

# **PUBLIC DISCLOSURE**

September 15, 2025

## **COMMUNITY REINVESTMENT ACT**

### **PERFORMANCE EVALUATION**

The Farmers & Merchants Bank  
RSSD# 574949

123 West Huron Street  
Berlin, Wisconsin 54923

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, Illinois 60604-1413

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

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## INSTITUTION'S CRA RATING

**The Farmers & Merchants Bank is rated: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

The Farmers & Merchants Bank is meeting the credit needs of its community based on an analysis of the bank's lending and community development activities. The bank's loan-to-deposit ratio is more than reasonable considering the bank's size, financial condition, and credit needs of its assessment area. While a majority of the bank's loans were originated outside the bank's assessment area, geographic distribution of loans reflects reasonable dispersion throughout the assessment area and the distribution of loans among individuals of different income levels and to businesses of different sizes is reasonable. There were no Community Reinvestment Act (CRA) related complaints received by the institution or this Reserve Bank since the previous evaluation.

The Farmers & Merchants Bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services considering the institution's capacity, as well as the need and availability of community development opportunities within the bank's assessment area.

## SCOPE OF EXAMINATION

The Farmers & Merchants Bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Intermediate Small Institution CRA examination procedures and was the bank's first time being evaluated under these procedures. Performance was evaluated in the context of information about the institution and its assessment area, including asset size, financial condition, competition, and the economic and demographic characteristics of the bank's assessment area. The bank's previous CRA performance, conducted on June 21, 2021, was evaluated using the FFIEC's Small Institution CRA Examination Procedures, which do not include an evaluation of community development activities.

The evaluation was conducted on The Farmers & Merchants Bank's assessment area, which is comprised of Green Lake and Waushara counties in their entirety and census tract 21.00 in Winnebago County, which is included in the Oshkosh-Neenah, WI MSA #36780. Loan products reviewed include home mortgage and small business loans. Small business lending received greater weight as it represents a majority of the bank's loan portfolio by dollar amount.

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

- ***Loan-to-Deposit Ratio*** – A 17-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.

- ***Lending in the Assessment Area*** – A statistical sample of the bank’s home mortgage and small business loans originated from January 1, 2024 to December 31, 2024, were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A statistical sample of the bank’s home mortgage and small business loans originated within the assessment area, from January 1, 2024 to December 31, 2024, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses of Different Sizes*** – A statistical sample of the bank’s home mortgage and small business loans originated within the assessment area, from January 1, 2024 to December 31, 2024, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank’s responsiveness to community development needs through community development loans, qualified investments, and community development services, from June 22, 2021 to September 15, 2025, were reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

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

## DESCRIPTION OF INSTITUTION

The Farmers & Merchants Bank, with total assets of \$952.3 million as of June 30, 2025, is a wholly owned subsidiary of Kujawa Family Holdings, Inc, a one-bank holding company located in Berlin, Wisconsin. The bank operates the main office and one drive-up branch in Berlin, Wisconsin. The Farmers & Merchants Bank has four automated teller machines (ATMs), including a full-service ATM located at each office and two standalone cash-only ATMs, all located in Berlin, Wisconsin. No branches have been opened or closed since the previous evaluation.

The Farmers & Merchants Bank offers a traditional line of loan and deposit products to meet the credit needs of consumers and businesses within the bank’s assessment area. The bank is primarily a commercial lender, but also offers residential mortgages, agricultural loans, and consumer loans. Deposit products include checking, savings, and money market accounts, in addition to certificates

of deposit. The website, [www.fmberlin.com](http://www.fmberlin.com), provides additional information on the bank's loan and deposit products and other services offered.

Details of the bank's loan portfolio mix are presented in the following table.

Composition of Loan Portfolio as of June 30, 2025 (000's)		
Type	\$	%
Commercial	525,166	70.9
Residential Real Estate	157,421	21.3
Agriculture	45,671	6.2
Consumer	11,776	1.6
Other	277	0.0
Total	740,311	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

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

The bank was rated **satisfactory** under the CRA at its previous evaluation conducted on June 21, 2021.

## DESCRIPTION OF ASSESSMENT AREA

The Farmers & Merchants Bank delineates one assessment area in Wisconsin consisting of the entirety of both Green Lake and Waushara counties and one census tract (tract 21.00) in Winnebago County from the Oshkosh-Neenah, WI MSA #36780. The assessment area contains the bank's main office, one drive-up branch, and two stand-alone cash only ATMs, all located in Berlin, Wisconsin. The assessment area has changed from the previous evaluation on June 21, 2021, during which time the bank included two census tracts in Winnebago County. The excluded census tract from Winnebago County, which has since been divided into two census tracts due to changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020, is no longer a part of the bank's assessment area.

The 15 census tracts comprising the current assessment area are all middle-income census tracts. The assessment area does not include any distressed or underserved non-metropolitan middle-income geographies.

The table below shows changes in the income designation of census tracts by income since the previous performance evaluation, a result of the income designation changes from the 2016 – 2020 American Community Survey (ACS) for 2022, compared to the income designations for 2021 that used data from the 2011 – 2015 ACS Survey.

*The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.*

Census Tract Designation Changes			
Tract Income Designation	2021 Designation (#)	2022 Designation (#)	Net Change (#)
Low	0	0	0
Moderate	1	0	-1
Middle	13	15	+2
Upper	1	0	-1
Unknown	0	0	0
<b>Total</b>	<b>15</b>	<b>15</b>	<b>0</b>
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020			

According to the June 30, 2024 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, The Farmers & Merchants Bank ranked 1<sup>st</sup> among 19 FDIC-insured institutions operating in the assessment area. The bank held approximately \$766.8 million in deposits, representing 17.8 percent of the total deposit market share in Green Lake, Waushara, and Winnebago counties. Deposit market share has increased for The Farmers & Merchants Bank since 2020, when it was ranked 4<sup>th</sup> out of 20 FDIC-insured institutions, with 8.0 percent of the total deposit market share. The next three largest deposit market share holders are Associated Bank N.A (16.4 percent), Nicolet National Bank (10.0 percent), and Fortifi Bank (8.1 percent). In the two counties that comprise the majority of the assessment area (excluding Winnebago County), the bank ranked 1<sup>st</sup> among 11 FDIC-insured institutions operating in the assessment area. The bank's deposits represent 43.8 percent of the total deposit market share in Green Lake and Waushara counties. Deposit market share has increased since 2020, when it held 26.0 percent of the total deposit market share and ranked 1<sup>st</sup>. As of June 30, 2024, 59.2 percent of the deposits held by the bank were from outside of the assessment area through wholesale funding, most prominently brokered deposits. Overall, The Farmers & Merchants Bank is a leading financial services participant in the assessment area and maintains the resources to adequately serve its assessment area.

*The following presentation of key demographics used to help inform the evaluation of bank activity in its assessment area is based on a comparison of two sets of ACS data, 2011-2015 and 2016-2020.*

2024 WI Non 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	2,294	17.5
Moderate	0	0.0	0	0.0	0	0.0	2,881	22.0
Middle	15	100.0	13,101	100.0	845	6.4	2,960	22.6
Upper	0	0.0	0	0.0	0	0.0	4,966	37.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	15	100.0	13,101	100.0	845	6.4	13,101	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	27,789	15,885	100.0	57.2	3,795	13.7	8,109	29.2
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	27,789	15,885	100.0	57.2	3,795	13.7	8,109	29.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1,697	100.0	1,534	100.0	118	100.0	45	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	1,697	100.0	1,534	100.0	118	100.0	45	100.0
Percentage of Total Businesses:				90.4		7.0		2.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	216	100.0	204	100.0	12	100.0	0	0.0
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	216	100.0	204	100.0	12	100.0	0	0.0
Percentage of Total Farms:				94.4		5.6		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.								

## Population Change

According to U.S. Census Bureau American Community Survey (ACS) data, the population in the counties making up the assessment area has remained relatively consistent between 2015 and 2020, with the largest population increase taking place in Winnebago County. Winnebago County's growth was on pace with the rest of Non-MSA Wisconsin (which is comprised of all counties in the state that are not in an MSA) at 1.8 percent. However, the other counties that make up the majority of the assessment area, Green Lake and Waushara, have only experienced a small increase of 0.3 and 0.8 percent, respectively, during the same time period. According to the 2023 Housing & Economic Development Adjustment Strategy report, the population growth in the city of Berlin, Wisconsin is expected to decline or remain stagnant over the next 15-20 years. As the available labor force dwindles, there is less opportunity for small business creation or expansion, leading to less demand for small business lending within the assessment area. This population trend has also resulted in less demand for residential loans. Wisconsin's population growth has outpaced all counties in the assessment area as well as that of Non-MSA Wisconsin at 2.6 percent. Both community representatives noted the population has been stable with slow growth since 2020. One representative noted that the percentage of elderly people in Waushara County is increasing.

The following table presents population trends for the counties comprising the assessment area and the state of Wisconsin from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percent Change
Green Lake County, WI	18,966	19,018	0.3
Waushara County, WI	24,321	24,520	0.8
Winnebago County, WI	169,004	171,730	1.6
Non-MSA 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			

## Income Characteristics

According to the U.S. Census Bureau, in 2024 the assessment area was comprised of 13,101 families, of which 17.5 percent are designated as low-income, and 22.0 percent are designated as moderate-income. Further, 6.4 percent of families residing within the assessment area live below the poverty level.

The table below presents the median family income (MFI) for families living in counties comprising the assessment area, Non-MSA Wisconsin, and the state of Wisconsin. As of 2020, the MFI in Green Lake County was \$71,031, representing an 8.2 percent increase from 2015. Waushara County's MFI increased by 8.3 percent during the same period, with an MFI of \$67,038. MFI is highest in Winnebago County at \$79,200, although growth was less than Green Lake and



Waushara Counties at 7.4 percent. Non-MSA Wisconsin's MFI is consistent with Green Lake's at \$71,403, although growth was consistent with Winnebago County at 7.5 percent. Green Lake and Waushara counties trail slightly behind the state of Wisconsin's increase of 8.7 percent; however, the MFI for the state is notably greater at \$80,844.

The following table compares the MFI for families living in the counties comprising the assessment area and the state of Wisconsin from 2015 to 2020.

Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Green Lake County, WI	\$65,629	\$71,031	8.2
Waushara County, WI	\$61,922	\$67,038	8.3
Winnebago County, WI	\$73,724	\$79,200	7.4
Non-MSA Wisconsin	\$66,442	\$71,403	7.5
Wisconsin	\$74,365	\$80,844	8.7
<i>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.</i>			

## Housing Characteristics

According to 2020 U.S. Census Bureau data, there are 27,789 total housing units in the assessment area, of which 57.2 percent are owner-occupied, 13.7 percent are rental units, and 29.2 percent are vacant.

Homeowners and renters are considered overburdened when housing costs equal 30.0 percent or more of household income. The following table shows the percentage of owners and renters spending greater than 30.0 percent of household income on housing costs in the counties comprising the assessment area, Non-MSA Wisconsin, and in the state of Wisconsin. Winnebago County had the highest percentage of overburdened, low-income renters at 77.0 percent, 14.0 percentage points or more above the two counties comprising the majority of the assessment area. Green Lake County and Waushara County have comparable percentages of overburdened, low-income renters at 61.7 percent and 62.8 percent respectively. Moderate-income renters also experienced the highest housing cost burden in Winnebago County at 21.7 percent, followed by Green Lake County at 16.7 percent. A much smaller percentage of moderate-income renters were overburdened in Waushara County at only 9.9 percent. The housing cost burden for all renters in the state of Wisconsin is greater overall than Non-MSA Wisconsin, as well as Green Lake and Waushara Counties. In contrast, housing cost burden for all homeowners is comparable across the counties in the assessment area, Non-MSA Wisconsin, and the state of Wisconsin, with Waushara County having the greatest housing cost burden for homeowners across income levels at 19.8 percent. Community representatives noted the need for affordable housing in the assessment area,

listing construction costs and building regulations as barriers. Additionally, one representative noted that first-time home buyers in Green Lake County struggle to secure single-family units, as they are frequently outbid by companies seeking to purchase properties for rental or vacation housing.

Housing Cost Burden (by %)						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Green Lake County, WI	61.7	16.7	27.4	57.7	27.6	17.5
Waushara County, WI	62.8	9.9	32.1	64.3	22.7	19.8
Winnebago County, WI	77.0	21.7	37.2	60.0	33.2	15.1
Non-MSA 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
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy						

## Employment Conditions

The following table presents the unemployment trends of the counties comprising the bank's assessment area and the state of Wisconsin from 2021 to 2024 from the Bureau of Labor Statistics. In 2021, unemployment rates remained elevated as a result of the Covid-19 pandemic across the counties that comprise the assessment area and the state of Wisconsin. However, unemployment rates began to decline the following year across all geographies and have remained stable since. Green Lake and Waushara Counties, along with Non-MSA Wisconsin, consistently report higher rates of unemployment than Winnebago County and the state of Wisconsin. One community representative stated employers desire to expand but cannot find adequate staffing due to a dwindling labor force. This inability to expand due to a dwindling labor force may have also impacted the demand for business loans in the assessment area. Another community contact stated the need for skilled employees in Waushara and Winnebago Counties; the counties are attempting to mitigate the issue by partnering local technical colleges with larger employers in the area to provide training.

Unemployment Rates (%)				
Area	2021	2022	2023	2024
Green Lake County, WI	4.5	3.3	3.2	3.2
Waushara County, WI	4.3	3.3	3.2	3.5
Winnebago County, WI	3.2	2.5	2.5	2.7
Non-MSA Wisconsin	6.5	3.9	3.1	3.0
Wisconsin	3.8	2.8	2.8	3.0
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics				

## **Industry Characteristics**

Based on data from the Bureau of Labor Statistics, the largest employers in the assessment area are concentrated in manufacturing, health care and social assistance, and accommodation and food services. Both community representatives noted a lack of labor force availability in Green Lake and Waushara counties; this has discouraged business expansion for some employers in the area. The shortage of working-age individuals seeking employment has made business closures a relief for other businesses in similar industries, as companies then have more candidates to consider. One community representative noted the lack of access to affordable childcare as a barrier to employment.

## **Community Representatives**

Two community representatives were contacted to obtain performance context regarding housing and economic development conditions within the assessment area. Both representatives stated the availability of workforce in the area is an issue, mentioning that the population in the area is aging, with stagnant population trends leading to a lack of employment age individuals. Additionally, both representatives discussed issues surrounding housing affordability, noting a need for a greater supply of both rental and owner-occupied single-family units. Representatives noted a concentration of vacation properties and rentals in the Green Lake County area, stating that first-time home buyers struggle to secure a home, as they are frequently outbid by companies purchasing vacation or rental units. Other issues noted by representatives were the aging housing stock, high building costs and zoning regulations, lack of incentives or programs for lower income families, and a lack of access to affordable childcare.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **LENDING TEST**

The Farmers & Merchants Bank performance relative to the lending test is Satisfactory. The bank's loan-to-deposit (LTD) ratio is more than reasonable based on the bank's size, complexity, financial condition, and its assessment area's credit needs. While the bank originated a majority of its loans outside its assessment area, the geographic distribution of loans reflects reasonable penetration throughout the assessment area, and lending activity reflects reasonable dispersion among individuals of different incomes and to businesses of different revenue sizes.

### **Loan-to-Deposit Ratio**

The Farmers & Merchants Bank had a more than reasonable loan-to-deposit ratio given the bank's size, financial condition, and the credit needs of its assessment area, and taking into account, as appropriate, other lending-related activities and community development loans and qualified investments. As of June 30, 2025, the bank's 17-quarter average LTD ratio was 95.6 percent, which was significantly above the average of local competitors. The LTD ratio increased slightly from 95.4

percent at the previous evaluation. The following table compares the bank's LTD ratio to that of its local competitors.

Comparative Loan-to-Deposit Ratios as of June 30, 2025	
Comparative Data	17-Quarter Average (%)
Farmers & Merchants Bank	95.6
Peer Avg – Local	72.0
Competitors	
Chippewa Valley Bank	89.8
Fortifi Bank	86.5
Bank of Luxemburg	80.7
Community State Bank	57.1
Dairy State Bank	45.8

### Assessment Area Concentration

The Farmers & Merchants Bank made a majority of its loans outside the bank's assessment area. During the evaluation period the bank originated 48.5 percent of home mortgage loans and 47.8 percent of small business loans, by number, in the assessment area. In total, 48.2 percent of total loans by number were originated in the assessment area. For comparison, at the previous evaluation, 57.0 percent of loans by number were made within the assessment areas. In addition, the bank originated 13.2 percent of home mortgage loans and 38.6 percent of small business loans, by dollar, in the assessment area. In total, 17.2 percent of loans by dollar were originated in the assessment area. For comparison, at the previous evaluation, 35.1 percent of loans, by dollar, were made within the assessment area. It should be noted that loans made outside of the assessment area (particularly residential loans) were primarily made to high net-worth individuals or businesses in amounts significantly larger than loans extended within the assessment area, resulting in a considerably lower assessment area concentration by dollar than by number.

The decrease compared to the prior evaluation is the result of board and senior management developing a network of clients across the nation through personal relationships and referrals. As noted earlier per the 2023 Housing & Economic Development Adjustment Strategy report, there is less demand for small business and residential lending within the assessment area as result of population trends. As a result, the bank has shifted their focus to lending outside of the assessment area while still meeting the credit needs of their assessment area. The increasing volume of lending through these referral relationships has been the primary reason for the level of lending outside of the assessment area, which has surpassed the lending in the assessment area. While a majority of the bank's home mortgage and small business lending is occurring outside of the assessment area, the bank collects a considerable portion (59.2 percent) of its deposits from outside of the assessment area through wholesale funding, most prominently brokered deposits, reducing concern that deposits from the assessment area are not being used to meet the credit needs of the assessment area.

The following table provides the bank's lending inside and outside the assessment area for the period of January 1, 2024 to December 31, 2024.

Assessment Area Concentration								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Residential Loans	33	48.5	\$5,456	13.2	35	51.5	\$35,920	86.8
Small Business	22	47.8	\$3,005	38.6	24	52.2	\$4,785	61.4
<b>Total Loans</b>	55	48.2	\$8,461	17.2	59	51.8	\$40,705	82.8

### Geographic Distribution of Loans

The assessment area is comprised solely of middle-income census tracts; therefore, a meaningful analysis could not be performed. The dispersion of loans in the assessment area was reviewed to determine if the bank is sufficiently serving the census tracts included in the assessment area. No conspicuous or unexplained gaps in lending were identified. Therefore, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

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

The distribution of loans to individuals of different income levels (including low- and moderate-income individuals), and businesses of different sizes, reflects reasonable penetration given the demographics of the bank's assessment area. Overall, the bank is responsive to the credit needs of low- and moderate-income borrowers and small businesses within its assessment area. Small business lending received greater weight as it represents a majority of the loan portfolio by dollar amount.

#### *Home Mortgage*

The distribution of home mortgage loans among borrowers of different income levels is reasonable. In 2024, the bank originated 6.1 percent of home mortgage loans to borrowers designated as low-income, which is significantly below the percentage of families designated low-income at 17.5 percent. Low-income families who are financially positioned for homeownership are reduced when considering that 6.5 percent of families in the area live below the poverty level. With respect to moderate-income borrowers, the bank originated 27.3 percent of home mortgage loans, which is above the percentage of families designated moderate-income at 22.0 percent. The following table provides information regarding the bank's distribution of home mortgage lending by borrower income level from January 1, 2024, through December 31, 2024.

Distribution of 2024 Residential Lending By Borrower Income Level					
Assessment Area: WI Non MSA					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	\$(000)	\$%	
Low	2	6.1	220	4.0	17.5
Moderate	9	27.3	1,055	19.3	22.0
Middle	8	24.2	853	15.6	22.6
Upper	14	42.4	3,329	61.0	37.9
Unknown	0	0.0	0	0.0	0.0
Total	33	100.0	5,456	100.0	100.0
Source: 2024 FFIEC Census Data					
2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

### Small Business Loans

The distribution of small business loans among businesses of different revenue sizes is reasonable. The bank originated 90.9 percent of loans to businesses with gross revenue of \$1 million or less, which is slightly above the percentage of small businesses in the assessment area at 90.4 percent. Of those loans to businesses with gross revenues of \$1 million or less, 60.0 percent were in amounts of \$100,000 or less, which are most beneficial to small businesses. The bank's lending activity demonstrates a willingness to support small businesses within the assessment area. The following table provides information on the bank's distribution of small business loans by revenue and loan size from January 1, 2024, through December 31, 2024.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses					
Assessment Area: WI Non MSA					
	Bank Loans				Total Businesses %
	#	%	\$(000)	%	
By Revenue					
\$1 Million or Less	20	90.9	2,019	67.2	90.4
Over \$1 Million	2	9.1	986	32.8	7.0
Revenue Unknown	0	0.0	0	0.0	2.7
Total	22	100.0	3,005	100.0	100.0
By Loan Size					
\$100,000 or Less	13	59.1	520	17.3	
\$100,001 - \$250,000	6	27.3	925	30.8	
\$250,001 - \$1 Million	3	13.6	1,560	51.9	
Total	22	100.0	3,005	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	12	60.0	440	21.8	
\$100,001 - \$250,000	6	30.0	925	45.8	
\$250,001 - \$1 Million	2	10.0	654	32.4	
Total	20	100.0	2,019	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.					

## Response to Complaints

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

## COMMUNITY DEVELOPMENT TEST

The bank's performance relative to the community development test is Satisfactory.

## Lending, Investment, and Services Activities

The Farmers & Merchants Bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services.

### *Community Development Lending*

The bank originated four qualified loans that benefited the assessment area for approximately \$4.6 million, focusing on revitalization/stabilization and community services. All of the qualified loans within the assessment area were dedicated to organizations with a community service purpose. In addition, 11 qualified loans totaling \$5.0 million were originated in the broader statewide or

regional area that did not include the assessment area. These loans enhanced the bank's performance. The following table displays the distribution of the bank's community development loans based on the purpose of the loan proceeds.

Community Development Loans June 22, 2021 – September 15, 2025						
Area Benefitted	Community Service		Revitalize/Stabilize		Total	
	#	\$(000)	#	\$(000)	#	\$(000)
Assessment Area	4	4,642	0	0	4	4,642
Broader Statewide or Regional Area	0	0	11	5,033	11	5,033
Total	4	4,642	11	5,033	15	9,675

#### Community Development Investments

During the evaluation period, the bank made three community development investments totaling approximately \$1.4 million. One investment totaling \$150,000, dedicated to an affordable housing purpose for low- and moderate-income individuals, was made in the broader statewide and regional area that includes the assessment area. This investment is particularly responsive to the needs of the community, as community representatives noted there is a lack of affordable housing options in the area. Additionally, one investment totaling \$1.1 million was made in the broader statewide or regional area that did not include the assessment area. This investment enhanced the bank's performance. The remaining investment for revitalize/stabilize purposes, totaling \$100,000, was made to a minority- or women-owned financial institution and low-incomed credit union (MWLI). Broader geographic criterion is applied to investments in MWFI's; therefore, this activity received the same consideration it would if it benefited the assessment area. This MWLI has a particular focus on providing inclusive financial services in Milwaukee, Wisconsin, which is particularly notable and responsive to critical CRA-related needs.

The table below displays the bank's current and prior period investments by community development purpose.

Community Development Investments June 22, 2021 – September 15, 2025						
Area Benefitted – Investment Period	Affordable Housing		Revitalize/Stabilize		Total	
	#	\$(000)	#	\$(000)	#	\$(000)
Assessment Area - MWLI - Current Period	0	0	1	100	1	100
Broader Statewide or Regional Area - Current	2	1,250	0	0	2	1,250
Total	2	1,250	1	100	3	1,350



The bank also made 77 qualified community development donations, totaling \$182,705. All the bank's donations benefited the assessment area. A total of 73 donations were for the purpose of community services to organizations that primarily benefit low- to moderate-income individuals. The bank made 2 donations to organizations or efforts supporting affordable housing within the assessment area and 2 donations for the purpose of revitalization/stabilization. The following table displays the bank's donations by community development purpose.

Community Development Donations June 22, 2021 – September 15, 2025								
Area Benefitted	Affordable Housing		Community Service		Revitalize/ Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$
<b>Total</b>	2	725	73	181,230	2	750	77	182,705

### *Community Development Services*

During the evaluation period, bank staff provided a total of 1,949 qualified hours for community development services in the assessment area. A significant portion of service hours involved bank staff providing financial expertise by serving on committees and/or holding a leadership position for community organizations within the assessment area. Several hours were dedicated to serving on a local community development corporation's board. This activity is particularly responsive, as one community representative noted a lack of financial resources for small businesses in the community; this organization specifically focuses on connecting small business owners with funding sources. Of the total service hours the bank provided, 1,913 hours were dedicated to organizations focused on providing community services for low- and moderate-income individuals. The following table presents the bank's service activities by community development purpose.

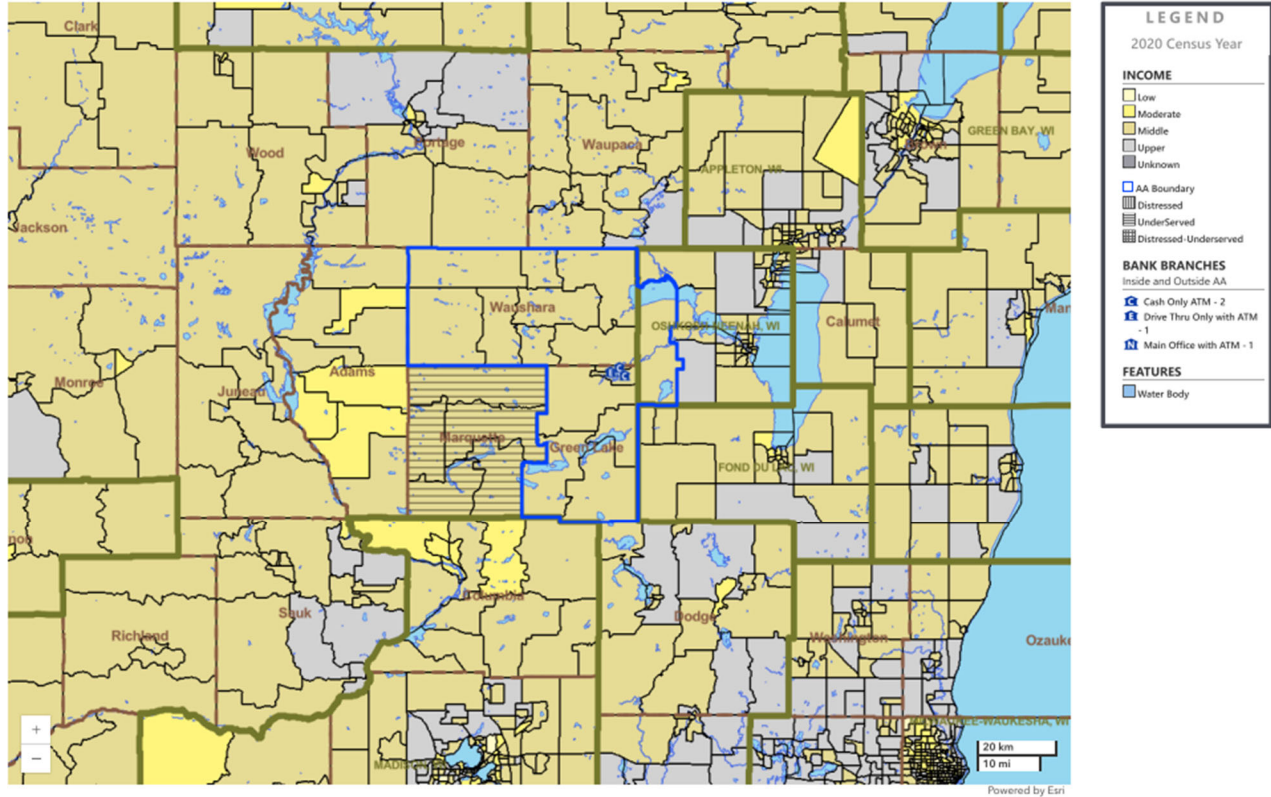
Community Development Services June 22, 2021 – September 15, 2025			
Area Benefitted	Community Service	Economic Development	Total
	Hours	Hours	Hours
<b>Total</b>	1,913	36	1,949

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## APPENDIX A – Map of Assessment Area

**The Farmers & Merchants Bank 574949**  
WI Non MSA



## APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	<ul style="list-style-type: none"><li>Home mortgage and small business loans originated from January 1, 2024 to December 31, 2024.</li><li>Community development loans, qualified investments, and community development services from June 22, 2021 to September 15, 2025.</li></ul>		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
The Farmers & Merchants Bank			Home Mortgage Loans Small Business Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
WI Non-MSA (Green Lake and Waushara Counties and one census tract in Winnebago County (Oshkosh-Neenah, WI MSA 36780)	Full scope review	None	None

## APPENDIX C – Glossary

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

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

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

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

**Area Median Income (AMI):** AMI means –

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

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

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

**Bank:** Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured state branch (other than a limited branch) of a foreign bank described in section

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<sup>1</sup> Source: FFIEC press release dated October 19, 2011.

228.11(c)(2).

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

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

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

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

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

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

- 1) Low- or moderate-income geographies;

- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:
  - a. Rates of poverty, unemployment or population loss; or
  - b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

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

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

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

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

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

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

present).

**Fair market rent:** Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

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

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

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

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

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

**Income Level:** Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;
- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

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

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

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

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

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

**Loan product office:** This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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



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

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

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

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

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

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

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

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

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

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

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

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