

PUBLIC DISCLOSURE

September 19, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Fortifi Bank
Certificate Number: 5286

240 Broadway
Berlin, Wisconsin 54923

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

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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 Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas (AAs).
- The bank originated a majority of the home mortgage and small business loans within the AAs.
- The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank has not received any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution demonstrated adequate responsiveness to the community development needs of its AAs through community development loans, qualified investments and donations, and community development services. Examiners considered the institution's capacity, and the need and availability of such opportunities for community development in each of the AAs.

DESCRIPTION OF INSTITUTION

Fortifi Bank is a full-service community bank headquartered in Berlin, Wisconsin, in Green Lake County. First Berlin Bancorp, Inc., a one-bank holding company also located in Berlin, owns Fortifi Bank. The bank does not have any affiliates engaging in lending activities. Examiners assigned a "Satisfactory" rating at the prior October 28, 2019, CRA evaluation based on Interagency Intermediate Small Institution examination procedures.

Fortifi Bank conducts business from eight full-service offices and one limited-service office, and operates a corporate administrative office (the Depot). The following table details the banking offices.

Branch Office Locations and Information				
Branch Location	Census Tract	Income Designation	County	Deposit Share (%)
Berlin (Main Office)^	1001	Moderate-Income	Green Lake	38.6
Berlin (Depot)	1001	Moderate-Income	Green Lake	0.0
Green Lake ^	1004	Upper-Income	Green Lake	9.4
Montello ^	9603	Middle-Income	Marquette	12.6
Green Bay	213.03	Moderate-Income	Brown	11.2
Winneconne ^	22.01	Middle-Income	Winnebago	6.6
Omro ^	20	Middle-Income	Winnebago	10.3
Oshkosh*	11	Moderate-Income	Winnebago	0.0
Ripon	416	Middle-Income	Fond Du Lac	3.2
Waunakee ^	112	Upper-Income	Dane	8.1

* Limited Service, by appointment; ^ ATM Location
Sources: Bank Data; FFIEC

Three of the bank’s full-service offices operate in moderate-income census tracts. The main office moved to its current location (from just a couple blocks away) as of April 12, 2021. The Ripon and Oshkosh offices were opened since the prior evaluation, on July 1, 2020, and January 24, 2022, respectively. Although it is set up to be full-service, the new Oshkosh branch is not currently taking deposits, and is therefore considered limited-service. It is primarily conducting commercial lending activities at this time, by appointment. The bank sold the Westfield branch on March 12, 2021. This location was in a middle-income census tract, in the rural underserved county of Marquette.

Fortifi Bank offers a variety of deposit and loan products to assist in meeting customer banking needs. Loan offerings include home mortgage, commercial, consumer, and agriculture loans, primarily focusing on residential and commercial lending. Deposit products include checking, savings, money market deposit accounts, and certificates of deposit. The bank also provides for wealth management services. Alternative banking services include free online and mobile banking, external transfers, bill pay, online consumer and mortgage applications, telephone banking, and Spin P2P (person to person) transactions. The bank also offers automated teller machines located at six of its offices.

As of the June 30, 2022, Call Report data, Fortifi Bank maintained total assets of \$578.9 million, total loans of \$391.3 million, and total deposits of \$504.9 million. Total assets have increased by \$140.5 million (32.1 percent) since the previous evaluation. This growth is primarily attributed to increased lending activity from the additional branches, as well as the increase in mortgage lending due to the low rates during the evaluation period.

Although the general composition of the loan portfolio has remained relatively consistent since the previous evaluation, various categories of loans have experienced significant changes. For instance, construction and land development loans only increased by 5.4 percent as a percent of total loans, while this individual category of loans increased by 82.9 percent. Additional significant changes in loan categories since the prior evaluation include: farmland lending decreased 26.9 percent; home equity lending increased 29.1 percent; multi-family lending increased 48.6 percent; commercial real estate lending increased 43.0 percent; agriculture lending increased 44.9 percent; and, consumer loans decreased 29.8 percent. The loan portfolio, as of June 30, 2022, is broken down in the following table.

Loan Portfolio Distribution as of 6/30/2022		
Loan Category	\$ (000s)	%
Construction, Land Development, and Other Land Loans	63,208	16.1
Secured by Farmland	4,655	1.2
Secured by 1-4 Family Residential Properties	76,712	19.6
Secured by Multifamily (5 or more) Residential Properties	10,843	2.8
Secured by Nonfarm Nonresidential Properties	159,953	40.9
Total Real Estate Loans	315,371	80.6
Commercial and Industrial Loans	67,998	17.4
Agricultural Production and Other Loans to Farmers	1,829	0.5
Consumer Loans	5,505	1.4
Other Loans	549	0.1
Less: Unearned Income	-	-
Total Loans	391,252	100.0

Source: Reports of Condition and Income; "-" Data not applicable

As the above table reflects, commercial lending is 58.3 percent of the total loan portfolio while residential real estate is 22.4 percent. As was the case at the previous evaluation, commercial loans remain the bank's largest portfolio product. Although the data in the above table represents the dollar volume of all outstanding loans as of June 30, 2022, it does not reflect balances that have been paid off. Furthermore, Fortifi Bank sells a sizeable portion of its residential real estate loans on the secondary market through the Federal Home Loan Bank (FHLB). These loans are typically not reflected in the call report data, depending on the timing of the sale, and therefore, they are not included in the above figures. The secondary market activity significantly increases the bank's home mortgage lending levels, by number and dollar volume, from the above data. See the Table below for the FHLB activity during the evaluation period.

The bank offers the FHLB Mortgage Partnership Finance (MPF) program, providing for 97 percent loan-to-value financing, which assists lower-income and first-time homebuyers in achieving homeownership. Fortifi Bank also offers government guaranteed loan programs that provide an avenue for first-time home buyer loans, small farm loans, and small business loans. These programs include the United States Department of Agriculture (USDA) home loans, Farm Services Agency (FSA), and Small Business Administration (SBA). The bank's activity in these various loan programs since the prior evaluation are also detailed in the following table.

Secondary Market And Government Guaranteed Lending Activity												
YEAR	FHLB		FHLB MPF		FSA		USDA		SBA 504		SBA 7(a)	
	#	\$(000)	#	\$(000)		\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
2019 (partial)	65	14,704	-	-	2	1,100	1	76	1	539	3	581
2020	808	163,907	-	-	-	-	2	175	5	4,647	8	4,842
2021	570	118,171	2	399	1	515	1	146	2	3,532	9	1,430
2022 (YTD)	125	30,532	1	105	-	-	2	355	3	1,545	15	5,722
Total	1,558	326,107	3	504	3	1,615	6	752	11	10,263	35	12,575

Source: Bank Records; "-" Data not applicable

The SBA 7(a) Loan Program is designed to help finance the establishment of a new business or assist in the operation, acquisition, or expansion of an existing small business. The SBA 504 Program offers longer-term, fixed-rate financing to small businesses to acquire major fixed assets for expansion and modernization. As applicable, the SBA 7(a) loans were included under the Lending Test, while the SBA 504 loans were analyzed under the Community Development Test (neither product was double counted).

Fortifi Bank also offered the new SBA Paycheck Protection Program (PPP) loans in response to COVID-19 needs during 2020 and 2021. The PPP was designed to aid businesses in keeping their workforce employed during the COVID-19 pandemic, and such loans are forgivable under specific SBA guidelines. See the Community Development Test for more details on the PPP loan activity.

Examiners did not identify any legal or financial impediments that would hinder the bank's ability to meet the credit needs of the AAs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. For purposes of this evaluation, Fortifi Bank has designated five AAs in Wisconsin:

- (1) One AA is in a north central, non-metropolitan statistical area (MSA) of the state, and includes all of Green Lake, Marquette, and Waushara Counties, and a portion of Adams County (hereinafter referred to as Non-MSA AA).
- (2) A second AA includes a portion of Winnebago County, which is in the Oshkosh-Neenah MSA and is adjacent to the Non-MSA and Fond du Lac MSA AAs (hereinafter referred to as Oshkosh-Neenah MSA AA).
- (3) A third AA is Brown County, which is in the Green Bay MSA (hereinafter referred to as Green Bay MSA AA).
- (4) A fourth AA includes the western portion of Fond du Lac County, which is in the Fond du Lac MSA, and is adjacent to the Non-MSA and Oshkosh-Neenah MSA AAs (hereinafter referred to as Fond du Lac MSA AA).
- (5) The fifth AA is in the south central portion of the state, and includes all of Dane County and a portion of Columbia County, which are part of the Madison MSA (hereinafter referred to as Madison MSA AA).

Marquette County continued to be designated as an underserved, middle-income nonmetropolitan county for the entire evaluation period. Some changes to the bank's AAs since the prior evaluation occurred. The three Fond du Lac County census tracts were reviewed as part of the Non-MSA AA at the prior evaluation, as there was no branch office in Fond du Lac County at that time. Given the new Ripon branch office opened in 2020, the Fond du Lac MSA AA is now a separately evaluated AA. This impacted the distribution of census tracts for the Non-MSA AA (reduced it by three middle-income census tracts). Also, with the addition of the Oshkosh office in 2022, the bank expanded the Oshkosh-Neenah MSA AA from four census tracts at the prior evaluation, to the current 24 census tracts. No other AA changes have occurred.

The five AAs are consistent with the requirements of the regulation. They are comprised of several whole geographies, include the locations of the bank’s offices, include a majority of the bank’s lending activities, and do not arbitrarily exclude any low- or moderate-income geographies. The below Table includes demographic information for the combined AAs. Additional information regarding each AA is detailed in the following sections, under the applicable AA analyses.

Demographic Information of the Assessment Area						
Assessment Area: Combined						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	213	3.3	18.3	55.4	19.7	3.3
Population by Geography	963,195	2.8	16.2	55.8	23.2	2.0
Housing Units by Geography	427,031	2.5	17.4	57.2	21.6	1.2
Owner-Occupied Units by Geography	245,175	0.7	12.4	61.3	25.6	0.0
Occupied Rental Units by Geography	145,424	5.7	25.7	47.8	17.5	3.2
Vacant Units by Geography	36,432	1.8	18.4	67.6	11.0	1.2
Businesses by Geography	64,445	2.3	16.8	52.4	27.1	1.4
Farms by Geography	3,078	0.6	6.6	64.8	27.9	0.2
Family Distribution by Income Level	236,738	19.4	17.6	22.7	40.3	0.0
Household Distribution by Income Level	390,599	23.2	16.7	18.8	41.3	0.0
Median Family Income MSA - 22540 Fond du Lac, WI MSA		\$67,472	Median Housing Value			\$196,270
Median Family Income MSA - 24580 Green Bay, WI MSA		\$67,666	Median Gross Rent			\$847
Median Family Income MSA - 31540 Madison, WI MSA		\$81,321	Families Below Poverty Level			7.1%
Median Family Income MSA - 36780 Oshkosh-Neenah, WI MSA		\$67,477				
Median Family Income Non-MSAs - WI		\$60,742				
<i>Source: 2015 ACS and 2021 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.</i>						

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated October 28, 2019, to the current evaluation date of September 19, 2022. Examiners used the Interagency Intermediate Small Institution Procedures to evaluate Fortifi Bank’s CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test. The Appendix

details the performance criteria related to these tests. Banks must achieve at least a “Satisfactory” rating under each test to obtain an overall Satisfactory rating.

Examiners conducted full scope reviews of the following AAs: Non-MSA AA, Green Bay MSA AA, Oshkosh-Neenah MSA AA, and Madison MSA AA. This decision was based on the fact that these AAs include most of the banking offices, hold the most deposit market share for the bank, and include low- and/or moderate-income geographies. Although the Fond du Lac MSA AA is now being separately reviewed, it received limited scope review due to it containing only three middle-income census tracts, only one banking office, limited lending activity, and only 3.2 percent of the bank’s deposit share.

Examiners placed the greatest evaluation emphasis on the bank’s performance within the Non-MSA AA. This determination is based on the facts that the Non-MSA AA houses three full-service offices (including the main office), contains the bank’s largest deposit market share (60.6 percent), and includes a higher level of lending compared to the other areas. Examiners placed the next heaviest emphases on the bank’s performances within the Oshkosh-Neenah MSA and Green Bay MSA AAs. These two areas contain four of the banking offices (combined), and have the next largest deposit market shares (16.9 percent and 11.2 percent, respectively). The Madison MSA AA received less performance emphasis than the aforementioned areas as it only contains one banking office (in an upper income census tract), and has less of the bank’s deposit market share (8.1 percent). The Fond du Lac MSA AA received the least performance emphasis given its small size (only three middle-income census tract), the new branch office that is still striving for market share, and the significantly lower deposit market share.

Activities Reviewed

Home 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. Agricultural and consumer loans are not a business focus, and do not represent a significant portion of the bank’s loan portfolio. Therefore, agriculture and consumer loans do not provide material support for conclusions or the rating, and examiners did not include them in this evaluation. Examiners placed equal weight on home mortgage and small business lending based on the percentage of the loan portfolio and the number and dollar volume of loans originated (considering secondary market lending activity).

For the Lending Test, examiners reviewed the full universe of home mortgage loan originations and purchases recorded on the bank’s 2019, 2020, and 2021 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. The bank reported 435 home mortgage loans totaling \$86.9 million in 2019, 926 home mortgage loans totaling \$199.3 million in 2020, and 681 home mortgage loans totaling \$138.9 million in 2021.

Also for the Lending Test, examiners reviewed small business loans originated during the 12-month period from January 1, 2021, through December 31, 2021. This period of lending is considered representative of the small business lending activity throughout the evaluation period. The bank originated 309 small business loans totaling \$74.3 million during that time-frame. These figures exclude PPP loans, which are evaluated under the Community Development Test. For the

Assessment Area Concentration and Geographic Distribution criteria, all 309 small business loans were analyzed, as geographic data was available. For the Borrower Profile criterion, examiners selected a random sample of 174 small business loans totaling \$42.4 million from the universe. The small business sample is representative of the bank's performance during the entire evaluation period.

Under the Lending Test, examiners reviewed and considered both the number and dollar volume of home mortgage and small business loans. While the evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number because number of loans is a better indicator of the number of individuals and businesses served. Data from the 2015 American Community Survey (ACS) U.S. Census (most recent demographic data available) provided a standard of comparison for the bank's home mortgage lending activity. In addition, since the bank is a HMDA reporter, aggregate data was also used as a standard of comparison for home mortgage lending. Aggregate data for 2019 and 2020 are included in the corresponding tables, as these are the most recent years for which this data is available. D&B data from 2021 provided a standard of comparison for Fortifi Bank's small business lending activity.

When evaluating the Lending Test, examiners gave more weight to Borrower Profile performance than to performances under the Loan-to-Deposit Ratio, the AA Concentration, and the Geographic Distribution criteria. Borrower Profile directly identifies how well the bank serves the traditionally underserved segments of the population, including low- and moderate-income families and smaller businesses.

For the Community Development Test, examiners reviewed and considered all qualified activities Fortifi Bank engaged in since the prior evaluation, which included community development loans, qualified investments, and community development services. Information for this activity was provided by the bank. Examiners considered quantitative factors, as well as qualitative factors for these activities based on the bank's financial capacity, the AAs' community development needs and opportunities, and how the activities benefitted the AAs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

A "Satisfactory" rating is assigned under the Lending Test. This conclusion is supported by the Loan-to-Deposit ratio, AA Concentration, Geographic Distribution, and Borrower Profile analyses. For the Geographic Distribution criterion, performances were consistent among all AAs receiving a full-scope review. For the limited scope review of the Fond du Lac MSA AA, examiners did not conduct a geographic distribution analysis due to that AA consisting of only middle-income census tracts. Therefore, a geographic distribution analysis would not have provided for meaningful results. For the Borrower Profile criterion, overall performances were consistent for all of the AAs except the Green Bay MSA AA. However, performances in all other areas were sufficient to result in an overall reasonable lending performance.

Loan-to-Deposit Ratio

Fortifi Bank's loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AAs' credit needs and opportunities. The bank's LTD ratio, calculated from call report data, averaged 80.2 percent over the previous 12 calendar quarters from June 30, 2019, to June 30, 2022. This ratio ranged from a low of 67.4 percent on December 31, 2021 to a high of 95.1 percent on March 31, 2020. Overall, the bank's average LTD ratio is in line with the ratios of similarly situated institutions (SSIs). SSIs were selected based on asset size, product mix, bank structure, locations, and input from bank management. Details follow.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2022 (\$000s)	Average Net LTD Ratio (%)
Fortifi Bank	578,890	80.2
Hometown Bank*	626,335	81.6
Bank of Sun Prairie	579,661	96.2
Farmers and Merchants Union Bank (Columbus)	425,645	81.7
Farmers and Merchants Bank (Berlin)*	599,252	96.3
Premier Community Bank*	454,298	67.3
Bank of Luxemburg	553,925	78.0

Source: Reports of Condition and Income 6/30/2019 through 6/30/2022
**Denotes Bank Selected SSI*

Assessment Area Concentration

Fortifi Bank originated a majority of its home mortgage and small business loans inside the AAs. Details are provided in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	350	80.5	85	19.5	435	64,929	74.7	21,961	25.3	86,890
2020	721	77.9	205	22.1	926	153,820	77.2	45,452	22.8	199,272
2021	534	78.4	147	21.6	681	102,433	73.7	36,512	26.3	138,945
Subtotal	1,605	78.6	437	21.4	2,042	321,182	75.6	103,925	24.4	425,107
Small Business										
2021	266	86.1	43	13.9	309	63,777	85.8	10,515	14.2	74,292
Total	1,871	79.6	480	20.4	2,351	384,959	77.1	114,440	22.9	499,399

Source: Bank Data; Due to rounding, totals may not equal 100.0%

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the AAs. Performance is reasonable in home mortgage and small business lending in the full scope AA reviews (Non-MSA AA, Oshkosh-Neenah MSA AA, Green Bay MSA AA, and Madison MSA AA). Geographic distribution was not evaluated in the Fond du Lac AA as all census tracts in this area are middle-income; therefore, such a review would not result in meaningful conclusions. Refer to each AA analysis for details.

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of various sizes given aggregate performance (as applicable) and the demographics of the AAs.

Borrower profile performance for home mortgage lending was consistent for the full-scope reviews of the Non-MSA, Madison MSA, and Oshkosh-Neenah MSA. The home mortgage borrower profile performance for the full-scope review of the Green Bay MSA AA was not consistent to the other full-scope reviews, but overall home mortgage performance of the other areas was sufficient for overall reasonable performance on a combined AA basis. The limited scope review of the Fond Du Lac MSA AA was consistent to the reasonable conclusions of the full-scope reviewed areas.

The borrower profile performance for small business loans was consistent for the full-scope review of the Non-MSA, Oshkosh-Neenah MSA, and Green Bay MSA AAs. However, the small business borrower profile performance for the full-scope review of the Madison MSA AA was not consistent. Overall small business lending performances on a combined basis was sufficient for overall reasonable performance of the full-scope reviewed areas. The limited scope review of the Fond Du Lac MSA AA was also consistent to the reasonable conclusions of the full-scope reviewed areas. Refer to each of the AA analyses for details.

Response to Complaints

The bank has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

Fortifi Bank's community development performance demonstrates adequate responsiveness to community development needs in its AAs through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity, as well as the need and availability of such opportunities for community development in the institution's AAs.

Community Development Loans

Fortifi Bank originated 576 community development loans totaling \$78.1 million during the evaluation period (from the last evaluation date to the current evaluation date). This level of lending represents 13.5 percent of total assets and 20.2 percent of net loans as of June 30, 2022. The total of community development loans includes the high volume of PPP loans originated through the SBA, as detailed below. Fortifi Bank’s level of community development lending is near the upper range of five SSIs, which also originated PPP loans during the COVID-19 pandemic. When including their qualifying PPP lending activity, the community development lending activity of the SSIs ranged from 10.8 percent to 21.0 percent of net loans.

SBA PPP loans originated in response to the COVID-19 pandemic significantly increased Fortifi Bank’s overall community development lending activity. The bank originated 324 qualifying PPP loans totaling \$37.2 million in 2020 and an additional 234 PPP loans totaling \$16.8 million in 2021. The PPP loans represent 96.9 percent of the bank’s community development lending. Although these loans demonstrate the bank’s responsiveness to a primary community development need during the evaluation period, the PPP loan program was temporary. Therefore, the bank’s performance without the PPP lending activity was also analyzed, to better determine reliance on the PPP program for community development activity, and to better compare to SSIs without PPP lending. Excluding the PPP loans results in Fortifi Bank’s remaining community development loans (18 at \$24.1 million) representing 4.2 percent of total assets and 6.3 percent of net loans. This level of community development lending is in line with the level of SSIs’ performances, which have community development loans (excluding PPP loans) ranging from 1.3 percent to 13.3 percent of total assets and from 2.0 percent to 17.4 percent of net loans.

The following tables illustrate the bank’s community development lending by year, type, and AA.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	-	-	-	-	1	539	-	-	1	539
2020	-	-	-	-	5	4,647	325	38,701	330	43,348
2021	1	367	-	-	2	3,532	235	23,240	238	27,139
YTD 2022	1	1,100	-	-	3	1,545	3	4,496	7	7,141
Total	2	1,467	-	-	11	10,263	563	66,437	576	78,167

Source: Bank Data; “-“ Data not applicable

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Non-MSA AA	-	-	-	-	1	539	173	25,407	174	25,946
Green Bay MSA AA	-	-	-	-	2	995	85	11,607	87	12,602
Oshkosh-Neenah MSA AA	-	-	-	-	1	313	110	6,490	111	6,803
Madison MSA AA	1	367	-	-	5	6,202	73	12,939	79	19,508
Fond Du Lac MSA AA	-	-	-	-	30	1,101	-	-	30	1,101
Outside AA – Broader Statewide/Regional Areas	1	1,100	-	-	2	2,214	92	8,893	95	12,207
Total	2	1,467	-	-	41	11,364	533	65,336	576	78,167

Source: Bank Data; “-“ Data not applicable

Because the bank has adequately served its AAs with community development loans, the community development loans originated outside the AAs, but within a broader statewide or regional area, were also considered. Notable examples of community development loans originated in the statewide and regional areas include the following:

- 57 qualifying PPP loans totaling \$4.8 million in 2020 and 34 qualifying PPP loans totaling \$2.5 million in 2021 that promote economic development, as well as revitalize or stabilize low- and moderate-income geographies.
- Two SBA 504 loans totaling \$2.2 million promoting economic development.

Qualified Investments

Fortifi Bank made 41 qualified investments totaling just over \$6.0 million during the evaluation period. This includes 22 qualified donations at \$8,000 to local organizations with the primary purpose of community development services or affordable housing. This level of activity equates to 5.2 percent of total securities and 1.0 percent of total assets. Of the 41 qualified investments and donations, 28 totaling \$1.8 million were made within the AAs. The AA qualified investments equate to 1.6 percent of total securities and 0.3 percent of total assets.

The bank’s level of qualified community development investments is consistent with that of the SSIs, which had community development investments ranging from 0.1 percent to 9.8 percent of total securities and ranging from 0.01 percent to 0.9 percent of total assets. Both sets of Fortifi Bank’s ratios (including and excluding qualified investments outside the AAs) are within the SSIs’ performance levels. As the bank is meeting the community development needs of its AAs, the qualified investments outside the AAs were also considered and given credit during this evaluation. The following tables illustrate the bank’s qualified investments by year and AA.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	6	2,521	5	836	1	205	12	3,562
2019 (Partial)	-	-	-	-	-	-	-	-	-	-
2020	-	-	1	200	-	-	-	-	1	200
2021	-	-	1	200	4	1,800	-	-	5	2,000
YTD 2022	-	-	1	250	-	-	-	-	1	250
Subtotal	-	-	9	3,171	9	2,636	1	205	19	6,012
Qualified Grants & Donations	3	1	19	7	-	-	-	-	22	8
Total	3	1	28	3,178	9	2,636	1	205	41	6,020

Source: Bank Data; "--" Data not applicable

Community Development Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Non-MSA AA	-	-	15	1,594	2	284	-	-	17	1,878
Green Bay MSA AA	1	<1	-	-	-	-	-	-	1	<1
Oshkosh-Neenah MSA AA	2	1	1	<1	-	-	-	-	3	1
Madison MSA AA	-	-	3	1	-	-	-	-	3	1
Fond Du Lac MSA AA	-	-	4	2	-	-	-	-	4	2
Outside AA - Statewide/Regional Areas	-	-	5	1,581	7	2,352	1	205	13	4,138
Total	3	1	28	3,178	9	2,636	1	205	41	6,020

Source: Bank Data; "--" Data not applicable

Notable examples of statewide and regional community development investments include the following:

- Three \$500,000 Small Business Investment Company Bonds with the stated purpose of community development, including land development and job creation. These bonds benefit the Midwest region.
- Multiple school district bonds that provided for school improvements and supplies, to schools predominantly serving low- and moderate-income families.

Community Development Services

Fortifi Bank staff, management, and the Board participated in 12 community development service activities for six different organizations during the evaluation period, equating to approximately 376 hours of service. This performance is a substantial decrease from the prior evaluation performance level, at which time the bank had 246 instances of qualified community development services. The prior evaluation community development services were predominantly comprised of providing financial literacy to qualified schools throughout the bank's AAs. However, during this evaluation

period, due to COVID-19, many schools were closed, and/or not permitting such in-person activity. However, as noted throughout this evaluation, each AA has an abundance of service opportunities beyond participating in school financial literacy activities. Fortifi Bank’s current level of community development services is well below SSIs’ performance levels. A review of five SSI’s reflects a range of 34 to 76 community development services during their most recent evaluations. Fortifi Bank’s community development services are detailed below by year and AA.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	-	-	-	-	-
2020	1	1	3	-	5
2021	-	1	3	-	4
YTD 2022	-	-	3	-	3
Total	1	2	9	-	12
<i>Source: Bank Data; “-“ Data not applicable</i>					

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Non-MSA AA	1	2	7	-	10
Green Bay MSA AA	-	-	-	-	-
Oshkosh-Neenah MSA AA	-	-	2	-	2
Madison MSA AA	-	-	-	-	-
Fond Du Lac MSA AA	-	-	-	-	-
Total	1	2	9	-	12
<i>Source: Bank Data; “-“ Data not applicable</i>					

Notable community development services include:

- Serving on a city housing task force, providing financial expertise and proposals for housing initiatives targeting the development of affordable housing.
- Serving as a Board Member of a community development organization, providing financial expertise in making decisions regarding small business loan distributions from a USDA Revolving Loan Fund.

In addition to community development services, the bank operates four locations in moderate-income census tracts.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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.

NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NON-MSA ASSESSMENT AREA

The Non-MSA AA includes the whole counties of Green Lake, Marquette, and Waushara, and a portion of Adams County. Of the 22 census tracts in this AA, three are moderate-income, 18 are middle-income, and one is upper-income. Fortifi Bank serves this area from three full-service offices: the main office in Berlin (located in a moderate-income census tract); a branch office in Green Lake (located in an upper-income census tract); and a branch in Montello (located in a middle-income census tract). Marquette County is designated as an underserved, middle-income nonmetropolitan county. This AA received the highest evaluation consideration for the Lending Test and Community Development Test for reasons noted previously. Sources of data used in this section include 2015 ACS U.S. Census data, 2021 D&B data, the Federal Financial Institution Examiner Council (FFIEC), the Wisconsin Realtor’s Association (WRA), The U.S. Bureau of Labor Statistics, and the Wisconsin Department of Workforce Development (DWD).

Economic and Demographic Data

The following table reflects demographic characteristics and economic information for the Non-MSA AA.

Demographic Information of the Assessment Area						
Assessment Area: Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	22	0.0	13.6	81.8	4.5	0.0
Population by Geography	71,934	0.0	13.2	83.1	3.7	0.0
Housing Units by Geography	44,786	0.0	13.5	82.1	4.4	0.0
Owner-Occupied Units by Geography	22,626	0.0	11.1	84.5	4.4	0.0
Occupied Rental Units by Geography	6,109	0.0	19.6	76.6	3.7	0.0
Vacant Units by Geography	16,051	0.0	14.7	80.7	4.6	0.0
Businesses by Geography	4,030	0.0	14.5	77.9	7.6	0.0
Farms by Geography	453	0.0	6.8	87.4	5.7	0.0
Family Distribution by Income Level	18,954	20.6	21.7	23.2	34.5	0.0
Household Distribution by Income Level	28,735	24.1	18.3	20.2	37.4	0.0
Median Family Income Non-MSAs - WI		\$60,742	Median Housing Value			\$137,620
			Median Gross Rent			\$657
			Families Below Poverty Level			7.5%

Source: 2015 ACS and 2021 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.*

Of the 44,786 housing units in the AA, 50.5 percent are owner-occupied, 13.7 percent are occupied rental units, and 35.8 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Information from the WRA indicates that housing sales prices have steadily increased in this AA since the previous evaluation. However, they remain below the statewide median housing costs. The median housing costs provide insight into the potential affordability of housing for low- and moderate-income people. Median housing costs are detailed below.

Area	Median Housing Cost 2019 (\$)	Median Housing Cost 2020 (\$)	Median Housing Cost 2021 (\$)
Green Lake County	135,500	173,500	200,000
Marquette County	137,250	163,250	199,500
Waushara County	147,000	155,450	193,000
Adams County	140,000	160,000	185,250
State of Wisconsin	198,000	220,000	240,000

Source: WRA

Housing sales volume gives insight into the home mortgage lending needs and opportunities within the AA. Housing sales data is detailed below.

Area	Housing Sales 2019	Housing Sales 2020	Housing Sales 2021
Green Lake County	281	324	317
Marquette County	260	274	294
Waushara County	362	446	393
Adams County	609	654	666

Source: WRA

The AA’s FFIEC-updated median family income level for 2020 is noted in the table below. The median family income and corresponding income levels are used to analyze home mortgage lending activities under the Borrower Profile criterion.

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
2021 (\$69,600)	<\$34,800	\$34,800 to <\$55,680	\$55,680 to <\$83,520	≥\$83,520

Source: FFIEC

While current unemployment rates have stabilized and returned to approximate 2019 levels, the rates increased significantly during the COVID-19 pandemic, peaking in April 2020. Based on data from the U.S. Bureau of Labor Statistics, at the peak, this AA’s county unemployment rates were: Green Lake, 19.1 percent; Marquette, 15.3 percent; Waushara, 14.9 percent; and Adams, 21.7 percent. These rates compare to the national unemployment rate of 14.4 percent, and the Wisconsin state rate of 14.1 percent at that same time. As of month-end August 2022, the AA’s county

unemployment rates fell back to within pre-COVID-19 levels: Green Lake, 3.5 percent; Marquette, 3.4 percent; Waushara, 3.4 percent; and, Adams, 5.1 percent.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR). D&B data is used as a standard of comparison for the bank's performance under this criteria.

Based on D&B and Wisconsin DWD data, service industries represent the largest portion of businesses at 33.6 percent, followed by retail trade at 15.0 percent, and agriculture, forestry and fishing at 10.1 percent. In addition, 88.3 percent of this AA's businesses have nine or fewer employees, and 87.4 percent operate from a single location. This demographic data demonstrates that while large businesses do exist, small businesses represent a significant portion of overall business in the AA.

Competition

Fortifi Bank's primary competition includes local, regional, and national banks, credit unions, and mortgage companies offering a wide array of products and services. According to the June 2022 Summary of Deposits compiled by the FDIC, approximately \$1.9 billion of deposits in this AA's four counties are being managed by 15 financial institutions operating out of 35 offices (this data does not include credit unions or mortgage companies). Fortifi Bank ranked second, with a market share of 16.0 percent. The number one ranked community bank had a market share of 24.2 percent.

Mortgage loan data is submitted by lenders subject to the reporting requirements of HMDA. The home mortgage aggregate data for 2020, which is the most recent available, reflects a high level of demand and competition for these loans within this AA's four counties (the market share reports are based on county level activity). In 2020, 331 entities, including banks, credit unions, and non-depository mortgage lenders, reported a total of 5,416 originated and purchased HMDA-applicable mortgage loans within this AA's counties. Fortifi Bank ranked second with a market share of 8.3 percent (by number). A credit union ranked first with 8.6 percent market share.

Fortifi Bank is not required to collect or report small business data, and they have elected not to do so. However, the aggregate data of those institutions that do report small business data is a good indicator of the level of demand, competition and opportunities, and is therefore included here. Small business aggregate data for 2020, which is the most recent available, indicates a low level of demand for small business loans in the Non-MSA AA counties. In 2020, 56 lenders reported 999 small business loans. The top three ranking reporters were national banks with total market share of 35.8 percent. It is important to note that a number of non-reporting institutions, like Fortifi Bank, also originate small business loans in the AA, suggesting that competition for these loans is greater than reflected in the aggregate data.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit and community development needs. According to a representative of an economic development organization serving Marquette County, there is a lack of available housing stock, and particularly a very limited supply of affordable housing. Housing costs have trended

upward dramatically over the past few years, with current costs averaging \$219,000. This cost is prohibitive to lower income people of the area. The contact also stated that affordable rentals are limited in the county, with fewer than 40 apartment buildings county-wide. The average rent is \$900 per month. Furthermore, the apartment buildings are 100 percent occupied, with waiting lists.

The contact mentioned that opportunities for residential and commercial development are limited by various factors, such as a limited supply of available land, many municipalities being surrounded by marshland, and limited willingness of developers to develop the available land due to costs and infrastructure issues. However, the contact did state that there are financing needs and opportunities for small business start-ups, business operating expenses, and expansion.

The contact stated that COVID-19 impacted area businesses and workers, causing business closures, layoffs, and/or staff shortages. However, the contact did state that the adverse impacts were short-lived

Although the contact said that area financial institutions are generally meeting the credit needs of the area, the contact is concerned that area financial institutions are giving up on downtown district investments, as financing projects in larger, proven areas are less risky and more profitable.

Credit and Community Development Needs and Opportunities

Based on economic and demographic information, as well as information obtained from the community contact and bank management, examiners identified a need for more affordable housing within the AA. In addition, start-up financing is needed for new, small businesses.

Based on comments from the community contact, as well as available demographic information, there are an abundance of opportunities for area financial institutions to provide credit and to get involved in area community development activities. Such activities are available in the form of community development related loans, donations, and/or providing services. Examples of such opportunities include (not limited to): developing an internal, safe and sound, loan program to assist in home ownership; working with developers to promote land development for affordable housing and new businesses that would create jobs for low- and moderate-income people (services, grants, and/or loans); providing SBA 504 and other qualified government program loans; investing in area municipal bonds with community development as the primary purpose; investing in bonds for area schools that have a majority of students from low- or moderate-income families; investing in infrastructure and school bonds for communities in the rural, underserved area of Marquette County; providing financial literacy education that targets low- and moderate-income people; presenting first-time homebuyer seminars that target low- and moderate-income people; and, serving on boards, committees, projects that promote community development.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-MSA AA

LENDING TEST

Fortifi Bank demonstrates reasonable performance under the Lending Test in the Non-MSA AA. The bank's performance under the Borrower Profile and Geographic Distribution criteria for home mortgage and small business lending supports this conclusion.

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the AA. Examiners analyzed the lending performance in relation to bank resources and lending opportunities, focusing on the percentage of loans by number in the moderate-income census tracts (there are no low-income census tracts within this AA).

Home Mortgage

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. Examiners focused on comparison to aggregate data, as well as demographic data, specifically the percentage of owner-occupied housing units.

For 2019 and 2020, the bank's lending within the moderate-income census tracts is slightly below, but in line with the aggregate performance levels. In 2021, the bank's level of lending within the moderate-income geographies declined from prior years' levels. The bank's main office is located in a moderate-income census tract. However, this census tract contains only 3.3 percent of the total AA housing units. Additionally, the other two moderate-income census tracts, located in Adams County, are approximately 33 miles from the nearest banking office, and are served by other financial institutions. Considering the banking office locations in relation to the moderate-income census tracts, credit needs and opportunities, aggregate performance levels, and competition, the bank's geographic distribution of home mortgage loans within this AA is reasonable.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Non-MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2019	11.1	10.9	20	9.9	1,668	6.2
2020	11.1	9.7	28	7.7	3,536	5.8
2021	11.1	-	12	4.6	1,066	2.5
Middle						
2019	84.5	83.9	153	75.4	18,265	68.0
2020	84.5	84.2	279	77.1	44,044	72.2
2021	84.5	-	209	79.8	33,496	78.9
Upper						
2019	4.4	5.2	30	14.8	6,946	25.8
2020	4.4	6.1	55	15.2	13,438	22.0
2021	4.4	-	41	15.6	7,907	18.6
Totals						
2019	100.0	100.0	203	100.0	26,878	100.0
2020	100.0	100.0	362	100.0	61,017	100.0
2021	100.0	--	262	100.0	42,469	100.0
<i>Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data; "--" Data not available Due to rounding, totals may not equal 100.0%</i>						

Small Business

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. Examiners emphasized performance in relation to the presented D&B data.

The bank’s distribution of small business loans within the moderate-income census tracts is reasonably in line with the presented demographics. The moderate-income census tract containing the bank’s office has only 5.2 percent of the AA businesses, which limits business lending opportunities within that tract. Examiners considered the location of banking offices, AA demographics, credit needs and opportunities throughout the AA, and competition in reaching the conclusion of reasonable distribution of small business loans.

Geographic Distribution of Small Business Loans					
Assessment Area: Non-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2021	14.5	8	10.8	1,619	14.4
Middle					
2021	77.9	57	77.0	8,937	79.4
Upper					
2021	7.6	9	12.2	698	6.2
Totals					
2021	100.0	74	100.0	11,254	100.0
<i>Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of home mortgage and small business loans reflects reasonable dispersion among borrowers of different income levels, including low- and moderate-income, as well as businesses of different sizes. The reasonable performances in both home mortgage and small business lending support this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers based on demographics and aggregate comparisons. Examiners also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less, using D&B data as a standard of comparison.

Home Mortgage

The distribution of home mortgage loans reflects reasonable dispersion to individuals of different income levels, including low- and moderate-income borrowers.

The 2019 lending performance to low-income borrowers is below the aggregate level. However, an improving trend is noted, with 2020 lending to low-income borrowers being reasonably in line with the corresponding aggregate levels. Furthermore, lending to low-income borrowers more than doubled in 2021 from the prior year. As aggregate data is not available for 2021, demographic data is used as a comparator. The bank's performance in 2021 (at 10.7 percent) is below the demographics of 20.6 percent. However, this disparity is largely attributed to the poverty rate of 11.2 percent. Adjusting for the poverty level brings the bank's performance to above the presented demographic. Additionally, given the AA median family income and high housing costs (as noted previously), a low-income family in the AA would not likely qualify for a mortgage under conventional underwriting standards. Further supporting this is the community contact's comment regarding the scarcity of affordable housing in this AA. Considering all of these factors, AA credit needs and opportunities, and competition, the bank's distribution of loans to low-income borrowers is reasonable.

The bank's lending to moderate-income borrowers in 2019 reflects a performance level above the aggregate level. Performance to moderate-income borrowers in 2020 is in line with the aggregate

level. Although the bank’s performance to moderate-income borrowers declined in 2021, the level is still reasonably in line with the prior year’s level. Considering all three years’ performance levels, housing costs in the area, AA credit needs and opportunities, and competition, the distribution of loans to moderate-income borrowers is also reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Non-MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	20.6	7.2	10	4.9	495	1.8
2020	20.6	6.4	18	5.0	1,302	2.1
2021	20.6	-	28	10.7	2,177	5.1
Moderate						
2019	21.7	18.6	49	24.1	4,112	15.3
2020	21.7	18.1	65	18.0	6,543	10.7
2021	21.7	-	43	16.4	4,701	11.1
Middle						
2019	23.2	21.9	48	23.6	6,095	22.7
2020	23.2	19.4	78	21.5	10,792	17.7
2021	23.2	-	74	28.2	9,938	23.4
Upper						
2019	34.5	39.0	83	40.9	15,189	56.5
2020	34.5	43.4	174	48.1	37,192	61.0
2021	34.5	-	108	41.2	23,391	55.1
Not Available						
2019	0.0	13.2	13	6.4	988	3.7
2020	0.0	12.7	27	7.5	5,188	8.5
2021	0.0	-	9	3.4	2,263	5.3
Totals						
2019	100.0	100.0	203	100.0	26,879	100.0
2020	100.0	100.0	362	100.0	61,017	100.0
2021	100.0	-	262	100.0	42,469	100.0

*Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "-" Data not available.
Due to rounding, totals may not equal 100.0%*

Small Business

The distribution of small business loans reflects reasonable penetration among businesses with GARs of \$1 million or less. This analysis was based on a sample of small business loans. Examiners focused on the bank’s performance compared to the presented D&B demographics.

Although the bank’s level of lending to smaller businesses is below the presented demographic, lending the businesses with GAR of \$1 million and less is above a majority, by number. However, by dollar volume, the lending to smaller businesses is below a majority. As mentioned previously, examiners emphasized lending by number, as this is a better indicator of the number of smaller businesses served. Furthermore, the D&B data reflects a large percentage of businesses without revenue information, which skews the demographic distribution among businesses of different sizes. Considering AA demographics, credit needs and opportunities, competition, and lending by number and dollar volume (with emphasis on number), the bank has a reasonable distribution of small business loans to businesses of different sizes.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Non-MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	81.5	26	61.9	3,193	45.9
>\$1,000,000					
2021	5.2	16	38.1	3,766	54.1
Revenue Not Available					
2021	13.3	-	-	-	-
Totals					
2021	100.0	42	100.0	6,959	100.0
<i>Source: 2021 D&B Data; Bank Data; "-" data not applicable Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

Fortifi Bank demonstrates adequate responsiveness to the community development needs of the Non-MSA AA through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity, as well as the need and availability of such opportunities within the AA.

Community Development Loans

Fortifi Bank originated 174 community development loans totaling \$25.9 million in the Non-MSA AA during the evaluation period. This represents approximately 33.2 percent of the bank’s total qualified lending activity. PPP loans represented a substantial majority of these qualifying loans, with 171 PPP loans (98.8 percent) representing 67.7 percent of the community development loan dollars in this AA. The following table illustrates Fortifi Bank’s community development lending by year, type, and purpose.

Community Development Lending – Non MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	-	-	-	-	1	539	-	-	1	539
2020	-	-	-	-	-	-	90	12,761	90	12,761
2021	-	-	-	-	-	-	82	11,265	82	11,265
YTD 2022	-	-	-	-	-	-	1	1,381	1	1,381
Total	-	-	-	-	1	539	173	25,407	174	25,946

Source: Bank Data; “-“ Data not applicable

Notable examples of community development loans originated in the Non-MSA AA include the following:

- A \$6.5 million dollar loan within a tax increment financing (TIF) district to refurbish a closed hotel into affordable housing.
- An SBA 504 loan totaling \$539,000 promoting economic development.

Qualified Investments

Fortifi Bank made 17 qualified investments totaling \$1.8 million in the Non-MSA AA. This includes 11 donations totaling \$4,000. All of the investments were made during prior periods, but remained on the bank’s books during the evaluation period. This level of investments equals 31.2 percent of the bank’s total qualifying investments. The table below illustrates the bank’s community development investments by year, type, and purpose.

Qualified Investments-Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	4	1,590	2	284	-	-	6	1,874
2019 (Partial)	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-
YTD 2022	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	4	1,590	2	284	-	-	6	1,874
Qualified Grants & Donations	-	-	11	4	-	-	-	-	11	4
Total	-	-	15	1,594	2	284	1	205	17	1,878

Source: Bank Data; “-“ Data not applicable

Notable examples of community development investments made in the Non-MSA AA include the following:

- A school district bond totaling \$849,478, for improvements and school supplies for a school with a majority of enrolled students coming from low- and moderate-income families.
- A municipal bond totaling \$124,513 for street infrastructure improvements in a moderate-

income census tract.

Community Development Services

Of the overall 12 community development services provided during the evaluation period, 10 were provided within the Non-MSA AA equating to approximately 328 service hours. This represents 83.3 percent of total bank-wide community development services, and 87.2 percent of total service hours. The following table illustrates the bank’s community development services within this AA by year, type, and purpose.

Community Development Services – Non-MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	-	-	-	-	-
2020	1	1	3	-	5
2021	-	1	2	-	3
YTD 2022	-	-	2	-	2
Total	1	2	7	-	10

Source: Bank Data; “-“ Data not applicable

Notable examples of community development services provided in the Non-MSA AA include the following:

- Providing financial services to small businesses as a board member of a community organization.
- Providing financial expertise for affordable housing initiatives as a member of an area housing task force.

OSHKOSH-NEENAH MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN OSHKOSH-NEENAH MSA ASSESSMENT AREA

The Oshkosh-Neenah MSA AA includes a portion of Winnebago County. Of the 24 census tracts in this AA, four are moderate-income, 18 are middle-income, and two are upper-income. Two full-services offices operate within this AA, along with one limited-service office. The limited-service office was newly opened in Oshkosh in January 2022, within a moderate-income census tract. Sources of data used in this section include 2015 ACS U.S. Census data, 2021 D&B data, the Federal Financial Institution Examiner Council (FFIEC), the Wisconsin Realtor’s Association (WRA), The U.S. Bureau of Labor Statistics, and the Wisconsin Department of Workforce Development (DWD).

Economic and Demographic Data

The following table reflects demographic characteristics and economic information for the Oshkosh-Neenah MSA AA according to the 2015 ACS U.S. Census and D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Oshkosh-Neenah MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	24	0.0	16.7	75.0	8.3	0.0
Population by Geography	98,755	0.0	16.3	74.2	9.5	0.0
Housing Units by Geography	42,545	0.0	18.5	72.6	8.8	0.0
Owner-Occupied Units by Geography	25,029	0.0	11.4	75.2	13.3	0.0
Occupied Rental Units by Geography	14,005	0.0	30.9	66.6	2.5	0.0
Vacant Units by Geography	3,511	0.0	19.7	78.5	1.8	0.0
Businesses by Geography	4,849	0.0	20.3	67.7	12.0	0.0
Farms by Geography	256	0.0	6.6	86.3	7.0	0.0
Family Distribution by Income Level	22,892	19.7	17.8	24.2	38.3	0.0
Household Distribution by Income Level	39,034	25.3	16.3	19.2	39.2	0.0
Median Family Income MSA - 36780 Oshkosh-Neenah, WI MSA		\$67,477	Median Housing Value			\$142,880
			Median Gross Rent			\$688
			Families Below Poverty Level			7.2%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Of the 42,545 housing units in the AA, 58.8 percent are owner-occupied, 32.9 percent are occupied rental units, and 8.3 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Information from the WRA indicates that housing sales prices have steadily increased in this AA since the previous evaluation. However, they remain below the statewide median housing costs. The median housing costs provide insight into the potential affordability of housing for low- and moderate-income people within this AA. Median housing costs are presented below.

Area	Median Housing Cost 2019 (\$)	Median Housing Cost 2020 (\$)	Median Housing Cost 2021 (\$)
Winnebago County	155,000	174,700	190,000
State of Wisconsin	198,000	220,000	240,000
<i>Source: WRA</i>			

Housing sales volume gives insight into the home mortgage lending opportunities within the AA. The following table details the housing sales data for this AA.

Area	Housing Sales 2019	Housing Sales 2020	Housing Sales 2021
Winnebago County	2,357	2,406	2,427
<i>Source: WRA</i>			

The FFIEC-updated median family income level for 2020 is noted in the table below. The median family income and corresponding income levels are used to analyze home mortgage lending activities under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Oshkosh-Neenah, WI MSA Median Family Income (36780)				
2019 (\$80,800)	<\$40,400	\$40,400 to <\$64,640	\$64,640 to <\$96,960	≥\$96,960
2020 (\$80,800)	<\$40,400	\$40,400 to <\$64,640	\$64,640 to <\$96,960	≥\$96,960
2021 (\$77,500)	<\$38,750	\$38,750 to <\$62,000	\$62,000 to <\$93,000	≥\$93,000
<i>Source: FFIEC</i>				

As noted for the Non-MSA AA, the unemployment rates for the Oshkosh-Neenah MSA AA also peaked during the COVID-19 pandemic in April 2020. Based on data from the U.S. Bureau of Labor Statistics, at the peak, Winnebago County’s unemployment rate was 13.7 percent. This compares to the national and state unemployment rates of 14.4 percent and 14.1 percent, respectively, for this same time period. As of month-end August 2022, the AA’s county unemployment rate fell back to within pre-COVID-19 levels at 3.0 percent.

Based on D&B and Wisconsin DWD data, service industries represent the largest portion of this AA’s businesses at 39.3 percent, followed by retail trade at 15.6 percent and then construction at 7.9 percent. In addition, 83.7 percent of this AA’s businesses have nine or fewer employees, and 83.7 percent operate from a single location. This demographic data demonstrates that while large businesses do exist, small businesses represent a significant portion of overall business in the AA.

Competition

Fortifi Bank’s primary competition includes local, regional, and national banks, credit unions, and mortgage companies offering a wide variety of products and services. According to the June 2022 Summary of Deposits compiled by the FDIC, approximately \$2.6 billion of deposits in Winnebago County are being managed by 15 financial institutions operating out of 30 offices (this data does not include credit unions or mortgage companies). Fortifi Bank ranked ninth, with a market share of 3.2 percent. The top three ranked financial institutions account for 52.6 percent of this AA’s deposit market share.

The home mortgage aggregate data for 2020 reflects a high level of demand and competition for these loans within Winnebago County. In 2020, 265 entities, including banks, credit unions, and non-depository mortgage lenders, reported a total of 6,407 originated and purchased HMDA-applicable mortgage loans within Winnebago County. Fortifi Bank ranked 10th, with a market share

of 2.5 percent (by number). Two credit unions ranked highest, with total market share of 22.3 percent.

Fortifi Bank is not required to collect or report small business data, and they have elected not to do so. However, the aggregate data of those institutions that do report small business data is a good indicator of the level of demand, competition and opportunities, and is therefore included here. Small business aggregate data for 2020 indicates a moderate level of demand for small business loans in Winnebago County. In 2020, 73 lenders reported 1,863 small business loans. Three national banks ranked highest, with total market share of 32.4 percent. It is important to note that a number of non-reporting institutions, like Fortifi Bank, also originate small business loans in the AA, suggesting that competition for these loans is greater than reflected in the aggregate data.

Credit and Community Development Needs and Opportunities

Based on demographic and economic data, examiners determined credit needs for this AA to be affordable housing and small business loans. The average home costs and median family income levels, and businesses with nine or fewer employees, support these conclusions.

For this AA, opportunities for community development lending, and for banks to become involved with community development activities (investments and services) are consistent with the opportunities noted for the Non-MSA AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN OSHKOSH-NEENAH MSA ASSESSMENT AREA

LENDING TEST

Fortifi Bank demonstrates reasonable performance under the Lending Test in the Oshkosh-Neenah MSA AA. The bank's performance under the Geographic Distribution and Borrower Profile criterion for home mortgage and small business lending supports this conclusion.

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout this AA. Examiners analyzed the lending performance in relation to bank resources and lending opportunities, focusing on the percentage of loans by number in the moderate-income census tracts, as there are no low-income census tracts in the AA.

Home Mortgage

The geographic distribution of home mortgage loans reflect reasonable dispersion throughout the AA.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Oshkosh-Neenah MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2019	11.4	12.0	2	3.8	1,843	12.6
2020	11.4	11.0	6	4.5	771	2.8
2021	11.4	-	6	6.3	2,289	10.8
Middle						
2019	75.2	74.8	50	94.3	12,646	86.3
2020	75.2	73.8	124	92.5	26,316	94.5
2021	75.2	-	88	91.7	18,178	86.0
Upper						
2019	13.3	13.3	1	1.9	172	1.2
2020	13.3	15.2	4	3.0	755	2.7
2021	13.3	-	2	2.1	663	3.1
Totals						
2019	100.0	100.0	53	100.0	14,661	100.0
2020	100.0	100.0	134	100.0	27,842	100.0
2021	100.0	-	96	100.0	21,130	100.0
<i>Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data; "--" Data not available Due to rounding, totals may not equal 100.0%</i>						

The bank’s home mortgage lending performance within the moderate-income census tracts is below the aggregate performance for 2019 and 2020, and below the demographics for 2021. An increasing, positive trend is noted, however. The location of the bank’s offices in proximity to the moderate-income census tracts, level of AA competition, along with timing and limited-service designation of the newly opened branch, have a direct impact on the geographic distribution analysis.

The two branches in Winneconne and Omro are in rural communities of the county, and are distant from the moderate-income census tracts. The Winneconne branch office is approximately 10 miles from the nearest moderate-income census tract. The Omro office is approximately nine miles from the nearest moderate-income census tract. The area between these offices, as well as the moderate-income census tracts are served by multiple other financial institutions, as noted under “Competition” above. Although the Oshkosh office is located in a moderate-income census tract, it was just opened in January 2022, and provides limited services. These services do not include accepting deposits (no share of the bank’s deposits), or making loans other than commercial loans (by appointment). Given these factors along with AA credit needs and opportunities, demographics, competitive factors, and aggregate performance, the bank’s distribution of home mortgage loans throughout the AA is reasonable.

Small Business

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA.

Geographic Distribution of Small Business Loans					
Assessment Area: Oshkosh-Neenah MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2021	20.3	1	2.6	125	2.1
Middle					
2021	67.7	34	87.2	5,355	89.5
Upper					
2021	12.0	4	10.2	501	8.4
Totals					
2021	100.0	39	100.0	5,981	100.0
<i>Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Only one of this AA’s small business loans was originated within a moderate-income census tract. Again, the location of the bank’s offices in proximity to the moderate-income census tracts, level of AA competition, along with timing and limited-service designation of the newly opened branch, have a direct impact on the geographic distribution analysis. As noted above, the full-service branches within this AA are distant from the moderate-income geographies. Also, the new Oshkosh office has only been opened since January of 2022, and is still striving for market share while providing for commercial loans by appointment only. Furthermore, this AA contains a good level of competition for business loans. Given that D&B data reflects approximately 20 percent of the AA businesses within the moderate-income census tracts, multiple well-established institutions would be vying for such loans within those geographies. Given these factors, the bank’s geographic distribution of small business loans throughout this AA is reasonable.

Borrower Profile

The distribution of home mortgage and small business loans within this AA reflects reasonable dispersion among borrowers of different income levels, including low- and moderate-income families, as well as businesses of different sizes. The reasonable performance in home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers based on demographics and aggregate comparisons. Examiners also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage

The distribution of home mortgage loans reflects reasonable dispersion to individuals of different income levels, including low- and moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Oshkosh-Neenah MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	19.7	11.5	3	5.7	273	1.9
2020	19.7	9.0	5	3.7	522	1.9
2021	19.7	-	6	6.3	677	3.2
Moderate						
2019	17.8	23.2	9	17.0	1,392	9.5
2020	17.8	22.0	23	17.2	3,255	11.7
2021	17.8	-	13	13.5	1,922	9.1
Middle						
2019	24.2	20.8	10	18.9	1,732	11.8
2020	24.2	22.6	38	28.4	6,438	23.1
2021	24.2	-	22	22.9	3,232	15.3
Upper						
2019	38.3	28.7	17	32.1	3,269	22.3
2020	38.3	33.2	51	38.1	13,925	50.0
2021	38.3	-	47	49.0	12,426	58.8
Not Available						
2019	0.0	15.8	14	26.4	7,995	54.5
2020	0.0	13.2	17	12.7	3,703	13.3
2021	0.0	-	8	8.3	2,873	13.6
Totals						
2019	100.0	100.0	53	100.0	14,661	100.0
2020	100.0	100.0	134	100.0	27,842	100.0
2021	100.0	-	96	100.0	21,130	100.0
<i>Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "-" Data not available. Due to rounding, totals may not equal 100.0%</i>						

For 2019 and 2020, the bank's lending to low-income borrowers is below the aggregate performance. In 2021, the level of lending is also below the demographics. However, 13.6 percent of the AA population is below poverty level. Given the average housing costs of this area, as noted previously, a low-income person, and especially one below poverty level, would not reasonably be able to afford home ownership through conventional financing. Adjusting the 2021 performance by the poverty level results in performance in line with the demographics.

The bank's lending to moderate-income borrowers is below, but reasonably in line with the aggregate performance levels in 2019 and 2020, and in line with the presented demographics.

There was a slight decline in 2021, but the level of lending is reasonably in line with the presented demographics.

Furthermore, it should be noted that the bank has a sizeable level of loans originated to borrowers for whom income was not available. The loans to borrowers without incomes are primarily for multi-family dwellings, for which income is not required to be collected. For 2019, the bank’s level of lending to this category of borrower is much higher than the aggregate’s level. The “Not Available” income category levels negatively skew the distribution percentages for the other income categories, including for low- and moderate-income borrowers. For 2020, the bank’s lending to this category of borrower is in line with the aggregate level. However, the bank’s distribution of loans to the other borrower categories is still impacted.

Overall, considering all years’ performance levels, aggregate performance, demographics (including poverty level and housing costs), category of borrowers without reported income, as well as competition within the AA, the bank’s distribution of loans to borrowers of various income levels is reasonable.

Small Business

The distribution of small business loans reflects reasonable penetration among businesses with GARs of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Oshkosh-Neenah MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	78.2	19	76.0	2,534	77.9
>\$1,000,000					
2021	6.3	6	24.0	720	22.1
Revenue Not Available					
2021	15.5	-	-	-	-
Totals					
2021	100.0	25	100.0	3,254	100.0
<i>Source: 2021 D&B Data; Bank Data; "-" Data not applicable Due to rounding, totals may not equal 100.0%</i>					

The bank’s performance in originating small business loans to businesses with GAR of \$1 million or less is in line with the demographics. Given the demographics, credit needs and opportunities, and AA competition, this is reasonable performance.

COMMUNITY DEVELOPMENT TEST

Fortifi Bank demonstrates adequate responsiveness to the community development needs of the Oshkosh-Neenah MSA AA through community development loans, qualified investments, and

community development services. The stronger community development lending performance supports this conclusion. Examiners considered the institution’s capacity, as well as the need and availability of such opportunities.

Community Development Loans

Fortifi Bank originated 111 community development loans totaling \$6.8 million in the Oshkosh-Neenah MSA AA during the evaluation period. This represents approximately 8.7 percent of the bank’s total qualified lending activity. PPP loans represented most of the qualifying loans, with 110 (99.1 percent) PPP loans representing 95.4 percent of the community development loan dollars in this AA. The following table illustrates Fortifi Bank’s community development lending by year and purpose.

Community Development Lending – Oshkosh-Neenah MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	1	313	64	4,498	65	4,811
2021	-	-	-	-	-	-	46	1,992	46	1,992
YTD 2022	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	1	313	110	6,490	111	6,803

Source: Bank Data; “-“ Data not applicable

Notable examples of community development loans originated in the Oshkosh-Neenah MSA AA include the following:

- 110 qualifying PPP loans totaling \$6.5 million to businesses that revitalize or stabilize low- and moderate-income geographies.
- An SBA 504 loan totaling \$312,500 promoting economic development.

Qualified Investments

Fortifi Bank made 3 qualifying donations for \$1,170 within the Oshkosh-Neenah MSA AA during the evaluation period. This level of investments equals 7.3 percent of total qualifying investments by number. Two of the donations were for entities providing affordable housing, and one was to an entity providing community development services to low- and moderate-income people.

Community Development Services

Of the overall 12 community development services provided during the evaluation period, 2 were provided within the Oshkosh-Neenah MSA AA equating to approximately 49 service hours. This represent 16.7 percent of total bank-wide community development services, and approximately 12.9 percent of total service hours. The two services were provided by one employee in 2021 and 2022, to the same entity that targets economic development.

GREEN BAY MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN GREEN BAY MSA ASSESSMENT AREA

The Green Bay MSA AA includes all of Brown County. Of the 54 census tracts in this AA, three are low-income, 15 are moderate-income, 25 are middle-income, 10 are upper-income, and one has no income designation. One full-service office operates from this AA, in a moderate-income census tract. Sources of data used in this section include 2015 ACS U.S. Census data, 2021 D&B data, the Federal Financial Institution Examiner Council (FFIEC), the Wisconsin Realtor’s Association (WRA), The U.S. Bureau of Labor Statistics, and the Wisconsin Department of Workforce Development (DWD).

Economic and Demographic Data

The following table reflects demographic characteristics and economic information for the Green Bay MSA AA according to the 2015 ACS U.S. Census and D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Green Bay MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	54	5.6	27.8	46.3	18.5	1.9
Population by Geography	254,717	2.3	26.5	45.7	25.0	0.5
Housing Units by Geography	106,532	2.6	28.6	45.9	22.9	0.0
Owner-Occupied Units by Geography	66,370	1.2	21.4	50.0	27.4	0.0
Occupied Rental Units by Geography	34,270	4.7	41.5	38.2	15.6	0.0
Vacant Units by Geography	5,892	6.0	34.6	43.8	15.6	0.0
Businesses by Geography	14,357	3.3	27.9	44.1	24.7	0.0
Farms by Geography	541	0.9	12.0	49.7	37.3	0.0
Family Distribution by Income Level	65,128	19.9	18.2	21.4	40.5	0.0
Household Distribution by Income Level	100,640	22.8	16.9	19.0	41.3	0.0
Median Family Income MSA - 24580 Green Bay, WI MSA	\$67,666	Median Housing Value				\$157,532
		Median Gross Rent				\$719
		Families Below Poverty Level				8.6%

*Source: 2015 ACS and 2021 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.*

Of the 106,532 housing units within this AA, 62.3 percent are owner-occupied, 32.2 percent are occupied rental units, and 5.5 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Information from the WRA indicates that housing sales prices have steadily increased in this AA since the previous evaluation. This AA’s housing costs are in line with the statewide median housing costs. The median housing costs provide insight into the potential affordability of housing for low- and moderate-income people within this AA. Median housing costs are presented below.

Area	Median Housing Cost 2019 (\$)	Median Housing Cost 2020 (\$)	Median Housing Cost 2021 (\$)
Brown County	195,000	220,000	245,500
State of Wisconsin	198,000	220,000	240,000

Source: WRA

Housing sales volume gives insight into the home mortgage lending opportunities within the AA. Housing sales data for this AA is detailed below for the analyses years presented in this report.

Area	Housing Sales 2019	Housing Sales 2020	Housing Sales 2021
Brown County	3,525	3,770	3,671

Source: WRA

The FFIEC-updated median family income level for 2020 is noted in the table below. The median family income and corresponding income levels are used to analyze home mortgage lending activities under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Green Bay, WI MSA Median Family Income (24580)				
2019 (\$81,300)	<\$40,650	\$40,650 to <\$65,040	\$65,040 to <\$97,560	≥\$97,560
2020 (\$81,600)	<\$40,800	\$40,800 to <\$65,280	\$65,280 to <\$97,920	≥\$97,920
2021 (\$80,100)	<\$40,050	\$40,050 to <\$64,080	\$64,080 to <\$96,120	≥\$96,120

Source: FFIEC

The unemployment rates for this AA also peaked during the COVID-19 pandemic in April 2020. Based on data from the U.S. Bureau of Labor Statistics, at the peak, Brown County had an unemployment rate of 13.5 percent. This compares to the national and state unemployment rates of 14.4 percent and 14.1 percent, respectively, at that same time. As of month-end August 2022, the AA’s county unemployment rate returned to within pre-COVID-19 levels at 3.0 percent.

Based on D&B and Wisconsin DWD data, service industries represent the largest portion of this AA’s businesses at 40.5 percent, followed by retail trade at 15.5 percent and then finance, insurance and real estate at 9.1 percent. In addition, 83.7 percent of this AA’s businesses have nine or fewer employees, and 84.7 percent operate from a single location. This demographic data demonstrates that while large businesses do exist, small businesses represent a significant portion of overall business in the AA.

Competition

There is a moderate level of competition in the Green Bay MSA AA for loans and deposits. Fortifi Bank's primary competition includes local, regional, and national banks, credit unions, and mortgage companies offering a wide variety of products and services. According to the June 2022 Summary of Deposits compiled by the FDIC, approximately \$10.1 billion of deposits in Brown County are being managed by 17 financial institutions operating out of 63 offices (this data does not include credit unions or mortgage companies). Fortifi Bank ranked 15th, with a market share of 0.6 percent. The top three ranked financial institutions, all national banks, account for 69.2 percent of this AA's deposit market share.

The most recent (2020) home mortgage aggregate data reflects a substantial level of demand and competition for these loans within the Green Bay MSA AA (Brown County). In 2020, 341 entities, including banks, credit unions, and non-depository mortgage lenders, reported a total of 21,071 originated and purchased HMDA-applicable mortgage loans within this AA. Fortifi Bank ranked 35th, with a market share of 0.6 percent (by number). Two national banks and a finance company were in the top three, with a total market share of 21.9 percent.

Small business aggregate data for 2020, which is the most recent available, indicates a high level of demand for small business loans in Brown County. In 2020, 96 lenders reported 5,345 small business loans. Three national banks ranked in the top three, with total market share of 39.9 percent. It is important to note that a number of non-reporting institutions, like Fortifi Bank, also originate small business loans in the AA, suggesting that competition for these loans is greater than reflected in the aggregate data.

Credit and Community Development Needs and Opportunities

Based on demographic and economic data, examiners determined credit needs for this AA to be affordable housing and small business loans. The average home costs and median family income levels, and businesses with nine or fewer employees, support these conclusions.

For this AA, opportunities for community development lending, and for banks to become involved with community development activities (investments and services) are consistent with the opportunities noted for the Non-MSA AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN GREEN BAY MSA ASSESSMENT AREA

LENDING TEST

Fortifi Bank demonstrates reasonable performance under the Lending Test in the Green Bay MSA AA. The bank's performance under the Geographic Distribution criterion for home mortgage and small business lending supports this conclusion.

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the AA. Examiners analyzed the lending performance in relation to bank resources and lending opportunities, focusing on the percentage of loans by number in the low- and moderate-income census tracts.

Home Mortgage

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. Examiners focused on comparison to aggregate data, as well as demographic data, specifically the percentage of owner-occupied housing units.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Green Bay MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	1.2	1.1	1	3.3	482	6.0
2020	1.2	1.0	1	1.0	110	0.4
2021	1.2	-	2	2.1	609	3.1
Moderate						
2019	21.4	19.3	0	0.0	0	0.0
2020	21.4	16.6	15	15.3	2,406	8.0
2021	21.4	-	21	22.1	3,261	16.7
Middle						
2019	50.0	47.3	9	30.0	2,336	28.9
2020	50.0	46.9	34	34.7	7,221	24.0
2021	50.0	-	31	32.6	5,688	29.1
Upper						
2019	27.4	32.3	20	66.7	5,272	65.2
2020	27.4	35.5	48	49.0	20,317	67.6
2021	27.4	-	41	43.2	9,999	51.1
Totals						
2019	100.0	100.0	30	100.0	8,089	100.0
2020	100.0	100.0	98	100.0	30,054	100.0
2021	100.0	-	95	100.0	19,556	100.0
<i>Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "-" Data not available. Due to rounding, totals may not equal 100.0%</i>						

In 2019, the bank’s level of lending in low-income census tracts was above the aggregate performance. The level of loans to low-income census tracts matched aggregate levels in 2020. In 2021, the loans originated in low-income census tracts was slightly above the demographics.

The bank did not originate any home mortgage loans in moderate-income census tracts in 2019, despite its office location in a moderate-income tract. However, the bank’s lending performance within the moderate-income census tracts in 2020 was in line with the aggregate level. In 2021, the level of lending within the moderate-income census tracts increased significantly and was above the presented demographics.

Given performances in both low- and moderate-income geographies, for each evaluation year, and considering office location, AA demographics, aggregate performance, and competition, the bank’s distribution of home mortgage loans throughout this AA is reasonable.

Small Business

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. The examiners emphasized performance in relation to the presented D&B data.

Geographic Distribution of Small Business Loans					
Assessment Area: Green Bay MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	3.3	6	7.7	768	3.0
Moderate					
2021	27.9	21	26.9	8,998	34.8
Middle					
2021	44.1	30	38.5	9,726	37.7
Upper					
2021	24.7	21	26.9	6,340	24.5
Totals					
2021	100.0	78	100.0	25,832	100.0
<i>Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

The bank’s performance in originating small business loans within the low-income census tracts is strong, as the level is more than twice the presented demographics. The lending within the moderate-income census tracts is lower than, but in line with the demographics. Given performance levels for both categories of census tracts, the demographics, AA credit needs and opportunities, and competition, the bank’s distribution of small business loans throughout this AA is reasonable.

Borrower Profile

The distribution of home mortgage and small business loans within the Green Bay MSA AA reflects poor dispersion among borrowers of different income levels, particularly low- and moderate-income borrowers, and among businesses of different income levels. The poor performance in home mortgage loan distributions, which is given heavier evaluation consideration,

supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers based on demographics and aggregate comparisons. Examiners also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage

The distribution of home mortgage loans reflects poor dispersion to individuals of different income levels, including low- and moderate-income borrowers. See below for details.

Table I – Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Green Bay MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	19.9	9.8	0	0.0	0	0.0
2020	19.9	7.9	4	4.1	762	2.5
2021	19.9	-	1	1.1	110	0.6
Moderate						
2019	18.2	22.7	2	6.7	259	3.2
2020	18.2	21.2	16	16.3	2,343	7.8
2021	18.2	-	13	13.7	2,075	10.6
Middle						
2019	21.4	22.8	2	6.7	374	4.6
2020	21.4	22.5	28	28.6	5,592	18.6
2021	21.4	-	19	20.0	3,240	16.6
Upper						
2019	40.5	30.6	22	73.3	6,485	80.2
2020	40.5	35.3	40	40.8	10,675	35.5
2021	40.5	-	51	53.7	11,403	58.3
Not Available						
2019	0.0	14.0	4	13.3	972	12.0
2020	0.0	13.0	10	10.2	10,682	35.5
2021	0.0	-	11	11.6	2,729	14.0
Totals						
2019	100.0	100.0	30	100.0	8,089	100.0
2020	100.0	100.0	98	100.0	30,054	100.0
2021	100.0	-	95	100.0	19,556	100.0

*Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "-" Data not available.
Due to rounding, totals may not equal 100.0%*

The bank did not originate any home mortgage loans to low-income borrowers within this AA in 2019, which is substantially below the aggregate performance level of 9.8 percent. In 2020, the bank's lending to low-income borrowers was 3.8 percent below aggregate performance. In 2021, the bank only originated one home mortgage loan (1.1 percent) to low-income borrowers. This compares unfavorably to the presented demographics. Adjusting the bank's 2021 low-income lending for the poverty level of 11.3 percent results in lending performance of 12.4 percent. The bank's performance is still well below the presented demographics. The bank's level of lending to low-income borrowers for all evaluation years is well below the respective comparators. When considering this along with AA demographics, credit needs, and opportunities, the bank's distribution of home mortgage loans to low-income borrowers is poor.

In 2019, the home mortgage loans originated to moderate-income borrowers is also well below the aggregate level and is less than one-third of the aggregate performance. Although lending to moderate-income borrowers significantly increased in 2020, the bank's performance remains well below the aggregate performance. Furthermore, the 2021 originations to moderate-income borrowers declined again, and was below the presented demographics. Given the bank's performance in relation to the comparators, the AA credit needs and opportunities, and considering competition, the bank's distribution of loans to moderate-income borrowers is also poor.

Small Business

The distribution of small business loans reflects reasonable penetration among businesses with GARs of \$1 million or less. As a sample of small business loans was used for this analysis, the totals will not equal the totals under Geographic Distribution. See the below table for details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Green Bay MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	77.9	27	61.4	9,457	61.8
>\$1,000,000					
2021	8.3	17	38.6	5,844	38.2
Revenue Not Available					
2021	13.8	-	-	-	-
Totals					
2021	100.0	44	100.0	15,301	100.0
<i>Source: 2021 D&B Data; Bank Data; "-" Data not applicable Due to rounding, totals may not equal 100.0%</i>					

The bank's performance in originating small business loans to businesses with GAR of \$1 million or less is reasonably in line with the demographics. Given the demographics, credit needs and opportunities, and AA competition, this is reasonable performance.

COMMUNITY DEVELOPMENT TEST

Fortifi Bank demonstrates adequate responsiveness to the community development needs of the Green Bay MSA AA through community development loans and qualified investments. Examiners considered the institution’s capacity, as well as the need and availability of such opportunities.

Community Development Loans

Fortifi Bank originated 87 community development loans totaling \$12.6 million in the Green Bay MSA AA during the evaluation period. This represents approximately 15.1 percent of the bank’s total qualified lending activity by number, and 16.1 percent by dollar volume. Again, PPP loans represented a substantial majority of the qualifying loans, with 84 PPP loans (96.6 percent) representing 80.2 percent of the community development loan dollars in this AA. The following table illustrates Fortifi Bank’s community development lending by year and purpose.

Community Development Lending – Green Bay MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	55	7,316	55	7,316
2021	-	-	-	-	1	667	29	2,791	30	3,458
YTD 2022	-	-	-	-	1	328	1	1,500	2	1,828
Total	-	-	-	-	2	995	85	11,607	87	12,602

Source: Bank Data; "-" Data not applicable

Notable examples of community development loans originated in the Green Bay MSA AA include the following:

- An economic development loan for \$1,500,000 to an entity to develop 50 lots in a TIF district to attract new business and create jobs.
- An SBA 504 loan totaling \$667,000 promoting economic development.

Qualified Investments

Fortifi Bank made 1 qualifying donation for \$660 within the Green Bay MSA AA during the evaluation period. This level of investments equates to 2.4 percent of total qualifying investments by number. This donation was to an entity that targets affordable housing.

Community Development Services

Of the overall 12 community development services provided during the evaluation period, none were provided within the Green Bay MSA AA.

MADISON MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MADISON MSA ASSESSMENT AREA

The Madison MSA AA includes all of Dane County and three adjacent, middle-income census tracts in Columbia County. Of the 110 census tracts in this AA, four are low-income, 17 are moderate-income, 54 are middle-income, 29 are upper-income, and 6 have no income designations. One full-service office operates from this AA, in an upper-income census tract in the north central area of Dane County. Sources of data used in this section include 2015 ACS U.S. Census data, 2021 D&B data, the Federal Financial Institution Examiner Council (FFIEC), the Wisconsin Realtor’s Association (WRA), The U.S. Bureau of Labor Statistics, and the Wisconsin Department of Workforce Development (DWD).

Economic and Demographic Data

The following table reflects demographic characteristics and economic information for the Madison MSA AA.

Demographic Information of the Assessment Area						
Assessment Area: Madison MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	110	3.6	15.5	49.1	26.4	5.5
Population by Geography	524,692	4.0	11.9	52.5	28.1	3.5
Housing Units by Geography	227,712	3.5	13.2	53.7	27.3	2.3
Owner-Occupied Units by Geography	127,555	0.8	8.4	59.1	31.6	0.0
Occupied Rental Units by Geography	89,513	7.4	19.7	45.7	21.9	5.2
Vacant Units by Geography	10,644	2.8	15.0	56.5	21.5	4.2
Businesses by Geography	40,511	2.4	13.0	50.1	32.2	2.2
Farms by Geography	1,742	0.7	5.1	58.7	35.2	0.3
Family Distribution by Income Level	126,415	18.9	16.7	22.9	41.5	0.0
Household Distribution by Income Level	217,068	22.9	16.5	18.5	42.2	0.0
Median Family Income MSA - 31540 Madison, WI MSA	\$81,321	Median Housing Value				\$237,410
		Median Gross Rent				\$942
		Families Below Poverty Level				6.3%

*Source: 2015 ACS and 2021 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.*

Of the 227,712 housing units in this AA, 56.0 percent are owner-occupied, 39.3 percent are occupied rental units, and 4.7 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Information from the WRA indicates that housing sales prices have steadily increased in this AA since the previous evaluation. Dane County’s median housing values are quite high, and are well above the statewide median levels by about \$100,000 each year. Columbia County’s median housing costs are more in line with the statewide median values. Both AA counties reflect an increasing trend in housing costs. The median housing costs provide insight into the potential affordability of housing for low- and moderate-income people within this AA. Median housing costs are presented below.

Area	Median Housing Cost 2019 (\$)	Median Housing Cost 2020 (\$)	Median Housing Cost 2021 (\$)
Dane County	297,500	315,625	351,000
Columbia County	207,000	225,000	235,225
State of Wisconsin	198,000	220,000	240,000

Source: WRA

Housing sales volume gives insight into the home mortgage lending opportunities within the AA. Housing sales data for this AA is detailed below.

Area	Housing Sales 2019	Housing Sales 2020	Housing Sales 2021
Dane County	8,229	8,891	9,015
Columbia County	776	876	864

Source: WRA

The FFIEC-updated median family income level is noted in the table below. The median family income and corresponding income levels are used to analyze home mortgage lending activities under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Madison, WI MSA Median Family Income (31540)				
2019 (\$94,200)	<\$47,100	\$47,100 to <\$75,360	\$75,360 to <\$113,040	≥\$113,040
2020 (\$96,600)	<\$48,300	\$48,300 to <\$77,280	\$77,280 to <\$115,920	≥\$115,920
2021 (\$99,000)	<\$49,500	\$49,500 to <\$79,200	\$79,200 to <\$118,800	≥\$118,800

Source: FFIEC

The unemployment rates for this AA’s counties also peaked during the COVID-19 pandemic in April 2020. Based on data from the U.S. Bureau of Labor Statistics, at the peak, Dane and Columbia Counties had unemployment rates of 10.6 percent and 14.1 percent, respectively. This compares to the national and state unemployment rates of 14.4 percent and 14.1 percent, respectively, at that same time. As of month-end August 2022, the Dane and Columbia County unemployment rates returned to within pre-COVID-19 levels at 2.5 percent and 2.8 percent, respectively.

Based on D&B and Wisconsin DWD data, service industries represent the largest portion of this AA's businesses at 46.0 percent, followed by retail trade at 12.1 percent and then finance, insurance and real estate at 10.4 percent. In addition, 87.3 percent of this AA's businesses have nine or fewer employees, and 86.1 percent operate from a single location. This demographic data demonstrates that while large businesses do exist, small businesses represent a significant portion of overall business in the AA.

Competition

There is a high level of competition in the Madison MSA AA for loans and deposits. Fortifi Bank's primary competition includes local, regional, and national banks, credit unions, and mortgage companies offering a wide variety of products and services. According to the June 2022 Summary of Deposits compiled by the FDIC, approximately \$24.5 billion of deposits in Dane and Columbia Counties are being managed by 39 financial institutions operating out of 157 offices (this data does not include credit unions or mortgage companies). Fortifi Bank ranked 35th, with a market share of 0.2 percent. The top three ranked financial institutions, all national banks, account for 34.8 percent of this AA's deposit market share.

The most recent (2020) home mortgage aggregate data reflects a substantial level of demand and competition for these loans within the Madison MSA AA (Dane and Columbia Counties). In 2020, 475 entities, including banks, credit unions, and non-depository mortgage lenders, reported a total of 57,177 originated and purchased HMDA-applicable mortgage loans within this AA's counties. Fortifi Bank ranked 63rd, with a market share of 0.2 percent (by number). Two credit unions and a mortgage company ranked in the top three, with a market share of 40.9 percent.

Fortifi Bank is not required to collect or report small business data, and they have elected not to do so. However, the aggregate data of those institutions that do report small business data is a good indicator of the level of demand, competition and opportunities, and is therefore included here. Small business aggregate data for 2020 indicates a significant level of demand for small business loans in Dane and Columbia Counties. In 2020, 137 lenders reported 9,037 small business loans. Three national banks ranked in the top three, with total market share of 36.3 percent. It is important to note that a number of non-reporting institutions, like Fortifi Bank, also originate small business loans in the AA, suggesting that competition for these loans is greater than reflected in the aggregate data.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit and community development needs. According to a representative of an economic development organization serving Dane County and the surrounding area, there is a need for more affordable housing throughout the AA. The contact noted that, typically, homes that would be affordable to low- and moderate-income individuals are in need of major repair. Overall, current housing stock is limited, and selling at a premium. The contact said that new constructions do not target affordable housing.

The contact also stated that there is a need for small business start-up financing, GAP funding, and loans for operational and expansion needs. The contact also said that there is a need for financial education for smaller businesses. The contact noted that businesses in the AA are also finding it hard to fill open positions.

Credit and Community Development Needs and Opportunities

Based on economic and demographic information, as well as information obtained from the community contact, examiners identified a need for more affordable housing within the AA. In addition, small business start-up financing, GAP financing and operational credit are needed.

For this AA, opportunities for community development lending, and for banks to become involved with community development activities (investments and services) are consistent with the opportunities noted for the Non-MSA AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MADISON MSA ASSESSMENT AREA

LENDING TEST

Fortifi Bank demonstrates reasonable performance under the Lending Test in the Madison MSA AA. The bank's Geographic Distribution of loans, and stronger performance under the Borrower Profile criterion for home mortgage lending supports this conclusion.

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the AA. Examiners analyzed the lending performance in relation to bank resources and lending opportunities, focusing on the percentage of loans by number in the low- and moderate-income census tracts.

Home Mortgage

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. Examiners focused on comparison to aggregate data, as well as demographic data, specifically the percentage of owner-occupied housing units.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Madison MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.8	0.8	0	0.0	0	0.0
2020	0.8	0.6	0	0.0	0	0.0
2021	0.8	-	0	0.0	0	0.0
Moderate						
2019	8.4	8.1	1	2.2	215	1.9
2020	8.4	7.0	2	2.5	213	0.8
2021	8.4	-	1	2.0	63	0.4
Middle						
2019	59.1	57.1	23	51.1	4,218	36.8
2020	59.1	56.2	31	39.2	9,419	34.2
2021	59.1	-	22	43.1	6,835	44.4
Upper						
2019	31.6	33.9	21	46.7	7,043	61.4
2020	31.6	36.2	46	58.2	17,920	65.0
2021	31.6	-	28	54.9	8,502	55.2
Not Available						
2019	0.0	0.1	0	0.0	0	0.0
2020	0.0	0.1	0	0.0	0	0.0
2021	0.0	-	0	0.0	0	0.0
Totals						
2019	100.0	100.0	45	100.0	11,476	100.0
2020	100.0	100.0	79	100.0	27,552	100.0
2021	100.0	-	51	100.0	15,400	100.0
<i>Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "-" Data not available. Due to rounding, totals may not equal 100.0%</i>						

The bank did not originate any home mortgage loans in low-income census tracts during the three evaluation years. However, the aggregate performance level in the low-income census tracts is nominal, at less than 1.0 percent. The demographics also reflect very limited owner-occupied housing units in these census tracts, at less than 1.0 percent, indicating limited opportunities for home mortgage loans within these geographies. Furthermore, Fortifi Bank's one banking office is distant from the low-income tracts, at approximately 11 miles from the nearest such geography. The low-income census tracts are predominantly along the Isthmus and downtown Madison, with these areas being served by a multitude of other financial institutions.

The bank’s home mortgage lending within the moderate-income census tracts is also low, falling below the aggregate levels for 2019 and 2020, and below the demographics for 2021. However, the bank’s office is also distant from these geographies, at approximately six miles from the nearest moderate income census tract. The moderate-income census tracts are also served by numerous Madison area financial institutions. Considering aggregate performance levels, demographics, competition, and office location, the bank’s distribution of home mortgage loans throughout this AA is reasonable.

Small Business

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. The examiners emphasized performance in relation to the presented D&B data.

Geographic Distribution of Small Business Loans					
Assessment Area: Madison MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	2.4	0	0.0	0	0.0
Moderate					
2021	13.0	2	3.0	418	2.2
Middle					
2021	50.1	36	54.6	10,536	54.5
Upper					
2021	32.3	28	42.4	8,356	43.3
Not Applicable					
2021	2.2	0	0.0	0	0.0
Totals					
2021	100.0	66	100.0	19,310	100.0
<i>Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Fortifi Bank did not originate any small business loans within the low-income census tracts. However, demographics reflect a very small percentage of such businesses in these census tracts, which indicates limited available opportunities for such loans. Given this factor, and considering competition and the bank’s office location in relation to these geographies (as noted above), this performance is reasonable.

The bank also has lower lending performance within the moderate-income census tracts than what the demographics reflect. However, as noted above, the bank’s office is not located in close proximity to the moderate-income census tracts, and these census tracts are served by numerous other financial institutions that are closer in proximity. Given the office logistics and competition, the bank’s level of originating small business loans within moderate-income census tracts is also reasonable.

Borrower Profile

The distribution of home mortgage and small business loans reflects reasonable dispersion among borrowers of different income levels, including low- and moderate-income, and businesses of different sizes. The reasonable performance for the home mortgage performance was given more weight, and supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers based on demographics and aggregate comparisons. Examiners also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less, using D&B data as a standard of comparison.

Home Mortgage

The distribution of home mortgage loans reflects reasonable dispersion to individuals of different income levels, including low- and moderate-income borrowers.

Fortifi Bank's level of lending to low-income borrowers in 2019 and 2020 exceeded the aggregate levels. The performance to low-income borrowers in 2021 was below the demographics. However, factoring in the poverty level of 11.7 percent results in performance more in line with the demographics.

For 2019 and 2020, the bank's performance in lending to moderate-income borrowers is below aggregate levels, but reasonably in line with demographics. However, the performance in 2021 exceeded demographics.

It is worth noting that Fortifi Bank also had a moderate level of lending to borrowers for which income was not available. The borrowers in this category are generally multi-family, for which income is not required to be reported. The bank's 2020 performance particularly resulted a higher level of lending to this category of borrowers than aggregate. The level of lending to this category of borrower can skew the overall distribution of lending, including for the low- and moderate-income borrowers.

Given the bank's performance for all three evaluation years, and considering the above factors as well as housing costs and competition, the bank's distribution of mortgage loans to low- and moderate-income borrowers in this AA is reasonable. See the following table for details.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Madison MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	18.9	6.8	4	8.9	584	5.1
2020	18.9	5.7	5	6.3	1,097	4.0
2021	18.9	-	3	5.9	434	2.8
Moderate						
2019	16.7	19.4	7	15.6	1,162	10.1
2020	16.7	18.9	9	11.4	2,069	7.5
2021	16.7	-	9	17.6	2,252	14.6
Middle						
2019	22.9	25.9	15	33.3	3,269	28.5
2020	22.9	25.5	15	19.0	5,316	19.3
2021	22.9	-	9	17.6	2,451	15.9
Upper						
2019	41.5	39.7	16	35.6	5,173	45.1
2020	41.5	41.5	39	49.4	11,998	43.5
2021	41.5	-	27	52.9	9,072	58.9
Not Available						
2019	0.0	8.2	3	6.7	1,288	11.2
2020	0.0	8.4	11	13.9	7,073	25.7
2021	0.0	-	3	5.9	1,190	7.7
Totals						
2019	100.0	100.0	45	100.0	11,476	100.0
2020	100.0	100.0	79	100.0	27,552	100.0
2021	100.0	-	51	100.0	15,400	100.0
<i>Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "-" Data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business

The distribution of small business loans reflects poor penetration among businesses with GARs of \$1 million or less. As a sample of small business loans was used for this analysis, the totals will not equal the totals under Geographic Distribution. See the following table for details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Madison MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	82.2	15	46.9	4,225	43.2
>\$1,000,000					
2021	6.1	17	53.1	5,559	56.8
Revenue Not Available					
2021	11.7	-	-	-	-
Totals					
2021	100.0	32	100.0	9,784	100.0
<i>Source: 2021 D&B Data; Bank Data; "-" Data not applicable Due to rounding, totals may not equal 100.0%</i>					

The bank’s distribution of loans to businesses with GARs of \$1 million and less is substantially below the presented demographics, both by number and dollar volume. This level of lending does not even equal a majority of the business lending. Given this performance level, and considering demographics and the AA credit needs and opportunities, the bank’s distribution of loans to businesses of various income levels is poor.

COMMUNITY DEVELOPMENT TEST

Fortifi Bank demonstrates adequate responsiveness to the community development needs of the Madison MSA AA through community development loans and qualified investments. The stronger performance under community development loans supports this conclusion. Examiners considered the institution’s capacity, as well as the need and availability of such opportunities.

Community Development Loans

Fortifi Bank originated 79 community development loans totaling \$19.5 million in the Madison MSA AA during the evaluation period. This represents approximately 13.7 percent of the bank’s total qualified lending activity by number, and 25.0 percent by dollar volume. Again, PPP loans represented a majority of the qualifying loans, with 72 PPP loans (91.1 percent) representing 58.0 percent of the community development loan dollars in this AA. The following table illustrates Fortifi Bank’s community development lending in this AA by year and purpose.

Community Development Lending – Madison MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	3	3,130	44	7,030	47	10,160
2021	1	367	-	-	1	2,865	28	4,294	30	7,527
YTD 2022	-	-	-	-	1	207	1	1,615	2	1,823
Total	1	367	-	-	5	6,202	73	12,939	79	19,508
<i>Source: Bank Data</i>										

Notable examples of community development loans originated in the Madison MSA AA include the following:

- A \$1.6 million loan for a strip mall that will create jobs targeting low- and moderate-income people.
- A \$367,000 loan for converting a hotel to low- and moderate-income housing.

Qualified Investments

Fortifi Bank made 3 qualifying donations for \$1,078 within the Madison MSA AA during the evaluation period. This level of investments equates to 7.3 percent of total qualifying investments by number. The donations were made to entities that provide community development services targeting low- and moderate-income people.

Community Development Services

Of the overall 12 community development services provided during the evaluation period, none were provided within the Madison MSA AA.

FOND DU LAC MSA ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN FOND DU LAC ASSESSMENT AREA

The Fond du Lac MSA AA includes the western three middle-income census tracts of Fond du Lac County. There are no low- or moderate-income census tracts within this AA. The one branch office in this AA is in the community of Ripon, located in the far northwest corner of the county, adjacent to the Non-MSA AA. This branch was opened in July 2020, and has a limited 3.2 percent of the bank’s deposit market share. This AA is predominantly rural in nature, and is quite distant from the metropolitan area of Fond du Lac. It includes the rural communities of Ripon, Springvale, Fairwater, and Brandon. Given its limited size, homogenous census tracts, only one banking office with nominal bank deposit share, and rural nature of the area, this AA received limited-scope review.

Economic and Demographic Data

The following table reflects demographic characteristics and economic information for the Fond du Lac MSA AA.

Demographic Information of the Assessment Area						
Assessment Area: Fond du Lac MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	0.0	100.0	0.0	0.0
Population by Geography	13,097	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	5,456	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	3,595	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,527	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	334	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	698	0.0	0.0	100.0	0.0	0.0
Farms by Geography	86	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	3,349	15.6	18.2	27.2	38.9	0.0
Household Distribution by Income Level	5,122	24.2	17.1	19.2	39.6	0.0
Median Family Income MSA - 22540 Fond du Lac, WI MSA		\$67,472	Median Housing Value			\$133,428
			Median Gross Rent			\$668
			Families Below Poverty Level			6.3%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Of the 5,456 housing units, 65.9 percent are owner-occupied, 28.0 percent are occupied rental units, and 6.1 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Information from the WRA indicates that housing sales prices have steadily increased in this AA since the previous evaluation. However, they remain below the statewide median housing costs. The median housing costs provide insight into the potential affordability of housing for low- and moderate-income people. Median housing costs are presented in the following table.

Area	Median Housing Cost 2019 (\$)	Median Housing Cost 2020 (\$)	Median Housing Cost 2021 (\$)
Fond du Lac County	142,500	159,000	180,000
State of Wisconsin	198,000	220,000	240,000
<i>Source: WRA</i>			

Housing sales volume gives insight into the home mortgage lending opportunities within the AA. The following table details the housing sales data.

Area	Housing Sales 2019	Housing Sales 2020	Housing Sales 2021
Fond du Lac County	1,420	1,458	1,488
<i>Source: WRA</i>			

The FFIEC-updated median family income level is noted in the table below. The median family income and corresponding income levels are used to analyze home mortgage lending activities under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Fond du Lac, WI MSA Median Family Income (22540)				
2019 (\$75,300)	<\$37,650	\$37,650 to <\$60,240	\$60,240 to <\$90,360	≥\$90,360
2020 (\$79,200)	<\$39,600	\$39,600 to <\$63,360	\$63,360 to <\$95,040	≥\$95,040
2021 (\$75,000)	<\$37,500	\$37,500 to <\$60,000	\$60,000 to <\$90,000	≥\$90,000
<i>Source: FFIEC</i>				

While current unemployment rates have stabilized and returned to 2019 levels, the rates increased significantly during the COVID-19 pandemic, peaking in April 2020. Based on data from the U.S. Bureau of Labor Statistics, at the peak, Fond du Lac County’s unemployment rates was 16.5 percent. This compares to the national and state unemployment rates of 14.4 percent and 14.1 percent, at that same time. As of month-end August 2022, the AA’s county unemployment rate returned to pre-COVID-19 levels, at 3.0 percent.

Based on D&B and Wisconsin DWD data, service industries represent the largest portion of businesses at 36.0 percent, followed by retail trade at 15.1 percent, and then agriculture, forestry and fishing at 11.0 percent. In addition, 84.3 percent of this AA’s businesses have nine or fewer employees, and 86.1 percent operate from a single location. This demographic data demonstrates that while large businesses do exist, small businesses represent a significant portion of overall business in the AA.

Competition

There is a moderate level of competition in the Fond du Lac MSA AA for loans and deposits. Fortifi Bank’s primary competition includes local, regional, and national banks, credit unions, and mortgage companies offering a wide variety of products and services. According to the June 2022 Summary of Deposits compiled by the FDIC, approximately \$2.6 billion of deposits in Fond du Lac County are being managed by 11 financial institutions operating out of 34 offices (this data does not include credit unions or mortgage companies). Fortifi Bank ranked 10th, with a market share of 0.6 percent. The top ranked financial institution (national bank) had 46.5 percent of the deposit market share.

The most recent home mortgage aggregate data reflects a low level of demand and competition for these loans within Fond du Lac County. In 2020, 120 entities, including banks, credit unions, and non-depository mortgage lenders, reported a total of 794 originated and purchased HMDA-

applicable mortgage loans within Fond du Lac County. Fortifi Bank ranked fourth, with a market share of 7.2 percent (by number). A community bank and two national banks ranked in the top three, with total market share of 26.7 percent.

Small business aggregate data for 2020, which is the most recent available, indicates a lower level of demand for small business loans in Fond du Lac County. In 2020, 67 lenders reported 1,863 small business loans. Two national banks and one community bank ranked in the top three, with total market share of 56.4 percent. It is important to note that a number of non-reporting institutions, like Fortifi Bank, also originate small business loans in the AA, suggesting that competition for these loans is greater than reflected in the aggregate data.

Credit and Community Development Needs and Opportunities

Based on demographic and economic data, examiners determined credit needs for this AA to be affordable housing and small business loans. The average home costs and median family income levels, and businesses with nine or fewer employees, support these conclusions.

For this AA, opportunities for community development lending, and for banks to become involved with community development activities (investments and services) include similar opportunities as noted for the Non-MSA AA. However, as there are only three census tracts in this AA, and fewer communities, the volume of such opportunities is less than the other AAs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN FOND DU LAC ASSESSMENT AREA

LENDING TEST

Overall, Fortifi Bank's lending performance in the Fond du Lac MSA AA is consistent to the bank's reasonable performances in the respective MSA AAs detailed previously. Due to the one banking office serving this area, the very low deposit share of this branch, the AA only having three middle-income census tracts, and overall lower levels of lending activity, the bank's performance in this AA had little impact on the overall rating.

Geographic Distribution

Given the homogenous nature of the three AA census tracts, a geographic distribution analysis was not conducted. Such an analysis would not provide meaningful results. Therefore, this criterion did not impact the Lending Test rating.

Borrower Profile

The distribution of home mortgage and small business loans reflects reasonable dispersion among borrowers of different income levels, including low- and moderate-income, as well as businesses of different sizes. The reasonable performance for home mortgage lending carried the most weight and supports this conclusion.

Home Mortgage

Fortifi Bank's lending to borrowers of different income levels, including low- and moderate-income borrowers, is reasonable. Examiners considered performance in relation to comparators (aggregate and demographics), housing costs, competition, and credit needs and opportunities. The performance is in line with performances in the Non-MSA, Oshkosh-Neenah MSA, Green Bay MSA, and Madison MSA AAs. Given the consistent performance conclusions, the data is not detailed in this report.

Small Business

The bank's lending to businesses of various revenue sizes within this AA, particularly to those with GARs of \$1 million and less, is excellent. However, this performance is based on a very limited number of loans, as only seven sampled loans originated within this AA. Of the seven, 100.0 percent were made to businesses with GARs of \$1 million or less, compared to the D&B data of 76.8 percent, which is excellent performance. However, given the very limited business lending activity in this AA, this performance carries very little weight for rating considerations.

COMMUNITY DEVELOPMENT TEST

Fortifi Bank demonstrates adequate responsiveness to the community development needs of the Fond du Lac MSA AA through community development loans and qualified investments. The stronger performance under community development loans supports this conclusion. Examiners considered the institution's capacity, as well as the need and availability of such opportunities.

Community Development Loans

Fortifi Bank originated 30 community development loans totaling \$1.1 million in the Fond du Lac MSA AA during the evaluation period. All of the community development loans were for economic development, and were comprised of PPP loan. This represents approximately 5.2 percent of the bank's total qualified lending activity by number, and 1.4 percent by dollar volume.

Qualified Investments

Fortifi Bank made four qualifying donations for \$1,863 within the Fond du Lac MSA AA during the evaluation period. The donations were to two different non-profit entities providing community services targeting low- and moderate-income people. This level of investments equates to 9.8 percent of total qualifying investments by number.

Community Development Services

Of the overall 12 community development services provided during the evaluation period, none were provided within the Fond du Lac MSA AA.

APPENDICES

INTERMEDIATE 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 bank'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).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

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 bank 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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

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

Rated Area: A rated area is a state or multistate 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 Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

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

Upper-Income: Individual income that is 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.