FRB Order No. 2022-17
June 22, 2022

FEDERAL RESERVE SYSTEM

Bank First Corporation
Manitowoc, Wisconsin

Order Approving the Merger of Bank Holding Companies

Bank First Corporation ("BFC"), Manitowoc, Wisconsin, a bank holding company within the meaning of the Bank Holding Company Act of 1956 ("BHC Act"),[1] has requested the Board's approval under section 3 of the BHC Act[2] to merge with Denmark Bancshares, Inc. ("DBI"), a bank holding company, and thereby indirectly acquire Denmark State Bank ("Denmark Bank"), both of Denmark, Wisconsin. Following the proposed acquisition, Denmark Bank would be merged with and into BFC's subsidiary, Bank First, N.A. ("Bank First"), Manitowoc, Wisconsin.[3]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (87 Federal Register 19687 (April 5, 2022)).[4] The time for submitting comments has expired, and the Board did not receive any public comments on the proposal.

BFC, with consolidated assets of approximately $2.9 billion, is the 391st largest insured depository organization in the United States.[5] BFC controls approximately $2.5 billion in consolidated deposits, which represent less than 1 percent

---

[1] 12 U.S.C. § 1841 et seq.

[2] 12 U.S.C. § 1842.

[3] The merger of Denmark Bank with and into Bank First was approved by the Office of the Comptroller of the Currency ("OCC") on May 11, 2022, under section 18(c) of the Federal Deposit Insurance Act ("Bank Merger Act"). 12 U.S.C. § 1828(c).

[4] 12 CFR 262.3(b).

[5] Consolidated asset and national ranking data are as of December 31, 2021.

of the total amount of deposits of insured depository institutions in the United States.[6] BFC controls Bank First, which operates only in Wisconsin. Bank First is the 9th largest insured depository institution in Wisconsin, controlling deposits of approximately $2.4 billion, which represent approximately 1.2 percent of the total deposits of insured depository institutions in Wisconsin.[7]

DBI, with total assets of approximately $688 million, is the 1,389th largest insured depository organization in the United States. DBI controls approximately $621.1 million in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. DBI controls Denmark Bank, which operates only in Wisconsin.[8] Denmark Bank is the 47th largest insured depository institution in Wisconsin, controlling deposits of approximately $592.0 million, which represent approximately 0.3 percent of the total deposits of insured depository institutions in Wisconsin.

On consummation of this proposal, BFC would become the 338th largest insured depository organization in the United States, with consolidated assets of approximately $3.6 billion, which would represent less than 1 percent of the total assets of insured depository organizations in the United States. Bank First would control total consolidated deposits of approximately $3.2 billion, which would represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. In Wisconsin, Bank First would become the 8th largest insured depository institution, controlling deposits of approximately $3.0 billion, which would represent

[6] Consolidated national deposit and market share data are as of December 31, 2021. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

[7] State deposit ranking and deposit data are as of June 30, 2021.

[8] The proposal does not raise interstate issues under section 3(d) of the BHC Act because Wisconsin is the home state of BFC, and Denmark Bank operates only in Wisconsin. See 12 U.S.C. §§ 1841(o)(4)-(7) & 1842(d).

approximately 1.5 percent of the total deposits of insured depository institutions in that state.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.[9] The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.[10]

BFC and DBI compete directly in the Green Bay, Wisconsin ("Green Bay"); Sheboygan, Wisconsin ("Sheboygan"); and Manitowoc-Two Rivers, Wisconsin ("Manitowoc-Two Rivers"), banking markets.[11] The Board has considered the competitive effects of the proposal in these banking markets. In particular, the Board has considered the relative share of total deposits in insured depository institutions in the market ("market deposits") that BFC would control;[12] the concentration level of market

---

9 12 U.S.C. § 1842(c)(1)(A).

10 12 U.S.C. § 1842(c)(1)(B).

11 The Green Bay banking market is defined as Brown, Kewaunee, and Oconto counties; Angelica and Maple Grove townships in Shawano County; Oneida township in Outagamie County; and Cooperstown township in Manitowoc County, all in Wisconsin. The Sheboygan banking market is defined as Sheboygan County; Calumet township in Fond du Lac County; Schleswig township in Manitowoc County; and New Holstein township in Calumet County, all in Wisconsin. The Manitowoc-Two Rivers banking market is defined as Manitowoc County, Wisconsin, except Schleswig and Cooperstown townships.

12 Local deposit and market share data are as of June 30, 2021, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); and National City Corporation,

deposits and the increase in this level, as measured by the Herfindahl-Hirschman Index ("HHI") under the Department of Justice ("DOJ") Bank Merger Competitive Review guidelines ("DOJ Bank Merger Guidelines");[13] the number of competitors that would remain in the market; and other characteristics of the market.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines in the Green Bay and Sheboygan banking markets. On consummation, the Green Bay market would remain highly concentrated as measured by the HHI, according to the DOJ Bank Merger Guidelines, and numerous competitors would remain in the market.[14] On consummation,

---

70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

[13] In applying the DOJ Bank Merger Guidelines issued in 1995 (see https://www.justice.gov/atr/bank-merger-competitive-review-introduction-and-overview-1995), the Board looks to the DOJ's Horizontal Merger Guidelines, issued in 1992 and amended in 1997, for the characterization of a market's concentration. See https://www.justice.gov/atr/horizontal-merger-guidelines-0. Under these Horizontal Merger Guidelines, which were in effect prior to 2010, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The DOJ has informed the Board that a bank merger or acquisition generally would not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. Although the DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010 (see https://www.justice.gov/atr/horizontal-merger-guidelines-08192010), the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified. See Press Release, Department of Justice (August 19, 2010), available at www.justice.gov/opa/pr/2010/August/10-at-938.html.

[14] BFC is the 10th largest depository organization in the Green Bay banking market, controlling approximately $207.3 million in deposits, which represent 1.9 percent of market deposits. DBI is the sixth largest depository organization in the market, controlling deposits of approximately $460.1 million, which represent 4.3 percent of market deposits. On consummation of the proposed transaction, BFC would become the 4th largest depository organization in the market, controlling deposits of approximately $667.5 million, which would represent 6.2 percent of market deposits. The HHI for the

the Sheboygan market would remain moderately concentrated as measured by the HHI, according to the DOJ Bank Merger Guidelines, and numerous competitors would remain in the market.[15]

In the Manitowoc-Two Rivers banking market, the concentration levels on consummation would exceed the thresholds in the DOJ Bank Merger Guidelines when using initial competitive screening data. BFC is the largest insured depository organization in the Manitowoc-Two Rivers market, controlling approximately $655.1 million in deposits, which represent 33.7 percent of market deposits. DBI is the 5th largest insured depository organization in the market, controlling approximately $103.0 million in deposits, which represent 5.3 percent of market deposits. On consummation, BFC would remain the largest insured depository organization in the market, controlling approximately $758.0 million in deposits, which would represent 39.0 percent of market deposits. The HHI in the market would increase 357 points, from 2438 to 2795.

The Board has considered whether there are any factors that would either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Manitowoc-Two Rivers banking market.[16] The Board specifically has considered whether seven credit unions in the

---

Green Bay market would increase 17 points, from 1990 to 2007, and 20 competitors would remain in the market.

[15] BFC is the largest depository organization in the Sheboygan banking market, controlling approximately $633.0 million in deposits, which represent 20.9 percent of market deposits. DBI is the 15th largest depository organization in the market, controlling deposits of approximately $2.3 million, which represent less than 1 percent of market deposits. On consummation of the proposed transaction, BFC would remain the largest depository organization in the market, controlling deposits of approximately $635.0 million, which would represent 21.0 percent of market deposits. The HHI for the Sheboygan market would increase 3 points, from 1091 to 1094, and 14 competitors would remain in the market.

[16] The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the size of the increase in, and the resulting level of, concentration in

market would merit inclusion at higher weights. Each of these credit unions is open to at least 75 percent of residents in the market, maintains street-level branches, and offers a broad range of banking products.[17] The Board finds that the deposits of each credit union with these characteristics should be included at a 50 percent weight in estimating the credit union's market influence (each a "qualifying credit union"). This weighting takes into account the limited lending by credit unions to small businesses relative to commercial banks' lending levels.

This adjustment suggests that the level of concentration in the Manitowoc-Two Rivers banking market following the proposed transaction would be less significant than would appear from the initial competitive screening data. After consummation and adjusting to reflect competition from the qualifying credit unions in the market, the level of concentration in the Manitowoc-Two Rivers banking market as measured by the HHI would increase by 240 points, from 1700 to 1940, and the market share of BFC would increase to 32.0 percent. Eight banks, including the pro forma institution, and one depository institution with a market share of approximately 27.2 percent, and seven credit unions would remain as competitors in the market.

Conclusion Regarding Competitive Effects

The DOJ conducted a review of the potential competitive effects of the proposal and has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in the Green Bay, Sheboygan, and Manitowoc-Two Rivers banking markets or in any other relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

---

a banking market. See NationsBank Corporation, 84 Federal Reserve Bulletin 129 (1998).

[17] The Board has previously considered competition from certain active credit unions with these features as a mitigating factor. See, e.g., Huntington Bancshares Incorporated, FRB Order No. 2021-07 (May 25, 2021); Huntington Bancshares Incorporated, FRB Order No. 2016-13 (July 29, 2016); BB&T Corporation, FRB Order No. 2015-18 (July 7, 2015); and Wachovia Corporation, 92 Federal Reserve Bulletin C183 (2006).

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition, or on the concentration of resources, in the Green Bay, Sheboygan, and Manitowoc-Two Rivers banking markets, or in any other relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under section 3 of the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved, the effectiveness of the institutions in combatting money laundering, and any public comments on the proposal.[18] In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as any public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to effectively complete the proposed integration of the operations of the institutions. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

BFC, DBI, and their subsidiary depository institutions are well capitalized, and the combined organization would remain so upon consummation of the proposal.

---

[18] 12 U.S.C. § 1842(c)(2), (5), and (6).

The proposed transaction is a bank holding company merger that is structured as a share and cash exchange, with a subsequent merger of the subsidiary depository institutions.[19] The capital, asset quality, earnings, and liquidity of BFC, DBI, and their subsidiary depository institutions are consistent with approval, and BFC appears to have adequate resources to absorb the related costs of the proposal and to complete the integration of the institutions' operations. In addition, future prospects are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of BFC, DBI, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by BFC; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; and the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws.

BFC, DBI, and their subsidiary depository institutions are each considered to be well managed. BFC's directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and BFC's risk-management program appears consistent with approval of this expansionary proposal.

The Board also has considered BFC's plans for implementing the proposal. BFC has conducted comprehensive due diligence and is devoting significant financial and other resources to address all aspects of the post-acquisition integration process for this proposal. In addition, BFC's management has the experience and resources to operate the resulting organization in a safe and sound manner.

Based on all the facts of record, including BFC's supervisory record, managerial and operational resources, and plans for operating the combined organization

---

[19] At the time of the merger of DBI with and into BFC, each share of DBI common stock would be converted into a right to receive BFC common stock or cash, based on an exchange ratio. BFC has the financial resources to effect the proposed transaction.

after consummation, the Board determines that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of BFC and DBI in combatting money-laundering activities, are consistent with approval.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.[20] In its evaluation, the Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve, as well as other potential effects of the proposal on the convenience and needs of these communities. The Board considers and places particular emphasis on the records of the relevant depository institutions under the Community Reinvestment Act of 1977 ("CRA").[21] The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions' safe and sound operation.[22] The CRA also requires the appropriate federal financial supervisory agency to assess a depository institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.[23]

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, or certain other characteristics. The Board also considers assessments of the involved institutions by other relevant supervisors, the supervisory views of examiners, other

---

[20] 12 U.S.C. § 1842(c)(2).

[21] 12 U.S.C. § 2901 et seq.

[22] 12 U.S.C. § 2901(b).

[23] 12 U.S.C. § 2903.

supervisory information, information provided by the applicant, and any public comments on the proposal. The Board also may consider the acquiring institution's business model, marketing and outreach plans, plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of Bank First and Denmark Bank; the fair lending and compliance records of both banks; the supervisory views of the OCC with respect to Bank First and the Federal Deposit Insurance Corporation ("FDIC") with respect to Denmark Bank; confidential supervisory information; and information provided by BFC.

Records of Performance under the CRA

In evaluating the convenience and needs factor and the CRA performance of an institution, the Board generally considers the institution's most recent CRA evaluation, as well as information and views provided by the appropriate federal financial supervisors. In this case, the Board considered the supervisory views of the OCC with respect to Bank First and FDIC with respect to Denmark Bank.[24] In addition, the Board considers information provided by the applicant and by any public commenters.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.[25] An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

---

[24] See Interagency Questions and Answers Regarding Community Reinvestment, 81 Federal Register 48,506, 48,548 (July 25, 2016).

[25] 12 U.S.C. § 2906.

In general, federal financial supervisors apply a lending test ("Lending Test"), an investment test ("Investment Test"), and a service test ("Service Test") to evaluate the performance of large banks, such as Bank First, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution's lending-related activities to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution's data reported under the Home Mortgage Disclosure Act of 1975 ("HMDA"),[26] in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is evaluated based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's CRA assessment areas ("AAs"); (2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;[27] (4) the institution's community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and

---

[26] 12 U.S.C. § 2801 et seq.

[27] Examiners also consider the number and amounts of small business and small farm loans made to businesses and farms with gross annual revenues of $1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

geographies.[28] The Investment Test evaluates the number and amounts of qualified investments that benefit the institution's AAs. The Service Test evaluates the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of the institution's community development services.[29]

Federal financial supervisors apply a Lending Test and a community development test ("Community Development Test") to evaluate the performance of an intermediate small bank, such as Denmark Bank, in helping to meet the credit needs of the communities it serves. The Community Development Test evaluates the number and amounts of the institution's community development loans and qualified investments; the extent to which the institution provides community development services; and the institution's responsiveness through such activities to community development lending, investment, and service needs.[30]

CRA Performance of Bank First

Bank First was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the OCC, as of May 27, 2020 ("Bank First Evaluation").[31] The bank received "High Satisfactory" ratings for the Lending Test and the Service Test, and a "Low Satisfactory" rating for the Investment Test.[32]

Examiners found that Bank First's lending levels reflected good responsiveness to the credit needs in its AAs and that a substantial majority of the bank's

---

[28] See 12 CFR 228.22(b).

[29] See 12 CFR 228.23 & .24.

[30] See 12 CFR 228.26(c).

[31] The Bank First Evaluation was conducted using Interagency Large Institution CRA Examination Procedures. Examiners reviewed home mortgage, small business, small farm, and community development loans; qualified investments; and community development services from January 1, 2017, through December 31, 2019.

[32] The Bank First Evaluation involved full-scope reviews of the following AAs: the non-Metropolitan Statistical Area ("MSA") consisting of Manitowoc, Waupaca, and Barron counties, all of Wisconsin; and the Sheboygan, Wisconsin MSA. The Bank First Evaluation involved limited-scope reviews of the following AAs: the Appleton,

loans were made in its AAs. Examiners also found that Bank First had an adequate level of qualified investments, particularly those that were not routinely provided by private investors. Examiners noted that Bank First exhibited adequate responsiveness to credit and community development needs. Examiners found that the bank's service delivery systems were accessible to geographies and individuals of different income levels in the bank's AAs. Examiners also found that the bank's record of opening and closing branches had not adversely affected the accessibility of the bank's delivery systems, particularly to LMI geographies and individuals.

CRA Performance of Denmark Bank

Denmark Bank received an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the FDIC, as of May 4, 2020 ("Denmark Bank Evaluation").[33] The bank received "Satisfactory" ratings for both the Lending Test and the Community Development Test.[34]

Examiners found that Denmark Bank demonstrated reasonable lending performance. Examiners noted that the bank's geographic distribution of loans reflected reasonable dispersion of lending throughout the bank's AAs and that the bank's distribution of loans to borrowers reflected reasonable penetration among individuals of different income levels, including LMI individuals, and businesses and farms of different

---

Wisconsin MSA; the Green Bay, Wisconsin MSA; and the Oshkosh-Neenah, Wisconsin MSA.

[33] The Denmark Bank Evaluation was conducted using Interagency Intermediate Small Institution Examination Procedures. Examiners reviewed home mortgage loans that the bank reported from 2017 through 2019, and small business and small farm loans originated in 2019. Examiners also reviewed the bank's community development loans, qualified investments, and community development services from March 27, 2017, through May 4, 2020.

[34] The Denmark Bank Evaluation involved a full-scope review of the Green Bay, Wisconsin MSA AA, and a limited scope review of the bank's non-MSA AA, consisting of census tracts within Manitowoc County, Wisconsin, and Shawano county, Wisconsin. The bank's Sheboygan, Wisconsin MSA AA was designated in February 2020 and was not included within the scope of the evaluation.

sizes. Examiners found that the bank demonstrated adequate responsiveness to community development needs in its AAs through loans, qualified investments, and services.

Additional Supervisory Views

In its review of the proposal, the Board consulted with and considered the views of the OCC, as the primary federal supervisor of Bank First, and the FDIC, as the primary federal supervisor of Denmark Bank. The Board also considered the results of the most recent consumer compliance examinations of Bank First and Denmark Bank, which included reviews of the banks' compliance management programs and compliance with consumer protection laws and regulations.

The Board has taken the foregoing consultations and examinations into account in evaluating the proposal, including in considering whether BFC has the experience and resources to ensure that the combined bank would help meet the credit needs of the communities to be served following consummation of the proposed transaction.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. BFC represents that the combined bank would benefit from certain operational efficiencies that would enable the bank to better serve its communities. BFC represents that, while the proposed merger is not expected to result in any significant changes to the products and services currently offered by Bank First or Denmark Bank, it has identified opportunities to enhance access by Denmark Bank's customers to services related to personal and business credit cards, consumer credit, and mortgage loan applications; larger commercial loans; and a full suite of treasury management products for business customers.

Branch Closures

The Board considers the impact of expected branch closures, consolidations, and relocations that occur in connection with a proposal on the convenience and needs of the communities to be served by the resulting institution. Particular attention is paid to the effect of any closures, consolidations, or relocations on LMI, distressed or underserved nonmetropolitan middle-income, and majority-minority communities. Federal banking law also provides a specific mechanism for addressing branch closings, including requiring that a bank provide notice to the public and the appropriate federal supervisory agency before a branch is closed.[35] In addition, the federal banking supervisory agencies evaluate a bank's record of opening and closing branches, particularly branches located in LMI geographies or primarily serving LMI individuals, as part of the CRA examination process.[36]

BFC expects to close two branches of the resulting bank in connection with the proposal.[37] BFC represents that the decision to close these branches was made in accordance with Bank First's Branch Closings Policy, which BFC asserts takes into account, among other things, if the market where a branch is located is a distressed or underserved nonmetropolitan middle-income census tract, majority-minority census tract, or rural area.[38] Neither one of the branches that would be closed is located in LMI, distressed or underserved nonmetropolitan middle-income, or majority-minority census tracts. In addition, BFC represents that Denmark Bank has provided prior notice of

---

[35] See 12 U.S.C. § 1831r-1. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

[36] See, e.g., 12 CFR 228.24(d)(2). In addition, the Board notes that the OCC, as the primary federal supervisor of Bank First, reviews branch closures in evaluating the CRA performance of the combined organization.

[37] The branches that are expected to be closed are the Denmark Bank branches located at 2646 Noel Drive, Green Bay, Wisconsin ("Bellevue branch"), and 1740 Scheuring Road, De Pere, Wisconsin ("Lawrence branch").

[38] BFC represents that one of the branches is located less than one mile from an existing Bank First branch and that the other branch is located in an industrial area that is not easily accessible for customers.

branch closures to the applicable regulators and customers in accordance with applicable law, regulations, and regulatory guidance.

The Board has considered all the facts of record relating to the expected branch closures, including the records of the relevant depository institutions under the CRA and fair lending laws in relation to branch closures; the institutions' policies and procedures on and records of compliance with federal banking law regarding branch closures; the views of the OCC; confidential supervisory information; and information provided by BFC. Based on that review, the Board concludes that the anticipated impact of the proposed branch closures in connection with the proposal on the relevant communities is consistent with approval.

Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, confidential supervisory information, information provided by BFC, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board determines that the convenience and needs considerations are consistent with approval.

Financial Stability Considerations

Section 3 of the BHC Act requires the Board to consider "the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system."[39]

To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic "footprint" of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include

[39] 12 U.S.C. § 1842(c)(7).

measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.[40] These categories are not exhaustive, and additional categories could inform the Board's decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opacity and complexity of an institution's internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage on the broader economy.[41]

The Board's experience has shown that proposals involving an acquisition of less than $10 billion in total assets, or that result in a firm with less than $100 billion in total assets, generally are not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.[42]

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves a target with less than $10 billion in total assets and a pro forma organization of less than $100 billion in total assets. Both the acquirer and the target are predominantly engaged

---

[40] Many of the metrics considered by the Board measure an institution's activities relative to the United States financial system.

[41] For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order No. 2012-2 (Feb. 14, 2012).

[42] See People's United Financial, Inc., FRB Order No. 2017-08 at 25-26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

in retail and commercial banking activities.[43] The pro forma organization would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the application should be, and hereby is, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by BFC with all the conditions imposed in this order and on any commitments made to the Board in connection with the proposal. The Board's approval also is conditioned on receipt by BFC of all required regulatory approvals. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the 15th calendar day after the effective date of this order or later than three months thereafter, unless such period is

---

[43] BFC and DBI offer a range of retail and commercial banking products and services. BFC has, and as a result of the proposal would continue to have, a small market share in these products and services on a nationwide basis.

extended for good cause by the Board or the Federal Reserve Bank of Chicago, acting under delegated authority.

By order of the Board of Governors,[44] effective June 22, 2022.

Michele Taylor Fennell (signed)
Michele Taylor Fennell
Deputy Associate Secretary of the Board

[44] Voting for this action: Chair Powell, Vice Chair Brainard, Governors Bowman, Waller, Cook and Jefferson.