Purpose LOC												
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Moderate	0	0.0	15.3	0	0.0	15.0	0	0.0	14.3	0	0.0	11.9
Middle	0	0.0	61.1	0	0.0	61.2	0	0.0	66.7	0	0.0	66.6
Upper	0	0.0	23.6	0	0.0	23.8	0	0.0	19.1	0	0.0	21.5

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography													
Eau Claire MSA AA													
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	14.8	0	0.0	14.4	0	0.0	19.5	0	0.0	15.0	17.3
Middle	3	100.0	71.3	440	100.0	72.0	2	50.0	62.7	220	30.8	62.3	65.2
Upper	0	0.0	13.9	0	0.0	13.7	2	50.0	17.8	495	69.2	22.7	17.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	440	100.0	100.0	4	100.0	100.0	715	100.0	100.0	100.0
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	33.3	0	0.0	26.6	0	0.0	25.0	0	0.0	21.8	17.3
Middle	0	0.0	66.7	0	0.0	73.4	0	0.0	62.5	0	0.0	63.9	65.2
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	12.5	0	0.0	14.3	17.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

In 2022, the bank originated 11.3% of its HMDA loans in moderate-income census tracts, where 17.3% of AA owner-occupied units are located. The bank's performance is below demographics and also below aggregate lenders' performance. Aggregate lenders reported 18.6% of HMDA loans in moderate-income tracts in 2022. In 2023, the bank originated 18.8% of its HMDA loans in moderate-income tracts, while aggregate lenders reported 19.1% of HMDA loans in moderate-income tracts. The bank's 2023 performance is consistent with aggregate lenders and demographics.

Over 2022 and 2023, the bank did not originate HMDA loans in all moderate-, middle-, and upper-income tracts in the AA, which is reasonable given the performance context. The bank did not make any HMDA loans in three moderate-income tracts over 2022 and 2023. The moderate-income tracts where the bank did not make any HMDA loans were primarily commercial or rural in nature or were areas that included significant competition from other financial institutions for HMDA loans. Some of these factors were also present in the middle- and upper-income tracts with no loans. In addition, some middle- and upper-income tracts had a significant percentage of rental properties.

The bank's 2021 HMDA lending by census tract income level is generally consistent with its 2022 and 2023 HMDA lending.

COMMUNITY DEVELOPMENT TEST

Overall, the bank's level of community development activities in the Eau Claire MSA AA is excellent and demonstrates excellent responsiveness to community development needs in the AA.

Community Development Loans. The bank's level of community development lending in this AA is excellent. The bank originated 50 community development loans totaling \$26.1 million that directly benefit the AA. By number and dollar, these loans primarily supported economic development in the AA in various ways, such as funding business start-ups and purchases, asset acquisitions, and operating expenses, as well as creating and retaining LMI jobs. Additionally, the bank made notable loans that helped revitalize or stabilize moderate-income tracts in the AA. Generally, these loans helped businesses maintain jobs or open a location in moderate-income tracts. One notable transaction is a loan participation that helped fund a new multimillion dollar, multiuse community facility; this project was part of the New Market Tax Credit program to help spur development. Finally, the bank made several loans that helped fund affordable housing and the provision of critical services to LMI individuals and families in the AA. In some cases, the bank used SBA loan programs to meet the needs of the borrowers.

Qualified Investments. The bank's level of qualified investments, including donations, in the AA is excellent. The bank did not purchase any qualified investments in the form of securities during the evaluation period. However, the bank continued to hold two prior-period investments totaling \$750,029 for a portion of the evaluation period. The investments funded revitalization or stabilization in a qualified area, and funded a school that primarily serves LMI children.

The bank donated \$89,160 that directly benefited the AA, which is excellent. The majority, 56.9%, of donations by dollar went to organizations that provide community services to LMI individuals and families. These donations supported essential needs, such as the provision of food, clothing, shelter, and healthcare, during the evaluation period. The bank also made donations that supported economic development, affordable housing, and the revitalization or stabilization of a qualified area in the AA.

Community Development Services. The bank's level of community development services in the AA is adequate. During the evaluation period, five employees provided 17 services to four organizations. Bank employees provided financial services as board and committee members to organizations that provide services to LMI individuals, promote economic development, and help revitalize or stabilize moderate-income tracts in the AA.

NONMETROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE DURAND ASSESSMENT AREA

Bank Information. In this AA, the bank operates its main office, as well as one cash-dispensing-only ATM, in Durand. The branch has a drive-up facility, which offers weekend hours.

According to the June 30, 2024, FDIC Deposit Market Share Report, the bank ranked first out of 12 financial institutions operating in Buffalo, Dunn, and Pepin counties, with a 22.3% deposit market share and \$277.0 million in deposits. The deposits in this AA represent 38.0% of the bank's total deposits.

Assessment Area. The Durand AA includes all of Pepin County and portions of Buffalo and Dunn counties. The bank has not changed the AA since the previous evaluation; however, the income classification of one census tract changed based on FFIEC adjusted census data. For 2021, the AA included seven middle-income census tracts. For 2022 through 2024, the AA included seven census tracts: one moderate income and six middle income.

The table below illustrates the demographic characteristics of the AA based on 2024 FFIEC adjusted census data and 2024 Dun & Bradstreet data.

2024 Durand AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,227	17.4
Moderate	1	14.3	799	11.3	78	9.8	1,288	18.2
Middle	6	85.7	6,262	88.7	350	5.6	1,676	23.7
Upper	0	0.0	0	0.0	0	0.0	2,870	40.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7	100.0	7,061	100.0	428	6.1	7,061	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,380	791	9.8	57.3	500	36.2	89	6.4
Middle	10,437	7,244	90.2	69.4	1,823	17.5	1,370	13.1
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	11,817	8,035	100.0	68.0	2,323	19.7	1,459	12.3
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	168	16.2	151	16.1	14	18.9	3	11.1
Middle	870	83.8	786	83.9	60	81.1	24	88.9
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,038	100.0	937	100.0	74	100.0	27	100.0
Percentage of Total Businesses:				90.3		7.1		2.6

2024 Durand AA Demographics								
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	5	1.8	5	1.9	0	0.0	0	0.0
Middle	267	98.2	258	98.1	7	100.0	2	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	272	100.0	263	100.0	7	100.0	2	100.0
Percentage of Total Farms:				96.7		2.6		0.7
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Income. The FFIEC's estimated median family income for the nonmetropolitan areas of Wisconsin and the range for low-, moderate-, middle-, and upper-income families for the years in the evaluation period are shown in the table below.

Nonmetropolitan Areas of Wisconsin Median Family Income Levels										
FFIEC Estimated Median Family Income		Low		Moderate		Middle		Upper		
		0	- 49.99%	50%	- 79.99%	80%	- 119.99%	120%	- & above	
2021	\$69,600	0	- \$34,799	\$34,800	- \$55,679	\$55,680	- \$83,519	\$83,520	- & above	
2022	\$81,500	0	- \$40,749	\$40,750	- \$65,199	\$65,200	- \$97,799	\$97,800	- & above	
2023	\$86,000	0	- \$42,999	\$43,000	- \$68,799	\$68,800	- \$103,199	\$103,200	- & above	
2024	\$86,700	0	- \$43,349	\$43,350	- \$69,359	\$69,360	- \$104,039	\$104,040	- & above	

For purposes of classifying census tracts by income level, this evaluation uses the FFIEC adjusted census data median family income for the nonmetropolitan areas of Wisconsin, which was \$63,102 for 2021 and \$72,978 for 2022 through 2024.

The table below shows the median family income changes from 2015 to 2020 for the AA, the counties comprising the AA, the nonmetropolitan areas of Wisconsin, and the state of Wisconsin based on census data. The median family income for the AA increased from 2015 to 2020. The 2020 median family income for the AA is slightly higher than the median family income for the nonmetropolitan areas of Wisconsin, but lower than the median family income for the state of Wisconsin.

Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Durand AA	\$68,287	\$74,151	8.6%
Buffalo County, WI	\$67,310	\$71,322	6.0%
Dunn County, WI	\$69,324	\$76,012	9.6%
Pepin County, WI	\$67,042	\$71,454	6.6%
NonMSA Wisconsin	\$66,442	\$71,403	7.5%
Wisconsin	\$74,365	\$80,844	8.7%
Source: 2011-2015 U.S. Census Bureau American Community Survey 2016-2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.			

Population Characteristics. The population of the Durand AA is 66,075. The following table shows the population change from 2015 to 2020 for the AA, the counties in the AA, the nonmetropolitan areas of

Wisconsin, and the state of Wisconsin. The population growth in the AA was relatively comparable to the growth in the nonmetropolitan areas of Wisconsin and slightly lower than the growth for the state of Wisconsin. Dunn County was the only county in the AA with growth from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percent Change
Durand AA	64,850	66,075	1.9%
Buffalo County, WI	13,319	13,317	0.0%
Dunn County, WI	44,159	45,440	2.9%
Pepin County, WI	7,372	7,318	-0.7%
NonMSA Wisconsin	1,474,489	1,500,732	1.8%
Wisconsin	5,742,117	5,893,718	2.6%
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

Economy. According to bank management, the overall economy in the AA is performing well. Major industries in the AA include agriculture, manufacturing, retail, and trades, including plumbing and construction. Primary crops in the AA include soybeans and corn, and the primary livestock industry is dairy. According to bank management, soybean and corn prices are low, milk prices are moderate, and livestock prices are high. Local weather conditions have been generally favorable. Farmers' banking needs are generally related to land financing and crop input financing.

Bank management noted that unemployment is low and stable, and that employers in the AA have increased wages in recent years. Given the more rural nature of the area, many of the jobs in the area have LMI wages. Employment levels seem relatively balanced; employers are not seeking many workers and potential workers do not seem to be seeking jobs.

The table below shows the unemployment rates during the evaluation period for the AA, the counties in the AA, the nonmetropolitan areas of Wisconsin, and the state of Wisconsin. Generally, the unemployment rates in these areas declined slightly from 2021 to 2023 with the exception of Buffalo County.

Average Annual Unemployment Rates			
Area	2021	2022	2023
Durand AA	3.8%	3.3%	3.5%
Buffalo County, WI	4.3%	3.9%	4.4%
Dunn County, WI	3.7%	3.1%	3.4%
Pepin County, WI	3.5%	3.1%	3.1%
NonMSA Wisconsin	4.0%	3.2%	3.3%
Wisconsin	3.9%	2.9%	3.0%
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics			

Housing. The table below shows the housing cost burden faced by renters and homeowners by geography and income level in the AA, the counties comprising the AA, the nonmetropolitan areas of Wisconsin, and the state of Wisconsin. Overall, low-income renters and homeowners, as well moderate-income homeowners in some areas, face high cost burdens that exceed HUD's threshold.

Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Durand AA	69.7%	18.2%	32.4%	66.9%	33.6%	18.9%
Buffalo County, WI	58.4%	15.1%	29.8%	66.4%	38.6%	20.5%
Dunn County, WI	73.0%	20.1%	33.7%	69.1%	32.7%	18.7%
Pepin County, WI	58.1%	9.7%	24.8%	57.9%	27.8%	17.2%
NonMSA Wisconsin	67.3%	20.3%	33.0%	59.5%	26.6%	17.2%
Wisconsin	75.0%	25.2%	38.4%	63.9%	29.3%	16.9%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i> <i>Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy</i>						

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's Lending Test performance in the Durand AA is reasonable. The bank's overall Community Development Test performance demonstrates adequate responsiveness to community development needs.

LENDING TEST

The bank effectively meets the credit needs of farms in the Durand AA. Overall, the bank's lending to farms of different sizes is reasonable. Additionally, the overall geographic distribution of loans reflects reasonable dispersion throughout the AA.

LENDING TO FARMS OF DIFFERENT SIZES

Small Farm Lending. The bank's small farm lending in the Durand AA is reasonable. The table below shows the bank's 2024 small farm lending by farm revenue and loan size, as well as demographic data.

Distribution of 2024 Small Farm Lending By Revenue Size of Farms Durand AA					
	Bank Loans				Total Farms %
	#	%	\$(000)	%	
By Revenue					
\$1 Million or Less	28	84.8	3,102	75.1	96.7
Over \$1 Million	5	15.2	1,030	24.9	2.6
Revenue Unknown	0	0.0	0	0.0	0.7
Total	33	100.0	4,132	100.0	100.0
By Loan Size					
\$100,000 or Less	19	57.6	953	23.1	
\$100,001 - \$250,000	10	30.3	1,795	43.4	
\$250,001 - \$500,000	4	12.1	1,384	33.5	
Total	33	100.0	4,132	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	18	64.3	853	27.5	
\$100,001 - \$250,000	7	25.0	1,195	38.5	
\$250,001 - \$500,000	3	10.7	1,054	34.0	
Total	28	100.0	3,102	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

The bank originated 84.8% of its small farm loans to entities with gross annual revenues of \$1 million or less. The bank's lending is below demographic data, which shows 96.7% of farms in the AA are small, according to 2024 Dun & Bradstreet data. Although the bank's lending is below demographics, the lending is reasonable given the performance context. The bank operates in a competitive area. Notably, the bank originated 64.3% of its loans to small farms in amounts of \$100,000 or less, indicating a willingness to serve the needs of small farms in the AA.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of small farm loans in the Durand AA is reasonable. The bank made 100.0% of its 2024 small farm loans in the six middle-income tracts in the AA; the middle-income tracts represent 85.7% of the AA's tracts. The bank did not originate any small farm loans in the AA's only moderate-income tract. The moderate-income tract includes the city of Mondovi, Wisconsin; only 1.8%, or five, of the AA's farms are in the moderate-income tract. The bank's performance is reasonable given the limited presence of farms in the moderate-income tract, as well as the proximity of other creditors who compete for small farm loans. In this AA, most of the bank's small farm loans are in Pepin County where the bank's office is located.

COMMUNITY DEVELOPMENT TEST

The levels of community development activities in the Durand AA are adequate, based on the bank's community development loans, qualified investments (including donations), and services. The bank's community development activities demonstrate adequate responsiveness to community needs in the AA.

Community Development Loans. The bank's community development lending in the AA is adequate. Since the previous evaluation, the bank originated one community development loan for \$1.8 million that helped to provide affordable housing in the AA.

Qualified Investments. The bank's level of qualified investments in the AA is adequate. The bank did not purchase any new qualified investment securities during the evaluation period. However, the bank held approximately \$1.2 million in prior-period investment securities; all prior-period investments supported revitalization or stabilization in a qualified area of the AA.⁶ A portion of the prior-period investments were called or matured during the evaluation period.

The bank also made \$11,650 in qualifying donations in the AA since the previous evaluation. All donations supported organizations that assist LMI individuals. By dollar, most donations went to an entity that helped to provide food for people in need. The remaining donations (\$500) supported an adult literacy program and helped provide school supplies for LMI children.

Community Development Services. During the evaluation period, the bank provided an adequate level of community development services in the AA. Four bank employees provided ten services to one organization; these employees served in leadership roles, primarily as board members. The services supported a local food pantry, which is a critical organization for LMI individuals in the AA.

⁶ In 2022 and 2023, a portion of these prior-period securities was subject to partial defeasance and redemption. As part of that occurrence, the bank bought the resulting new investment issuances. The amount of the resulting issuances generally matched the amount of the defeased, redeemed investments.

METROPOLITAN AREA – LIMITED REVIEW

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE RIVER FALLS MSA ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's CRA performance in the River Falls MSA AA and determined that the bank's community development test performance is generally consistent with the bank's performance in the metropolitan full-scope AA. Examiners evaluated community development activities to ascertain consistency with the metropolitan full-scope AA. Examiners did not review lending activity given limited loan volume.

NONMETROPOLITAN AREA – LIMITED REVIEW

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE BLACK RIVER FALLS ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's CRA performance in the Black River Falls AA and determined that the bank's lending test and community development test performance is generally consistent with the bank's performance in the nonmetropolitan full-scope AA. Examiners evaluated the bank's HMDA lending and community development activities to ascertain consistency with the nonmetropolitan full-scope AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE LADYSMITH ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's CRA performance in the Ladysmith AA and determined that the bank's community development test performance is generally consistent with the bank's performance in the nonmetropolitan full-scope AA. Examiners evaluated the bank's community development activities to ascertain consistency with the nonmetropolitan full-scope AA. Examiners did not review lending activity given limited loan volume.

Appendix A

Glossary of Common CRA Terms

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

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

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 C.F.R. 121.301) or have gross annual revenues of \$1 million or less; (4) activities that revitalize or stabilize low- or moderate-income census tracts, designated disaster areas, or distressed or underserved nonmetropolitan middle-income census tracts; or (5) Neighborhood Stabilization Program (NSP)-eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and census tracts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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