

# **PUBLIC DISCLOSURE**

January 13, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Baraboo State Bank  
RSSD# 24949

101 Third Avenue  
Baraboo, Wisconsin 53913

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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## BARABOO STATE BANK'S CRA RATING

<b>Baraboo State Bank is rated:</b>	<b>Satisfactory</b>
<b>The Lending Test is rated:</b>	<b>Satisfactory</b>
<b>The Community Development Test is rated:</b>	<b>Satisfactory</b>

Baraboo State Bank is meeting the credit needs of its community based on analysis of lending and community development activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition and assessment area credit needs. A majority of loans are in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of different sizes. Neither Baraboo State Bank nor this Reserve Bank has received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

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

## SCOPE OF EXAMINATION

Baraboo State Bank's CRA performance was evaluated using the Intermediate Small Institution Examination Procedures issued by the Federal Financial Institutions Examination Council (FFIEC). Performance was evaluated in the context of information about the institution and its assessment areas, including the bank's asset size, financial condition, competition, and the economic and demographic characteristics.

The evaluation included a full review of the bank's Non-Metropolitan Statistical Area (Non-MSA) Wisconsin assessment area based on several factors including deposit market share, branch concentration, and volume of lending. The Madison, Wisconsin MSA #31540 received a limited review due to the bank's limited presence in this area. This limited review assessment area was evaluated for consistency with the bank's performance in its full review assessment area, although it did not affect the overall CRA rating.

Loan products reviewed include Home Mortgage Disclosure Act (HMDA) reportable loans and small business loans. These products are considered the bank's primary business lines based on volume of loan originations by number and dollar amount. The bank's level of community development activities was also evaluated.

Performance within the designated assessment area was evaluated using intermediate-small bank

examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – An 18 quarter average loan-to-deposit ratio, ending September 30, 2019, was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank’s home mortgage and small business loans originated from January 1, 2018 – December 31, 2018 were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank’s home mortgage and small business loans originated within the assessment area, from January 1, 2018 – December 31, 2018, 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*** – The bank’s home mortgage and small business loans originated within the assessment area, from January 1, 2018 – December 31, 2018, 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 10, 2015 – January 13, 2020 were reviewed considering the capacity, need, and availability of such opportunities within the bank’s 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. Organizations representing economic development and community action were contacted.

It is important to note that the previous evaluation was conducted by a different regulatory agency and as a result, specific performance information related to the community development test was not weighted as heavily during the assessment of the bank’s performance during this evaluation. The primary focus for this evaluation’s community development test was related to the bank’s performance in meeting the credit needs of its local community. Trend analysis specific to community development activity was not weighted heavily when compared to the previous evaluation.

## DESCRIPTION OF INSTITUTION

Baraboo State Bank is a subsidiary of Baraboo Bancorporation, a one-bank holding company headquartered in Baraboo, Wisconsin. The bank maintains its main office in Baraboo, Wisconsin along with seven branch locations (six full-service and one limited-service) and 13 automated teller machines (ATM) in Baraboo, Lake Delton, Portage, and Reedsburg, Wisconsin.

The bank offers standard, non-complex, mortgage, consumer, commercial, and agricultural credit products to meet the financial needs of consumers, businesses, and other entities in the assessment area. Deposit products are basic and non-complex and include free checking, regular checking and savings, checking with interest, business checking, certificates of deposits, and health savings accounts. Additionally, Baraboo State Bank offers loans guaranteed by the U.S. Small Business Administration, U.S. Department of Agriculture, U.S. Department of Veteran Affairs, Farm Service Agency, and the Federal Housing Administration.

As of the June 30, 2019 Uniform Bank Performance Report, Baraboo State Bank had total assets of \$370.9 million and total loans of \$270.4 million. Baraboo State Bank is primarily a commercial and residential real estate lender as such loans comprised 72.4 percent and 15.6 percent, respectively, of the loan portfolio.

Details of the allocation of the bank's loan portfolio are provided in the following table.

<b>Loan Portfolio Composition as of June 30, 2019</b>		
<b>Loan Type</b>	<b>Dollar Volume (\$ in 000s)</b>	<b>% of Portfolio</b>
Commercial	195,768	72.4
Residential Real Estate	42,130	15.6
Consumer	4,876	1.8
Agricultural	460	0.2
Other	27,177	10.1
Total	270,411	100.0
<i>Note: Percentages may not add to 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 by the Office of the Comptroller of the Currency on June 9, 2015.

## DESCRIPTION OF ASSESSMENT AREA

Baraboo State Bank's operates in two assessment areas throughout the state of Wisconsin. The designated assessment areas include Non-MSA Wisconsin and Madison, Wisconsin MSA #31540. The Non-MSA Wisconsin assessment area includes Sauk County in its entirety, and portions of Adams and Juneau Counties. The Madison, Wisconsin MSA #31540 assessment area includes the western portion of Columbia County. The combined assessment area includes 26 census tracts, of which the majority are located in Sauk (13 census tracts) and Columbia (8 census tracts) Counties. The assessment area includes five moderate-income, 20 middle-income, and one upper-income census tracts. There are no low-income census tracts in the bank's assessment area. Further, there are no distressed or underserved nonmetropolitan middle-income census tracts within the assessment area.

The assessment area has changed since the previous examination when the bank delineated the entireties of Adams, Columbia, Fond du Lac, Juneau and Langlade Counties. The changes to the assessment area were made to better reflect the bank's capacity to lend in those areas and the closure of three branch offices. A comparison of the current and former assessment area is provided in the table below.

Assessment Area	Offices	ATMs	Tract Income Level				
			Low	Moderate	Middle	Upper	Total
Non-MSA	7	12	0	2	15	1	18
Madison MSA	1	1	0	3	5	0	8
<b>Total Current</b>	<b>8</b>	<b>13</b>	<b>0</b>	<b>5</b>	<b>20</b>	<b>1</b>	<b>26</b>
Prior PE	11	19	1	19	118	7	145

The Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report dated June 30, 2019, ranks Baraboo State Bank fifth of 23 FDIC-insured institutions in Sauk, Adams, Juneau, and Columbia Counties. The bank held \$324.1 million in deposits, representing 9.3 percent of the total deposit market share in the four counties. Based on the deposit market share, the largest competitor in the assessment area is Bank of Wisconsin Dells, representing 14.0 percent of the total deposit market share.

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

Assessment Area: 2018 Combined Assessment Area								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	6,202	19.5
Moderate-income	5	19.2	6,120	19.2	695	11.4	6,257	19.7
Middle-income	20	76.9	25,020	78.6	1,696	6.8	7,816	24.6
Upper-income	1	3.8	677	2.1	34	5.0	11,542	36.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	26	100.0	31,817	100.0	2,425	7.6	31,817	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	11,871	6,067	17.4	51.1	4,159	35.0	1,645	13.9
Middle-income	46,232	27,991	80.4	60.5	8,841	19.1	9,400	20.3
Upper-income	1,201	759	2.2	63.2	379	31.6	63	5.2
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	59,304	34,817	100.0	58.7	13,379	22.6	11,108	18.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	1,206	24.0	1,050	23.6	141	28.5	15	16.5
Middle-income	3,641	72.4	3,236	72.9	331	67.0	74	81.3
Upper-income	180	3.6	156	3.5	22	4.5	2	2.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	5,027	100.0	4,442	100.0	494	100.0	91	100.0
	Percentage of Total Businesses:			88.4			9.8	1.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	37	8.4	35	8.1	2	22.2	0	0.0
Middle-income	398	90.5	391	90.7	7	77.8	0	0.0
Upper-income	5	1.1	5	1.2	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	440	100.0	431	100.0	9	100.0	0	0.0
	Percentage of Total Farms:			98.0			2.0	0.0
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

Baraboo State Bank's performance relative to the lending test is rated Satisfactory. The loan-to-deposit ratio is reasonable given the bank's size, financial condition and assessment area credit needs. A majority of the loans and other lending-related activities are in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. In addition, loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of different sizes.

#### Loan-to-Deposit Ratio

Baraboo State Bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. Also considered were demographic factors, the bank's lending and deposit strategy, economic conditions, and lending opportunities within the assessment area. As of September 30, 2019, the bank's LTD ratio equaled 80.0 percent, with an 18-quarter average of 73.3 percent.

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

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	18-Quarter Average
Baraboo State Bank	73.3
<b>Competitors</b>	
Wisconsin River Bank	103.4
Farmers and Merchants Union Bank	97.2
Bank of Wisconsin Dells	90.1
Royal Bank	82.4
Bank of Mauston	73.5
Bank of Prairie du Sac	72.2

#### Assessment Area Concentration

During the evaluation period, a majority of the loans were originated in the bank's assessment area. Baraboo State Bank originated 85.2 percent of total loans by number and 78.3 percent by dollar inside the assessment area during the evaluation period. HMDA-reportable lending had a slightly higher origination rate of 87.2 percent by number, compared to 78.7 percent of small business loans originated inside the assessment area. Overall, lending inside of the assessment area indicates appropriate responsiveness to assessment area credit needs.



The following table summarizes Baraboo State Bank's lending inside and outside of its assessment area for HMDA-reportable and small business loans from January 1, 2018 to December 31, 2018.

<b>Lending Inside and Outside the Assessment Area</b>								
<b>Loan Types</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Improvement	4	100.0	\$186	100.0	0	0.0	\$0	0.0
Home Purchase – Conventional	54	87.1	\$8,182	84.3	8	12.9	\$1,523	15.7
Loan Purpose Not Applicable	1	50.0	\$37	47.4	1	50.0	\$41	52.6
Other Purpose Closed-End	14	93.3	\$683	93.9	1	6.7	\$44	6.1
Refinancing	63	86.3	\$6,997	89.1	10	13.7	\$855	10.9
<b>Total HMDA related</b>	<b>136</b>	<b>87.2</b>	<b>\$16,085</b>	<b>86.7</b>	<b>20</b>	<b>12.8</b>	<b>\$2,463</b>	<b>13.3</b>
<b>Small Business related</b>	<b>37</b>	<b>78.7</b>	<b>\$6,594</b>	<b>63.4</b>	<b>10</b>	<b>21.3</b>	<b>\$3,815</b>	<b>36.6</b>
<b>Total Loans</b>	<b>173</b>	<b>85.2</b>	<b>\$22,679</b>	<b>78.3</b>	<b>30</b>	<b>14.8</b>	<b>\$6,278</b>	<b>21.7</b>
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

### Geographic and Borrower Distribution

The geographic distribution of HMDA-reportable and small business loans reflects reasonable dispersion throughout the assessment area. In addition, the distribution of lending reflects, given the product lines offered, reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of different sizes.

Additional information with respect to the bank's geographic and borrower distribution is found within the full review assessment area section for Non-MSA Wisconsin.

### Response to Complaints

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

### COMMUNITY DEVELOPMENT TEST

Baraboo State Bank's performance relative to the community development test is rated Satisfactory. The bank's community development performance demonstrates adequate responsiveness to the needs of the assessment area through community development loans, investments, donations, and community development services, as appropriate, considering the bank's capacity and the availability of such opportunities for community development in the bank's assessment area.

### Lending, Investment, and Service Activities

During the evaluation period, Baraboo State Bank originated five qualified loans totaling

approximately \$2.8 million towards affordable housing, community services, and revitalization/stabilization within its assessment area. This represents a decrease of \$6.1 million from the previous examination where the bank submitted 13 qualified community development loans for \$8.9 million. Although the qualified loans submitted for this evaluation were below that of the previous evaluation, the bank has undergone significant reductions in branch locations, market area, staff, and resources.

During the evaluation period, Baraboo State Bank made one new qualified investment totaling \$681,047 as well as 31 qualified donations totaling \$59,250 within its assessment area. The qualified investment and donations met a wide range of community development purposes, including: revitalizing or stabilizing moderate-income geographies and areas, affordable housing, economic development, as well as community services targeted to low- and moderate-income individuals. This performance represents an increase from the previous evaluation in which the bank made no qualified investments and 30 donations for \$25,000.

During the evaluation period, bank staff provided 4,351 hours of community development services since the prior evaluation. Of the total number of service hours, 3,423 were dedicated to organizations with a community service focus, 598 service hours were dedicated to organizations with an economic development focus, 322 service hours were to an organization dedicated to the revitalization or stabilization of a moderate-income census tract, and 8 service hours were dedicated to an organization with an affordable housing focus. During the previous evaluation, the bank's qualified community development service hours were dedicated to 13 local organizations.

Additional information with respect to the bank's community development activities is found within the full review assessment area section for Non-MSA Wisconsin.

Community Development Activities June 10, 2015 – January 13, 2020								
Assessment Area	Loans		Investments		Donations		Services	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	Hours
<b>Full Review</b>								
Wisconsin Non-MSA	4	887	0	0	31	59	17	3,958
<b>Limited Review</b>								
Madison, Wisconsin MSA #31540	1	1,924	1	681	0	0	4	393
<b>Regional Impact</b>								
<b>Total Qualified</b>	<b>5</b>	<b>2,810</b>	<b>1</b>	<b>681</b>	<b>31</b>	<b>59</b>	<b>21</b>	<b>4,351</b>

## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

## **NON-MSA WISCONSIN – FULL REVIEW**

### **SCOPE OF EXAMINATION**

Full scope examination procedures were used to evaluate the bank's performance in the Non-MSA Wisconsin assessment area. The scope is consistent with the scope of the examination described within the institution summary. For further information, refer to the "Scope of Examination" section for details.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA WISCONSIN**

The bank's Non-MSA Wisconsin assessment area has 18 census tracts comprised of Sauk County in its entirety, two census tracts (9505.02 and 9507.00) in Adams County and three census tracts (1005.00, 1006.00, and 1007.00) in Juneau County. The census tract composition includes two moderate-income, 15 middle-income, and one upper-income census tracts. There are no low-income or distressed or underserved middle-income geographies within the bank's assessment area as designated by the FFIEC. The assessment area has changed since the previous evaluation, when the bank included the entirety of Adams and Juneau Counties. The reduction in the assessment area is the result of strategic realignment.

Within the assessment area, the bank operates a main office, one limited-service branch and five full-service branches each with cash-only ATMs, including two ATMs at the West Baraboo branch. The bank also has four standalone cash-only ATMs, for a total of 12 cash-only ATMs in the assessment area. All offices are located in middle-income census tracts, except the West Baraboo branch, which is located in a moderate-income census tract.

Since the previous examination, the bank closed one branch location (Wonewoc, WI) with a cash-only ATM and three standalone cash-only ATMs (University of Wisconsin (Baraboo)), Devil's Head Resort (Merrimac), and Wild Rock Golf (Wisconsin Dells) within the current delineated assessment area, all of which were located in middle-income census tracts. The three standalone cash-only ATMs were closed as requested by their respective locations.

According to the June 30, 2019, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Baraboo State Bank ranked third of 20 FDIC-insured financial institutions operating in Sauk, Adams, and Juneau Counties. The bank held \$286.9 million in deposits, representing 13.4 percent of the total deposit market share in the three counties. Outranking Baraboo State Bank based on the deposit market share, is BMO Harris Bank National Association (16.7 percent) and Bank of Prairie du Sac (16.6 percent).

In 2018, Baraboo State Bank ranked fourth among 210 HMDA-reporters, originating 119 HMDA-reportable loans in the assessment area. In comparison, the first ranked institution, Summit Credit Union originated 450 HMDA loans, and second ranked Fairway Independent Mortgage

Corporation originated 186 HMDA loans.

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

Assessment Area: 2018 WI Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	3,847	18.3
Moderate-income	2	11.1	2,644	12.6	355	13.4	3,926	18.7
Middle-income	15	83.3	17,715	84.2	1,458	8.2	4,903	23.3
Upper-income	1	5.6	677	3.2	34	5.0	8,360	39.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	18	100.0	21,036	100.0	1,847	8.8	21,036	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	5,123	2,695	11.7	52.6	1,828	35.7	600	11.7
Middle-income	34,110	19,495	84.9	57.2	7,046	20.7	7,569	22.2
Upper-income	1,201	759	3.3	63.2	379	31.6	63	5.2
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	40,434	22,949	100.0	56.8	9,253	22.9	8,232	20.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	455	13.4	380	12.7	70	19.6	5	8.6
Middle-income	2,769	81.3	2,453	82.1	265	74.2	51	87.9
Upper-income	180	5.3	156	5.2	22	6.2	2	3.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	3,404	100.0	2,989	100.0	357	100.0	58	100.0
	Percentage of Total Businesses:			87.8		10.5		1.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	18	5.3	17	5.1	1	14.3	0	0.0
Middle-income	317	93.2	311	93.4	6	85.7	0	0.0
Upper-income	5	1.5	5	1.5	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	340	100.0	333	100.0	7	100.0	0	0.0
	Percentage of Total Farms:			97.9		2.1		0.0
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

## Population Characteristics

The table below presents the population trends for the assessment area and the state of Wisconsin from 2010 to 2015. According to the 2015 U.S. Census Bureau demographic data, the assessment area's population is 82,221. Sauk County, similar to the state of Wisconsin, saw a slight increase in population of 1.6 percent and 1.0 percent, respectively. Meanwhile the population slightly decreased in Adams and Juneau Counties by 2.0 percent and 0.6 percent, respectively. According to community representatives, the population increase in Sauk County is attributed to the thriving local economy, low cost of living, and the capabilities of local residents to commute to other nearby towns such as Madison for employment. In contrast, Adams and Juneau Counties have a large agricultural industry concentration, which has experienced hardships in recent years compared to other job sectors. This, in concert with the more rural location, has resulted in struggles by both counties to attract new, and retain current, residents.

Population Change 2010 and 2011-2015			
Area	2010 Population	2011-2015 Population	Percentage Change
Assessment Area	N/A	82,221	N/A
Adams County, WI	20,875	20,451	-2.0
Juneau County, WI	26,664	26,494	-0.6
Sauk County, WI	61,976	62,992	1.6
State of Wisconsin	5,686,986	5,742,117	1.0
<i>Source: U.S. Census Bureau: 2010 – Decennial Census; 2011-2015 – American Community Survey</i>			

## Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 21,036 families, of which 18.3 percent are designated as low-income, 18.7 percent are moderate-income, 23.3 percent are middle-income and 39.7 percent are upper-income. However, 8.8 percent of families residing within the assessment area live below the poverty line, slightly above the state of Wisconsin poverty rate of 8.6 percent. According to the 2011-2015 American Community Survey (ACS), the median family income (MFI) for the assessment area is \$61,672. Adams and Juneau Counties MFI's are significantly below Sauk County at \$51,884 and \$54,393, respectively. The MFI in Sauk County is notably higher at \$64,671, which is more closely aligned with the state of Wisconsin at \$68,064. The largest increase in MFI was experienced in Adams County at 13.2 percent from 2010 to 2015. A community representative noted Adams County's large increase can be attributed to the favorable economic conditions, as well as new businesses expanding into the area providing higher wage job opportunities to residents. Throughout the assessment area, the community representative stated they are anticipating higher-than-normal increases in MFI in coming years due to the increased pressure on the labor market as a result of low unemployment rates.

Median Family Income
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2006-2010 and 2011-2015			
Area	2006-2010 Median Family Income (In 2010 Dollars)	2011-2015 Median Family Income (In 2015 Dollars)	Percentage Change
Assessment Area	N/A	61,672	N/A
Adams County, WI	45,821	51,884	13.2
Juneau County, WI	54,059	54,393	0.6
Sauk County, WI	62,196	64,671	4.0
State of Wisconsin	64,869	68,064	4.9
<i>Source: U.S. Census Bureau: American Community Survey</i>			

### Housing Characteristics

There are a total of 40,434 housing units within the assessment area. The majority of housing units are owner-occupied at 56.8 percent, whereas rental units comprise 22.9 percent of total units. Within the assessment area, 20.4 percent of housing units are vacant, which is greater than the number of vacant units within the state of Wisconsin at 13.0 percent.

The following table presents the recent housing cost trends within the assessment area and the state of Wisconsin. According to the 2011-2015 American Community Survey, the assessment area had a median housing value of \$156,845 and median gross rent value of \$727. The counties that comprise the assessment area experienced positive growth in housing value from 2010 to 2015 outperforming the state of Wisconsin, which had a 1.9 percent decrease in housing value during the same time period. Median gross rent grew most notably in Adams and Juneau Counties with increases of 18.0 percent and 12.7 percent, respectively.

Trends in Housing Costs 2006-2010 and 2011-2015							
	Median Housing Value			Median Gross Rent			Affordability Ratio
Area	2006- 2010	2011- 2015	% Change	2006- 2010	2011- 2015	% Change	2011-2015
Assessment Area	N/A	156,845	N/A	N/A	727	N/A	0.32
Adams County, WI	130,700	131,600	0.7	589	695	18.0	0.33
Juneau County, WI	115,500	116,800	1.1	612	690	12.7	0.38
Sauk County, WI	166,400	166,700	0.2	700	731	4.4	0.31
State of Wisconsin	169,000	165,800	-1.9	713	776	8.8	0.32
<i>Source: U.S. Census Bureau: American Community Survey</i>							

Community representatives stated that Sauk County, which comprises a majority of the bank's assessment area, has seen significantly more demand for rental units in recent years which has led to a greater increase in rental costs compared to housing value due to the limited supply. This is

primarily a result of an increase in people moving to the southeastern portion of the county, because of the close proximity to Madison, Wisconsin for employment and the lower cost of living. The representatives stated that there is a healthy amount of housing construction taking place throughout the assessment area; however, there is still a noticeable need for multi-family housing development. Further, they stated that financial institutions can help this effort by proactively seeking opportunities to extend credit to multi-family housing developers.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix C – Glossary. A higher ratio generally suggests more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratio for the assessment area was 0.32, which is the same as the state of Wisconsin. As such, the affordability ratios suggest that housing affordability within the assessment area is very similar to the state as a whole. Of the geographies within the bank's assessment area, Juneau County is the most affordable (0.38), followed by Adams County (0.33) and Sauk County is the least affordable (0.31).

### **Foreclosure Inventory Rates**

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

Foreclosure inventory rates in the state and the assessment area counties have declined since the previous evaluation. This indicates the housing crisis that affected much of the nation, including assessment area counties, has diminished. This is consistent with community representative statements regarding the rising wealth of the respective counties. In Adams County, Juneau County, and Sauk County the most recent foreclosure rate (July 2018) was 1.0 percent, 0.9 percent, and 0.7 percent, respectively. These figures are in line with the rest of the state of Wisconsin, which had a foreclosure inventory rate of 0.8 percent for the same time period. The lower percentage of properties in the process of foreclosure indicates housing sector improvement within the assessment area and the state of Wisconsin.

### **Employment Conditions**

The following table presents the unemployment trends for counties that comprise the assessment area and the state of Wisconsin from 2013 to 2016. In 2016, the unemployment rate in Adams County, Juneau County, and Sauk County were 6.2 percent, 4.6 percent, and 3.7 percent, respectively. Sauk County's unemployment rate is slightly below the state of Wisconsin, while Adams and Juneau Counties have consistently seen higher unemployment rates when compared to the state. A community representative stated that Sauk County's unemployment is projected to continue declining, and this is primarily a result of a diverse and thriving local economy as well as



commuting capabilities for local residents to travel to larger cities, such as Madison, for employment. The representative also stated that Adams and Juneau Counties have historically struggled with unemployment more than Sauk County due to their rural location, highly concentrated agricultural industry, and lack of commuting capabilities for local residents. Further, the low unemployment rate has resulted in challenges for local businesses to fill open positions and/or expand operations.

Unemployment				
Area	2013	2014	2015	2016
Adams County, WI	9.9	8.8	7.3	6.2
Juneau County, WI	8.7	6.7	5.2	4.6
Sauk County, WI	6.4	5.1	4.1	3.7
State of Wisconsin	6.7	5.5	4.6	4.1
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)</i>				

### Industry Characteristics

The information presented below indicates a majority of the largest employers in the assessment area are located in Sauk County. Based on data collected by the U.S. Department of Labor, the assessment area has a diverse employment base but is heavily impacted by hotel/resort management and manufacturing. Community representatives stated that the agricultural industry is also present throughout the assessment area particularly in Adams and Juneau Counties; however, local farmers have been experiencing industry-specific economic struggles. In addition, community representatives mentioned that there is a growing demand for skilled technical positions at a majority of the manufacturing companies throughout the assessment area, especially in Sauk County.

Largest Employers in the Assessment Area			
Company	County	Industry	# of Employees
Wilderness Hotel & Golf Resort	Sauk	Hotels & Motels	1,500
Chula Vista Resort	Adams	Resorts	1,000
American Axle & Mfg Inc.	Sauk	Foundries-Steel (Mfrs)	860
Sauk County Court House	Sauk	Government Offices	650
Sysco Baraboo Inc.	Sauk	Food Products (Whls)	601
Lands' End Distribution Center	Sauk	Dist. Center (Whls)	600
Sauk Prairie Healthcare	Sauk	Health Care Mgmt.	600
LSC Communications	Sauk	Printers (Mfrs)	501
Maintenance Department	Sauk	Educational Service – Business	500
Noah's Ark Water Park	Sauk	Water Parks	500
<i>Source: Business information provided by Infogroup®, Omaha, NE</i>			

### Community Representatives

Two community representatives were contacted during the evaluation to provide information regarding local economic and demographic conditions. The representatives provided information on housing, employment, and economic development needs within the assessment area. The representatives stated there are some emerging challenges within the area in which local financial institutions can participate in addressing. There is a growing demand and need for affordable multi-family housing. The recent population growth, in addition to the growing commuter population within Sauk County, has significantly increased the desire and need for affordable rental units throughout the county. There is also a growing homeless population within the assessment area. Community representatives indicated that homelessness is beginning to be addressed by a variety of public and private entities; however, there is still opportunity for local financial institutions to participate in addressing the issue. Overall, community representatives stated that local financial institutions are active within the community and willing to help address and meet the credit needs of the communities in which they serve.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA WISCONSIN**

### **LENDING TEST**

#### **Geographic Distribution of Loans**

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among the census tract designations within the assessment area, particularly moderate-income census tracts. Overall, Baraboo State Bank's geographic distribution of HMDA-reportable and small business loans reflects reasonable dispersion throughout the assessment area.

The bank's assessment area consists of two moderate-income and 15 middle-income, and one upper-income census tracts. In 2018, Baraboo State Bank originated loans in 83.3 percent of the 18 census tracts in the assessment area. The bank also originated loans in both of the moderate-income census tracts. Based upon this analysis, it appears there are no conspicuous geographic lending gaps.

Due to minimal loan volume in 2018, home improvement and other purpose closed exempt loans were not evaluated.

#### **HMDA-Reportable Loans**

The geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. In 2018, Baraboo State Bank originated 18 loans, or 15.1 percent of total HMDA-reportable loans in moderate-income census tracts, which is above the aggregate at 12.3 percent and the 11.7 percent of owner occupied units located in moderate-income census tracts. The majority (84.9 percent) of Baraboo State Bank's total HMDA-reportable loans were originated

in middle-income census tracts, which is consistent with the aggregate (84.0 percent) and the percentage of owner occupied units (84.9 percent). The bank did not originate any home purchase loans in upper-income census tracts, which is below the 3.7 percent of home purchase loans originated by the aggregate and the 3.3 percent of owner occupied units located in upper-income census tracts.

#### *Home Purchase Loans*

In 2018, home purchase loans represented 41.2 percent of the bank's total HMDA-reportable loans in the Non-MSA Wisconsin assessment area. Baraboo State Bank originated 14.3 percent of its home purchase loans in moderate-income census tracts. The bank's performance is slightly above the aggregate at 12.4 percent and the 11.7 percent of owner occupied units located in moderate-income census tracts. The majority of the bank's home purchase loans were originated in middle-income census tracts at 85.7 percent, comparable to the aggregate at 83.8 percent and the 84.9 percent of owner occupied units located in middle-income census tracts. The bank did not originate any home purchase loans in upper-income census tracts, which is below the 3.8 percent of home purchase loans originated by the aggregate and the 3.3 percent of owner occupied units located in upper-income census tracts.

#### *Refinance Loans*

In 2018, refinance loans represented 44.5 percent of the bank's total HMDA-reportable loans in the Non-MSA Wisconsin assessment area. The bank originated 15.1 percent of its refinance loans in moderate-income census tracts, which is above the aggregate at 12.5 percent and the 11.7 percent of owner occupied units located in moderate-income census tracts. The majority of the bank's refinance loans were in middle-income census tracts at 84.9 percent, comparable to the aggregate at 83.9 percent and the 84.9 percent of owner occupied units located in middle-income census tracts. Lastly, the bank did not originate any refinance loans in upper-income census tracts, which is below the 3.7 percent of refinance loans originated by aggregate and the 3.3 percent of owner occupied units located in upper-income census tracts.

The following table summarizes the bank's 2018 HMDA-reportable lending in the assessment area.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2018 WI Non MSA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2018						
		Count Bank		Agg %	Dollar Bank		Agg %	
#	%	\$ (000s)	%					
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	7	14.3	12.4	1,172	15.6	10.1	11.7
	Middle	42	85.7	83.8	6,343	84.4	85.5	84.9
	Upper	0	0.0	3.8	0	0.0	4.3	3.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	49	100.0	100.0	7,515	100.0	100.0	100.0
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	8	15.1	12.5	876	14.4	9.8	11.7
	Middle	45	84.9	83.9	5,222	85.6	87.0	84.9
	Upper	0	0.0	3.7	0	0.0	3.2	3.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	53	100.0	100.0	6,098	100.0	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	12.9	0	0.0	10.8	11.7
	Middle	3	100.0	83.1	146	100.0	85.2	84.9
	Upper	0	0.0	3.9	0	0.0	4.0	3.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	3	100.0	100.0	146	100.0	100.0	100.0
Other Purpose Closed Exempt	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	3	23.1	5.4	85	13.6	1.9	11.7
	Middle	10	76.9	94.6	541	86.4	98.1	84.9
	Upper	0	0.0	0.0	0	0.0	0.0	3.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	13	100.0	100.0	626	100.0	100.0	100.0
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	18	15.1	12.3	2,133	14.8	10.7	11.7
	Middle	101	84.9	84.0	12,289	85.2	85.6	84.9
	Upper	0	0.0	3.7	0	0.0	3.7	3.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	119	100.0	100.0	14,422	100.0	100.0	100.0
Originations & Purchases								
2016 FFIEC Census Data								
Note: Percentages may not add to 100.0 percent due to rounding								

## Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. In 2018, Baraboo State Bank originated 16.0 percent of its small business loans in moderate-income census tracts, above the percentage of total businesses located in moderate-income census tracts at 13.4 percent. A large majority (84.0 percent) of the bank's small business loans were originated in middle-income tracts, which is slightly above the percentage of total businesses located in those geographies at 81.3 percent. The bank originated no small business loans in upper-income census tracts, below the percentage of total businesses located in those geographies at 5.3 percent.

The following table presents the bank's geographic distribution of small business loans in 2018.

Geographic Distribution of Small Business Loans						
Assessment Area: 2018 WI Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
				2018		Total Businesses
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	4	16.0	522	13.2	13.4
	Middle	21	84.0	3,419	86.8	81.3
	Upper	0	0.0	0	0.0	5.3
	Unknown	0	0.0	0	0.0	0.0
	Total	25	100.0	3,940	100.0	100.0
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS						
Note: Percentages may not add to 100.0 percent due to rounding						

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

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

Due to minimal loan volume in 2018, home improvement and other purpose closed exempt loan were not evaluated.

## HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. In 2018,

Baraboo State Bank originated 12.6 percent of its total HMDA-reportable loans to low-income borrowers, which is above the aggregate at 6.8 percent, but below the percentage of low-income families in the assessment area at 18.3 percent. The bank originated 25.2 percent of its HMDA-reportable loans to moderate-income borrowers, which is above both the aggregate at 19.3 percent and the 18.7 percent of moderate-income families within the assessment area. The bank originated 22.7 percent of its HMDA-reportable loans to middle-income borrowers, slightly below both the aggregate and the percentage of middle-income families within the assessment area at 25.0 percent and 23.3 percent, respectively. The bank originated 34.5 percent of its HMDA-reportable loans to upper-income borrowers, below both the aggregate and the percentage of upper-income families within the assessment area at 38.9 percent and 39.7 percent, respectively. In addition, the bank originated 5.0 percent of its HMDA-reportable loans to borrowers of unknown-income, below the aggregate at 9.9 percent.

#### *Home Purchase Loans*

In 2018, Baraboo State Bank originated 4.1 percent of its home purchase loans to low-income borrowers, which is comparable to the aggregate at 5.5 percent but below the percentage of low-income families within the assessment area at 18.3 percent. The bank originated 26.5 percent of its home purchase loans to moderate-income borrowers, which is above both aggregate at 20.8 percent and the 18.7 percent of moderate-income families within the assessment area. The bank originated 32.7 percent of its home purchase loans to middle-income borrowers, above both the aggregate and the percentage of middle-income families within the assessment area at 26.7 percent and 23.3 percent, respectively. The bank originated 28.6 percent of its home purchase loans to upper-income borrowers, below both aggregate and the percentage of upper-income families within the assessment area at 36.8 percent and 39.7 percent, respectively. In addition, the bank originated 8.2 percent of its home purchase loans to borrowers of unknown-income, slightly below the aggregate at 10.2 percent.

#### *Refinance Loans*

In 2018, Baraboo State Bank originated 18.9 percent of its refinance loans to low-income borrowers, which is above the aggregate at 9.6 percent and is comparable to low-income families within the assessment area at 18.3 percent. The bank originated 22.6 percent of its refinance loans to moderate-income borrowers, which is above both aggregate at 16.6 percent and the 18.7 percent of moderate-income families within the assessment area. The bank originated 17.0 percent of its refinance loans to middle-income borrowers, below both the aggregate and the percentage of middle-income families within the assessment area at 24.4 percent and 23.3 percent, respectively. The bank originated 39.6 percent of its refinance loans to upper-income borrowers, comparable to both aggregate and the percentage of upper-income families within the assessment area at 40.0 percent and 39.7 percent, respectively. In addition, the bank originated 1.9 percent of its refinance loans to borrowers of unknown-income, below the aggregate at 9.4 percent.

The following table summarizes the bank's 2018 HMDA-reportable lending in the assessment area.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2018 WI Non MSA								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2018						
		Count Bank		Agg	Dollar Bank		Agg	
#	%	%	\$ (000s)	%	%			
Home Purchase	Low	2	4.1	5.5	185	2.5	3.2	18.3
	Moderate	13	26.5	20.8	1,503	20.0	15.0	18.7
	Middle	16	32.7	26.7	2,184	29.1	24.2	23.3
	Upper	14	28.6	36.8	2,894	38.5	46.7	39.7
	Unknown	4	8.2	10.2	749	10.0	10.9	0.0
	Total	49	100.0	100.0	7,515	100.0	100.0	100.0
Refinance	Low	10	18.9	9.6	504	8.3	5.5	18.3
	Moderate	12	22.6	16.6	1,040	17.1	13.2	18.7
	Middle	9	17.0	24.4	1,172	19.2	20.4	23.3
	Upper	21	39.6	40.0	3,315	54.4	48.7	39.7
	Unknown	1	1.9	9.4	67	1.1	12.3	0.0
	Total	53	100.0	100.0	6,098	100.0	100.0	100.0
Home Improvement	Low	3	100.0	7.3	146	100.0	5.8	18.3
	Moderate	0	0.0	20.2	0	0.0	17.3	18.7
	Middle	0	0.0	22.5	0	0.0	20.6	23.3
	Upper	0	0.0	47.8	0	0.0	50.2	39.7
	Unknown	0	0.0	2.2	0	0.0	6.1	0.0
	Total	3	100.0	100.0	146	100.0	100.0	100.0
Other Purpose Closed Exempt	Low	0	0.0	7.1	0	0.0	5.5	18.3
	Moderate	5	38.5	23.2	84	13.4	13.8	18.7
	Middle	2	15.4	17.9	80	12.8	20.6	23.3
	Upper	6	46.2	51.8	462	73.8	60.1	39.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	13	100.0	100.0	626	100.0	100.0	100.0
HMDA Totals	Low	15	12.6	6.8	835	5.8	3.7	18.3
	Moderate	30	25.2	19.3	2,627	18.2	13.7	18.7
	Middle	27	22.7	25.0	3,436	23.8	21.3	23.3
	Upper	41	34.5	38.9	6,671	46.3	45.0	39.7
	Unknown	6	5.0	9.9	853	5.9	16.3	0.0
	Total	119	100.0	100.0	14,422	100.0	100.0	100.0
Originations & Purchases								
2016 FFIEC Census Data								
Note: Percentages may not add to 100.0 percent due to rounding								

## Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. In 2018, Baraboo State Bank originated a total of 25 small business loans, of which 72.0 percent by number were to businesses with gross revenues equal to or less than \$1 million. This is below the gross revenue composition of small businesses in the assessment area, at 87.8 percent. A high percentage, 66.7 percent, of those were loan amounts of \$100,000 or less, which are considered the most beneficial to small businesses, indicating the bank's willingness to meet the credit needs of small businesses.

The following table presents the bank's borrower distribution of small business loans in 2018.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2018 WI Non MSA							
Product Type		Bank & Demographic Comparison					
		2018				Total Businesses	
		Count Bank		Dollar Bank			
		#	%	\$ 000s	\$ %	%	
Small Business	Revenue	\$1 Million or Less	18	72.0	1,609	40.8	87.8
		Over \$1 Million or Unknown	7	28.0	2,331	59.2	12.2
		Total	25	100.0	3,940	100.0	100.0
	Loan Size	\$100,000 or Less	15	60.0	597	15.2	
		\$100,001 - \$250,000	6	24.0	873	22.2	
		\$250,001 - \$1 Million	4	16.0	2,470	62.7	
		Total	25	100.0	3,940	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	12	66.7	509	31.6	
		\$100,001 - \$250,000	5	27.8	720	44.7	
		\$250,001 - \$1 Million	1	5.6	380	23.6	
		Total	18	100.0	1,609	100.0	
Originations & Purchases							
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS							
Note: Percentages may not add to 100.0 percent due to rounding							

## COMMUNITY DEVELOPMENT TEST

Baraboo State Bank's community development performance demonstrates adequate responsiveness to community development needs of its assessment area through community development loans, donations, and community development services, as appropriate, considering the bank's capacity and the need and the availability of such opportunities for community development in the bank's assessment area.

## Lending

During the evaluation period, the bank originated four community development loans totaling



approximately \$887,000 since the previous evaluation. During the previous evaluation the bank originated 13 qualified community development loans totaling \$8.9 million. As mentioned previously, although the qualified loans submitted for this evaluation were below that of the previous evaluation, the bank has undergone significant reductions in branch locations, market area, staff, and resources. The bank's performance with community development is commensurate to the structural and financial capability changes that have occurred since the previous evaluation. Further, it should be noted that Baraboo State Bank primarily extended financing to an organization providing affordable multi-family housing within the assessment area. Community representatives stated affordable housing lending was greatly needed, as such Baraboo State Bank's ability to find opportunities to lend for affordable housing is particularly responsive.

The bank concentrated its community development lending to finance loans that provide affordable housing to low- and moderate-income borrowers, particularly those who are participants in the federal government's J-1 visa program. Additionally, the bank also financed a loan to a local school that provides vouchers to help alleviate financial constraints to individuals who are low- to moderate-income.

## Investments

The bank did not make any new investments, or have any outstanding investments from the prior period evaluation, within the assessment area. Although there is a lack of investments for this evaluation period, an increase in qualified donations compared to the prior evaluation is noted. During this evaluation period, the bank made 31 qualified donations totaling approximately \$59,000 to community organizations in the assessment area. Donations were made to a variety of organizations; however, a majority were to community service organizations, as well as additional donations to organizations focusing on economic development and revitalization/stabilization. During the previous evaluation the bank made 30 qualified donations totaling approximately \$25,000.

## Services

During the evaluation period bank staff provided 3,958 qualified community development service hours and served at 12 organizations during this evaluation period. This is comparable to the previous evaluation where the bank served at 13 organizations. The bank's qualified community services hours were primarily served at organizations focusing on providing community services to low- and moderate-income individuals, as well as economic development.

Summary of CD Activities, Review Period (June 10, 2015 – January 13, 2020)										
Type of Activity	Affordable Housing		Economic Development		Activities that Revitalize/Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	3	826,631	0	0	0	0	1	60,000	4	886,631

<b>Investment</b>	0	0	0	0	0	0	0	0	0	0
<b>Donations</b>	0	0	5	16,200	1	10,000	25	33,050	31	59,250
<b>Services</b>	1	8	5	589	0	0	11	3,361	17	3,958

## **MADISON, WISCONSIN MSA #31540 – LIMITED REVIEW**

### **SCOPE OF EXAMINATION**

The scope is consistent with the scope of the examination described within the institution summary. For further information, refer to the “Scope of Examination” section for details.

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN MADISON, WISCONSIN MSA #31540**

Baraboo State Bank’s assessment area is comprised of portions of Columbia County, which is a part of the four-county MSA within the Madison, Wisconsin MSA #31540. The assessment area is comprised of eight census tracts, including three moderate- and five middle-income census tracts as of 2018. The assessment area has changed since the previous evaluation, whereas during the previous evaluation the bank included the entirety Columbia County. The reduction in the bank’s market/trade area is the result of strategic realignment.

Baraboo State Bank operates one full-service branch location with a cash-only ATM in the assessment area. The branch is located in a moderate-income census tract within Portage, Wisconsin. There have been no branch closures within the assessment area since the previous evaluation.

According to the June 30, 2018 Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report, Baraboo State Bank ranked eighth among 10 FDIC-insured financial institutions operating in the assessment area. The bank held \$37.2 million in deposits, representing 2.8 percent of the total deposit market share in Columbia County. The financial institutions comprising the largest percentage of the deposit market share are Bank of Wisconsin Dells (27.1 percent), Farmers and Merchants Union Bank (24.4 percent), and Associated Bank, National Association (17.7 percent).

In 2018, Baraboo State Bank ranked 13th among 168 HMDA-reporters, originating 17 HMDA-reportable loans. In comparison, the first ranked institution, Summit Credit Union originated 496 HMDA loans, and second ranked Fairway Independent Mortgage Corporation originated 138 HMDA loans.

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

Assessment Area: 2018 Madison, WI MSA 31540								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	2,355	21.8
Moderate-income	3	37.5	3,476	32.2	340	9.8	2,331	21.6
Middle-income	5	62.5	7,305	67.8	238	3.3	2,913	27.0
Upper-income	0	0.0	0	0.0	0	0.0	3,182	29.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	8	100.0	10,781	100.0	578	5.4	10,781	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	6,748	3,372	28.4	50.0	2,331	34.5	1,045	15.5
Middle-income	12,122	8,496	71.6	70.1	1,795	14.8	1,831	15.1
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	18,870	11,868	100.0	62.9	4,126	21.9	2,876	15.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	751	46.3	670	46.1	71	51.8	10	30.3
Middle-income	872	53.7	783	53.9	66	48.2	23	69.7
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,623	100.0	1,453	100.0	137	100.0	33	100.0
	Percentage of Total Businesses:			89.5		8.4		2.0
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	19	19.0	18	18.4	1	50.0	0	0.0
Middle-income	81	81.0	80	81.6	1	50.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	100	100.0	98	100.0	2	100.0	0	0.0
	Percentage of Total Farms:			98.0		2.0		0.0
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MADISON, WISCONSIN MSA #31540**

### **LENDING TEST**

Baraboo State Bank's lending performance in the assessment area is consistent with the bank's overall lending performance.

## Geographic Distribution of Loans

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2018 Madison, WI MSA 31540								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2018						
		Count Bank		Agg	Dollar Bank		Agg	
#	%	%	\$ (000s)	\$%	\$%			
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	4	80.0	27.5	390	58.5	18.7	28.4
	Middle	1	20.0	72.5	277	41.5	81.3	71.6
	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	5	100.0	100.0	667	100.0	100.0	100.0
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	9	90.0	26.3	674	75.0	19.4	28.4
	Middle	1	10.0	73.7	225	25.0	80.6	71.6
	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	10	100.0	100.0	899	100.0	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	100.0	22.4	40	100.0	21.0	28.4
	Middle	0	0.0	77.6	0	0.0	79.0	71.6
	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	1	100.0	100.0	40	100.0	100.0	100.0
Other Purpose Closed Exempt	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	100.0	39.4	57	100.0	23.7	28.4
	Middle	0	0.0	60.6	0	0.0	76.3	71.6
	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	1	100.0	100.0	57	100.0	100.0	100.0
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	15	88.2	26.0	1,161	69.8	21.8	28.4
	Middle	2	11.8	74.0	502	30.2	78.2	71.6
	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	17	100.0	100.0	1,663	100.0	100.0	100.0
Originations & Purchases								
2016 FFIEC Census Data								
Note: Percentages may not add to 100.0 percent due to rounding								

Geographic Distribution of Small Business Loans						
Assessment Area: 2018 Madison, WI MSA 31540						
Small Business	Tract Income Levels	Bank & Demographic Comparison				
		2018				Total Businesses
	Count Bank		Dollar Bank		% %	
	#	%	\$ 000s	\$ %		
	Low	0	0.0	0	0.0	0.0
Moderate	10	83.3	2,411	90.8	46.3	
Middle	2	16.7	243	9.2	53.7	
Upper	0	0.0	0	0.0	0.0	
Unknown	0	0.0	0	0.0	0.0	
Total	12	100.0	2,654	100.0	100.0	
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS						
Note: Percentages may not add to 100.0 percent due to rounding						

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

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2018 Madison, WI MSA 31540								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2018						
		Count Bank		Agg %	Dollar Bank		Agg %	
#	%	%	\$ (000s)	%	%			
Home Purchase	Low	0	0.0	13.2	0	0.0	7.1	21.8
	Moderate	1	20.0	25.7	132	19.8	20.0	21.6
	Middle	1	20.0	25.6	125	18.7	26.6	27.0
	Upper	2	40.0	25.0	321	48.1	36.5	29.5
	Unknown	1	20.0	10.5	89	13.3	9.8	0.0
	Total	5	100.0	100.0	667	100.0	100.0	100.0
Refinance	Low	1	10.0	15.9	61	6.8	11.7	21.8
	Moderate	6	60.0	23.1	432	48.1	20.1	21.6
	Middle	0	0.0	27.8	0	0.0	25.8	27.0
	Upper	3	30.0	27.1	406	45.2	36.0	29.5
	Unknown	0	0.0	6.1	0	0.0	6.4	0.0
	Total	10	100.0	100.0	899	100.0	100.0	100.0
Home Improvement	Low	0	0.0	8.8	0	0.0	6.8	21.8
	Moderate	0	0.0	17.0	0	0.0	13.9	21.6
	Middle	0	0.0	34.0	0	0.0	27.9	27.0
	Upper	0	0.0	37.4	0	0.0	48.6	29.5
	Unknown	1	100.0	2.7	40	100.0	2.8	0.0
	Total	1	100.0	100.0	40	100.0	100.0	100.0
Other Purpose Closed Exempt	Low	0	0.0	12.1	0	0.0	7.8	21.8
	Moderate	0	0.0	21.2	0	0.0	19.4	21.6
	Middle	1	100.0	24.2	57	100.0	16.4	27.0
	Upper	0	0.0	42.4	0	0.0	56.4	29.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	1	100.0	100.0	57	100.0	100.0	100.0
HMDA Totals	Low	1	5.9	13.2	61	3.7	7.9	21.8
	Moderate	7	41.2	23.3	564	33.9	18.3	21.6
	Middle	2	11.8	27.7	182	10.9	24.6	27.0
	Upper	5	29.4	27.8	727	43.7	34.7	29.5
	Unknown	2	11.8	8.1	129	7.8	14.5	0.0
	Total	17	100.0	100.0	1,663	100.0	100.0	100.0
Originations & Purchases								
2016 FFIEC Census Data								
Note: Percentages may not add to 100.0 percent due to rounding								



Small Business Lending By Revenue & Loan Size							
Assessment Area: 2018 Madison, WI MSA 31540							
Product Type			Bank & Demographic Comparison				
			2018				Total Businesses
			Count Bank		Dollar Bank		
			#	%	\$ 000s	\$ %	%
Small Business	Revenue	\$1 Million or Less	6	50.0	470	17.7	89.5
		Over \$1 Million or Unknown	6	50.0	2,184	82.3	10.5
		Total	12	100.0	2,654	100.0	100.0
	Loan Size	\$100,000 or Less	6	50.0	219	8.3	
		\$100,001 - \$250,000	4	33.3	486	18.3	
		\$250,001 - \$1 Million	2	16.7	1,949	73.4	
		Total	12	100.0	2,654	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	3	50.0	104	22.1	
		\$100,001 - \$250,000	3	50.0	366	77.9	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	6	100.0	470	100.0	
	Originations & Purchases						
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS							
Note: Percentages may not add to 100.0 percent due to rounding							

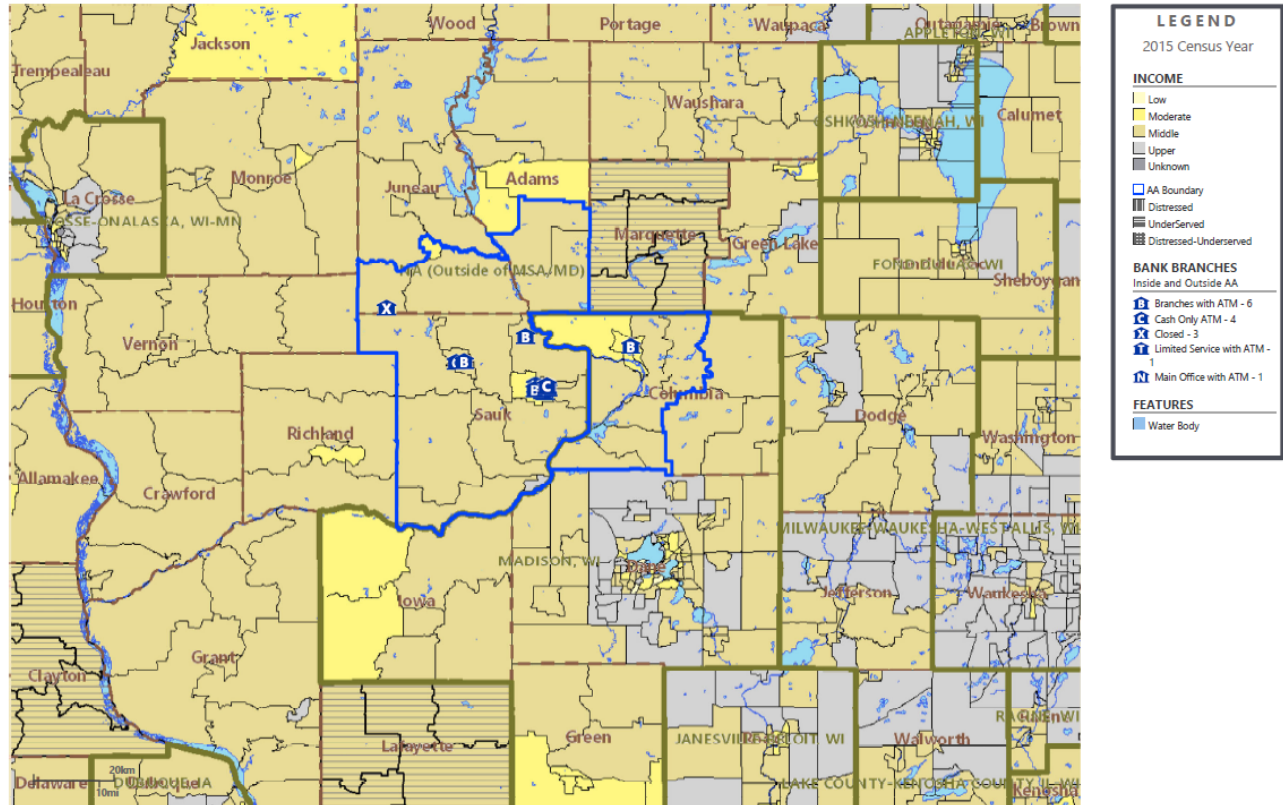
## COMMUNITY DEVELOPMENT TEST

Baraboo State Bank's community development performance in the assessment area is consistent with the bank's overall community development performance.

Summary of CD Activities, Review Period (June 10, 2015 – January 13, 2020)										
Type of Activity	Affordable Housing		Economic Development		Activities that Revitalize/Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	0	0	0	0	1	1,923,710	0	0	1	1,923,710
Investment	1	681,047	0	0	0	0	0	0	1	681,047
Donations	0	0	0	0	0	0	0	0	0	0
Services	0	0	1	9	1	322	2	62	4	393

## APPENDIX A – Maps of Assessment Areas

### Baraboo State Bank 24949 Combined Assessment Area



## APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>		Lending Test: January 1, 2018 – December 31, 2018 Community Development Test: June 10, 2015 – January 13, 2020	
<b>FINANCIAL INSTITUTION</b>		<b>PRODUCTS REVIEWED</b>	
Baraboo State Bank		HMDA-Reportable Loans Small Business Loans	
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>	<b>PRODUCTS REVIEWED</b>	
None	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Wisconsin Non-MSA	Full Review	N/A	N/A
Madison, WI MSA #31540	Limited Review	N/A	N/A

## APPENDIX C – Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Income Level:** Income level means:

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

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

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

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

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

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

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

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

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

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

**Metropolitan Area:** A metropolitan statistical area (MSA) or a metropolitan division (MD) as



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

**Multi-family:** 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).