

PUBLIC DISCLOSURE

June 7, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens State Bank
Certificate Number: 6194

375 Stageline Road
Hudson, Wisconsin 54016

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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

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INSTITUTION RATING

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

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

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and the assessment areas' credit needs.
- A majority of home mortgage and small business loans are in the assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, poor penetration among individuals of different income levels (including low- and moderate-income) and businesses of various sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

Citizens State Bank (CSB) is a full-service financial institution headquartered in Hudson, Wisconsin. CSB also conducts business from four branch locations in Elmwood, Wisconsin, Menomonie, Wisconsin, Roberts, Wisconsin, and Woodville, Wisconsin. The institution is wholly owned by Citizens Bancshares of Woodville Inc., a one-bank holding company. CSB received a Satisfactory rating at its previous FDIC Performance Evaluation dated March 23, 2015, based on Interagency Small Institution Examination Procedures.

CSB's primary business focus continues to be residential mortgage and commercial lending. The bank offers various loan products including mortgage, commercial, agriculture, and consumer loans. During the review period, CSB also offered commercial loans through the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP loans assist small businesses in keeping their workforce employed during the COVID-19 pandemic and are forgivable under SBA guidelines. In 2020, the bank originated 253 PPP loans totaling \$19.1 million. CSB also provides a variety of deposit services such as checking, savings, and certificates of deposit. Alternative banking services include electronic bill-pay, online banking, and mobile banking.

As of March 31, 2021, CSB held total assets of approximately \$283 million, total deposits of \$242 million, and total loans of \$218 million. There have been no material changes in the composition of the loan portfolio since the prior examination. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 3/31/21		
Loan Category	\$ (000s)	%
Construction, Land Development, and Other Land Loans	20,167	9.3
Secured by Farmland	8,558	3.9
Secured by 1-4 Family Residential Properties	88,926	40.8
Secured by Multi-family (5 or more) Residential Properties	11,890	5.5
Secured by Non-farm Non-Residential Properties	60,924	28.0
Total Real Estate Loans	190,465	87.4
Commercial and Industrial Loans	22,964	10.5
Agricultural Production and Other Loans to Farmers	535	0.3
Consumer	2,288	1.1
Obligations of States and Political Subdivisions in the United States	1,601	0.7
Other Loans	0	0.0
Less: Unearned Income	-	0.0
Total Loans	217,853	100.0

Source: Reports of Condition and Income

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit need of the assessment areas (AAs).

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its CRA performance. CSB has designated two contiguous AAs consisting of 516 census tracts (CTs) located in Dunn, Pierce, and St. Croix counties in Wisconsin and Hennepin, Ramsey, and Washington counties in Minnesota. Since the previous evaluation, the bank added the three Minnesota counties to its AA. All of the counties, with the exception of Dunn County, are located within the multi-state Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area (MSA). See the following table for more details.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
Minneapolis-St. Paul-Bloomington, MN-WI MSA	Hennepin, Pierce, Ramsey, St. Croix, Washington	508	4
Non-MSA	Dunn	8	1

Source: Bank Data

The sections below provide further information related to each AA.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 23, 2015, to the current evaluation dated June 6, 2021. Examiners used the Interagency Small Institution Examination Procedures to evaluate the institution's performance. These procedures consider CRA performance based on LTD ratio, AA concentration, geographic distribution, borrower profile, and response to CRA-related complaints.

Examiners conducted a full scope review of the Minneapolis-St. Paul-Bloomington, MN-WI MSA AA. More weight was given to this AA as the majority of deposits, loans, and offices are located within the MSA. A limited scope review was performed on the Non-MSA AA.

Activities Reviewed

Residential mortgage and commercial loans continue to represent the major product lines based on the bank's business strategy, Call Report data, and the number and dollar volume of loans originated during the evaluation period. Agriculture and consumer loans were not reviewed during the evaluation period, as they are not a business focus and do not represent a substantial portion of the bank's loan portfolio. Therefore, analyses of these products does not add material support to overall conclusions.

For this evaluation, home mortgage and small business loans were given equal weight based on the loan portfolio composition and business focus of the bank. Examiners reviewed home mortgage data reported on the Loan Application Register pursuant to the Home Mortgage Disclosure Act (HMDA) data collection requirement. All home mortgages originated in 2019 and 2020 were reviewed for the evaluation process. The 2019 HMDA aggregate data and 2015 American Community Survey (ACS) data were used to assess the bank's performance. More weight was placed on the bank's performance relative to the aggregate performance as this is indicative of all reporting lenders and prevailing market conditions in the AA.

In addition, examiners reviewed a sample of business loans originated in 2020. D&B data for 2020 provides a standard of comparison for small business loans. The following table provides details regarding the universe of loans and samples reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage				
2019	148	29,239	148	29,239
2020	173	35,360	173	35,360
Small Business				
2020	358	46,705	58	7,790

Source: Bank Data

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

A “Satisfactory” rating is assigned under the Lending Test. This conclusion is supported primarily by performance under the LTD ratio, AA concentration, and geographic distribution performance criteria.

Loan-to-Deposit Ratio

CSB’s LTD ratio is reasonable given the institution’s size, financial condition, and AAs credit needs. The bank’s LTD ratio averaged 89.1 percent over the last 25 quarters from March 31, 2015 to March 31, 2021. The ratio ranged from a low of 78.6 as of June 30, 2015, to a high of 100.3 as of September 30, 2020. The LTD ratio has generally trended upward during the evaluation period. CSB maintained an average LTD ratio that exceeds similarly-situated institutions as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 3/31/2021 (\$000s)	Average Net LTD Ratio (%)
Citizens State Bank	282,585	89.1
First State Bank and Trust	361,936	77.6
Security State Bank of Marine	181,698	77.1
First National Community	283,364	70.9
First Minnetonka City Bank	275,456	59.3

Source: Reports of Condition and Income 03/31/2015 – 03/31/2021

Assessment Area Concentration

The bank made a majority of home mortgage and small business loans inside the AAs. Details are provided in the following table.

Loan Category	Lending Inside and Outside of the Assessment Areas											
	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)		
	Inside		Outside			Inside		Outside				
	#	%	#	%		\$	%	\$	%			
Home Mortgage												
2019	96	64.9	52	35.1	148	19,404	66.4	9,835	33.6	29,239		
2020	125	72.3	48	27.7	173	27,166	76.8	8,194	23.2	35,360		
Subtotal	221	68.9	100	31.1	321	46,570	72.1	18,029	27.9	64,599		
Small Business	50	86.2	8	13.8	58	5,969	76.6	1,821	23.4	7,790		

Source: HMDA Reported Data; Bank Data

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the AAs. Performance is reasonable in the Minneapolis-St. Paul-Bloomington, MN-WI MSA AA. The Non-MSA AA does not include any low- or moderate-income CTs. Therefore, a review of the geographic distribution in the Non-MSA AA would not result in meaningful conclusions, and the criterion for that AA was not evaluated.

Borrower Profile

The distribution of loans to borrowers reflects, given the demographics of the AAs, poor penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. The institution's lending performance in the Non-MSA AA exceeds the lending performance in the Minneapolis-St. Paul-Bloomington, MN-WI MSA; however, it does not change the institution's rating as the Non-MSA AA carries less weight in arriving at overall conclusions given the lower number of loans.

Response to Complaints

CSB did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and Equal Credit Opportunity Act. Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI MSA AA

The Minneapolis-St. Paul-Bloomington, MN-WI MSA AA consists of 508 CTs and includes the whole counties of Hennepin, Ramsey, and Washington in Minnesota and Piece and St. Croix in Wisconsin. There are 54 low-income CTs and 113 moderate-income CTs in this AA.

Economic and Demographic Data

The following table illustrates demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	508	10.6	22.2	39.4	26.4	1.4
Population by Geography	2,098,774	9.1	20.3	40.1	30.0	0.5
Housing Units by Geography	881,978	8.3	20.5	41.6	29.2	0.5
Owner-Occupied Units by Geography	538,368	3.5	15.7	44.3	36.4	0.1
Occupied Rental Units by Geography	297,253	16.3	28.8	37.0	16.9	1.1
Vacant Units by Geography	46,357	12.5	23.1	39.4	24.0	1.0
Businesses by Geography	218,590	7.2	17.6	40.4	34.3	0.4
Farms by Geography	4,258	3.3	14.4	46.6	35.6	0.1
Family Distribution by Income Level	505,021	22.3	17.0	20.9	39.9	0.0
Household Distribution by Income Level	835,621	26.1	16.4	17.7	39.8	0.0
Median Family Income MSA - 33460 Minneapolis-St. Paul-Bloomington, MN-WI MSA	\$84,589	Median Housing Value			\$235,213	
		Median Gross Rent			\$952	
		Families Below Poverty Level			8.2%	
<p>Source: 2015 ACS and 2020 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</p>						

There are over 880,000 housing units in the AA, of which 61 percent are owner-occupied, 34 percent are occupied rental units, and 5 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

The FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle- and upper-income categories are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Minneapolis-St. Paul-Bloomington, MN-WI MSA Median Family Income (33460)				
2019 (\$93,000)	<\$46,500	\$46,500 to <\$74,400	\$74,400 to <\$111,600	≥\$111,600
2020 (\$97,300)	<\$48,650	\$48,650 to <\$77,840	\$77,840 to <\$116,760	≥\$116,760

Source: FFIEC

Data obtained from the U.S. Bureau of Labor Statistics indicates that the unemployment rates in the MSA AA have improved during the evaluation period until an increase in unemployment in 2020. The COVID-19 pandemic has impacted employment opportunities and explains the increased unemployment rates in 2020. The following table shows the unemployment rates of the MSA have been slightly healthier than Minnesota and Wisconsin statewide rates.

Unemployment Rates					
Area	2016	2017	2018	2019	2020
	%	%	%	%	%
Minneapolis-St. Paul-Bloomington MN-WI MSA	3.5	3.2	2.8	2.9	6.4
Minnesota	3.9	3.4	3.0	3.2	6.2
Wisconsin	3.9	3.3	3.0	3.3	6.3

Source: Bureau of Labor Statistics

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. According to 2020 D&B data, there were 218,590 businesses operating in the AA. A summary of these entities' GARs are shown below.

- 87.2 percent have GARs \$1 million or less
- 5.2 percent have GARs more than \$1 million
- 7.6 percent have unknown revenues

Service industries represent the largest portion of businesses at 40 percent; followed by finance, insurance and real estate (10 percent); and retail trade (9 percent). In addition, 60 percent of area businesses have four or fewer employees, and 91 percent operate from a single location. The demographic data demonstrates small businesses represent a significant portion of overall business in the AA.

Competition

The AA is highly competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 2020, there were 144 financial institutions that operate 763 full service branches in the Minneapolis-St. Paul-Bloomington, MN-WI MSA. Of these institutions, CSB ranked 56th with a deposit market share of 0.09 percent.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2019, 724 lenders reported a total of 133,460 residential mortgage loans originated or purchased. CSB ranked 133rd out of this group of lenders, with a market share of 0.08 percent. The three most prominent home mortgage lenders accounted for 25 percent of the total market share.

Community Contacts

As part of the evaluation process, examiners contact a third party active in the AA to assist in identifying its credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs and shows what credit and community development opportunities are available.

Two representatives from different economic development organizations in the MSA provided information on the economic conditions and opportunities in the AA. One of the contacts noted that

the area is geographically diverse and includes rural areas, small towns, larger suburban centers, and metropolitan areas. The population of these areas continues to increase with a majority of the residents between the ages of 20-40, living alone or as families without children. The housing market has been very active and competitive in the MSA and has a lack of affordable housing. Housing within an affordable range for first time homebuyers and low- or moderate-income individuals sells quickly and often over listing prices. Much of the affordable housing in the area can only be obtained through public assistance programs. New businesses and existing businesses had been expanding in the area, but due to the COVID-19 Pandemic, activity has slowed. Local organizations and programs provide technical assistance to business start-ups and expansion projects and have been assisting small businesses with relief funds during the pandemic. Both contacts noted that financial institutions have been responsive to the credit needs of the area. Due to the large national bank presence, competition plays a role in limiting smaller financial institutions' opportunities to lend in the community.

Credit Needs

Based on discussion with the community contacts and local economic conditions, there is a need for affordable housing and small business lending. The limited affordable housing stock, competitive market, and increasing median housing value in the area supports the need for affordable housing in the AA. Due to the COVID-19 pandemic, many small businesses have struggled financially and are seeking funding to pay employees and continue operations. The PPP program has assisted meeting this need in 2020.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI MSA

LENDING TEST

CSB demonstrates reasonable performance under the Lending Test in the MSA AA. The rating is primarily supported by performance under the Geographic Distribution criterion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the MSA AA. The bank's reasonable performance of home mortgage and small business loans supports this conclusion. Examiners focused on the percentage by number of loans in the low- and moderate-income CTs.

Home Mortgage

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. The following table shows the bank's performance in the low-income CTs closely compares to aggregate in 2019 and exceeds the demographic in 2020. The bank's performance in the moderate-income tracts exceeds the aggregate by more than fourteen percentage points in 2019. While performance decreased in 2020, it still exceeds the demographic figure by more than six percentage points.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.5	4.0	2	2.2	950	5.0
2020	3.5	--	7	6.6	2,734	11.5
Moderate						
2019	15.7	15.9	27	30.0	6,983	36.7
2020	15.7	--	22	20.8	6,202	26.1
Middle						
2019	44.3	43.4	43	47.8	8,728	45.9
2020	44.3	--	48	45.3	8,185	34.4
Upper						
2019	36.4	36.6	18	20.0	2,340	12.3
2020	36.4	--	29	27.4	6,649	28.0
Not Available						
2019	0.1	0.1	0	0.0	0	0.0
2020	0.1	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	90	100.0	19,001	100.0
2020	100.0	--	106	100.0	23,768	100.0

Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%.

Small Business

The geographic distribution of small business loans reflects reasonable dispersion in the bank's MSA AA. The following table shows the bank's performance in low-income CTs lags demographic data slightly but is within reason. Performance in moderate-income CTs is comparable to the demographic.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	7.2	2	4.3	777	14.8
Moderate	17.6	8	17.4	856	16.3
Middle	40.4	28	60.9	2,780	53.1
Upper	34.3	7	15.2	662	12.6
Not Available	0.4	1	2.2	164	3.1
Totals	100.0	46	100.0	5,239	100.0

Source: 2020 D&B Data; Bank Data
Due to rounding, totals may not equal 100.0%.

Borrower Profile

The distribution of borrowers reflects poor penetration among individuals of different income levels and businesses of different sizes in the AA. Even after adjusting for loans that do not have revenue figures, the remaining loans still fall approximately twenty percentage points below D&B demographics for businesses with GARs at or below \$1 million. Home mortgage lending performance in 2019 and 2020 falls below aggregate and adjusted demographic figures for both low- and moderate-income borrower segments in some cases as much as 10.3 percentage points. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers as compared to aggregate and the percentage by number of small business loans with GARs of \$1 million or less as compared to D&B demographics.

Home Mortgage

The distribution of borrowers reflects, given the demographics of the AA, poor penetration among individuals of different income levels including low- and moderate-income individuals.

The following table shows the bank's percentage of loans originated to low-income borrowers lags aggregate data by 5 percentage points in 2019. There is no aggregate data available for 2020 and performance is compared to the demographic. Examiners adjusted the demographic to account for the 8.2 percentage of impoverished families in the low-income borrower segment. Families with incomes below the poverty level generally do not have the capacity to support a traditional home mortgage due to their limited financial resources. Though the adjustment decreases the demographic to 14.1 percent, the bank's performance continues to lag the adjusted demographic data by 10.3 percentage points. A low-income family in the Minneapolis-St. Paul-Bloomington, MN-WI MSA with an annual income at or below \$46,500 in 2019 and \$48,650 in 2020, would likely not qualify for a mortgage under conventional underwriting standards given the median housing value of \$235,213. This creates limited opportunity for lending to low-income households in this AA. Still, bank performance significantly trails comparative data.

The bank's percentage of loans originated to moderate-income borrowers lags aggregate by 9 percentage points in 2019 and lags the demographic data by 7.6 percentage points in 2020. While the high level of competition among financial institutions in the area, as well as the current housing market conditions as noted by the community contact, creates challenges and affects performance, the bank's record of lending trails demographics significantly.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$ (000s)	%
Low						
2019	22.3	7.2	2	2.2	317	1.7
2020	22.3	--	4	3.8	339	1.4
Moderate						
2019	17.0	20.1	10	11.1	930	4.9
2020	17.0	--	10	9.4	1,747	7.4
Middle						
2019	20.9	21.4	13	14.4	1,551	8.2
2020	20.9	--	15	14.2	1,941	8.2
Upper						
2019	39.9	35.8	39	43.3	5,142	27.1
2020	39.9	--	53	50.0	10,711	45.1
Not Available						
2019	0.0	15.5	26	28.9	11,062	58.2
2020	0.0	--	24	22.6	9,030	38.0
Totals						
2019	100.0	100.0	90	100.0	19,001	100.0
2020	100.0	--	106	100.0	23,768	100.0

Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Small Business

The distribution of small business loans reflects poor penetration of loans to businesses with GARs of \$1 million or less. The following table shows the bank's percentage of loans originated in 2020 lags the demographic by 37.1 percentage points. During this period, 23 percent of the bank's small business loans were originated as part of the SBA PPP, which does not require the collection and review of GARs. These loans are reflected in the "Revenue Not Available" section of the table below. These loans skew the bank's performance; however, considering only the loans with revenue available, the bank's performance under this criterion still lags the demographic by 21 percentage points. Examiners also noted that CSB's lending to businesses with GARs of \$1 million or less has declined since the prior evaluation. The last evaluation reflected lending performance to businesses with GARs of \$1 million and less at 69 percent by number (compared to 77 percent D&B data at that time). Considering the current demographics of the MSA, the small business credit opportunities identified by the community contacts, and the decline in the bank's lending performance with respect demographic comparators, the performance under this criterion is poor.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$ (000s)	%
<=\$1,000,000	87.1	23	50.0	2,493	47.6
>\$1,000,000	5.2	12	26.1	2,500	47.7
Revenue Not Available	7.6	11	23.9	246	4.7
Total	100.0	46	100.0	5,239	100.0

Source: 2020 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%

NON-MSA AA – Limited-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA AA

CSB's Non-MSA AA consists of eight CTs and includes all of Dunn County in Wisconsin. There are no low- or moderate-income CTs in this AA. The following table illustrates the demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	0.0	0.0	100.0	0.0	0.0
Population by Geography	44,159	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	18,072	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	11,111	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	5,330	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,631	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	2,218	0.0	0.0	100.0	0.0	0.0
Farms by Geography	321	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	10,413	16.5	19.6	22.5	41.5	0.0
Household Distribution by Income Level	16,441	22.8	15.8	18.8	42.6	0.0
Median Family Income Non-MSAs - WI	\$60,742	Median Housing Value			\$152,548	
		Median Gross Rent			\$710	
		Families Below Poverty Level			7.5%	
<small>Source: 2015 ACS and 2020 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</small>						

There are over 18,000 housing units in the AA, of which 61 percent are owner-occupied, 29 percent are occupied rental units, and 9 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

The FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle- and upper-income categories for the non-metropolitan areas of the state are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
WI NA Median Family Income (99999)				
2019 (\$65,900)	<\$32,950	\$32,950 to <\$52,720	\$52,720 to <\$79,080	≥\$79,080
2020 (\$68,000)	<\$34,000	\$34,000 to <\$54,400	\$54,400 to <\$81,600	≥\$81,600

Source: FFIEC

Data obtained from the U.S. Bureau of Labor Statistics indicates that the unemployment rates in the Non-MSA AA have improved during the evaluation period until an increase in unemployment in 2020. Similar to the MSA, the COVID-19 pandemic has impacted employment opportunities and explains the increased unemployment rates in 2020. The following table shows the unemployment rates of the Non-MSA AA have been slightly higher than the Wisconsin statewide rates.

Unemployment Rates					
Area	2016	2017	2018	2019	2020
	%	%	%	%	%
Dunn County	4.0	3.3	3.1	3.5	5.5
Wisconsin	3.9	3.3	3.0	3.3	6.3

Source: Bureau of Labor Statistics

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2020 D&B data, there were 218,590 businesses operating in the AA. A summary of these entities' GARs are shown below.

- 80.0 percent have GARs \$1 million or less
- 5.8 percent have GARs more than \$1 million
- 14.2 percent have unknown revenues

Service industries represent the largest portion of businesses at 34 percent; followed by retail trade (13 percent); and agriculture, forestry and fishing (13 percent). In addition, 65 percent of area businesses have four or fewer employees, and 87 percent operate from a single location. The demographic data demonstrates small businesses represent a significant portion of overall business in the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-MSA AA

LENDING TEST

The institution's lending performance in the Non-MSA AA exceeds the lending performance in the Minneapolis-St. Paul-Bloomington, MN-WI MSA that was reviewed using full-scope examination procedures; however, it does not change the conclusion for the institution rating.

Geographic Distribution

The Non-MSA AA does not include any low- and moderate-income CTs, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The bank's borrower profile performance in the Non-MSA AA exceeds the performance in the Minneapolis-St. Paul-Bloomington, MN-WI MSA AA that was reviewed using full-scope examination procedures. The bank's performance in home mortgage and small business lending is shown in the following tables.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$ (000s)	%
Low						
2019	16.5	4.2	0	0.0	0	0.0
2020	16.5	--	1	5.3	50	1.5
Moderate						
2019	19.6	18.0	1	16.7	35	8.7
2020	19.6	--	1	5.3	37	1.1
Middle						
2019	22.5	24.8	2	33.3	313	77.6
2020	22.5	--	4	21.1	293	8.6
Upper						
2019	41.5	39.8	3	50.0	55	13.7
2020	41.5	--	9	47.4	1,388	40.8
Not Available						
2019	0.0	13.2	0	0.0	0	0.0
2020	0.0	--	4	21.1	1,630	48.0
Totals						
2019	100.0	100.0	6	100.0	403	100.0
2020	100.0	--	19	100.0	3,398	100.0

Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$ (000s)	%
<=\$1,000,000	80.3	3	75.0	691	94.7
>\$1,000,000	5.5	1	25.0	39	5.3
Revenue Not Available	14.2	0	0.0	0	0.0
Total	100.0	4	100.0	730	100.0

Source: 2020 D&B Data, Bank Data.
Due to rounding, totals may not equal 100.0%

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

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

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

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