

PUBLIC DISCLOSURE

February 12, 2024

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

The Northwestern Bank
202 North Bridge Street
P.O. Box 49
Chippewa Fall, Wisconsin 54729
RSSD 153054

**Federal Reserve Bank of Minneapolis
90 Hennepin Avenue, P.O. Box 291
Minneapolis, MN 55480-0291**

NOTE: 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 the 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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Definitions for many of the terms used in this performance evaluation can be found in section 228.12 of Regulation BB. For additional convenience, a Glossary of Common CRA Terms is attached as Appendix A at the end of this performance evaluation.

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Outstanding.

The Community Reinvestment Act (CRA) performance of The Northwestern Bank, Chippewa Falls, Wisconsin, demonstrates excellent responsiveness to the credit and community development needs of its assessment areas (AA). The CRA evaluation uses the Intermediate Small Bank (ISB) Examination Procedures, which includes a Lending Test and a Community Development Test.

The bank's Lending Test rating is Outstanding. The following factors support the Lending Test rating:

- The bank's level of lending to borrowers of different income levels and to businesses of different sizes is excellent.
- The geographic distribution of the bank's loans reflects an excellent dispersion throughout the AAs.
- The net loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the credit needs of the AAs.
- The bank originated a majority of its loans within its AAs.

The bank's Community Development Test rating is Outstanding based on the following criteria:

- The bank's performance demonstrates excellent responsiveness to the community development needs of its AAs. The bank's overall level of community development loans, services, and qualified investments and donations is excellent.

The bank received a Satisfactory rating at the previous evaluation, dated November 2, 2020.

SCOPE OF EVALUATION

The evaluation of the bank's CRA performance is based in part on information provided by bank management and community contacts. Examiners analyzed information from these sources, as well as economic and demographic characteristics, competitive factors, and the size and financial condition of the bank, to understand and evaluate the bank's performance. The CRA evaluation covers the period from the previous CRA evaluation to February 11, 2024.

The bank designates two AAs for CRA purposes: Chippewa Falls/Eau Claire and Thorp. The Chippewa Falls/Eau Claire AA is defined as the Eau Claire, Wisconsin, metropolitan statistical area (MSA), which consists of Chippewa and Eau Claire counties. The Thorp AA includes Taylor and Clark counties. The bank has not changed its AAs since the previous evaluation; however, the income classification of some census tracts changed.

Examiners performed a full-scope review of the Chippewa Falls/Eau Claire AA based on the June 30, 2023, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data and bank-provided lending data. According to those data sources, approximately 89.4% of the bank's total deposits and 93.6% of the bank's loans by number are in the Chippewa Falls/Eau Claire AA. Examiners conducted a limited-scope review of the Thorp AA.

Examiners weighted the bank’s performance as follows for the overall rating:

- For the Lending Test, examiners placed the greatest and equal weight on the bank’s lending to businesses of different revenue sizes and borrowers of different income levels and on the geographic distribution of loans. Examiners placed the least and equal weight on the net loan-to-deposit ratio and lending inside the AAs.
- For the Lending Test, the bank’s small business loans received more weight than HMDA loans because the bank is primarily a commercial lender.

Throughout this evaluation, examiners used demographic characteristics in evaluating the bank’s record of lending in the individual AAs. Sources for demographic information are primarily the 2023 Federal Financial Institutions Examination Council (FFIEC) adjusted census data and the 2023 Dun & Bradstreet data. Assessment Area demographics are useful in analyzing the bank’s lending because they provide a means of estimating lending opportunities. Examiners used self-reported data collected and published by Dun & Bradstreet regarding the revenue size and location of businesses to evaluate the bank’s small business lending. The demographic data does not define an expected level of lending in a particular area or to a particular group of borrowers.

Examiners interviewed individuals familiar with the economic and demographic characteristics as well as community development opportunities in the bank’s Chippewa Falls/Eau Claire AA to help establish the performance context for the CRA evaluation. The Chippewa Falls/Eau Claire AA section of this evaluation includes specific information obtained from these community contacts. The contacts did not identify any unmet credit needs in this AA.

Lending Test Scope

The scope of the Lending Test covers the bank’s major product lines, consisting of residential real estate and small business loans. The table below shows the composition of the bank’s loan portfolio as of December 31, 2023.

Composition of Loan Portfolio as of December 31, 2023		
Loan Type	\$(000)	%
Residential Real Estate	53,585	10.3
Commercial	418,037	80.3
Agricultural	10,094	1.9
Consumer	10,872	2.1
Other	28,035	5.4
Total	520,623	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The Lending Test is based, in part, on a statistical sample of the bank’s small business loans. The loan sample includes 137 small business loans originated between May 1, 2023, and October 31, 2023. Because the bank has offices in an MSA and is required to report HMDA loans, examiners also analyzed the bank’s 2021 and 2022 HMDA-reportable loans. Additionally, examiners compared the bank’s HMDA lending to that of aggregate lenders who originated or purchased HMDA loans in the AAs.

In 2020 and 2021, the bank participated in the Paycheck Protection Program (PPP) through the U.S. Small Business Administration (SBA). These loans were designed to help businesses keep their workforce employed during the COVID-19 pandemic. The bank originated more than 470 PPP loans in

its AAs. Examiners considered the bank's PPP loans in their evaluation of the bank's small business loans.

Examiners analyzed the following criteria to determine the Lending Test rating:

- Lending to borrowers of different income levels and to businesses of different sizes.
- Geographic distribution of loans.
- Net loan-to-deposit ratio.
- Lending inside the AAs.
- The bank's record of responding to complaints about its CRA performance.

The bank has not received any CRA-related complaints since the previous evaluation.

Community Development Test Scope

Examiners reviewed the bank's community development lending, qualified investments (including donations), and community development services since the previous evaluation. Examiners based the Community Development Test rating on the bank's performance during the period from November 2, 2020, to February 11, 2024.

DESCRIPTION OF INSTITUTION

Structure. The Northwestern Bank is headquartered in Chippewa Falls, Wisconsin, and wholly owned by NW Bancshares, Inc.

Offices and Retail Delivery Systems. The Northwestern Bank operates its main office in Chippewa Falls and five full-service branches in Altoona, Boyd, Cornell, Lafayette, and Thorp. The bank also operates a stand-alone drive-up facility near its main office. The bank operates cash-dispensing-only ATMs at the Altoona and Thorp branches, the stand-alone drive-up facility, and at grocery stores in Lafayette (next to the branch) and Cornell. The bank also offers 24-hour telephone, mobile, and online banking services.

Loan Portfolio. According to the December 31, 2023, Report of Condition, the bank's assets total \$671.3 million, which is a 36.3% increase since the previous evaluation. The bank's \$520.7 million loan portfolio consists of 80.3% commercial, 10.3% residential real estate, 2.1% consumer, 1.9% agriculture, and 5.4% other loans. The overall composition of the loan portfolio has remained relatively consistent since the previous evaluation. The loan portfolio increased by 27.1% since the previous evaluation, due to organic growth.

Credit Products. The Northwestern Bank focuses on commercial lending but also offers residential real estate and consumer loans to serve the credit needs of businesses and residents in its AAs. Residential real estate products include conventional mortgages as well as home improvement, construction, and mobile home loans. Consumer loan products include general consumer-purpose loans and home equity lines of credit. The bank participates in SBA loan programs.

DESCRIPTION OF ASSESSMENT AREAS

As mentioned, the bank has two AAs: Chippewa Falls/Eau Claire and Thorp. The Chippewa Falls/Eau Claire AA is defined as the Eau Claire, WI MSA, which consists of Chippewa and Eau Claire counties. The Thorp AA includes Taylor and Clark counties. The bank did not change the AAs since the previous

evaluation; however, the total number of census tracts and income classification of several tracts changed based on U.S. Census updates impacting the Eau Claire, WI MSA. For 2022 and 2023, the combined AAs consisted of 48 census tracts: seven moderate-, 34 middle-, and seven upper-income tracts. For 2021 and for the previous evaluation, the combined AAs consisted of 45 census tracts: six moderate-, 36 middle-, and three upper-income tracts. The bank’s non-MSA AA, Thorp, did not include any middle-income tracts classified as distressed or underserved during the evaluation period. Detailed descriptions of the bank’s AAs can be found in the respective AA sections.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s CRA rating is Outstanding. The rating is based on an Outstanding rating for the Lending Test and an Outstanding rating for the Community Development Test.

LENDING TEST

The Lending Test is rated Outstanding. The factors supporting this rating include the following:

- Overall, the bank’s level of lending to borrowers of different income levels and to businesses of different sizes is excellent.
- Overall, the geographic distribution of the bank’s loans reflects an excellent dispersion throughout the AAs.
- The bank’s net loan-to-deposit ratio reflects a reasonable level of lending.
- The bank originated a majority of its loans by number and dollar amount within its AAs.

LOAN-TO-DEPOSIT RATIO ANALYSIS

The bank’s net loan-to-deposit ratio is reasonable given its asset size, financial condition, and the credit needs and competition in the AAs. As of December 31, 2023, the bank’s net loan-to-deposit ratio is 89.8%, which is above the national peer group’s net loan-to-deposit ratio of 78.1%. The national peer group consists of all insured commercial banks with assets between \$300 million and \$1 billion. The table below shows the total assets and 14-quarter average net loan-to-deposit ratio for the bank and a similarly situated financial institution operating in at least one of the bank’s AAs.

14-Quarter Average Net Loan-to-Deposit Ratios		
<i>Bank Name and Location</i>	<i>Assets as of December 31, 2023 (in millions)</i>	<i>Average Net Loan-to-Deposit Ratio</i>
The Northwestern Bank, Chippewa Falls, WI	\$509,795	75.5%
Dairy State Bank, Rice Lake, WI	\$743,112	42.5%

The bank’s 14-quarter average net loan-to-deposit ratio is 75.5%, which is lower than the bank’s 14-quarter average net loan-to-deposit ratio of 84.4% at the previous evaluation. The bank’s quarterly net loan-to-deposit ratio has ranged from 64.4% to 89.8% since that evaluation. Deposits increased after the onset of the pandemic and availability of pandemic-related stimulus programs. The bank is an active lender in a competitive lending environment.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREAS

The bank originated a majority of its loans, 88.8% of loans by number and 84.7% by dollar amount, within its AAs. The table below shows lending activity by loan type within the AAs.

Distribution of Loans Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase – Conventional	135	80.8	32,052	80.4	32	19.2	7,829	19.6
Home Improvement	13	92.9	965	95.1	1	7.1	50	4.9
Multi-Family Housing	8	88.9	15,183	84.8	1	11.1	2,720	15.2
Other Purpose Closed-End	22	91.7	1,848	77.3	2	8.3	542	22.7
Refinancing	216	93.5	38,494	91.4	15	6.5	3,622	8.6
Total HMDA related	394	88.5	88,515	85.7	51	11.5	14,763	14.3
Small Business	123	89.8	25,846	81.5	14	10.2	5,848	18.5
Total Small Bus. related	123	89.8	25,846	81.5	14	10.2	5,848	18.5
TOTAL LOANS	517	88.8	114,361	84.7	65	11.2	20,611	15.3

The bank’s lending activity shows its commitment to meeting the credit needs of the residents and businesses within its AAs. The bank occasionally makes loans outside of the AAs, typically to maintain customer relationships.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES OF DIFFERENT SIZES

Overall, the bank’s lending to businesses of different sizes and to borrowers of different income levels is excellent. The bank actively lends to businesses with gross annual revenues of \$1 million or less and to low- and moderate-income individuals. The Conclusions with Respect to Performance Criteria section for the Chippewa Falls/Eau Claire AA includes a detailed discussion of the borrower distribution of loans.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans shows an excellent dispersion throughout the AAs, including moderate-income census tracts. There are no low-income tracts in the bank’s AAs. Lending patterns do not reveal any unexplained gaps in lending. The Conclusions with Respect to Performance Criteria section for the Chippewa Falls/Eau Claire AA includes a detailed discussion of the geographic distribution of loans.

RECORD OF RESPONSE TO CRA-RELATED COMPLAINTS

Neither the bank nor the Federal Reserve Bank of Minneapolis has received any CRA-related complaints concerning the bank since the previous evaluation.

COMMUNITY DEVELOPMENT TEST

The bank's Community Development Test rating is Outstanding. Overall, the bank's community development activities demonstrate excellent responsiveness to the needs of the AAs.

The majority of the bank's community development activities occurred in the Chippewa Falls/Eau Claire AA, as well as a broader regional area. This is reasonable because this AA includes most of the bank's offices and more community development opportunities. Overall, the level and nature of these activities are excellent, considering the bank's size and capacity and the availability of community development opportunities.

Community Development Loans. The level of community development lending is excellent. The bank originated 20 community development loans totaling \$11.3 million, which directly benefit the Chippewa Falls/Eau Claire AA and broader regional areas including the bank's AAs. Notably, the bank made loans in the Chippewa Falls/Eau Claire AA that supported organizations providing essential services, such as shelter, to low- and moderate-income individuals, as well as loans related to SBA 504 loan transactions that support economic development. The bank's regional loans supported organizations providing essential services, such as temporary housing, job skills, and food, to low- and moderate-income individuals. The bank didn't make community development loans in the Thorp AA given limited opportunities. Overall, the bank's community development loans are highly responsive.

Given this responsiveness, examiners can also consider any qualified community development loans benefitting geographies outside the bank's AAs. The bank originated three loans totaling approximately \$3.5 million that were outside its AAs: one in the state of Wisconsin and two in the state of Minnesota. One loan promoted affordable housing, and the other loans were part of an SBA 504 transaction that promoted economic development.

Qualified Investments. The level of qualified investments in the form of donations is excellent. The bank donated \$465,000 that directly benefited its AAs. Most of these donations (99.7%) directly benefited the bank's Chippewa Falls/Eau Claire AA; minimal donations (\$1,250) directly benefited the Thorp AA. The bank also made \$163,374 in donations that benefited broader regional areas that include the AAs. All donations were to organizations that provide community services, such as shelter, health care, and food, as well as youth mentorship and other youth programs, to low- and moderate-income families and individuals.

The bank did not make any non-donation investments during the evaluation period, which is reasonable because the opportunity to purchase new investments in the form of securities was limited and the competition for such securities was strong.

Community Development Services. The level of community development services is adequate. During the evaluation period, the bank provided 14 community development services. Most of the bank's services (64.3%) benefited the Chippewa Falls/Eau Claire AA. The remaining services benefited broader regional areas that include the AA. Seven employees, including senior management, provided financial expertise on boards and committees of seven organizations that offer community services to low- and moderate-income individuals.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The examination did not reveal any evidence of violations of antidiscrimination laws or regulations (including Regulation B--Equal Credit Opportunity Act, Regulation C--Home Mortgage Disclosure Act,

and the Fair Housing Act) or other illegal credit practices inconsistent with the bank helping to meet community credit needs.

METROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF CHIPPEWA FALLS/EAU CLAIRE ASSESSMENT AREA

Bank Information. The bank operates its main office and five branches in the bank’s Chippewa Falls/Eau Claire AA. The branches are in Altoona, Boyd, Cornell, Lafayette, and Thorp. In addition, the bank also operates a separate drive-up facility near its main office. The Altoona, Cornell, Lafayette, and Thorp branches have drive-up facilities. The drive-up facility as well as the Altoona and Thorp branches have cash-dispensing-only ATMs. The bank also has cash-dispensing-only ATMs at grocery stores in Lafayette (next to the branch) and Cornell. Apart from the Altoona and Boyd branches, the offices and the drive-up facility offer weekend hours.

According to the June 30, 2023, FDIC Deposit Market Share Report, the bank ranked first out of 22 financial institutions operating in the Eau Claire, WI MSA AA, with a 14.4% deposit market share and \$529.0 million in deposits. The deposits in this AA represent 89.4% of the bank’s total deposits. Bank management and a community contact indicated that banking competition in the AA is strong.

Assessment Area. The Chippewa Falls/Eau Claire assessment area includes Chippewa and Eau Claire counties, which comprise the Eau Claire, WI MSA. The bank has not changed the AA since the previous evaluation; however, the number of census tracts and the income classification of several tracts changed. For the years 2022 and 2023, the AA included 34 census tracts: seven moderate-, 20 middle-, and seven upper-income tracts. For 2021 and for the previous evaluation, the AA included 31 census tracts: six moderate-, 22 middle-, and three upper-income tracts.

The table below illustrates the demographic characteristics of the AA, based on 2023 FFIEC adjusted census data and 2023 Dun & Bradstreet data.

2023 Chippewa Falls/Eau Claire AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	7,772	18.8
Moderate	7	20.6	7,864	19.1	566	7.2	7,797	18.9
Middle	20	58.8	25,868	62.7	1,534	5.9	9,841	23.9
Upper	7	20.6	7,500	18.2	281	3.7	15,822	38.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	34	100.0	41,232	100.0	2,381	5.8	41,232	100.0

2023 Chippewa Falls/Eau Claire AA Demographics								
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	14,912	7,940	17.3	53.2	5,855	39.3	1,117	7.5
Middle	44,069	29,819	65.2	67.7	10,997	25.0	3,253	7.4
Upper	14,064	8,007	17.5	56.9	5,028	35.8	1,029	7.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	73,045	45,766	100.0	62.7	21,880	30.0	5,399	7.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,642	23.2	1,452	22.6	179	31.2	11	12.6
Middle	4,324	61.0	3,962	61.6	301	52.5	61	70.1
Upper	1,121	15.8	1,013	15.8	93	16.2	15	17.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7,087	100.0	6,427	100.0	573	100.0	87	100.0
Percentage of Total Businesses:				90.7		8.1		1.2
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	68	13.1	67	13.1	1	11.1	0	0.0
Middle	347	66.9	343	67.3	4	44.4	0	0.0
Upper	104	20.0	100	19.6	4	44.4	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	519	100.0	510	100.0	9	100.0	0	0.0
Percentage of Total Farms:				98.3		1.7		0.0
<p>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding.</p>								

Income. For purposes of classifying borrower incomes, this evaluation uses the FFIEC estimated median family income for the Eau Claire MSA for the year of loan origination. This figure was \$80,000 in 2021 and \$90,000 in 2022. For purposes of classifying census tracts by income level, this evaluation uses the 2020 FFIEC adjusted census data median family income for the Eau Claire MSA, which was \$65,867 in 2021 and \$78,307 in 2022.

The table below shows the median family income for the Chippewa Falls/Eau Claire AA, the counties comprising the AA, and the state of Wisconsin, based on U.S. Census Bureau data. The 2020 median family income for the AA increased since the 2015 census and is slightly below the statewide median family income figure. The median family income for Eau Claire County increased more than for Chippewa County and for the state of Wisconsin.

Chippewa Falls/Eau Claire AA Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Chippewa Falls/Eau Claire AA	\$72,862	\$79,795	9.5%
Chippewa County, WI	\$70,349	\$73,941	5.1%
Eau Claire County, WI	\$74,817	\$83,518	11.6%
Wisconsin	\$74,365	\$80,844	8.7%
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

Population Characteristics. The population of the Chippewa Falls/Eau Claire AA is 172,007. The following table shows the population change from 2015 to 2020.

Chippewa Falls/Eau Claire AA Population Change			
Area	2015 Population	2020 Population	Percent Change
Chippewa Falls/Eau Claire AA	164,490	172,007	4.6%
Chippewa County, WI	63,209	66,297	4.9%
Eau Claire County, WI	101,281	105,710	4.4%
Wisconsin	5,742,117	5,893,718	2.6%
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

Overall, the population change has been similar in the counties comprising the AA. However, the population growth in the AA slightly outpaces growth for the state of Wisconsin. A community contact and bank management noted that since the beginning of the pandemic, more people are moving into the area from outside of the state, primarily from the Minneapolis-St. Paul area.

Economy. According to bank management and community contacts, the overall economy in the AA is stable and has done fairly well over the evaluation period. Major employers in the area include state and local government, healthcare providers, the local school districts, retailers, technology companies, and a warehouse and distribution company. Some rural areas of the AA include agricultural production, such as grain, corn, soybeans, and dairy. In addition, the area economy is also somewhat impacted by tourism.

Bank management and community contacts indicated that unemployment has been low, and the area has a significant labor shortage. Local hourly wages have increased as a result of the shortage.

The table below shows the Chippewa Falls/Eau Claire AA unemployment rates during the evaluation period. According to the Bureau of Labor Statistics, the 2022 unemployment rate for the AA was 2.8%, which is slightly higher than the statewide rate for the same period. The unemployment rates for the AA, the counties comprising the AA, and the state all decreased from 2020 to 2022. The 2020 unemployment rates reflect unemployment that occurred during the onset of the COVID-19 pandemic, which has since improved.

Chippewa Falls/Eau Claire AA Unemployment Rates			
Area	2020	2021	2022
Chippewa Falls/Eau Claire AA	5.9%	3.5%	2.8%
Chippewa County, WI	6.3%	4.0%	3.3%
Eau Claire County, WI	5.6%	3.3%	2.5%
Wisconsin	6.4%	3.8%	2.9%

Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics

Housing. According to community contacts, affordable housing is a concern in the AA. The pace of new development is slow, and available stock is older and in need of repair, which impacts the area having an appropriate housing supply to meet demand. The housing issue is compounded by more people moving to the area in recent years. A community contact and bank management noted that housing has become more expensive since the onset of the COVID-19 pandemic, and the supply of available homes for sale, especially affordable homes, is limited. Bank management indicated that starter homes are priced at \$300,000 or higher. Rental costs are also high and have been increasing.

The table below shows the housing cost burden faced by renters and homeowners in the Chippewa Falls/Eau Claire AA, counties in the AA, and the state of Wisconsin. The U.S. Department of Housing and Urban Development defines cost-burdened families as follows: Those who pay more than 30% of their income for housing and may have difficulty affording necessities, such as food, clothing, transportation, and medical care. The overall cost burden for renters in the AA is generally comparable to the burden for renters statewide. Low-income renters have significant housing cost burden. Overall, homeowners fare somewhat better than renters; however, low-income homeowners have a significant cost burden. Moderate-income homeowners are just below the cost-burden threshold.

Chippewa Falls/Eau Claire AA Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Chippewa Falls/Eau Claire AA	79.3%	19.4%	39.9%	55.6%	28.5%	15.4%
Chippewa County, WI	78.4%	21.6%	41.5%	55.0%	28.1%	16.3%
Eau Claire County, WI	79.8%	18.5%	39.1%	56.2%	28.9%	14.8%
Wisconsin	74.5%	21.7%	39.0%	63.9%	28.2%	17.6%

Cost Burden is housing cost that equals 30 percent or more of household income

Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN CHIPPEWA FALLS/EAU CLAIRE AA

The bank’s Lending Test performance in the Chippewa Falls/Eau Claire AA is excellent. The bank’s overall Community Development Test performance demonstrates excellent responsiveness to community development needs. As previously mentioned, this AA accounts for most of the bank’s lending activity and a significant amount of the bank’s community development activities.

LENDING TEST

The bank effectively meets the credit needs of businesses and residents in the Chippewa Falls/Eau Claire AA. Overall, the bank’s lending to businesses of different sizes and to borrowers of different income levels is excellent. In addition, the overall geographic distribution of loans reflects an excellent dispersion throughout the AA.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES OF DIFFERENT SIZES

Small Business Lending. The bank’s lending to small businesses is excellent. The following table reflects the bank’s small business lending by business revenue and loan size.

Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Chippewa Falls/Eau Claire					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	88	75.9	13,416	53.7	90.7
Over \$1 Million	28	24.1	11,581	46.3	8.1
Revenue Unknown	0	0.0	0	0.0	1.2
Total	116	100.0	24,997	100.0	100.0
By Loan Size					
\$100,000 or Less	62	53.4	2,582	10.3	
\$100,001 - \$250,000	23	19.8	4,386	17.5	
\$250,001 - \$1 Million	31	26.7	18,029	72.1	
Total	116	100.0	24,997	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	57	64.8	2,185	16.3	
\$100,001 - \$250,000	14	15.9	2,587	19.3	
\$250,001 - \$1 Million	17	19.3	8,644	64.4	
Total	88	100.0	13,416	100.0	

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Overall, the bank originated 75.9% of its small business loans to entities with gross annual revenues of \$1 million or less. According to 2023 Dun and Bradstreet data, 90.7% of the businesses in the AA are small businesses. Similarly, in 2022, 90.5% of the businesses in the AA were small businesses. The bank's lending is below demographics; however, it is explainable. The bank faces strong competition from numerous financial institutions, including community banks and large national banks, serving the AA. The bank originated 64.8% of its loans to small businesses in amounts of \$100,000 or less, indicating a willingness to serve the needs of small businesses in the AA.

In addition, the bank actively extended PPP loans in the Chippewa Falls/Eau Claire AA. The bank originated over 430 PPP loans in the AA from 2020 to 2021, totaling \$32.6 million. Of these loans, 46.3% were for \$25,000 or less. This level of responsiveness to credit needs enhances the bank's small business lending.

Residential Real Estate Lending. The bank's HMDA lending to low- and moderate-income borrowers is reasonable. The following tables show the bank's 2021 and 2022 HMDA lending by borrower income level. The tables also include the same information for aggregate lenders, as well as demographic data.

Distribution of Home Mortgage Lending By Borrower Income Level													
Assessment Area: Chippewa Falls/Eau Claire													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Home Purchase Loans													
Low	9	12.5	9.2	882	5.6	5.4	4	7.4	9.2	425	2.9	5.0	18.8
Moderate	13	18.1	24.8	2,492	15.9	18.8	6	11.1	24.7	725	5.0	18.4	18.9
Middle	15	20.8	23.7	3,269	20.9	23.0	8	14.8	26.5	1,337	9.2	25.7	23.9
Upper	28	38.9	30.3	7,803	49.9	41.4	25	46.3	27.7	9,136	63.1	38.8	38.4
Unknown	7	9.7	12.0	1,190	7.6	11.5	11	20.4	12.0	2,858	19.7	12.1	0.0
Total	72	100.0	100.0	15,636	100.0	100.0	54	100.0	100.0	14,481	100.0	100.0	100.0
Refinance Loans													
Low	19	12.4	9.3	1,659	6.0	5.6	6	15.4	15.1	646	8.7	9.4	18.8
Moderate	35	22.9	21.8	5,351	19.3	17.2	8	20.5	26.4	897	12.1	21.7	18.9
Middle	28	18.3	26.2	5,140	18.5	24.7	4	10.3	23.8	1,017	13.7	23.8	23.9
Upper	65	42.5	30.9	14,783	53.2	39.7	19	48.7	25.0	4,689	63.0	34.1	38.4
Unknown	6	3.9	11.7	830	3.0	12.9	2	5.1	9.7	190	2.6	11.0	0.0
Total	153	100.0	100.0	27,763	100.0	100.0	39	100.0	100.0	7,439	100.0	100.0	100.0
Home Improvement Loans													
Low	1	16.7	7.6	25	5.7	5.0	1	16.7	9.3	25	4.8	6.9	18.8
Moderate	0	0.0	18.0	0	0.0	12.8	1	16.7	19.8	27	5.2	14.8	18.9
Middle	1	16.7	29.6	30	6.8	28.5	3	50.0	27.2	211	40.7	22.1	23.9
Upper	3	50.0	42.0	214	48.9	50.6	1	16.7	39.7	255	49.2	49.1	38.4
Unknown	1	16.7	2.8	169	38.6	3.1	0	0.0	3.9	0	0.0	7.2	0.0
Total	6	100.0	100.0	438	100.0	100.0	6	100.0	100.0	518	100.0	100.0	100.0

Distribution of Home Mortgage Lending By Borrower Income Level													
Assessment Area: Chippewa Falls/Eau Claire													
Total Home Mortgage Loans													
Low	30	12.6	9.1	2,656	6.0	5.5	13	11.5	11.1	1,278	5.4	6.4	18.8
Moderate	49	20.6	22.3	8,053	18.1	17.7	18	15.9	23.8	1,730	7.3	18.8	18.9
Middle	45	18.9	25.4	8,489	19.1	24.0	16	14.2	25.6	2,595	11.0	24.9	23.9
Upper	100	42.0	32.1	23,127	52.0	41.0	53	46.9	29.9	14,930	63.3	38.7	38.4
Unknown	14	5.9	11.1	2,189	4.9	11.9	13	11.5	9.6	3,048	12.9	11.2	0.0
Total	238	100.0	100.0	44,514	100.0	100.0	113	100.0	100.0	23,581	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

Distribution of Home Mortgage Lending By Borrower Income Level													
Assessment Area: Chippewa Falls/Eau Claire													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Other Purpose LOC													
Low	0	0.0	7.1	0	0.0	5.5	0	0.0	12.1	0	0.0	7.9	18.8
Moderate	0	0.0	16.1	0	0.0	12.0	0	0.0	18.3	0	0.0	14.0	18.9
Middle	0	0.0	24.6	0	0.0	20.0	0	0.0	25.4	0	0.0	24.5	23.9
Upper	0	0.0	47.8	0	0.0	58.5	0	0.0	41.0	0	0.0	49.8	38.4
Unknown	0	0.0	4.4	0	0.0	4.1	0	0.0	3.2	0	0.0	3.7	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	1	14.3	9.7	90	13.3	6.2	2	14.3	11.1	182	15.9	11.9	18.8
Moderate	1	14.3	20.8	210	31.0	18.1	3	21.4	25.9	81	7.1	17.5	18.9
Middle	1	14.3	29.7	50	7.4	31.1	1	7.1	21.3	30	2.6	18.1	23.9
Upper	4	57.1	32.2	327	48.3	38.9	8	57.1	32.4	850	74.4	44.8	38.4
Unknown	0	0.0	7.6	0	0.0	5.6	0	0.0	9.3	0	0.0	7.7	0.0
Total	7	100.0	100.0	677	100.0	100.0	14	100.0	100.0	1,143	100.0	100.0	100.0
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	18.8
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	18.9
Middle	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	23.9
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	38.4
Unknown	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

In 2022, the bank originated 11.5% of its HMDA loans to low-income borrowers and 15.9% to moderate-income borrowers. According to 2022 FFIEC adjusted census data, 18.8% of the families in the AA are low income and 18.9% are moderate income. In 2022, aggregate lenders extended 11.1% of their HMDA loans to low-income borrowers and 23.8% to moderate-income borrowers. The bank's lending to low-income borrowers is below demographics and comparable to aggregate lenders' performance. The bank's lending to moderate-income borrowers is comparable to demographics and below aggregate lenders' performance.

In 2021, the bank's lending to low-income borrowers (12.6%) was lower than demographics (18.6%) but above aggregate lenders' performance (9.1%). For moderate-income borrowers, the bank's lending (20.6%) was comparable to demographics (18.5%) and to aggregate lenders' performance (22.3%).

As previously mentioned, housing inventory and prices are a concern in the AA, according to bank management and community contacts. As noted earlier, the cost burden for homeownership for low-income individuals is significant. Using the assumption that a borrower can afford a home for approximately three times his or her annual income, an individual with the highest income in the low-income bracket (\$39,153) could afford a \$117,459 home. Using the same assumption for a borrower with the highest income in the moderate-income bracket (\$62,645), an individual could afford a \$187,935 home. According to 2020 FFIEC census data, the median housing value in the AA is \$179,998, which would likely be unaffordable for low-income borrowers and for some moderate-income borrowers. According to a community contact, the median sales price for a single-family home rose 60.0% from 2019; the median sales price was \$189,000 in 2019 and \$320,000 in August 2023. The median sales price data shows that single family homes became less affordable for low- and moderate-income borrowers over the evaluation period.

The bank is primarily a commercial lender and competition for residential real estate loans is high, especially from a credit union operating in the AA. The credit union, the HMDA reporter ranked first in the AA, reported 33.2% of the aggregate HMDA loans in 2022. The HMDA reporters that ranked second through eighth in the market reported market shares of 6.4% to 2.0%; the bank ranked seventh out of 256 HMDA reporters, with 2.3% of reported loans. Overall, the bank's performance is reasonable based on the performance context.

GEOGRAPHIC DISTRIBUTION OF LOANS

Overall, the geographic distribution and dispersion of the bank's HMDA and small business loans in the Chippewa Falls/Eau Claire AA is excellent, and there are no unexplained gaps in lending. The AA includes six moderate-income census tracts for 2021 and seven moderate-income tracts for 2022 and 2023. The AA did not include any low-income census tracts during the evaluation period.

Small Business Lending. The geographic distribution and dispersion of small business lending is excellent. The following table shows the bank's small business lending by census tract income level, as well as demographic data.

Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Chippewa Falls/Eau Claire					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	34	29.3	5,216	20.9	23.2
Middle	71	61.2	17,119	68.5	61.0
Upper	11	9.5	2,662	10.7	15.8
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	116	100.0	24,997	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

The bank’s lending in the moderate-income tracts, 29.3% overall for 2022 and 2023, exceeds demographics. According to 2022 and 2023 Dun & Bradstreet data, 23.2% of businesses are in the moderate-income census tracts. The majority of the bank’s lending is in the middle-income tracts, where most businesses are located based on demographics. Of the loans analyzed, the bank did not originate small business loans in one moderate-income tract, four middle-income tracts, and one upper-income tract. However, the bank’s lending is reasonably dispersed throughout the AA. The moderate-income tract with no small business loans is near downtown Eau Claire where businesses can easily access various financial institutions. The other tracts with no loans are in smaller or more rural communities where loan demand may be low or are comprised of mostly residential properties. Competition is strong for commercial lending in the AA.

Residential Real Estate Lending. The geographic distribution and dispersion of the bank’s HMDA lending is excellent. The following tables show the bank’s 2021 and 2022 HMDA lending, as well as aggregate lending data and demographic data.

Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Chippewa Falls/Eau Claire													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2021						2022						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	8	11.1	13.2	1,201	7.7	9.4	13	24.1	18.8	2,076	14.3	15.3	17.3
Middle	52	72.2	75.5	10,817	69.2	75.6	37	68.5	65.0	11,256	77.7	65.8	65.2
Upper	12	16.7	11.3	3,618	23.1	15.0	4	7.4	16.2	1,149	7.9	19.0	17.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	72	100.0	100.0	15,636	100.0	100.0	54	100.0	100.0	14,481	100.0	100.0	100.0

Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Chippewa Falls/Eau Claire													
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	19	12.4	10.1	3,844	13.8	7.9	13	33.3	20.7	1,646	22.1	16.1	17.3
Middle	110	71.9	77.5	17,985	64.8	76.6	25	64.1	62.9	5,426	72.9	65.8	65.2
Upper	24	15.7	12.4	5,934	21.4	15.5	1	2.6	16.4	367	4.9	18.1	17.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	153	100.0	100.0	27,763	100.0	100.0	39	100.0	100.0	7,439	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	8.9	0	0.0	7.1	3	50.0	16.4	82	15.8	14.3	17.3
Middle	4	66.7	76.5	159	36.3	77.6	3	50.0	66.0	436	84.2	69.3	65.2
Upper	2	33.3	14.6	279	63.7	15.4	0	0.0	17.5	0	0.0	16.3	17.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	6	100.0	100.0	438	100.0	100.0	6	100.0	100.0	518	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	33.3	18.2	557	33.1	21.8	0	0.0	17.6	0	0.0	22.8	26.4
Middle	0	0.0	67.0	0	0.0	58.9	5	100.0	48.5	13,499	100.0	51.8	49.6
Upper	2	66.7	14.8	1,127	66.9	19.3	0	0.0	33.8	0	0.0	25.4	24.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	1,684	100.0	100.0	5	100.0	100.0	13,499	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	30	12.4	11.3	5,802	12.6	9.7	32	27.1	18.5	4,156	11.2	16.5	17.3
Middle	170	70.5	76.3	29,268	63.4	74.5	80	67.8	64.0	31,343	84.5	63.8	65.2
Upper	41	17.0	12.4	11,128	24.1	15.8	6	5.1	17.4	1,581	4.3	19.8	17.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	241	100.0	100.0	46,198	100.0	100.0	118	100.0	100.0	37,080	100.0	100.0	100.0
<i>Source: 2022 FFIEC Census Data</i>													
<i>2016-2020 U.S. Census Bureau: American Community Survey</i>													
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>													

Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Chippewa Falls/Eau Claire													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Other Purpose LOC													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	9.0	0	0.0	7.0	0	0.0	15.3	0	0.0	15.0	17.3
Middle	0	0.0	74.7	0	0.0	70.5	0	0.0	61.1	0	0.0	61.2	65.2
Upper	0	0.0	16.3	0	0.0	22.5	0	0.0	23.6	0	0.0	23.8	17.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	28.6	14.0	200	29.5	9.5	3	21.4	14.8	352	30.8	14.4	17.3
Middle	4	57.1	70.3	307	45.3	69.9	10	71.4	71.3	726	63.5	72.0	65.2
Upper	1	14.3	15.7	170	25.1	20.7	1	7.1	13.9	65	5.7	13.7	17.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	7	100.0	100.0	677	100.0	100.0	14	100.0	100.0	1,143	100.0	100.0	100.0
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	14.3	0	0.0	16.3	0	0.0	33.3	0	0.0	26.6	17.3
Middle	0	0.0	82.1	0	0.0	80.7	0	0.0	66.7	0	0.0	73.4	65.2
Upper	0	0.0	3.6	0	0.0	2.9	0	0.0	0.0	0	0.0	0.0	17.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Source: 2022 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

In 2022, the bank originated 27.1% of its HMDA loans in the moderate-income tracts. According to 2022 FFIEC adjusted census data, 19.1% of the AA families reside in the moderate-income tracts. Moreover, 17.3% of the AA's owner-occupied housing units were located in the moderate-income tracts in 2022. For 2022, aggregate lenders originated 18.5% of their HMDA loans in the moderate-income tracts. The bank's 2022 lending in the moderate-income tracts exceeded demographics and aggregate lenders. The bank's 2021 HMDA lending shows that the bank's performance in the moderate-income tracts (12.4%) is comparable to aggregate lenders (11.3%) and demographics. According to 2021 adjusted census data, 11.4% of the AA's owner-occupied housing units are in the moderate-income tracts, and 13.0% of the AA families reside in the moderate-income tracts. During 2021 and 2022, the bank made loans in all census tracts in the AA. As previously mentioned, competition for HMDA loans is strong in the AA.

COMMUNITY DEVELOPMENT TEST

Overall, the bank's community development activities in the Chippewa Falls/Eau Claire AA demonstrate excellent responsiveness to community development needs in the AAs.

Community Development Loans. The bank's level of community development lending in the Chippewa Falls/Eau Claire AA is excellent. The bank originated 11 community development loans totaling \$5.5 million, which directly benefit the Chippewa Falls/Eau Claire AA. The bank made five loans totaling \$432,742 to organizations that provide critical services to low- and moderate-income individuals, including temporary housing for the homeless. In addition, the bank made six loans associated with SBA 504 loan transactions, which includes interim and permanent financing for those small business borrowers. These SBA 504 transactions support economic development in this AA. Overall, the bank's community development loans are highly responsive.

Qualified Investments. The bank's level of qualified investments in the form of donations in the Chippewa Falls/Eau Claire AA is excellent. The bank donated \$463,750 that directly benefited this AA. The donations were to organizations that provide community services to low- and moderate-income families and individuals, such as emergency shelter, food, and health care. The bank made a significant donation, \$225,000, to help an organization that primarily serves low- and moderate-income youth establish a new facility for its programs. The bank did not purchase any CRA-eligible non-donation investments, which is reasonable because the opportunity to make these types of new investments was limited and the competition for them was strong.

Community Development Services. The bank's level of community development services in the Chippewa Falls/Eau Claire AA is adequate. During the evaluation period, the bank provided nine community development services that benefited this AA. Four employees, including senior management, provided financial services as board and committee members to four organizations that offer community services to low- and moderate-income individuals.

NONMETROPOLITAN AREA – LIMITED REVIEW

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE THORP ASSESSMENT AREA

The bank’s Thorp AA includes Clark and Taylor counties, which consist of a total of 14 middle-income census tracts (none of which are designated as distressed or underserved). The AA is adjacent to the bank’s Chippewa Falls/Eau Claire AA and has not changed since the last evaluation. According to 2023 FFIEC adjusted census data, the population of the AA is 54,572. The bank operates one full-service office in Thorp, Wisconsin, with a drive-through and cash-dispensing-only ATM. Small parcels of Ho-Chunk Nation tribal land are in Clark County.

The bank has limited loan volume in this AA. The bank has 10.6% of its total deposits and originated 6.4% of its total loans in the Thorp AA. According to the June 30, 2023, FDIC Deposit Market Share Report, the bank ranks seventh out of nine FDIC-insured institutions with offices in this AA with only 5.8% of the market.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE THORP ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank’s CRA performance in the Thorp AA. The bank’s Lending Test performance in this AA is generally below the bank’s overall performance based on reasonable borrower and geographic distribution of 2021 HMDA loans. Examiners did not review small business loans or 2022 HMDA loans due to low volume in this AA. The bank’s Community Development Test performance in this AA is generally below the bank’s performance in the full-scope AA based on no or low levels of community development loans, qualified investments including donations, and community development services. These conclusions regarding the bank’s performance in the Thorp AA do not change the conclusion for the institution.

Appendix A

Glossary of Common CRA Terms

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 statistical area/assessment area.

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

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 C.F.R. 121.301) or have gross annual revenues of \$1 million or less; (4) activities that revitalize or stabilize low- or moderate-income census tracts, designated disaster areas, or distressed or underserved nonmetropolitan middle-income census tracts; or (5) Neighborhood Stabilization Program (NSP)-eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and census tracts.

Consumer loan: A loan to one or more individuals for household, family, or other personal expenditures. It 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.

Distressed nonmetropolitan middle-income census tract: A middle-income, nonmetropolitan census tract 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 20.0% or more, or (3) a population loss of 10.0% or more between the previous and most recent decennial census or a net migration loss of 5.0% 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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Full-scope review: Performance is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 data such as the race, gender, and income of applicants; the amount of loan requested; and the disposition of the application (i.e., approved, denied, or withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

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

Limited-scope review: Performance is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments).

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

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

Metropolitan statistical area (MSA): An area, defined by the Office of Management and Budget, based on the concept of a core area with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county 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 percent 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 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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 qualified investment is defined as any 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 MSA. 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 MSA, the institution will receive a rating for the multistate metropolitan area.

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

Small loan to farm: 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 or classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income census tract: A middle-income, nonmetropolitan census tract will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate 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 more than 120 percent of the area median income or a median family income that is more than 120 percent, in the case of geography.

(For additional information, please see the Definitions sections of Regulation BB at 12 C.F.R. 228.12.)