

PUBLIC DISCLOSURE

June 24, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Bank of Chilton
Certificate Number: 12331

26 E Main St
Chilton, Wisconsin 53014

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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

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INSTITUTION RATING

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

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the credit needs of the assessment areas (AAs).
- The bank made a majority of home mortgage and small business loans within the AAs.
- The geographic distribution of home mortgage and small business loans reflects excellent dispersion throughout the AAs.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of various sizes.
- Since the previous evaluation, the institution did not receive any CRA-related complaints; therefore, this factor did not affect the 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 community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the AAs.

DESCRIPTION OF INSTITUTION

State Bank of Chilton (SBC) is a \$460.4 million community bank headquartered in Chilton, Wisconsin. The bank is wholly owned by a one-bank holding company, Calumet Bancorporation, Inc., also located in Chilton. Based on Interagency Small Institution Examination Procedures, SBC received a Satisfactory rating at its last FDIC Performance Evaluation dated June 21, 2021.

In addition to the main office, SBC operates four branches in the communities of Stockbridge, Brillion, Brookfield, and Sherwood, Wisconsin. According to the 2020 U.S. Census, all locations, except Brookfield and Sherwood, are in middle-income census tracts (CTs). Brookfield and Sherwood are in upper-income CTs. The bank has no subsidiaries or affiliates involved in lending activities, and no merger or acquisition activities have occurred since the previous evaluation.

SBC offers a variety of loan products including commercial, home mortgage, agricultural, and consumer loans. The institution's primary business focus continues to be commercial and residential real estate lending. The bank participates in various government loan programs, including those offered by the Small Business Administration (SBA) and Federal Home Loan Bank.

The bank offers several retail deposit products and services, including one checking account with no minimum balance requirements or service fees. Other deposit accounts consist of various checking and savings accounts, money market accounts, and certificates of deposit. SBC offers onsite investment, insurance, and trust services through SunSTEP Financial.

Alternative banking services include no fee online, telephone, and mobile banking, electronic bill pay, mobile deposit, and an ATM at each office location. The bank is a member of the MoneyPass Network, which provides access to over 32,000 free ATMs throughout the U.S. The bank also offers online loan applications.

Based on the March 31, 2024, Call Report, SBC reported total assets of \$460.4 million, total securities of \$38.3 million, total deposits of \$398.5 million, and net loans of \$369.3 million. Since the prior evaluation, total assets increased 22.1 percent, total securities increased 110.6 percent, total deposits increased 22.4 percent, and net loans increased 31.0 percent. Commercial lending, which management stated was the bank's primary lending focus, represents the largest concentration of the bank's lending activity at 59.8 percent of the portfolio. Residential loans represent the second-largest concentration at 26.2 percent. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 03/31/24		
Loan Category	\$ (000s)	%
Construction, Land Development, and Other Land Loans	23,406	6.2
Secured by Farmland	13,303	3.5
Secured by 1-4 Family Residential Properties	70,662	18.8
Secured by Multifamily (5 or more) Residential Properties	27,750	7.4
Secured by Non-farm Nonresidential Properties	177,263	47.1
Total Real Estate Loans	312,384	83.0
Agricultural Loans	3,298	0.9
Commercial and Industrial Loans	47,506	12.6
Consumer Loans	2,876	0.8
Obligations of State and Political Subdivisions in the U.S.	9,926	2.7
Other Loans	35	0.0
Less: Unearned Income	1	0.0
Total Loans	376,024	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the institution'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 examiners will evaluate the bank's CRA performance. SBC's AAs remain unchanged since the previous evaluation, with the bank designating two separate areas. The primary AA, located in the Appleton Metropolitan Statistical Area (MSA), consists of all census tracts in Calumet County. The second

AA, Milwaukee MSA AA, consists of all CTs in Milwaukee and Waukesha Counties. The AAs do not arbitrarily exclude any low- and moderate-income CTs, do not reflect illegal discrimination, and otherwise meet the requirements of the CRA. The following table presents a brief description of each AA. Discussions of demographic and economic information for each AA are in the Description of Institution's Operations sections.

Description of Assessment Areas				
Assessment Area	Counties in the Assessment Areas	# of CTs	Deposits	Branches
Appleton MSA	Calumet	11	370,495	4
Milwaukee MSA	Milwaukee and Waukesha	400	24,176	1
<i>Sources: Bank Data; FDIC Summary of Deposits (6/30/2023);</i>				

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated June 21, 2021, to the current evaluation dated June 24, 2024. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate SBC's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test. The performance criteria related to these tests are detailed in the Appendix. Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates, as the bank has no affiliates involved in any lending activities.

Examiners conducted full-scope reviews of both AAs. The Appleton MSA AA received heavier evaluation consideration when determining conclusions. The Appleton MSA AA has the majority of the banking offices, deposits, and loans compared to the Milwaukee MSA AA. In addition, for the Lending Test criteria, examiners placed higher evaluation consideration on Borrower Profile performance in both AAs, as this is a better indicator of whom the bank is serving.

Examiners relied upon records provided by the bank, 2015 American Community Survey (ACS) census data, 2020 U.S. Census, D&B demographic data, U.S. Bureau of Labor Statistics, Wisconsin Department of Workforce Development, Wisconsin Realtors Association, Moody's Analytics, community contacts, loan information reported under the Home Mortgage Disclosure Act (HMDA), and other readily available public information. Examiners analyzed SBC's CRA performance in relation to the bank's performance context, which includes (but is not limited to) bank size and structure, financial condition, loan mix, resources, limitations, AA demographics, economic factors, competition, loan demand, and available opportunities.

Activities Reviewed

Examiners determined that the bank's major product lines are small business and home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Examiners generally placed greater weight on small business lending in this evaluation since it is the bank's primary focus and represents a greater

lending focus by number. No other loan type, such as small farm or consumer loans, represents a major product line. Therefore, they provided no material support for conclusions or ratings, and examiners did not analyze them for this evaluation. Bank records indicated that the lending focus and product mix remained relatively consistent throughout the evaluation period.

Examiners reviewed all small business loans originated in 2023 to evaluate the bank's small business lending. Management optionally elected to collect small business loan data for CRA purposes, so examiners did not use sampling procedures. Discussions indicated that the 2023 performance is representative of performance throughout the evaluation period, and as a result, only 2023 small business performance is analyzed and presented. For 2023, the bank originated 204 small business loans totaling \$35.7 million. D&B data provided a standard of comparison for the small business loans. The bank is not a small business reporter; therefore, the analysis does not present aggregate small business lending data.

Additionally, this evaluation considered all home mortgage loans on the bank's 2021, 2022, and 2023 HMDA Loan Application Registers (LARs). SBC reported 198 loans totaling \$50.3 million in 2021, 117 loans totaling \$22.9 million in 2022, and 67 loans totaling \$15.1 million in 2023. The 2022 aggregate data and the 2020 U.S. Census demographic data provided a standard of comparison for the HMDA-reportable loans. Examiners focused more on the comparison to aggregate data. Additionally, while examiners analyzed all applicable years, this performance evaluation only presents the 2022 results as this is the corresponding year to most current aggregate data and performance was consistent between years evaluated.

For the Lending Test, examiners reviewed the number and dollar volume of loans. While the number and dollar volume of loans are presented, examiners emphasized performance by the number of loans because the number of loans is a better indicator of the number of individuals served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated June 21, 2021, through the current evaluation date of June 24, 2024. When determining the Community Development Test rating, the bank's community development loans, qualified investments, and community development services were evaluated in the context of available bank resources and opportunities in the AAs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated "Satisfactory". The bank's geographic distribution and borrower profile performance within each AA primarily supports this conclusion. See each separate AA analysis for performance details.

Loan-to-Deposit Ratio

SBC's net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and AA credit needs. The bank's net loan-to-deposit ratio, calculated from Call Report data, averaged 87.6 percent over the past 12 quarters from March 31, 2021, to March 31, 2024. The ratio ranged from a low of 79.7 percent as of December 31, 2021, to a high of 93.8 percent as of December 31, 2022. Similarly situated banks had average net loan-to-deposit ratios that ranged from 76.9 percent to 96.5 percent during the same timeframe, as reflected in the table below. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2024 (\$000s)	Average Net LTD Ratio (%)
State Bank of Chilton	460,416	87.6
Spring Bank	378,005	96.5
BLC Community Bank	401,679	90.8
American National Bank – Fox Cities	392,984	86.3
Bank of Luxemburg	664,987	78.7
Ixonia Bank	750,209	76.9
<i>Source: Reports of Condition and Income 3/31/2021 through 3/31/2024.</i>		

Assessment Area Concentration

The bank made a majority of home mortgage and small business loans, by number and dollar volume, within its assessment areas. See the following table.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	156	78.8	42	21.2	198	50,256	85.0	8,834	15.0	59,090
2022	82	70.1	35	29.9	117	22,851	73.1	8,391	26.9	31,242
2023	51	76.1	16	23.9	67	15,077	81.6	3,402	18.4	18,479
Subtotal	289	75.7	93	24.3	382	88,184	81.0	20,627	19.0	108,811
Small Business										
2023	204	84.3	38	15.7	242	35,704	83.3	7,160	16.7	42,864
Source: Bank Data										

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects excellent dispersion throughout the AAs. The bank's lending performance in the Milwaukee MSA AA supports this conclusion. The Appleton MSA AA does not contain any low- or moderate-income CTs; therefore, examiners did not evaluate the geographic distribution of loans in this AA, as it would not yield meaningful conclusions.

Borrower Profile

The distribution of home mortgage and small business loans to borrowers of different income levels and businesses of various sizes reflects reasonable penetration throughout the AAs. Overall, borrower profile performance is consistent; however, home mortgage performance was not consistent throughout the AAs. SBC's reasonable small business lending performance in both AAs and excellent home mortgage lending performance in the Appleton MSA AA supports this conclusion.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

An overall "Satisfactory" rating is assigned under the Community Development Test. SBC demonstrated adequate responsiveness overall to the community development needs of its AAs through community development loans, qualified investments, and community development services.

While SBC provided minimal qualifying investments in both AAs, the bank had a substantial number of nationwide, low-income credit union-qualified investments. In addition, SBC had limited qualifying services within the Appleton MSA AA and none in the Milwaukee MSA AA. Examiners considered the number and dollar amount of community development activity in the broader statewide and regional area (BSRA) because the bank adequately responded to the community development needs and opportunities in its AAs through its community development lending.

Community Development Loans

During the evaluation period, SBC originated 97 community development loans totaling \$52.2 million. This activity level represents 11.4 percent of total assets and 14.1 percent of net loans based on the March 31, 2024, Call Report data. The high level of community development loans reflects the bank's responsiveness to the AAs needs. Additionally, the performance aligns with or exceeds similarly situated institutions during the evaluation period. Examiners considered the number and dollar amount of community development loans in the BSRA because the bank has

been responsive to the AAs' community development needs and opportunities. The following two tables show the breakdown of community development loans by AA, year, and purpose.

Community Development Loans by Activity Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	3	980	-	-	12	6,431	-	-	15	7,411
2022	4	1,651	1	225	29	17,590	-	-	34	19,466
2023	1	404	-	-	32	16,317	-	-	33	16,721
2024 YTD	2	1,128	-	-	13	7,476	-	-	15	8,604
Total	10	4,163	1	225	86	47,814	-	-	97	52,202
<i>Source: Bank Records</i>										

Community Development Loans by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Appleton MSA AA	-	-	-	-	11	5,438	-	-	11	5,438
Milwaukee MSA AA	6	2,738	1	225	50	24,621	-	-	57	27,585
Broader Statewide or Regional Areas	4	1,425	-	-	25	17,755	-	-	29	19,180
Total	10	4,163	1	225	86	47,814	-	-	97	52,202
<i>Source: Bank Records</i>										

Notable examples of community development loans originated in the statewide and regional areas include the following:

- Two SBA 504 loans that support economic development within the BSRA.

Qualified Investments

During the evaluation period, SBC made 15 qualified investments and donations totaling just over \$2.7 million. This includes four qualified donations of \$34,780 to local organizations with the primary purpose of community services, affordable housing, or economic development. This activity level equates to 0.6 percent of total assets, 5.3 percent of total equity capital, and 7.0 percent of total securities. Of the 15 qualified investments, 11 were nationwide low-income credit union certificates of deposits worth \$2.6 million.

Examiners assessed the bank's performance relative to ten Wisconsin financial institutions with reasonable performance under the Intermediate Small Institution evaluation procedures in 2023 and 2024. These comparable banks had total qualified investments and donations as a percentage of total assets ranging from 0.1 percent to 2.7 percent. As a percentage of total equity capital, the

similarly situated banks ranged from 1.7 to 43.6 percent. Finally, the comparable banks had qualified investments and donations as a percentage of total securities ranging from 0.5 to 10.8 percent. SBC's performance is within the similarly situated bank performance levels.

Qualified Investments by Year										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$ 000	#	\$ 000	#	\$ 000	#	\$ 000	#	\$000
Prior Period	-	-	-	-	-	-	-	-	-	-
2021 (Partial)	-	-	-	-	-	-	-	-	-	-
2022	-	-	1	245	-	-	-	-	1	245
2023	-	-	8	1,985	-	-	-	-	8	1,985
2024 (YTD)	-	-	2	400	-	-	-	-	2	400
Subtotal	-	-	11	2,630	-	-	-	-	11	2,630
Qualified Grants & Donations	1	25	2	7	1	3	-	-	4	35
Total	1	25	13	2,637	1	3	-	-	15	2,665
<i>Source: Bank Data</i>										

Community Development Services

SBC's community development services activity is low; however, the bank was adequately responsive to the community development needs in the AAs, considering the institution's capacity and the need for and availability of such opportunities. Bank personnel provided 23 community development services to four different groups during the evaluation period. Of the 23 services, 15 were for providing financial literacy education in the BSRA.

Examiners assessed the bank's performance relative to the same ten Wisconsin financial institutions evaluated under the Intermediate Small Institution evaluation procedures in 2023 and 2024. These comparable banks had community development services ranging from 10 to 190 services during the evaluation period. SBC's services are higher than those of similarly situated institutions considered to have a low level of community service responsiveness.

The following two tables show the breakdown of community development services by AA and year.

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	1	-	-	-	1
2022	1	-	-	-	1
2023	4	-	1	-	5
YTD 2024	1	15	-	-	16
Total	7	15	1	-	23
<i>Source: Bank Data</i>					

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Appleton MSA AA	7	-	1	-	8
Milwaukee MSA AA	-	-	-	-	-
Broader Statewide or Regional Areas	-	15	-	-	15
Total	7	15	1	-	23
<i>Source: Bank Data</i>					

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.

APPLETON MSA AA– Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE APPLETON MSA AA

The following sections discuss economic and demographic data, competition for deposits and loans, community contact information, and credit and community development needs and opportunities in the Appleton MSA AA. Sources for the data used include the following: Federal Financial Institutions Examination Council (FFIEC), 2020 U.S. Census, 2023 D&B, HMDA aggregate data, U.S. Bureau of Labor Statistics, Wisconsin Department of Workforce Development, and the Wisconsin Realtors Association.

Economic and Demographic Data

The Appleton MSA AA consists of all 11 CTs in Calumet County. The 2020 U.S. Census assigned the following income designations:

- Eight middle-income CTs, and
- Three upper-income CTs.

The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Assessment Area: Appleton MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	11	0.0	0.0	72.7	27.3	0.0
Population by Geography	52,442	0.0	0.0	68.7	31.3	0.0
Housing Units by Geography	20,942	0.0	0.0	72.1	27.9	0.0
Owner-Occupied Units by Geography	16,175	0.0	0.0	67.9	32.1	0.0
Occupied Rental Units by Geography	3,776	0.0	0.0	88.7	11.3	0.0
Vacant Units by Geography	991	0.0	0.0	78.5	21.5	0.0
Businesses by Geography	3,877	0.0	0.0	71.3	28.7	0.0
Farms by Geography	310	0.0	0.0	83.2	16.8	0.0
Family Distribution by Income Level	14,650	16.6	17.2	24.1	42.2	0.0
Household Distribution by Income Level	19,951	19.4	15.2	20.2	45.2	0.0
Median Family Income MSA - 11540 Appleton, WI MSA		\$86,686	Median Housing Value			\$185,732
			Median Gross Rent			\$784
			Families Below Poverty Level			3.9%
Sources: 2020 U.S. Census and 2023 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.						

According to October 2023 economic information from Moody's Analytics, the Appleton, WI MSA is in an "At Risk" business cycle. The economic drivers of the area are the manufacturing and financial industries. The strengths of the MSA are proximity to the Port of Green Bay and other Midwest Transit hubs, large commuter workforce, established manufacturing infrastructure, and the low cost of living and doing business. Weaknesses include low worker productivity, below-average share of high-wage jobs, and weakening migration trends.

The following table reflects the unemployment rates in Calumet County compared to Wisconsin and the National Averages for 2022, 2023, and YTD 2024.

Unemployment Rates			
Area	2022	2023	YTD 2024*
	%	%	%
Calumet County	2.3	2.4	2.5
State	2.9	3.0	3.0
National	3.6	3.6	3.7
Source: Wisconsin Department of Workforce Development; *as of May 2024			

The unemployment rate for Calumet County has remained steady since the previous evaluation and the county's unemployment rate has consistently been lower than the Wisconsin and National

averages. In addition, the 2023 annual average wages in Calumet County were \$54,650. This is lower than the state annual average of \$59,500 and the national average of \$65,470.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. According to the 2020 U.S. Census, there are 20,942 housing units in Calumet County. Of these, 77.2 percent are owner-occupied, 18.0 percent are occupied rental units, and 4.7 percent are vacant. The availability of current housing stock provides financial institutions with opportunities to originate purchase, refinance, home equity, and home improvement loans. Additionally, 11.3 percent of housing units had monthly owner costs over 30.0 percent of income and 6.5 percent had monthly renter costs over 30.0 percent of income. According to the Wisconsin Realtors Association data, the 2023 median sales price for a home in Calumet County was \$325,000, which is up 24.0 percent from the previous year's median price of \$285,000. The median statewide sales price was \$285,000 in 2023. The above data indicates that housing prices and costs in the AA create barriers to low- and moderate-income applicants due to the increasing median housing prices.

According to the Wisconsin Department of Workforce Development, the top employers in the AA are Ariens Co, Kaytee Products, Inc, Sargento Foods Inc, Endries International Inc, Spectrum, and Walmart. Based on D&B data, the service industries represent the largest portion of businesses in the AA at 29.8 percent, followed by Non-Classifiable Establishments at 24.0 percent, and Finance/Insurance at 10.5 percent.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenues (GARs). According to 2023 D&B data, there were 3,877 non-farm businesses in the AA. Of these, 92.9 percent have nine or fewer employees, and 91.7 percent operate from a single location. The demographic data illustrates that there is a significant presence of small businesses operating within the AA.

Examiners used the FFIEC updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. Presented below are the low-, moderate-, middle- and upper-income categories for each year.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Appleton, WI MSA Median Family Income (11540)				
2021 (\$85,600)	<\$42,800	\$42,800 to <\$68,480	\$68,480 to <\$102,720	≥\$102,720
2022 (\$95,900)	<\$47,950	\$47,950 to <\$76,720	\$76,720 to <\$115,080	≥\$115,080
2023 (\$104,400)	<\$52,200	\$52,200 to <\$83,520	\$83,520 to <\$125,280	≥\$125,280
Source: FFIEC				

Competition

SBC operates in a moderately competitive environment for financial services. According to the FDIC Deposit Market Share data, as of June 30, 2023, eight FDIC-insured financial institutions

were operating 12 offices within Calumet County. SBC ranked first with 46.5 percent deposit market share followed by BMO Harris NA at 22.7 percent and JPMorgan Chase Bank NA at 14.1 percent.

The Lending Test does not include direct comparisons to aggregate lender performance for small business lending because the bank is not required to report small business loan data under CRA. However, because the aggregate data reflects the level of demand for small business loans, examiners discuss aggregate performance in this evaluation. Aggregate data for 2022, the most recent available, shows 37 institutions reported 700 small business loans totaling \$27.1 million in the AA, indicating moderate competition for this product. The AA's most prominent small business reporters are JPMorgan Chase Bank NA, US Bank NA, and Capital One NA. It is important to note that many non-reporting institutions originate small business loans in the AA, which suggests that competition for loans is greater than reflected in the aggregate data.

There is high competition in the AA for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. The 2022 aggregate lender data (most recent available) shows that 186 lenders reported 1,888 home mortgage loans totaling \$408.1 million. Community First Credit Union, Fox Communities Credit Union, and Nicolet National Bank are the three most prominent home mortgage lenders in this AA. These three financial institutions accounted for 28.1 percent of the total home mortgage market share. SBC ranked ninth with a market share of 2.7 percent.

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 and opportunities. This information helps determine whether local financial institutions are responsive to these needs.

Examiners conducted a community contact interview with a nonprofit housing organization in the Appleton MSA AA. According to the contact, there is a housing supply need for both single-family and multifamily housing units. Rental rates continue to rise, which has led to several new developments. There is a need for a greater supply of single-family housing, particularly for lower-income individuals. The contact further states there is a need in the AA for financial education and homeownership seminars. With regards to small businesses, the contact is seeing many entrepreneurs succeed. However, they are having difficulties competing with big-box retailers. The AA has worked to revitalize town and city centers, and the resurgence of small businesses is occurring.

Credit and Community Development Needs and Opportunities

Considering information from the community contact and from bank management, as well as demographic and economic data, examiners determined that there are ongoing credit and community development needs for affordable housing and for small businesses. The area's community contact and median housing values support the need for more affordable housing. The significant percentage of businesses with revenues of \$1 million or less (88.4 percent of businesses reporting revenue information), along with the large number of businesses with nine or fewer employees, support the need for small business lending.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE APPLETON MSA AA

LENDING TEST

SBC demonstrated reasonable performance under the Lending Test. The distribution of loans to borrowers of different income levels and entities of different sizes supports this conclusion.

Geographic Distribution

The Appleton MSA AA does not include any low- or moderate-income CTs, and an analysis of the geographic distribution of loans would not yield any meaningful conclusions. Accordingly, examiners did not evaluate the geographic distribution of loans in this AA.

Borrower Profile

The distribution of loans to borrowers within the AA reflects reasonable penetration among individuals of different income levels and businesses of various sizes. The bank's reasonable small business lending and excellent home mortgage performance support this conclusion. Examiners focused on aggregate data and the percentage of home mortgage loans to low- and moderate-income borrowers. Examiners also focused on the percentage of small business loans to operations with revenues of \$1 million or less. Examiners place more weight on small business lending since this is the bank's primary lending focus.

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of various sizes in the AA.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Appleton MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	87.7	87	73.1	8,440	62.7
>\$1,000,000	3.4	32	26.9	5,026	37.3
Revenue Not Available	8.8	0	0.0	0	0.0
Total	100.0	119	100.0	13,466	100.0
<i>Sources: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal to 100.0%.</i>					

Although performance trails the D&B demographic by 14.6 percentage points, the demographic data represents the percentage of businesses of different sizes operating within the AA and does not necessarily represent those businesses seeking or those actually qualified for bank financing. Smaller business owners often finance their business needs through credit cards, personal home equity lines of credit, or even consumer loans originated in their name. These types of loans are not captured in this analysis. Therefore, aggregate data and performance of similarly situated banks

help examiners understand actual lending opportunities. Although the bank is not a small business data reporter, the reported data provides some idea of loan demand and performance by reporting institutions. The aggregate performance for the most recent year available (2022) shows lending to businesses with \$1 million or less in GARs was 56.6 percent. The bank's performance was 16.5 percentage points higher than small business data reporters. Additionally, in a review of three similarly situated banks in the AA, the lending rates ranged from 58.0 percent to 78.6 percent.

Considering the bank's demographics, competition, and all the factors noted above, the bank's distribution of loans within this AA to businesses of various sizes is reasonable.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent. The following table presents the bank's 2022 HMDA compared to the most recent available aggregate data (2022).

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Appleton MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	16.6	9.5	8	16.3	830	7.4
Moderate	17.2	23.9	10	20.4	1,598	14.3
Middle	24.1	26.5	5	10.2	752	6.7
Upper	42.2	31.0	20	40.8	6,510	58.3
Income Not Available	0.0	9.0	6	12.2	1,471	13.2
Total	100.0	100.0	49	100.0	11,162	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

SBC's lending to low-income borrowers is almost double the aggregate data at 16.3 percent and comparable to the percent of low-income families in the AA. In addition, lending to moderate-income borrowers at 20.4 percent is 2.1 percent less than the aggregate data but is higher than the percentage of moderate-income families in the AA. Strong performance to low-income families supports the excellent conclusion.

COMMUNITY DEVELOPMENT TEST

SBC demonstrates adequate responsiveness to the community development needs of the AA primarily through community development loans. The bank's qualified investment and service activity demonstrates a low level of responsiveness to the community development investment needs in the AA, considering this is the bank's primary AA, the institution's capacity, and the need for and availability of such opportunities.

Community Development Loans

Of the bank's 97 community development loans, 11 totaling \$5.4 million were within the Appleton MSA AA. However, all 11 loans were responsive to the identified needs of the AA. This performance represents 11.7 percent of total community development loans by number and 10.4 percent by dollar volume. The following table shows the bank's community development lending activity by year and purpose.

Community Development Loans by Activity Year – Appleton MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	3	1,279	-	-	3	1,279
2023	-	-	-	-	8	4,159	-	-	8	4,159
2024 (YTD)	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	11	5,438	-	-	11	5,438
<i>Source: Bank Records</i>										

Notable community development loans in the Appleton MSA AA include two SBA 504 loans supporting economic development in the AA.

Qualified Investments

SBC's qualified investments consisted of two donations totaling \$27,500 during the evaluation period. The bank's qualified investment activity demonstrates low responsiveness to the community development investment needs in the Appleton MSA AA, considering this is the bank's primary AA, the institution's capacity, and the need for and availability of such opportunities.

Community Development Services

During the evaluation period, bank employees provided eight community development services to three community development-related organizations in the AA. The services provided demonstrate some responsiveness to identified community development needs.

Community Development Services by Activity Year – Appleton MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	1	-	-	-	1
2022	1	-	-	-	1
2023	4	-	1	-	5
2024 (YTD)	1	-	-	-	1
Total	7	-	1	-	8
<i>Source: Bank Records</i>					

Notable community development services in the Appleton MSA AA include the following:

- One bank employee serves as a board member of an organization that provides affordable housing to low-income retirees.
- One bank employee served on a task force that explored creating affordable housing in Calumet County.

MILWAUKEE MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MILWAUKEE MSA AA

The following sections discuss economic and demographic data, competition for deposits and loans, community contact information, and credit and community development needs and opportunities in the Milwaukee MSA AA. Sources for the data used include the following: FFIEC, 2020 U.S. Census, 2023 D&B, HMDA aggregate data, U.S. Bureau of Labor Statistics, Wisconsin Department of Workforce Development, and the Wisconsin Realtors Association.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MILWAUKEE MSA AA

Economic and Demographic Data

The Milwaukee MSA AA comprises all 400 CTs in Milwaukee and Waukesha Counties. These CTs reflect the following income designations according to the 2020 U.S. Census:

- 81 low-income CTs,
- 79 moderate-income CTs,
- 121 middle-income CTs,
- 110 upper-income CTs, and
- 9 CTs with no income designation

The majority of the low- and moderate-income CTs are in the inner city of Milwaukee. The nine CTs with no income designations are generally areas that do not have a large enough population for an income designation, such as an airport, university, or prison.

The following table illustrates additional demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Assessment Area: Milwaukee MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	400	20.3	19.8	30.3	27.5	2.3
Population by Geography	1,346,467	15.0	18.2	32.0	33.6	1.2
Housing Units by Geography	586,013	14.8	18.7	33.6	31.8	1.1
Owner-Occupied Units by Geography	310,203	6.7	14.7	35.8	42.6	0.2
Occupied Rental Units by Geography	233,280	22.6	24.0	32.4	19.1	1.9
Vacant Units by Geography	42,530	30.9	19.3	24.6	22.1	3.0
Businesses by Geography	142,264	12.7	17.7	30.4	38.4	0.8
Farms by Geography	2,475	10.4	13.7	29.7	46.0	0.2
Family Distribution by Income Level	322,061	24.3	17.0	19.9	38.7	0.0
Household Distribution by Income Level	543,483	26.5	16.0	17.3	40.2	0.0
Median Family Income MSA - 33340 Milwaukee-Waukesha, WI MSA		\$84,829	Median Housing Value			\$200,665
			Median Gross Rent			\$948
			Families Below Poverty Level			9.9%
Sources: 2020 U.S. Census and 2023 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.						

According to February 2024 economic information from Moody’s Analytics, the Milwaukee-Waukesha, WI MSA is in a “Recovery” business cycle. The economic drivers of the area are the manufacturing and financial industries. The strengths of the MSA are a highly productive manufacturing core, above-average per capita income, and a well-educated workforce. Weaknesses include long-term negative net migration and stall in population, above-average exposure to interest rates through manufacturing, and labor challenges across all major industries.

The following table reflects the unemployment rates in Milwaukee and Waukesha Counties compared to Wisconsin and the National Averages for 2022, 2023, and YTD 2024.

Unemployment Rates			
Area	2022	2023	YTD 2024*
	%	%	%
Milwaukee County	3.7	3.8	3.8
Waukesha County	2.6	2.5	2.8
State	2.9	3.0	3.0
National	3.6	3.6	3.7
Source: Wisconsin Department of Workforce Development; *as of May 2024			

The unemployment rate for Milwaukee and Waukesha Counties has remained steady since the previous evaluation. Waukesha County's unemployment rate has consistently been lower than the Wisconsin and National averages. Milwaukee County's unemployment rate has been higher than the state rate but is in line with the national average. The 2023 annual average wages for Milwaukee County were \$63,280 and \$62,920 for Waukesha County. Both were higher than the state annual average of \$59,500 but lower than the national average of \$65,470.

According to the 2020 U.S. Census, there are 586,013 housing units in Milwaukee and Waukesha Counties. Of these, 52.9 percent are owner-occupied, 39.8 percent occupied rental units, and 7.3 percent are vacant. The availability of current housing stock provides financial institutions with opportunities to originate purchase, refinance, home equity, and home improvement loans. Additionally, 11.3 percent of housing units had monthly owner costs over 30.0 percent of income, and 18.1 percent had monthly renter costs over 30.0 percent of income. According to the Wisconsin Realtors Association data, the 2023 median sales price for a home in Milwaukee County was \$238,000, up 7.0 percent from the previous year's median price of \$222,500. The 2023 median sales price in Waukesha County was much higher at \$431,000, an increase of 6.5 percent since the previous year. The median statewide sales price was \$285,000 in 2023. The above data indicates that housing prices and costs in the AA create barriers to low- and moderate-income applicants due to the increasing median housing prices.

According to the Wisconsin Department of Workforce Development, the top employers in the AA are Milwaukee Electric Tool Corp, Kohls Corp, Quad/Graphics Inc, GE Healthcare, Johnson Controls Inc, and Northwestern Mutual Life Insurance. Based on D&B data, the service industries represent the largest portion of businesses in the AA at 35.4 percent, followed by Non-Classifiable Establishments at 25.0 percent, and Finance/Insurance at 10.6 percent.

According to 2023 D&B data, there were 142,264 non-farm businesses in the AA. Of these, 91.4 percent of area businesses have nine or fewer employees, and 92.2 percent operate from a single location. The demographic data illustrates a significant presence of small businesses operating within the AA.

Examiners used the FFIEC updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle- and upper-income categories for each year.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Milwaukee-Waukesha, WI MSA Median Family Income (33340)				
2021 (\$84,400)	<\$42,200	\$42,200 to <\$67,520	\$67,520 to <\$101,280	≥\$101,280
2022 (\$96,100)	<\$48,050	\$48,050 to <\$76,880	\$76,880 to <\$115,320	≥\$115,320
2023 (\$100,600)	<\$50,300	\$50,300 to <\$80,480	\$80,480 to <\$120,720	≥\$120,720
Source: FFIEC				

Competition

SBC operates in a highly competitive environment for financial services in the Milwaukee MSA AA. According to the FDIC Deposit Market Share data, as of June 30, 2023, 40 FDIC-insured financial institutions were operating 363 offices within Milwaukee and Waukesha Counties. Two national banks had combined market shares of 52.1 percent. U.S. Bank NA ranked first with 38.7 percent deposit market share, and BMO Harris Bank NA ranked second with 13.3 percent. JPMorgan Chase Bank, NA, ranked third with 11.4 percent. SBC ranked 38th with 0.03 percent deposit market share.

Small business aggregate data for 2022, the most recent available, shows 131 institutions reported 29,077 small business loans totaling \$1.2 billion in the AA, indicating high competition for this product. The AA's most prominent small business reporters are US Bank NA, JPMorgan Chase Bank NA, and American Express National Bank. It is important to note that many non-reporting institutions originate small business loans in the AA, which suggests that competition for loans is greater than reflected in the aggregate data.

There is high competition in the AA for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2022, the most recent aggregate lender data available, 512 lenders reported 41,229 home mortgage loans totaling \$10.2 billion. The three most prominent home mortgage lenders in this AA are Landmark Credit Union, Summit Credit Union, and UW Credit Union. These three credit unions accounted for 26.5 percent of the total home mortgage market share. SBC ranked had a market share of 0.11 percent.

Community Contacts

Examiners reviewed two recently completed community contacts, one with a representative of a housing organization and another with a representative of an economic development entity.

The contact from the housing organization stated that the need for affordable housing is great due to increasing home values in the area. In addition, the construction of affordable housing is low due to the increasing construction cost. Both issues have made homeownership difficult for low- and moderate-income individuals. The contact stated that financial institutions should participate more in down-payment assistance programs, offer more products for rehabilitation loans, and utilize nontraditional credit to evaluate low- and moderate-income applicants. Furthermore, the contact

said there was a need for banks to offer small-dollar loans to help individuals who might otherwise pay higher interest rates and fees with a payday lender.

The contact from the economic development organization stated that the Milwaukee MSA has ample business and residential financing opportunities. Several communities within the Milwaukee MSA have available space to attract new businesses, including start-ups, relocations, and expansions. However, difficulties in enticing new businesses include labor force and housing limitations. The labor force is aging, and younger workers earning lower wages have difficulty finding affordable housing. The contact stated there is a limited labor force and is not skilled enough to match the needs of the technology-advanced and more specialized industries.

Furthermore, there is limited housing stock, with both current stock and new constructions priced outside the range affordable for lower wage earners. The Milwaukee MSA has benefited from growth in multifamily housing; however, rents are generally at market rate, and are not affordable for lower-wage individuals. Affordable housing stock limitations deter larger businesses from moving to the area.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and economic and demographic data, examiners determined the primary needs and opportunities in the AA are affordable housing, housing rehabilitation loans, nontraditional home mortgage underwriting products, small-dollar loans for individuals, and small business loans for start-ups and expanding businesses.

Throughout the evaluation period, affordable housing loans were in high demand, particularly those that benefit low- and moderate-income families. The significant number and percentage of families in the low- and moderate-income categories support this conclusion. Furthermore, as economic and demographic data indicate, the AA has community development opportunities in economic development and community services.

LENDING TEST

SBC demonstrated reasonable performance under the Lending Test.

Geographic Distribution

The geographic distribution of loans throughout the AA reflects excellent dispersion among the CTs of various income levels, including the low- and moderate-income geographies. The bank's excellent small business performance and reasonable home mortgage performance supports this conclusion. Examiners compared the bank's small business lending performance to the available D&B data and home mortgage lending performance to aggregate and demographic data.

Small Business Loans

SBC's geographic distribution of small business loans throughout the AA reflects excellent dispersion among CTs of various income levels.

Geographic Distribution of Small Business Loans					
Assessment Area: Milwaukee MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	12.7	36	42.4	7,512	33.8
Moderate	17.7	18	21.2	5,826	26.2
Middle	30.4	16	18.8	3,975	17.9
Upper	38.4	15	17.6	4,925	22.1
Not Available	0.8	0	0.0	0	0.0
Total	100.0	85	100.0	22,238	100.0
<i>Sources: 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

The bank's performance was 29.7 percentage points above demographics for low-income CTs in 2023. For moderate-income CTs, the bank's percentage by number was 3.5 percentage points higher than the percentage of businesses operating in moderate-income CTs. Strong performance in the low-income CTs supports overall excellent performance.

Home Mortgage Loans

The bank's geographic distribution of home mortgage loans throughout the AA reflects reasonable dispersion among CTs of various income levels. The following table presents 2022 HMDA data compared to the most recent available aggregate data.

SBC's 2022 lending in low-income CTs was significantly higher than aggregate data and the percentage of owner-occupied housing units. However, lending in moderate-income CTs was lower than the aggregate data and the percentage of owner-occupied housing units. The volume of home mortgage lending activity in this AA is lower than that in the Appleton MSA AA, with home mortgage loans typically extended as an accommodation for business customers or to finance multifamily rental properties. As a result, home mortgage lending activity has been a lower priority within this AA. Still, performance throughout the review period compares reasonable to aggregate data.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Milwaukee MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	6.7	6.8	6	18.2	1,044	8.9
Moderate	14.7	15.1	3	9.1	1,065	9.1
Middle	35.8	34.9	14	42.4	5,174	44.3
Upper	42.6	43.0	9	27.3	4,080	34.9
Not Available	0.2	0.2	1	3.0	327	2.8
Total	100.0	100.0	33	100.0	11,690	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of loans to borrowers within the AA reflects reasonable penetration among individuals of different income levels and businesses of various sizes. Examiners based this conclusion on the distribution of small business loans to entities of different sizes, as the distribution of home mortgage loans to borrowers of different income levels is poor. Examiners placed more weight on small business loan performance, given the bank's overall lending strategies and the low volume of mortgage loan originations with reported income information.

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of various sizes in the AA.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Milwaukee MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	88.0	48	56.5	14,585	65.6
>\$1,000,000	4.2	37	43.5	7,653	34.4
Revenue Not Available	7.8	0	0.0	0	0.0
Totals	100.0	85	100.0	22,238	100.0
<i>Source: 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Although the bank's performance is lower than the demographic data, it is within reason. Not all reporting businesses in the AA are seeking financing or may be seeking nontraditional financing, such as personal loans or credit card lending. While the bank is not a small business loan reporter, the aggregate lender performance does serve as a metric for the level of demand for small business loans in the AA. Based on the 2022 data, aggregate lenders reported that 53.3 percent of their small business loans were to businesses with GARs of \$1 million or less. Additionally, in a review of

three similarly situated banks, the lending rates ranged from 44.3 percent to 67.0 percent to businesses with GARs of \$1 million or less. This information demonstrates that the demand for such loans does trail the demographic. Considering demographic, aggregate data, and similarly situated bank performance, examiners determine that SBC's performance is reasonable.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is poor.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Milwaukee MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	24.3	10.1	1	3.0	130	1.1
Moderate	17.0	20.8	2	6.1	527	4.5
Middle	19.9	22.2	2	6.1	506	4.3
Upper	38.7	35.0	10	30.3	3,609	30.9
Not Available	0.0	11.9	18	54.5	6,918	59.2
Totals	100.0	100.0	33	100.0	11,690	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

SBC originated only one home mortgage loan to a low-income borrower and two loans to moderate-income borrowers. This is similar to the last performance evaluation, in which the bank only originated one loan for low- and moderate-income borrowers. Home mortgage lending activity is not a lending focus in this AA. SBC typically originates loans for owner-occupied properties in this AA as an accommodation for business borrowers. Furthermore, a significant majority of the bank's HMDA-reportable loans in this AA recorded on the LAR were for loans with Income Not Available. These loans are typically multifamily housing loans for which income is not reported. The previous table shows that the bank's percentage of reported loans with income not available significantly exceeds aggregate, which can skew the analysis. While removing these loans from the analysis does improve the bank's performance as a percentage of loans where income was collected, performance still significantly trails aggregate data. The bank's distribution of home mortgage loans among borrowers of different income levels in the Milwaukee MSA AA is poor; however, examiners gave less weight to the home mortgage lending performance in this AA given the lending focus and the number of loans without income reported.

COMMUNITY DEVELOPMENT TEST

SBC demonstrates adequate responsiveness to the community development needs of the AA through community development loans. However, the bank's qualified investment and service activity demonstrates a low level of responsiveness to the community development investment needs in the AA, considering the institution's capacity and the need for and availability of such

opportunities. The bank's stronger performance for community development loans mitigates the limited community development investments and the lack of qualified community development services within this AA.

Community Development Loans

Of the bank's 97 community development loans, 57 loans for \$27.6 million were within the Milwaukee MSA AA. This performance represents 54.6 percent of total community development loans by number and 52.8 percent by dollar volume. The following table shows the bank's community development lending activity by year and purpose.

Community Development Loans by Activity Year – Milwaukee MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	2	695	-	-	12	6,431	-	-	14	7,126
2022	2	915	1	225	11	4,620	-	-	14	5,760
2023	-	-	-	-	21	9,927	-	-	21	9,927
2024 (YTD)	2	1,128	-	-	6	3,644	-	-	8	4,772
Total	6	2,738	1	225	50	24,621	-	-	57	27,585
<i>Source: Bank Records. Rounding may affect totals.</i>										

Notable community development loans in the Milwaukee MSA AA include the following:

- One loan originated for \$225,000 for cost overruns to complete a community-based residential facility.
- Three SBA 504 loans to companies supporting economic development in the AA.

Qualified Investments

SBC's qualified investments comprised two donations totaling \$7,280 during the evaluation period. The bank's qualified investment activity demonstrates a low level of responsiveness to the community development investment needs in the Milwaukee AA, considering the institution's capacity and the need for and availability of such opportunities.

Community Development Services

Of the overall 23 community development services provided during the evaluation period, none were within the Milwaukee MSA AA. The absence of community development services demonstrates a lack of responsiveness, considering the significant need for and ample opportunities in the Milwaukee MSA AA. It is noted that only one of five banking offices is within this AA. However, staff and management from the Chilton and other office locations and directors had opportunities to become involved in community development services in this 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.

Multifamily: 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 non-farm 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.