

# **PUBLIC DISCLOSURE**

March 31, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Bank of Brodhead  
RSSD# 517441

806 East Exchange Street  
Brodhead, Wisconsin 53520

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 Bank of Brodhead is rated **Satisfactory**.

The Bank of Brodhead is meeting the credit needs of its assessment areas based on an analysis of the bank's lending activity. The bank's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment areas credit needs. A majority of loans were originated inside the bank's assessment areas. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas and lending activities reflect an excellent penetration among borrowers of different income levels and businesses and farms of different revenue sizes. Neither The Bank of Brodhead nor the Federal Reserve Bank of Chicago have received any complaints related to the Community Reinvestment Act (CRA) since the previous evaluation.

## SCOPE OF EXAMINATION

The Bank of Brodhead's CRA performance was evaluated using the Federal Financial Institutions Examination Council (FFIEC) Small Institution CRA Examination Procedures. Performance was evaluated within the context of information about the institution and its assessment area, including the bank's asset size, financial condition and competition, and the credit needs and economic and demographic characteristics of the bank's assessment areas.

The bank maintains two delineated assessment areas, which consist of portions of the Madison, Wisconsin Metropolitan Statistical Area (MSA) #31540 (Madison, WI MSA), and the Janesville-Beloit, Wisconsin MSA #27500 (Janesville-Beloit, WI MSA). In the Madison, WI MSA, the bank includes Green County in its entirety. The bank's Janesville-Beloit, WI MSA consists of four of the forty-one census tracts in Rock County. The evaluation included a full-scope review of the bank's Madison, WI MSA assessment area given the main office's location within the assessment area, the prevalence of moderate-income census tracts, and the volume of the bank's deposits and loans located within the assessment area. The Janesville-Beloit, WI MSA assessment area received a limited scope review. The limited scope review assessment area was evaluated for consistency with the bank's performance in its full-scope review assessment area, but did not impact the overall CRA rating.

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

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio, from March 31, 2021, through December 31, 2024, was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's Home Mortgage Disclosure Act (HMDA)-reportable loans originated from January 1, 2022, through December 31, 2023, and a sample

of small business and small farm loans originated from January 1, 2023, through December 31, 2023, were reviewed to determine the percentage of loans originated in the assessment area.

- ***Geographic Distribution of Lending in the Assessment Area*** – The bank’s HMDA-reportable loans originated from January 1, 2022, through December 31, 2023, and a sample of small business and small farm loans originated from January 1, 2023, through December 31, 2023, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as moderate-income (there are no low-income census tracts present in the bank’s assessment areas).
- ***Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes*** – The bank’s HMDA-reportable loans originated from January 1, 2022, through December 31, 2023, and a sample of small business and small farm loans originated from January 1, 2023, through December 31, 2023, were reviewed to determine the distribution of lending to individuals of different income levels and to businesses and farms of 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.

In addition, two community representatives were contacted to provide information on local economic and socio-economic conditions in the full-scope assessment area. The following types of organizations were contacted: economic development and affordable housing.

## DESCRIPTION OF INSTITUTION

The Bank of Brodhead is a wholly owned subsidiary of Brodhead Bancshares, a one-bank holding company headquartered in Brodhead, Wisconsin. The bank maintains its main office in Brodhead, Wisconsin along with two full-service branch locations located in Orfordville, and Milton, Wisconsin. The Brodhead and Orfordville branch locations each operate a cash-only automated teller machine (ATM). The Milton branch opened in December of 2024; therefore, its lending activity is outside of the review period for this examination.

According to the Uniform Bank Performance Report, The Bank of Brodhead reported total assets of \$340.1 million as of December 31, 2024. The bank is primarily a business lender, with commercial and agricultural loans comprising 64.5 percent of the bank’s loan portfolio as of December 31, 2024. The bank’s commercial and agricultural loan offerings include Small Business Administration and Farm Service Agency guaranteed loans, and Farmer Mac real estate loans. The Bank of Brodhead also offers consumer loans and in-house and secondary market residential real estate loans at its physical offices and demand and savings accounts through its digital bank platform, at

[www.vault.bank](http://www.vault.bank). Traditional deposit products are offered and include checking and savings, money market accounts and certificates of deposit. Services are accessible to customers online via the bank's website at [www.bankofbrodhead.com](http://www.bankofbrodhead.com), through a downloadable mobile banking application, and at [www.vault.bank](http://www.vault.bank).

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

Composition of Loan Portfolio as of December 31, 2024		
Loan Type	Dollar Volume (\$ in 000s)	% of Portfolio
Commercial	106,991	45.4
Residential Real Estate	74,890	31.8
Agricultural	45,128	19.1
Consumer	6,447	2.7
Other	2,321	1.0
<b>Total</b>	<b>235,777</b>	<b>100.0</b>
<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 on February 8, 2021.

## DESCRIPTION OF ASSESSMENT AREA

The Bank of Brodhead operates in two delineated assessment areas in the state of Wisconsin. The assessment areas include Green County, which is one of four counties in the Madison, WI MSA #31540 and a portion of Rock County, which comprises the entirety of the Janesville-Beloit, WI MSA #27500. As of November 2024, the bank expanded its Janesville-Beloit, WI MSA assessment area to include all of Rock County due to the opening of the bank's Milton, Wisconsin office in December of 2024. However, only the partial Rock County assessment area is utilized in this performance evaluation to align with the 2022 and 2023 lending data utilized in the evaluation. For more detail regarding the geographic composition of the assessment area please refer to the following table.

MSA	Counties Included	Counties Excluded (if applicable)
Madison, WI MSA	Green County	Iowa, Columbia, and Dane
Janesville-Beloit, WI MSA	Rock County tracts 27.00, 28.00, 29.01, 29.02	Remaining Rock County tracts

The combined assessment area includes 12 census tracts, consisting of five moderate-, five middle-, and two upper-income census tracts, with no census tracts being designated as underserved or

distressed. There are no low-income census tracts in the combined assessment area. Due to changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020, the number of census tracts increased from three to four in the Janesville-Beloit, WI MSA. Additional assessment area demographic information for the combined assessment area is provided in the following table.

2023 Combined Assessment Area 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	2,925	20.3
Moderate	5	41.7	4,949	34.3	425	8.6	3,007	20.8
Middle	5	41.7	7,263	50.3	243	3.3	3,476	24.1
Upper	2	16.7	2,229	15.4	70	3.1	5,033	34.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	12	100.0	14,441	100.0	738	5.1	14,441	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	8,975	5,818	35.0	64.8	2,685	29.9	472	5.3
Middle	10,614	8,309	49.9	78.3	1,727	16.3	578	5.4
Upper	3,572	2,514	15.1	70.4	928	26.0	130	3.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	23,161	16,641	100.0	71.8	5,340	23.1	1,180	5.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,022	46.6	913	45.8	90	58.4	19	40.4
Middle	875	39.9	797	40.0	52	33.8	26	55.3
Upper	297	13.5	283	14.2	12	7.8	2	4.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,194	100.0	1,993	100.0	154	100.0	47	100.0
Percentage of Total Businesses:				90.8		7.0		2.1
	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	126	31.3	121	30.8	4	50.0	1	100.0
Middle	247	61.4	244	62.1	3	37.5	0	0.0
Upper	29	7.2	28	7.1	1	12.5	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	402	100.0	393	100.0	8	100.0	1	100.0
Percentage of Total Farms:				97.8		2.0		0.2
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

The Bank of Brodhead's performance relative to the lending test is **Satisfactory**. Overall, the bank is meeting the credit needs of its assessment areas based on an analysis of the bank's lending activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and combined assessment area credit needs. The majority of HMDA-reportable, small business, and small farm loans were originated in the combined assessment area. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas, and lending activities reflect an excellent penetration among individuals of different income levels, as well as businesses and farms of different sizes. Additionally, neither The Bank of Brodhead nor the Federal Reserve Bank of Chicago received any CRA-related complaints since the previous evaluation.

#### Loan-to-Deposit Ratio

The Bank of Brodhead has a reasonable loan-to-deposit ratio given the bank's size, financial condition, and the credit needs of its assessment areas. As of December 31, 2024, the loan-to-deposit ratio averaged 78.5 percent over a 16-quarter period, which is above the competitor average of 75.3 percent over the same duration. The following table compares the bank's loan-to-deposit ratio to its local competitors of similar size and complexity.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	16 – Quarter Average
The Bank of Brodhead	78.5
Peer Average - Local	75.3
<b>Competitors</b>	
Woodford State Bank	82.6
Bank of New Glarus	80.9
Bank of Milton	74.2
First Community Bank	71.9
PremierBank	66.9

#### Assessment Area Concentration

The Bank of Brodhead made a majority of its loans inside its combined assessment area. Of the 372 loans originated during the evaluation period, 58.6 percent of total loans by number and 32.4 percent by dollar amount were extended inside the combined assessment area. Only 45.8 percent of HMDA-reportable loans were originated in the combined assessment area, although 66.7 percent of small business loans, and 87.5 percent of small farm loans were originated inside the combined assessment area. When evaluating loans by dollar amount, the bank originated 26.0



percent of HMDA-reportable loans, 45.2 percent of small business loans, and 77.0 percent of small farm loans inside the combined assessment area. The lower dollar amount of lending in the combined assessment area is primarily due to the volume of home purchase and multi-family HMDA-reportable lending, and the larger average size of all types of loans originated outside of the combined assessment area; loans outside of the combined assessment area include those in the portion of Rock County added to the bank's assessment area in December 2024.

The following table summarizes the bank's lending inside and outside its combined assessment area for HMDA-reportable loans from January 1, 2022, to December 31, 2023, and a sample of small business and small farm loans from January 1, 2023, to December 31, 2023.

<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	66.7	143	49.8	2	33.3	144	50.2
Home Purchase – Conventional	46	38.3	6,705	32.4	74	61.7	13,974	67.6
Multi-Family Housing	0	0.0	0	0	17	100.0	23,078	100.0
Refinancing	49	67.1	7,588	65.6	24	32.9	3,980	34.4
<b>Total HMDA-Related</b>	<b>99</b>	<b>45.8</b>	<b>14,436</b>	<b>26.0</b>	<b>117</b>	<b>54.2</b>	<b>41,176</b>	<b>74.0</b>
<b>Small Business</b>	<b>56</b>	<b>66.7</b>	<b>4,541</b>	<b>45.2</b>	<b>28</b>	<b>33.3</b>	<b>5,498</b>	<b>54.8</b>
<b>Small Farm</b>	<b>63</b>	<b>87.5</b>	<b>3,992</b>	<b>77.0</b>	<b>9</b>	<b>12.5</b>	<b>1,190</b>	<b>23.0</b>
<b>Total Loans</b>	<b>218</b>	<b>58.6</b>	<b>22,969</b>	<b>32.4</b>	<b>154</b>	<b>41.4</b>	<b>47,865</b>	<b>67.6</b>

## Geographic and Borrower Distribution

The geographic distribution of HMDA-reportable, small business, and small farm loans reflects a reasonable dispersion throughout the full-scope Madison, WI MSA assessment area, including in moderate-income geographies. The distribution of loans to individuals of different income levels, including low-and moderate-income individuals, and businesses and farms of different revenue sizes is excellent. Equal weight was given to HMDA-reportable, small business, and small farm loans due to the bank's loan portfolio composition and combined assessment area credit needs. Additional information regarding the bank's geographic and borrower distribution of lending activity can be found within the individual assessment area discussions in this evaluation.

## Response to Complaints

Neither the bank nor this Reserve Bank have received any CRA-related complaints since the previous examination.

## 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.

## MADISON, WI MSA #31540 – FULL REVIEW

### SCOPE OF EXAMINATION

Full-scope examination procedures were used to evaluate the bank's performance in the Madison, WI MSA assessment area. The review of this assessment area is consistent with that discussed in the "Scope of Examination" section of this performance evaluation.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN MADISON, WI MSA

The Bank of Brodhead's Madison, WI MSA assessment area is comprised of Green County, in its entirety, and represents one of the four counties in the Madison, WI MSA. The excluded portions of the MSA consist of Iowa, Columbia, and Dane Counties, in their entirety. The bank operates its main office with one cash-only ATM in the assessment area. There have been no changes to the composition of the assessment area, bank offices or ATMs since the previous evaluation. In 2023, the assessment area was comprised of eight census tracts, of which five are designated as moderate-income and three as middle-income; there were no changes to tract income levels arising from the 2022 American Community Survey results<sup>1</sup>. The bank's main office resides within a moderate-income census tract.

According to the June 30, 2024, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, The Bank of Brodhead ranked third of seven FDIC-insured financial institutions operating within the assessment area. The bank held \$174.4 million in deposits in the assessment area, representing 14.5 percent of the total deposit market share. In comparison, the first ranked institution, The Bank of New Glarus, had a 30.9 percent market share while the second ranked institution, Woodford State Bank, had an 18.7 percent market share.

In 2023, The Bank of Brodhead ranked sixth among 103 HMDA-reporters, originating 25 HMDA-reportable loans in the assessment area. By comparison, the first ranked institution, Summit Credit Union, originated 178 HMDA-reportable loans, and the second ranked institution, The Bank of New Glarus, originated 158 HMDA-reportable loans.

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

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<sup>1</sup> 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 (using 2011-2015 data) and 2022 (using 2016 – 2020 data).

2023 Madison, WI MSA 31540 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	2,465	24.9
Moderate	5	62.5	4,949	50.1	425	8.6	2,256	22.8
Middle	3	37.5	4,937	49.9	134	2.7	2,444	24.7
Upper	0	0.0	0	0.0	0	0.0	2,721	27.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	8	100.0	9,886	100.0	559	5.7	9,886	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	8,975	5,818	51.1	64.8	2,685	29.9	472	5.3
Middle	7,122	5,574	48.9	78.3	1,163	16.3	385	5.4
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	16,097	11,392	100.0	70.8	3,848	23.9	857	5.3
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,022	62.4	913	61.8	90	72.0	19	52.8
Middle	617	37.6	565	38.2	35	28.0	17	47.2
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	1,639	100.0	1,478	100.0	125	100.0	36	100.0
Percentage of Total Businesses:			90.2		7.6		2.2	
	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	126	41.7	121	41.0	4	66.7	1	100.0
Middle	176	58.3	174	59.0	2	33.3	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	302	100.0	295	100.0	6	100.0	1	100.0
Percentage of Total Farms:			97.7		2.0		0.3	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

The bank's Green County assessment area is the southernmost county in the Madison, WI MSA, and is the second smallest in population of the MSA's counties, behind Iowa County. The Madison, WI MSA data in the following tables reflects the dominance of the MSA's Dane County, which includes the state capital of Madison, Wisconsin, which is the second largest city in the state. Dane County's 2020 population in the 2000 U.S. Census totaled 561,504, or 82.5 percent of the total MSA population.

### Population Characteristics

According to the 2020 U.S. Census Bureau, the assessment area's population is 37,093. The assessment area population remained stable with an increase of 0.1 percent between 2015 and 2020, which is below the entirety of the Madison, WI MSA at an increase of 8.5 percent; the state of Wisconsin has experienced a 2.6 percent increase during the same period. A community representative stated that the northern half of Green County has experienced growth recently and is projected to continue to grow over the next five to ten years due to its proximity to Madison, Wisconsin. Further, the representative indicated while overall population in Green County has stagnated, the area has been able to prevent decline due to many Green County towns such as New Glarus, Belleville, and Brooklyn being considered "bedroom communities" where individuals live but commute to Madison for work.

The following table presents the population trends for the assessment area, the entire Madison, WI MSA, and the state of Wisconsin from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	37,044	37,093	0.1
Madison, WI MSA	627,618	680,796	8.5
State of Wisconsin	5,742,117	5,893,718	2.6

*Source: 2020 U.S. Census Bureau: Decennial Census and 2011 - 2015 American Community Survey*

### Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 9,886 families, of which 24.9 percent are designated as low-income, and 22.8 percent are moderate-income. In addition, 5.7 percent of families residing within the assessment area live below the poverty line, which is comparable to the state of Wisconsin and the entire Madison, WI MSA at 6.8 percent and 4.9 percent, respectively.

The 2020 median family income for the assessment area is \$80,716, which is comparable to the state of Wisconsin, and considerably below the full Madison, WI MSA, which reflects the dominance of Dane County. Further, inflation adjusted growth in median family income of 7.3 percent for the assessment area lagged behind both the state and full Madison, WI MSA growth rates. A community representative stated that Green County local businesses have increased wages

following the COVID-19 pandemic. However, these increases have been insufficient to offset higher housing costs and other increased costs of living.

The following table presents the income trends for the assessment area, the entire Madison, WI MSA, and the state of Wisconsin.

Median Family Income Change 2015 and 2020			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percentage Change (%)
Assessment Area	75,254	80,716	7.3
Madison, WI MSA	88,849	97,334	9.5
State of Wisconsin	74,365	80,844	8.7
Source: 2011 - 2015 and 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars			

## Housing Characteristics

The bank's assessment area includes 16,097 housing units. The majority of housing units are owner-occupied at 70.8 percent, whereas rental units account for 23.9 percent of total units. Within the assessment area, 5.3 percent of housing units are vacant, which is comparable to the entire Madison, WI MSA at 4.9 percent and below that of the State of Wisconsin at 12.2 percent.

Housing cost burden data from the U.S. Department of Housing and Urban Development show that assessment area low-income renters and owners are significantly housing cost burdened, with 63.6 and 67.3 percent of these individuals, respectively, paying more than 30.0 percent of their household income for housing. Moderate-income renters and owners paying more than 30.0 percent of their household income for housing equal 16.3 percent for renters and 30.2 percent for owners.

Community representatives indicated that Green County is experiencing a shortage of housing. It was noted that there has been an increase in demand for affordable housing from low- and moderate-income residents as well as an aging senior population. The community representative specifically noted that senior housing is an increasingly pressing need for the community as local senior living facilities are at capacity.

The following table presents the housing cost burden for the assessment area, the entire Madison, WI MSA, and the state of Wisconsin.

Housing Cost Burden						
Area	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	63.6	16.3	29.1	67.3	30.2	17.4
Madison, WI MSA	78.0	26.6	39.9	68.9	32.9	17.4
Wisconsin	75.0	25.2	38.4	63.9	29.3	16.9
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i> <i>Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy</i>						

## Employment Characteristics

After increasing notably during the COVID-19 pandemic, the unemployment rate for the assessment area of 2.4 percent is lower than the state of Wisconsin’s employment rate of 3.2 percent but is equal to the entire MSA unemployment rate of 2.4 percent through July 2024. A community representative stated that the county’s agricultural and food and beverage manufacturing industries remain fairly stable, leading Green County to be one of the lower areas of unemployment in Wisconsin. The community representative indicated that many area businesses were experiencing a shortage of workers in 2022 and 2023 as the number of available workers is low due to the area housing shortage. It was noted that the shortage has improved in 2024, which the community representative largely attributed to the increase in automation in the food and beverage manufacturing industry.

The following table presents unemployment rates between 2020 and July 2024 for the assessment area, the Madison, WI MSA, and the state of Wisconsin.

Unemployment Rates (%)					
Area	2020	2021	2022	2023	July 2024 YTD AVG
Assessment Area	5.0	3.1	2.4	2.4	2.4
Madison, WI MSA	5.1	3.0	2.2	2.3	2.4
State of Wisconsin	6.4	3.9	2.9	3.0	3.2
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i>					

## Industry Characteristics

The assessment area contains an employment base that is most heavily impacted by the industries of manufacturing, retail trade and government employment based on data from the U.S. Bureau of Labor Statistics. A community representative stated that the local economy is largely stable, and many area businesses have recently expanded employment. The community representative was not aware of any major employers exiting or relocating out of the area or any businesses that have

laid off significant amounts of employees that would alter the area's industry composition. It was noted that the area does not experience many cyclical trends in employment outside of agriculture, one of the prominent industries in the area.

### **Community Representatives**

Two community representatives were interviewed to gain a perspective of local economic and demographic conditions and relevant credit needs of the area. Representatives provided information on housing, employment, and economic conditions within the assessment area. Representatives indicated that housing is a persistent and growing need and will be essential for population maintenance and growth. Specifically, affordable housing and senior housing units are needed for low- and moderate-income residents and the aging population. Further, aiding local efforts to promote small business development, including through revolving loan fund contributions, are opportunities for local financial institutions to participate in community development.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MADISON, WI MSA

### LENDING TEST

The geographic distribution of loans reflects a reasonable distribution throughout the assessment area. In addition, the loan distribution reflects excellent penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different revenue sizes. Equal weight was given to HMDA-reportable, small business, and small farm loans due to the bank's loan portfolio composition and assessment area credit needs.

#### 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 low- and moderate-income census tracts. Overall, the bank's geographic distribution of HMDA-reportable, small business, and small farm loans reflects reasonable dispersion throughout the assessment area. Examiners determined that there were no conspicuous unexplained gaps in contiguous census tracts, and originated loans in the evaluation period in all five of the assessment area's moderate-income census tracts. Because there are no low-income census tracts in the assessment area, the following analyses are focused on lending in moderate-income census tracts only.

#### HMDA-Reportable Loans

The geographic distribution of HMDA-reportable lending reflects excellent penetration among census tract designations within the assessment area. In 2023, the bank originated 60.9 percent of HMDA-reportable loans in moderate-income census tracts by number, which is above the aggregate lender rate and percentage of owner-occupied units, at 48.6 percent and 51.1 percent, respectively.

The bank's 2022 lending performance in moderate-income census tracts was fairly consistent with 2023 lending levels. This level of lending is responsive to the need of moderate-income census tracts for home finance lending. The following table summarizes the bank's 2022 and 2023 HMDA-reportable lending in the assessment area.



Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography Assessment Area: Madison, WI MSA 31540													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	25	69.4	41.8	2,648	63.0	36.3	14	60.9	48.6	1,965	51.5	40.0	51.1
Middle	11	30.6	58.2	1,558	37.0	63.7	9	39.1	51.4	1,854	48.5	60.0	48.9
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	36	100.0	100.0	4,206	100.0	100.0	23	100.0	100.0	3,819	100.0	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.													

### Small Business Loans

The geographic distribution of small business loans reflects a reasonable dispersion throughout the assessment area. A sample of small business loans originated in 2023 indicated the bank originated 55.9 percent of its small business loans in moderate-income census tracts. This is consistent with the percentage of total businesses located in moderate-income census tracts at 62.4 percent. The following table presents the bank's geographic distribution of small business loans in 2023.

Distribution of 2023 Small Business Lending By Income Level of Geography Assessment Area: Madison, WI MSA 31540					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	19	55.9	2,083	59.6	62.4
Middle	15	44.1	1,413	40.4	37.6
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	34	100.0	3,496	100.0	100.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

### Small Farm Loans

The geographic distribution of small farm loans reflects a reasonable dispersion throughout the assessment area. A sample of small farm loans originated in 2023 indicated the bank originated 42.9 percent of small farm loans, by number, in moderate-income census tracts. This level of lending is consistent with the percentage of total farms located in moderate-income census tracts at 41.7 percent. The following table presents the bank's geographic distribution of small farm loans in 2023.

Distribution of 2023 Small Farm Lending By Income Level of Geography Assessment Area: Madison, WI MSA 31540					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	9	42.9	227	14.5	41.7
Middle	12	57.1	1,336	85.5	58.3
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>21</b>	<b>100.0</b>	<b>1,562</b>	<b>100.0</b>	<b>100.0</b>
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

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

Analysis was conducted to determine the level of lending to borrowers of different income levels and businesses and farms of different revenue sizes. The Bank of Brodhead's distribution of lending reflects an excellent penetration among individuals of different income levels, including low- and moderate-income borrowers, and businesses and farms of different sizes.

### HMDA-Reportable Loans

The distribution of HMDA-reportable loans reflects an excellent penetration among individuals of different income levels, including low- and moderate-income borrowers. In 2023, the bank originated 8.7 percent of its total HMDA-reportable loans to low-income borrowers, which is below the aggregate and the percentage of low-income families in the assessment area at 16.9 percent and 24.9 percent, respectively. The bank originated 30.4 percent of its total HMDA-reportable loans to moderate-income borrowers. This performance is above both the aggregate at 24.2 percent and the percentage of moderate-income families within the assessment area at 22.8 percent.

The bank's lending performance to low- and moderate-income borrowers in 2022 exceeded its performance in 2023. The bank's lending to low-income borrowers was above the aggregate, and lending to moderate-income borrowers was significantly higher than the aggregate and the demographic measure of moderate-income families in the assessment area.

The bank's level of HMDA-reportable lending to low- and moderate-income borrowers is very responsive to low- and moderate-income borrowers' need for home purchase and refinance lending. The following table summarizes the bank's 2022 and 2023 HMDA-reportable lending in the assessment area.

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Madison, WI MSA 31540													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	№%	№%	\$(000)	№%	№%	#	№%	№%	\$(000)	№%	№%	
Low	8	22.2	17.0	747	17.8	11.1	2	8.7	16.9	187	4.9	9.7	24.9
Moderate	15	41.7	25.7	1,762	41.9	21.6	7	30.4	24.2	1,470	38.5	19.8	22.8
Middle	8	22.2	27.2	916	21.8	29.4	8	34.8	27.7	1,146	30.0	30.7	24.7
Upper	4	11.1	22.1	531	12.6	28.0	5	21.7	24.1	746	19.5	30.2	27.5
Unknown	1	2.8	8.1	250	5.9	9.9	1	4.3	7.2	270	7.1	9.6	0.0
Total	36	100.0	100.0	4,206	100.0	100.0	23	100.0	100.0	3,819	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

### Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. A sample of small business loans originated in 2023 indicated that 73.5 percent of loans by number were to businesses with gross revenues of \$1 million or less. This is below the percentage of small businesses in the assessment area, at 90.2 percent. Of those loans, 76.0 percent were in amounts of \$100,000 or less. Loans in amounts of \$100,000 or less are generally considered most beneficial for small businesses, demonstrating the bank's ability to meet the credit needs of small businesses. The following table presents the borrower distribution of small business loans in 2023.

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Madison, WI MSA 31540					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	25	73.5	2,089	59.8	90.2
Over \$1 Million	6	17.6	1,028	29.4	7.6
Revenue Unknown	3	8.8	379	10.8	2.2
Total	34	100.0	3,496	100.0	100.0
By Loan Size					
\$100,000 or Less	23	67.6	892	25.5	
\$100,001 - \$250,000	6	17.6	951	27.2	
\$250,001 - \$1 Million	5	14.7	1,653	47.3	
Total	34	100.0	3,496	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	19	76.0	646	30.9	
\$100,001 - \$250,000	3	12.0	468	22.4	
\$250,001 - \$1 Million	3	12.0	975	46.7	
Total	25	100.0	2,089	100.0	
Source: 2023 FFIEC Census Data					
2023 Dun & Bradstreet Data					
2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

### Small Farm Loans

Small farm lending reflects an excellent penetration among farms of different revenue sizes. A sample of small farm loans originated in 2023 indicates 100.0 percent of loans by number were to farms with gross revenues of \$1 million or less. This is above the percentage of small farms in the assessment area, at 97.7 percent. Of those loans, 71.4 percent were in amounts of \$100,000 or less. Loans in amounts of \$100,000 or less are generally considered most beneficial for small farms, demonstrating the bank's ability to meet the credit needs of small farms. The following table presents the borrower distribution of small farm loans in 2023.

Distribution of 2023 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Madison, WI MSA 31540					
	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	21	100.0	1,562	100.0	97.7
Over \$1 Million	0	0.0	0	0.0	2.0
Revenue Unknown	0	0.0	0	0.0	0.3
Total	21	100.0	1,562	100.0	100.0
By Loan Size					
\$100,000 or Less	15	71.4	441	28.2	
\$100,001 - \$250,000	5	23.8	752	48.1	
\$250,001 - \$500,000	1	4.8	369	23.6	
Total	21	100.0	1,562	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	15	71.4	441	28.2	
\$100,001 - \$250,000	5	23.8	752	48.1	
\$250,001 - \$500,000	1	4.8	369	23.6	
Total	21	100.0	1,562	100.0	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

## JANESVILLE-BELOIT, WI MSA #27500 – LIMITED REVIEW

### DESCRIPTION OF INSTITUTION'S OPERATIONS

The Bank of Brodhead's Janesville-Beloit, WI MSA assessment area is comprised of two middle- and two upper-income census tracts in western Rock County, the sole county in the Janesville-Beloit, WI MSA. In 2022 and 2023, the period covered by this evaluation, the bank had a single office located in Orfordville, Wisconsin, with one cash-only ATM. The physical footprint of the assessment area is unchanged since the previous evaluation, although population changes arising from the 2020 U.S. Decennial Census resulted in an increase from three to four census tracts in the assessment area. This change resulted in an increase from one upper-income census tract splitting into two upper-income census tracts with the remainder of the tracts being middle-income<sup>2</sup>.

In November 2024, the bank expanded its assessment area to include the remaining thirty-seven census tracts in Rock County based on its plans to open a second branch in Milton, Wisconsin in December 2024. Both branches are located in middle-income census tracts.

According to the June 30, 2024, FDIC Deposit Market Share Report, The Bank of Brodhead ranked 11th of 17 FDIC-insured financial institutions operating within the assessment area. The bank held \$81.8 million in deposits representing 2.5 percent of the total deposit market share. In comparison, the first ranked institution, BMO Bank National Association, held \$538.4 million in deposits representing 16.4 percent of the deposit market share. The second ranked institution, The First National Bank and Trust Company, held \$472.3 million in deposits representing 14.4 percent of the deposit market share.

In 2023, The Bank of Brodhead ranked 5th among 82 HMDA-reporters, originating 16 HMDA-reportable loans in the assessment area. By comparison, the first ranked institution, Summit Credit Union, originated 99 HMDA-reportable loans, and the second ranked institution, University of Wisconsin Credit Union, originated 60 HMDA-reportable loans.

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

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<sup>2</sup> 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."*

2023 Janesville-Beloit, WI MSA 27500 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	460	10.1
Moderate	0	0.0	0	0.0	0	0.0	751	16.5
Middle	2	50.0	2,326	51.1	109	4.7	1,032	22.7
Upper	2	50.0	2,229	48.9	70	3.1	2,312	50.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4	100.0	4,555	100.0	179	3.9	4,555	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	3,492	2,735	52.1	78.3	564	16.2	193	5.5
Upper	3,572	2,514	47.9	70.4	928	26.0	130	3.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	7,064	5,249	100.0	74.3	1,492	21.1	323	4.6
	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	258	46.5	232	45.0	17	58.6	9	81.8
Upper	297	53.5	283	55.0	12	41.4	2	18.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	555	100.0	515	100.0	29	100.0	11	100.0
Percentage of Total Businesses:				92.8		5.2		2.0
	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	71	71.0	70	71.4	1	50.0	0	0.0
Upper	29	29.0	28	28.6	1	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	100	100.0	98	100.0	2	100.0	0	0.0
Percentage of Total Farms:				98.0		2.0		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test
Janesville-Beloit, WI MSA (Partial Rock County)	Consistent

The institution's lending performance in the assessment area is consistent with the institution's lending performance overall. Given the lack of low- and moderate-income tracts within this assessment area, a meaningful analysis of the bank's geographic distribution could not be completed.

## LENDING TEST

### Geographic Distribution of Loans

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography Assessment Area: Janesville-Beloit, WI MSA 27500												
Geographic Income Level	Bank And Aggregate Loans By Year											
	2022						2023					
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Middle	24	92.3	45.5	3,632	88.5	44.8	12	85.7	39.0	1,906	82.5	38.5
Upper	2	7.7	54.5	470	11.5	55.2	2	14.3	61.0	403	17.5	61.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Total	26	100.0	100.0	4,102	100.0	100.0	14	100.0	100.0	2,309	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.												



Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Janesville-Beloit, WI MSA 27500					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	19	86.4	638	61.0	46.5
Upper	3	13.6	407	38.9	53.5
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>1,046</b>	<b>100.0</b>	<b>100.0</b>
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Janesville-Beloit, WI MSA 27500					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	19	86.4	638	61.0	46.5
Upper	3	13.6	407	38.9	53.5
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>1,046</b>	<b>100.0</b>	<b>100.0</b>
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

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

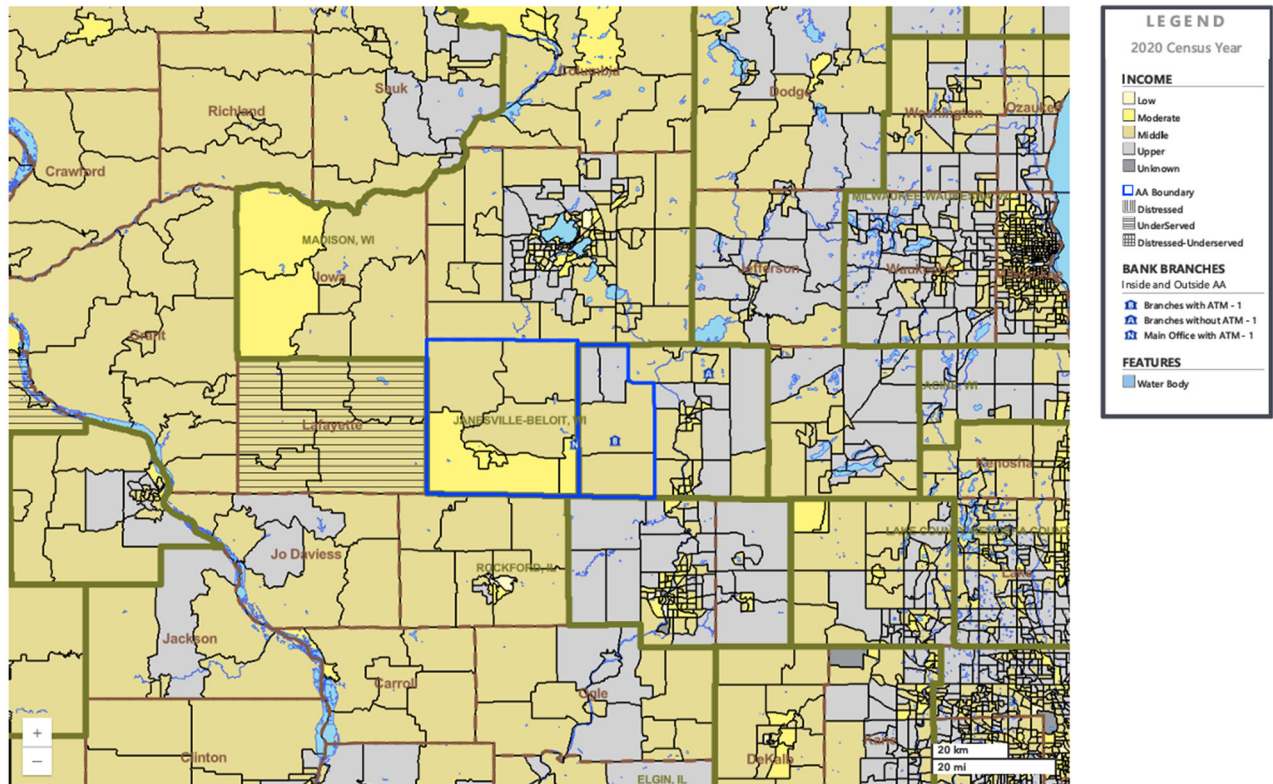
Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Janesville-Beloit, WI MSA 27500													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	2	7.7	5.4	144	3.5	3.3	2	14.3	3.3	100	4.3	1.6	10.1
Moderate	9	34.6	20.2	1,274	31.1	17.9	2	14.3	13.1	303	13.1	8.8	16.5
Middle	8	30.8	28.2	1,535	37.4	28.6	2	14.3	28.2	224	9.7	27.9	22.7
Upper	3	11.5	37.7	767	18.7	39.6	6	42.9	47.6	1,179	51.1	51.3	50.8
Unknown	4	15.4	8.5	382	9.3	10.6	2	14.3	8.0	503	21.8	10.5	0.0
Total	26	100.0	100.0	4,102	100.0	100.0	14	100.0	100.0	2,309	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Janesville-Beloit, WI MSA 27500					
	Bank Loans				Total Businesses %
	#	%	\$(000)	%	
By Revenue					
\$1 Million or Less	18	81.8	782	74.8	92.8
Over \$1 Million	4	18.2	263	25.1	5.2
Revenue Unknown	0	0.0	0	0.0	2.0
Total	22	100.0	1,046	100.0	100.0
By Loan Size					
\$100,000 or Less	20	90.9	582	55.6	
\$100,001 - \$250,000	1	4.5	120	11.5	
\$250,001 - \$1 Million	1	4.5	344	32.9	
Total	22	100.0	1,046	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	17	94.4	438	56.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	1	5.6	344	44.0	
Total	18	100.0	782	100.0	
Source: 2023 FFIEC Census Data 2023 Dori & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2023 Small Farm Lending By Revenue Size of Farms Assessment Area: Janesville-Beloit, WI MSA 27500					
	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
By Revenue					
\$1 Million or Less	39	92.9	2,232	91.9	98.0
Over \$1 Million	3	7.1	198	8.1	2.0
Revenue Unknown	0	0.0	0	0.0	0.0
Total	42	100.0	2,430	100.0	100.0
By Loan Size					
\$100,000 or Less	37	88.1	1,185	48.8	
\$100,001 - \$250,000	4	9.5	745	30.7	
\$250,001 - \$500,000	1	2.4	500	20.6	
Total	42	100.0	2,430	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	34	87.2	987	44.2	
\$100,001 - \$250,000	4	10.3	745	33.4	
\$250,001 - \$500,000	1	2.6	500	22.4	
Total	39	100.0	2,232	100.0	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

## APPENDIX A – Map of Assessment Areas

### The Bank of Brodhead 517441 Combined Assessment Area



## APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>		HMDA-Reportable Loans: January 1, 2022, to December 31, 2023 Small Business and Small Farm Loans: January 1, 2023, to December 31, 2023	
<b>FINANCIAL INSTITUTION</b> The Bank of Brodhead		<b>PRODUCTS REVIEWED</b> HMDA-Reportable Loans Small Business Loans Small Farm 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
Green County Madison, WI MSA #31540	Full Review	N/A	N/A
Partial Rock County Janesville-Beloit, WI MSA #27500	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>3</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>3</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 production 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).