

PUBLIC DISCLOSURE

March 11, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Bank Financial
41 Main Street
La Crosse, Wisconsin 54602
RSSD 2631172

**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 Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The Community Reinvestment Act (CRA) performance of State Bank Financial, La Crosse, Wisconsin, demonstrates reasonable responsiveness to the credit needs of its assessment areas (AA) and excellent responsiveness to community development needs. The CRA evaluation uses the Intermediate Small Bank CRA Examination Procedures, which include a Lending Test and a Community Development Test.

The bank's Lending Test rating is Satisfactory based on the following criteria:

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

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

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

The bank received an Outstanding rating at the previous evaluation on June 11, 2018.

SCOPE OF EVALUATION

The bank's CRA performance evaluation is based in part on information provided by bank management and by community contacts. Examiners analyzed information from these sources, as well as the economic and demographic characteristics of the AAs, 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 March 10, 2024.

The bank designates three AAs in Wisconsin for CRA purposes: the La Crosse MSA, Sparta, and Marshfield. The La Crosse and Marshfield AAs are partial metropolitan statistical areas (MSA) and the Sparta AA is a nonmetropolitan statistical area. The bank did not make changes to its AAs since the previous evaluation.

Based on lending data provided by the bank, the bank originated most of its loans, 74.2% by number, in the La Crosse MSA AA, followed by 19.6% in the Sparta AA. Loan volume in the Marshfield AA is lower, with 6.8% in this AA. Based on the June 30, 2023, FDIC Deposit Market Share Report, 79.1% of the bank's deposits are in the La Crosse MSA AA, followed by 15.2% in the Sparta AA, and 5.7% in the Marshfield AA.

Based on the lending volume and deposit market share, examiners conducted full-scope reviews of the La Crosse MSA and Sparta AAs. The Marshfield AA received a limited-scope review. Detailed descriptions of the bank's AAs are in their respective sections.

Throughout this evaluation, examiners used demographic characteristics in evaluating the bank’s record of lending in the AA. Sources for demographic information are primarily the 2022 and 2023 Federal Financial Institutions Examination Council (FFIEC) adjusted census data and the 2022 and 2023 Dun & Bradstreet data. AA 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 economic and demographic characteristics as well as community development opportunities in the bank’s La Crosse MSA and Sparta AAs. This evaluation includes specific information obtained from these community contacts. The contacts did not identify any unmet credit needs in these AAs.

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

- Examiners weighted the bank’s activities in the La Crosse MSA AA more than the Sparta AA, based on loan and community development activity volume.
- Examiners assigned more weight to the Lending Test than to the Community Development Test because the bank primarily serves its communities through its lending programs.
- For the Lending Test performance criteria, examiners placed the greatest and equal weight on the bank’s lending to businesses of different sizes and borrowers of different income levels, and the geographic distribution of loans.
- For the Lending Test, by product type, examiners placed the greatest weight on the bank’s small business loans, followed by HMDA loans for the La Crosse MSA AA because the bank is primarily a commercial lender. For the Sparta AA, examiners only reviewed the bank’s HMDA loans.

Lending Test Scope

The scope of the Lending Test covers the bank’s major product lines, consisting of small business and residential real estate 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	39,907	14.4
Commercial	187,246	67.6
Agricultural	36,435	13.1
Consumer	6,402	2.3
Other	7,132	2.6
Total	277,122	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 60 small business loans originated between December 1, 2022, and November 30, 2023. Because the bank has offices in an MSA and is therefore required to report HMDA loans, examiners also analyzed the bank’s 2019 and 2022 HMDA-reportable loans. The bank did not report HMDA loans in 2020 and 2021 because the lending volume did not meet the minimum threshold to report loans.

Additionally, examiners compared the bank's HMDA lending to that of aggregate lenders that originated or purchased HMDA loans in the AAs.

In 2020 and 2021, the bank participated in Paycheck Protection Program (PPP) lending through the Federal Reserve System and the Small Business Administration (SBA). These loans were designed to help businesses keep their workforces employed during the COVID-19 pandemic. Examiners considered the bank's PPP loans primarily in their evaluation of the bank's small business loans.

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

- Lending to businesses of different sizes and to borrowers of different income levels.
- Geographic distribution of loans.
- Lending inside the AAs.
- Net loan-to-deposit ratio.
- 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 for each AA and for larger regional areas. Examiners based the Community Development Test rating on the bank's performance during the period of June 11, 2018, through March 10, 2024.¹

DESCRIPTION OF INSTITUTION

Structure. State Bank Financial is wholly owned by First Bancorporation, Inc. Both are headquartered in La Crosse, Wisconsin.

Offices and Retail Delivery Systems. State Bank Financial operates its main office in La Crosse and four full-service branches in La Crosse (referred to as Shelby), Onalaska, Marshfield, and Sparta, Wisconsin. All offices have cash-dispensing-only ATMs except for the Marshfield branch, which does not have an ATM. All offices have drive-up services. Onalaska, Shelby, Sparta, and the main office offer extended weekday or Saturday hours, typically at the drive-thru facilities. Finally, the bank also offers services through telephone, online, and mobile banking.

Loan Portfolio. According to the December 31, 2023, Report of Condition, the bank's assets total approximately \$484.1 million, which is a 53.1% increase since the previous evaluation. The bank's \$277.1 million loan portfolio, shown previously in the Composition of Loan Portfolio as of December 31, 2023, table, increased by 61.9% since the previous evaluation. However, the loan portfolio composition remained generally consistent, with a slight decrease in commercial loans as a percentage of the loan portfolio. All other loan types slightly increased as a percentage of the loan portfolio.

Credit Products. State Bank Financial offers primarily commercial, residential real estate, and consumer products to serve the needs of businesses and residents in its AAs. The bank also offers agricultural loans. The bank offers a variety of residential real estate loans, including conventional mortgages, temporary construction loans, and home equity lines of credit. The bank continues to offer loans through various

¹ The bank provided community development donation information for donations up through 2023.

federal and state programs including the SBA and Wisconsin Housing and Economic Development Authority.

DESCRIPTION OF ASSESSMENT AREAS

As mentioned, the bank has three AAs: La Crosse MSA, Sparta, and Marshfield. The bank did not make any changes to its AAs since the last evaluation. Based on the 2020 U.S. Census, the overall number and income classification of several census tracts of the combined AAs changed since the previous evaluation. For 2022 and 2023, the combined AAs now consist of 65 census tracts: one low-, nine moderate-, 46 middle-, seven upper-income tracts, and two unknown-income tracts. Currently, none of the middle-income census tracts in the bank's nonmetropolitan AAs are classified as distressed or underserved. Detailed descriptions of the bank's AAs can be found in the individual AA sections.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's CRA rating is Satisfactory. The rating is based on a Satisfactory rating for the Lending Test as well as an Outstanding rating for the Community Development Test.

LENDING TEST

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

- Overall, lending to businesses of different sizes and borrowers of different income levels is reasonable.
- Overall, the geographic distribution of loans reflects reasonable 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 within its AAs.

The full-scope AA sections of this evaluation include detailed discussions of the bank's lending to businesses of different sizes and to borrowers of different income levels, as applicable, as well as the geographic distribution of the bank's loans. The limited-scope review of the bank's remaining AA is discussed in a separate section of this evaluation. Examiners analyzed the bank's net loan-to-deposit ratio and its lending inside and outside the AAs at the institution level, as described below.

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 71.0%, which is below the national peer group's net loan-to-deposit ratio of 78.1%. The bank's national peer group includes all insured commercial banks with assets between \$300 million and \$1 billion. The table below shows the 23-quarter average net loan-to-deposit ratio and asset sizes for the bank and similarly situated financial institutions operating in the AAs.

23-Quarter Average Net Loan-to-Deposit Ratios		
<i>Bank Name and Location</i>	<i>Assets as of 12/31/2023 (in millions)</i>	<i>Average Net Loan-to-Deposit Ratio</i>
State Bank Financial, La Crosse, WI	\$484,109	65.0%
Citizens State Bank of Loyal, Loyal, WI	\$287,936	64.2%
First State Bank, New London, WI	\$548,409	66.7%

The bank’s 23-quarter average net loan-to-deposit ratio of 65.0% is comparable to the bank’s 20-quarter average net loan-to deposit ratio of 62.9% at the previous evaluation. The bank’s net loan-to-deposit ratio ranged from 49.9% to 74.2% since that evaluation.

Bank management noted the growth in deposits from pandemic-related stimulus programs as well as certain accountholders. Bank management also noted a variation in loan demand over the evaluation period due to economic conditions. 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, 72.2% by number and 53.0% by dollar, within its AAs. The table below shows lending activity by loan type within the AAs.

Lending Inside and Outside the Assessment Areas								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	1	100.0	50	100.0	0	0.0	0	0.0
Home Purchase – Conventional	55	76.4	14,586	78.9	17	23.6	3,908	21.1
Multi-Family Housing	19	48.7	25,696	42.7	20	51.3	34,453	57.3
Other Purpose Closed-End	6	85.7	544	64.3	1	14.3	302	35.7
Refinancing	37	67.3	7,067	64.2	18	32.7	3,937	35.8
Total HMDA related	118	67.8	\$47,943	53.0	56	32.2	\$42,600	47.0
Total Small Bus. related	51	85.0	\$16,108	90.2	9	15.0	\$1,754	9.8
TOTAL LOANS	169	72.2	\$64,051	59.1	65	27.8	\$44,354	40.9

Bank management focuses on lending to customers within its AAs. The bank originated a majority of its small business loans, 85.0% by number, as well as a majority of its HMDA loans, 67.8% by number, inside its AAs. Bank management noted that relationship-based lending may result in loans outside of the AAs.

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 reasonable. The bank actively lends to businesses with gross annual revenues of \$1 million or less and to low- and moderate-income individuals. The full-scope AA sections provide more detailed discussions of the borrower distribution of loans.

The bank actively participated in PPP lending, which began in April 2020. After two rounds of lending, the program ended on May 31, 2021. The PPP is an SBA-backed loan program that was designed to help businesses keep their workforce employed during the COVID-19 pandemic. The bank originated more than 500 PPP loans in its AAs, totaling approximately \$55.6 million.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans reflects reasonable dispersion throughout the AAs, including low- and moderate-income census tracts. Lending patterns do not reveal any unexplained gaps in lending. The full-scope AA sections provide more detailed discussions 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 Excellent. Overall, the bank's community development activities demonstrate excellent responsiveness to the needs of the AAs.

Community Development Loans. The bank's community development lending is excellent. During the evaluation period, the bank originated three loans, as well as purchased two loans and one participation with a community development purpose, totaling \$1.7 million in the La Crosse MSA AA. Five loans supported affordable housing in the AA, while the remaining loan, a \$944,000 participation, supported revitalization and stabilization in a moderate-income tract. The bank also made seven loans that benefit a broader regional area including the bank's AAs; three loans totaling \$692,000 supported single-family affordable home ownership for low- and moderate-income individuals, and four loans totaling \$1.4 million supported community services for low- and moderate-income individuals. Of the community-service purpose loans, one loan for \$1.0 million helped fund working capital needs for an organization focused on addressing poverty and homelessness as well as other needs in the regional area. The bank's community development lending showed excellent responsiveness to the needs of its AAs, which were supported through loans in the La Crosse MSA AA as well as the loans in the broader regional areas.

Given this responsiveness, examiners can also consider community development loans benefiting geographies outside the bank's AAs. The bank made two loans totaling approximately \$1.4 million that supported affordable housing initiatives in areas of Wisconsin. In addition, the bank made three loans totaling approximately \$20.0 million that support revitalization and stabilization of qualified areas in the state of Wisconsin. One of the three loans provided \$16.4 million in funding for a mixed-use property development project in a moderate-income tract designated as a tax increment financing district.

Qualified Investments, Including Donations. The bank's qualified investments, including donations, are excellent. The bank purchased one new \$300,000 qualified investment in the form of a security that benefits the La Crosse MSA AA. This investment supports the revitalization and stabilization of a low-income tract in La Crosse that is designated as a tax increment financing district to help facilitate revitalization and redevelopment of the area. The bank also continued to hold two prior-period investments benefiting the Marshfield AA totaling \$260,045 for a portion of the evaluation period; the securities were called or matured during the evaluation period.

Given this responsiveness, examiners can also consider any qualified investment benefiting geographies outside the bank's AAs. The bank purchased one \$250,000 security through a mortgage pool that supports

multi-family affordable housing in an area of Wisconsin. For a portion of the evaluation period, the bank also held two prior-period investments totaling \$300,224 that benefited areas of Wisconsin outside the bank's AAs; the securities were called or matured during the evaluation period.

The bank also made an adequate level of donations; \$8,040 in donations directly benefited its AAs and \$30,440 in donations benefited broader regional areas that include the bank's AAs. By dollar, the bank's donations primarily supported affordable housing initiatives by a nonprofit organization in the regional area. The bank also made donations that supported community services to low- and moderate-income individuals. The bank's donation dollars primarily benefited broader regional areas (79.1%), followed by the Marshfield AA (10.0%) and the La Crosse MSA AA (7.8%). The bank made approximately 3.1% of its donations in the Sparta AA.

Community Development Services. The bank's level of community development services is adequate. During the evaluation period, the bank provided 14 community development services in its AAs, as well as 18 community development services benefiting a broader regional area including its AAs. Nine employees, including senior management, provided financial expertise on boards, committees, or as a part of a fundraising event to nine organizations. Most of the services focused on helping organizations that provide community services to low- and moderate-income individuals. Services also supported organizations that focus on revitalization and stabilization of a low-income area as well as affordable housing and economic development initiatives. The bank also continues to facilitate the administration of grant funds that benefit low- and moderate-income individuals for a local nonprofit organization.

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 THE INSTITUTION’S OPERATIONS IN THE LA CROSSE MSA ASSESSMENT AREA

Bank Information. In its La Crosse MSA AA, the bank operates its main office in La Crosse and two full-service branches: one in La Crosse, known as the Shelby office, and one in Onalaska. Each office has a cash-dispensing-only ATM and a drive-thru facility; the La Crosse and Onalaska drive-thrus as well as the Shelby office offer extended weekday hours. The main office and Onalaska branch offer weekend drive-thru hours.

According to the June 30, 2023, FDIC Deposit Market Share Report, the bank ranked sixth out of 17 financial institutions operating in La Crosse County, with a 6.8% deposit market share and \$278.3 million in deposits. The deposits in this AA represent 79.1% of the bank’s total deposits. Bank management noted a competitive banking environment in the AA.

Assessment Area. The La Crosse MSA AA is comprised of a portion of the La Crosse-Onalaska, WI-MN MSA. The AA includes all of La Crosse County in Wisconsin as well as two census tracts in Houston County in Minnesota. La Crosse County and Houston County in their entirety comprise the La Crosse-Onalaska, WI-MN MSA. The bank has not changed its La Crosse MSA AA since the previous evaluation; however, the income classification and delineation of some tracts changed based on the 2020 census changes. For the 2019 analysis year, the AA consisted of 27 census tracts: one low income, four moderate income, 16 middle income, five upper income, and one unknown income. For the 2022 and 2023 analysis years, the AA consisted of 30 census tracts: one low income, five moderate income, 17 middle income, five upper income, and two unknown income.² The AA includes parcels of Ho-Chunk Nation tribal land.

The table below shows the demographic data for the AA based on 2023 FFIEC adjusted census data and 2023 Dun & Bradstreet Data.

2023 LA CROSSE MSA AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	3.3	116	0.4	53	45.7	4,953	16.4
Moderate	5	16.7	4,043	13.4	427	10.6	5,910	19.6
Middle	17	56.7	20,118	66.8	588	2.9	7,340	24.4
Upper	5	16.7	5,482	18.2	45	0.8	11,930	39.6
Unknown	2	6.7	374	1.2	121	32.4	0	0.0
Total AA	30	100.0	30,133	100.0	1,234	4.1	30,133	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	919	11	0.0	1.2	889	96.7	19	2.1
Moderate	9,442	3,913	11.7	41.4	4,903	51.9	626	6.6
Middle	33,989	23,550	70.3	69.3	8,723	25.7	1,716	5.0
Upper	8,008	5,867	17.5	73.3	1,939	24.2	202	2.5

² At the previous evaluation, the bank’s 2017 AA consisted of one low- and unknown income census tract as well as four moderate-, 16 middle-, and five upper-income tracts.

2023 LA CROSSE MSA AA DEMOGRAPHICS								
Unknown	2,592	150	0.4	5.8	2,221	85.7	221	8.5
Total AA	54,950	33,491	100.0	60.9	18,675	34.0	2,784	5.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	87	1.9	72	1.8	13	2.7	2	3.3
Moderate	820	18.1	713	17.8	100	21.0	7	11.7
Middle	2,458	54.2	2,181	54.5	237	49.7	40	66.7
Upper	628	13.8	571	14.3	50	10.5	7	11.7
Unknown	546	12.0	465	11.6	77	16.1	4	6.7
Total AA	4,539	100.0	4,002	100.0	477	100.0	60	100.0
Percentage of Total Businesses:			88.2		10.5		1.3	
	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	4	2.3	4	2.4	0	0.0	0	0.0
Middle	147	85.5	145	85.3	1	100.0	1	100.0
Upper	21	12.2	21	12.4	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	172	100.0	170	100.0	1	100.0	1	100.0
Percentage of Total Farms:			98.8		0.6		0.6	
<i>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet data 2010-2020 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</i>								

Income. For purposes of classifying borrower income, this evaluation uses the FFIEC’s estimated median family income for the La Crosse-Onalaska, WI-MN MSA for the year of loan origination. The table below shows the 2019 and 2022 estimated income and range of the incomes for low-, moderate-, middle-, and upper-income borrowers.

**La Crosse AA Borrower Income Levels
La Crosse-Onalaska, WI-MN MSA**

FFIEC Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
2019	\$78,600	0 - \$39,299	\$39,300 - \$62,879	\$62,880 - \$94,319	\$94,320 - & above
2022	\$90,800	0 - \$45,399	\$45,400 - \$72,639	\$72,640 - \$108,959	\$108,960 - & above

For purposes of classifying census tracts by income level, this evaluation relies on the FFIEC adjusted census data median family income for the La Crosse-Onalaska, WI-MN MSA, which was \$68,531 for 2019 and \$81,684 for 2022 and 2023.

The table below shows the median family income for the La Crosse MSA AA, the counties in the AA, and the state of Wisconsin, based on census data. The median family income for the AA increased from 2015 to 2020. The 2020 median family income for the AA is lower than the 2020 median family income for the state of Minnesota and is slightly above the income for the state of Wisconsin. The median family income in the AA increased at a comparable rate to the median family income for the state of Wisconsin and at a slightly slower rate than the state of Minnesota.

La Crosse MSA AA Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
La Crosse MSA AA	\$74,875	\$81,684	9.1%
Houston County, MN	\$70,749	\$75,934	7.3%
La Crosse County, WI	\$75,773	\$82,778	9.2%
Minnesota	\$84,188	\$92,692	10.1%
Wisconsin	\$74,365	\$80,844	8.7%

*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.*

Population Characteristics. The population of the La Crosse MSA AA is 139,627. The table below shows the population change from 2015 to 2020.

La Crosse MSA AA Population Change			
Area	2015 Population	2020 Population	Percent Change
La Crosse MSA AA	135,860	139,627	2.8%
Houston County, MN	18,812	18,843	0.2%
La Crosse County, WI	117,048	120,784	3.2%
Minnesota	5,419,171	5,706,494	5.3%
Wisconsin	5,742,117	5,893,718	2.6%

*Source: 2011-2015 U.S. Census Bureau American Community Survey
2020 U.S. Census Bureau Decennial Census*

The population growth in the La Crosse MSA AA was slower than the growth in the state of Minnesota but generally comparable to the rate of growth in the state of Wisconsin. In the AA, the population growth mostly occurred in La Crosse County.

Economy. Major industries in the La Crosse MSA AA include healthcare, local government, education, and manufacturing. The economy is also impacted by outdoor recreational activities and tourism given the proximity to a number of rivers and scenic areas. Bank management noted that unemployment is low, and wages are increasing, particularly for skilled labor jobs. A contact noted that growth in the healthcare industry has also resulted in more higher paying careers in the area. While the economy is overall stable, childcare and housing availability are a challenge for the AA, which may impact the labor market.

The table below shows the La Crosse MSA AA unemployment rate during the evaluation period. The 2020 unemployment rate for the AA reflects the unemployment that occurred at the onset of the COVID-19 pandemic. Despite the increase in unemployment at that time, the 2020 unemployment rate in the AA was slightly lower than the rates for the states of Wisconsin and Minnesota. The unemployment rates have declined since that time, and the AA unemployment rate in 2022 was generally comparable to the rates in La Crosse and Houston counties as well as the states of Wisconsin and Minnesota.

La Crosse MSA AA Unemployment Rates					
Area	2018	2019	2020	2021	2022
La Crosse MSA AA	2.7%	2.8%	5.3%	3.1%	2.4%
Houston County, MN	3.0%	3.2%	4.4%	3.1%	2.3%
La Crosse County, WI	2.6%	2.8%	5.5%	3.1%	2.5%
Minnesota	3.0%	3.3%	6.3%	3.8%	2.7%
Wisconsin	3.0%	3.2%	6.4%	3.8%	2.9%

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

Housing. A community contact and bank management indicated that the area has a limited supply of affordable housing. While there has been some development of affordable housing in the area, the new housing units have not met the demand. A contact noted an issue of insufficient housing supply for lower-income people that is near their employers. Bank management noted local initiatives are underway by local nonprofits and city and county government to further address affordable and transitional housing needs. A community contact noted that developers can face challenges with affordable housing development projects due to high costs and zoning restrictions.

Housing costs and the competition for homes is high in the area. Job growth in the area has impacted cost and availability of homes for sale and rentals. A community contact indicated the median sales price of a home in La Crosse County was \$265,000 as of mid-2023. A community contact stated that many families want larger lots and are moving out of the city into the surrounding suburbs, and prices are highest in those areas.

The table below shows the housing cost burden faced by renters and homeowners in the La Crosse MSA AA. The U.S. Department of Housing and Urban Development defines cost-burdened families as follows: Those who pay more than 30.0% of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care. The overall housing cost-burden for low-income renters and homeowners in the La Crosse MSA AA is significant. Of the areas noted in the table, Houston County in Minnesota generally has the lowest housing cost-burden for low- and moderate-income renters and owners.

La Crosse MSA AA Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
La Crosse MSA AA	75.9%	16.9%	38.2%	58.1%	28.2%	16.0%
Houston County, MN	49.6%	12.9%	25.1%	52.4%	18.2%	16.7%
La Crosse County, WI	78.1%	17.2%	39.4%	59.8%	30.7%	15.8%
Minnesota	71.3%	25.6%	40.7%	59.4%	26.7%	16.7%
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: Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE LA CROSSE MSA AA

The bank’s Lending Test performance in the La Crosse MSA AA is reasonable. The bank’s overall Community Development Test performance in this AA demonstrates adequate responsiveness to community development needs. This AA accounts for approximately 74.2% of the bank’s lending.

LENDING TEST

The bank meets the credit needs of businesses and residents in the La Crosse MSA AA. Overall, the bank’s lending to businesses of different sizes and to borrowers of different incomes is reasonable. In addition, the overall geographic distribution of loans reflects reasonable 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 in the La Crosse MSA AA is reasonable. The table below shows the bank’s small business lending by business revenue and loan size.

La Crosse MSA AA Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Business									
	Bank Loans By Year								Total Businesses %
	2022				2023				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
By Revenue									
\$1 Million or Less	1	50.0	150	37.5	21	56.8	5,297	42.3	87.8
Over \$1 Million	1	50.0	250	62.5	16	43.2	7,229	57.7	10.8
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	1.4
Total	2	100.0	400	100.0	37	100.0	12,526	100.0	100.0
By Loan Size									
\$100,000 or Less	0	0.0	0	0.0	12	32.4	628	5.2	
\$100,001 - \$250,000	2	100.0	400	100.0	10	27.0	1,870	14.9	
\$250,001 - \$1 Million	0	0.0	0	0.0	15	40.5	10,028	79.9	
Total	2	100.0	400	100.0	37	100.0	12,526	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	0	0.0	0	0.0	7	33.3	318	6.0	
\$100,001 - \$250,000	1	100.0	150	100.0	9	42.9	1,620	30.6	
\$250,001 - \$1 Million	0	0.0	0	0.0	5	23.8	3,359	63.4	
Total	1	100.0	150	100.0	21	100.0	5,297	100.0	
<i>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>									
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>									

Overall, in 2022 and 2023, the bank originated 56.4% of its small business loans to businesses with gross annual revenues of \$1 million or less. According to 2023 Dun & Bradstreet data, 87.8% of businesses in the AA are small businesses. Similarly, in 2022, 87.9% of the businesses in the AA were small businesses. The bank’s lending is below demographics; however, the lending is reasonable given the performance context. The bank operates in an area with strong competition. Numerous financial institutions operate in the AA, including larger national and regional banks, as well as local banks and credit unions.

In addition, the bank actively extended PPP loans in the La Crosse MSA AA. In 2020 and 2021, the bank originated over 330 PPP loans in amounts of \$1 million or less in the AA, totaling approximately \$32.6 million. Of these loans, 49.2% were for \$25,000 or less.

Residential Real Estate Lending. The bank’s HMDA lending to low- and moderate-income borrowers is reasonable. The table below shows the bank’s HMDA lending by borrower income levels for 2019 and 2022. The table also includes the same information for aggregate lenders, as well as demographic data.

La Crosse MSA AA Distribution of 2019 and 2022 Home Mortgage Lending By Borrower Income Level

Borrower Income Level	Bank And Aggregate Loans By Year											Families by Family Income %	
	2019						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank			Agg
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%		\$%
Low	2	6.1	8.8	190	4.5	4.5	7	14.3	10.9	1,018	3.9	5.4	16.4
Moderate	5	15.2	20.4	340	14.4	14.4	7	14.3	21.3	1,157	4.5	14.5	19.6
Middle	2	6.1	24.4	115	1.6	20.0	7	14.3	23.8	1,442	5.6	19.3	24.4
Upper	7	21.2	35.3	2,676	44.5	40.0	13	26.5	33.3	4,212	16.3	36.2	39.6
Unknown	17	51.5	11.1	11,454	45.9	21.1	15	30.6	10.8	18,028	69.7	24.7	0.0
Total	33	100.0	100.0	14,775	100.0	100.0	49	100.0	100.0	25,857	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.

In 2019, the bank originated 6.1% of its HMDA loans to low-income borrowers and 15.2% to moderate-income borrowers. According to 2019 FFIEC adjusted census data, 18.5% of families in the AA are low income and 18.8% are moderate income. The bank’s lending to low- and moderate-income borrowers was lower than demographics. The bank’s lending to low-income borrowers is generally comparable to aggregate lenders’ performance (8.8%). The bank’s lending to moderate-income borrowers is lower than aggregate lenders’ performance (20.4%).

In 2022, the bank originated 14.3% of its HMDA loans to low-income borrowers and 14.3% to moderate-income borrowers. According to 2022 FFIEC adjusted census data, the bank’s lending to low-income borrowers is comparable to demographics and is below demographics for moderate-income borrowers. The bank’s lending to low-income borrowers is slightly above aggregate lenders’ performance (10.9%). The bank’s lending to moderate-income borrowers is below aggregate lenders’ performance (21.3%). For both years, bank management indicated that its HMDA loans reported with unknown incomes are typically loans made to bank employees or commercial borrowers.

As discussed previously, the housing cost burden for low- and moderate-income residents in the AA 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 (\$45,399) could afford a \$136,197 home, based on 2022 FFIEC estimated median family income for the La Crosse MSA AA. Using the same assumption for a borrower with the highest income in the moderate-income bracket (\$72,639), a borrower could afford a \$217,917 home. According to the 2020 FFIEC census data, the median housing value in the AA is \$186,240, which would likely not be affordable for many low-income and some moderate-income individuals.

Competition among financial institutions, cost of housing, and the availability of affordable housing are issues in the La Crosse MSA AA. Bank management noted difficulties in La Crosse city and county zoning approvals for multifamily housing projects, which impact housing stock and lending opportunities.

Finally, the bank operates in a competitive HMDA lending environment. In 2019, the bank ranked 24th out of 182 HMDA reporters in the AA and captured less than 1.0% of all HMDA loans reported. In 2022,

the bank ranked 17th out of 186 reporters and captured only 1.3% of all HMDA loans reported in the AA. Overall, the bank’s HMDA lending to low- and moderate-income borrowers is reasonable.

GEOGRAPHIC DISTRIBUTION OF LOANS

Overall, the geographic distribution and dispersion of the bank’s small business and HMDA loans in the La Crosse MSA AA is reasonable, and there are no unexplained gaps in lending. The AA includes one low-income census tract and five moderate-income census tracts.

Small Business Lending. The geographic distribution and dispersion of small business lending in the La Crosse MSA AA is reasonable. The table below shows the bank’s small business lending by census tract income level, as well as demographic data.

La Crosse MSA AA Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography									
Geographic Income Level	Bank Loans By Year								Total Businesses %
	2022				2023				
	#	#%	\$(000)	%	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	1.9
Moderate	0	0.0	0	0.0	6	16.2	1,595	12.7	18.1
Middle	2	100.0	400	100.0	18	48.6	6,339	50.6	54.2
Upper	0	0.0	0	0.0	8	21.6	2,115	16.9	13.8
Unknown	0	0.0	0	0.0	5	13.5	2,476	19.8	12.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	2	100.0	400	100.0	37	100.0	12,526	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.

Overall, for 2022 and 2023, the bank did not originate small business loans in the low-income tract. According to 2023 Dun & Bradstreet data,³ only 1.9% of the AA’s businesses are in the low-income tract. The low-income tract is comprised primarily of rental housing, a portion of a technical college campus, a university, and a hospital. Given the characteristics of the low-income tract, the bank’s lack of lending is reasonable. In 2023, the bank originated 16.2% of its small business loans in the moderate-income tracts. According to 2023 Dun & Bradstreet data, 18.1% of the AA’s businesses are in the moderate-income tracts. The bank’s small business lending in the moderate-income tracts is comparable to demographics for those tracts. The bank’s lending in these tracts is reasonable given demographics and the competitive banking environment.

During 2022 and 2023, the bank also did not originate loans in two moderate-income tracts, several middle-income tracts, one upper-income tract, and one unknown-income tract. The two moderate-income tracts with no small business loans are in La Crosse; one is comprised primarily of residential areas, including an assisted living facility, and the second tract is comprised mainly of the University of Wisconsin-La Crosse and a large park. The unknown-income tract is comprised primarily of housing and on the north side, undeveloped land bordered by the La Crosse River. The middle-income tracts with no loans are in areas of La Crosse and Onalaska where many banking options are available to small

³ The demographic data for 2022 is comparable to the 2023 data.

businesses, as well as more rural areas of the AA. Given the characteristics of these tracts, which may result in limited loan demand and a competitive banking environment, the bank’s lack of lending is reasonable. The overall dispersion of small business loans in the AA does not reveal any unexplained gaps in lending.

Residential Real Estate Lending. The bank’s geographic distribution for 2019 and 2022 HMDA loans is reasonable. The table below shows the distribution of the bank’s 2019 and 2022 HMDA loans by census tract income level, as well as aggregate lending and demographic data.

La Crosse MSA AA Distribution of 2019 and 2022 HMDA Lending By Income Level of Geography													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Low	0	0.0	0.8	0	0.0	0.8	0	0.0	0.3	0	0.0	0.4	0.0
Moderate	4	12.1	6.6	2,142	14.5	8.0	5	10.2	14.0	9,267	35.8	10.2	11.7
Middle	21	63.6	71.1	7,018	47.5	68.3	31	63.3	66.8	11,077	42.8	64.8	70.3
Upper	8	24.2	21.0	5,615	38.0	22.4	11	22.4	17.9	3,240	12.5	22.6	17.5
Unknown	0	0.0	0.5	0	0.0	0.5	2	4.1	1.1	2,273	8.8	2.1	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	33	100.0	100.0	14,775	100.0	100.0	49	100.0	100.0	25,857	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.*

In 2019, the bank did not originate HMDA loans in the low-income tract; however, this is reasonable given that aggregate lenders only originated 0.8% of their loans in the tract and that 2019 adjusted census data shows that limited owner-occupied housing is in this tract (115 units or 0.3% of the AA owner-occupied units) in the downtown La Crosse area. In 2019, the bank originated 12.1% of its HMDA loans in the moderate-income census tracts, which is reasonable based on demographics and the comparison to aggregate lenders who originated only 6.6% of their HMDA loans in these tracts. Demographics indicate that only 0.7% of the AA’s owner-occupied units are in these tracts, which include two higher education institutions and a hospital. In the moderate-income tracts, 64.1% of housing is rental. As previously mentioned, competition for HMDA loans in the AA is strong.

In 2022, the bank did not originate HMDA loans in the low-income tract; however, this is reasonable given that aggregate lenders only originated 0.3% of their loans in the tract and that 2022 adjusted census data shows that limited owner-occupied housing is in this tract (11 units). In 2022, the bank originated 10.2% of its HMDA loans in the moderate-income census tracts, which is reasonable based on demographics and the comparison to aggregate lenders who originated only 14.0% of their HMDA loans in these tracts. Demographics indicate that only 11.7% of the AA’s owner-occupied units are in these tracts. In the moderate-income tracts, 51.9% of housing is rental.

In 2019 and 2022, the bank also did not originate loans in certain moderate-income tracts (one tract of four in 2019 and two tracts of five in 2022), certain middle-income tracts each year, and an upper- and unknown-income tract each year. The bank’s lack of lending in these tracts is reasonable given the composition of the tracts, which varies. Some areas include significant rental housing, and some areas

include portions of the Mississippi River and associated recreation or undeveloped land. In addition, in these tracts, there is a hospital, a university, and rural areas. Lastly, some tracts include or are close to several banking options for consumers. Given the characteristics of these tracts, which may result in limited loan demand and a competitive banking environment, the bank's lack of lending is reasonable. The overall dispersion of HMDA loans in the AA does not reveal any unexplained gaps in lending.

COMMUNITY DEVELOPMENT TEST

Overall, the bank's community development activities in the La Crosse MSA AA demonstrate adequate responsiveness to community development needs in the AA.

Community Development Loans. The bank's community development lending in the La Crosse MSA AA is adequate. Since the previous evaluation, the bank originated or purchased six community development loans totaling approximately \$1.5 million, which directly benefit the La Crosse MSA AA. The bank made or purchased five loans totaling \$593,000 that supported affordable housing initiatives, including the construction, rehabilitation, or purchase of affordable homes for low- and moderate-income individuals. These loans are responsive to the affordable housing challenges noted in the AA. The bank also purchased a loan participation for \$944,000 that supported the revitalization and stabilization of a moderate-income tract. Overall, the bank's community development lending in this AA shows adequate responsiveness to the needs of the community.

Qualified Investments. The bank's level of qualified investments in the La Crosse MSA AA is excellent. The bank purchased a new \$300,000 security investment that supports the revitalization and stabilization of a low-income census tract designated for redevelopment in the city of La Crosse. The bank also made \$2,990 in donations that directly benefited this AA, which is adequate. The donations were to organizations that provide community services to low- and moderate-income individuals, such as food and hygiene supplies.

Community Development Services. The bank's level of community development services in the La Crosse MSA AA is adequate. Three bank employees provided nine community development services that benefited this AA. These employees provided financial services as board and committee members for three organizations: one organization that focused on community services to low- and moderate-income individuals, one that focused on revitalization and stabilization of a low-income tracts, and one that focused on economic development.

NONMETROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE INSTITUTIONS OPERATIONS IN THE SPARTA ASSESSMENT AREA

Bank Information. The bank operates one full-service branch in Sparta, Wisconsin, in this AA. The Sparta branch has a cash-dispensing-only ATM, as well as a drive-thru facility which offers extended weekday and Saturday hours.

According to the June 30, 2023, FDIC Deposit Market Share Report, the bank ranked 10th out of 13 financial institutions operating in Monroe and Vernon counties, with a 3.6% deposit market share and \$53.6 million in deposits. The deposits in this AA represent 15.2% of the bank’s total deposits.

Assessment Area. The Sparta AA consists of Monroe and Vernon counties. The bank has not changed the AA since the previous evaluation; however, the income classification of three census tracts changed. For 2022, the AA included 16 census tracts: two moderate income, 13 middle income, and one upper income.⁴ The AA includes parcels of Ho-Chunk Nation tribal land.

The table below shows the demographic data for the AA based on 2023 FFIEC adjusted census data and 2023 Dun & Bradstreet Data.

2023 SPARTA 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	3,773	19.2
Moderate	2	12.5	2,029	10.3	235	11.6	3,631	18.5
Middle	13	81.3	16,199	82.3	1,184	7.3	4,602	23.4
Upper	1	6.3	1,443	7.3	92	6.4	7,665	39.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	16	100.0	19,671	100.0	1,511	7.7	19,671	100.0
	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	4,587	2,072	9.4	45.2	2,096	45.7	419	9.1
Middle	27,396	18,324	82.9	66.9	5,720	20.9	3,352	12.2
Upper	2,190	1,708	7.7	78.0	251	11.5	231	10.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	34,173	22,104	100.0	64.7	8,067	23.6	4,002	11.7

⁴ At the previous evaluation, the AA consisted of one moderate-income tract and 15 middle-income census tracts.

2023 SPARTA AA DEMOGRAPHICS								
	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	564	20.5	501	20.5	52	23.9	11	12.1
Middle	2,003	72.7	1,785	72.9	147	67.4	71	78.0
Upper	189	6.9	161	6.6	19	8.7	9	9.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,756	100.0	2,447	100.0	218	100.0	91	100.0
Percentage of Total Businesses:				88.8		7.9		3.3
	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	20	4.4	19	4.3	1	11.1	0	0.0
Middle	375	83.1	367	83.2	7	77.8	1	100.0
Upper	56	12.4	55	12.5	1	11.1	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	451	100.0	441	100.0	9	100.0	1	100.0
Percentage of Total Farms:				97.8		2.0		0.2
<i>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet data 2016-2020 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</i>								

Income. For purposes of classifying borrower income, this evaluation uses the FFIEC’s estimated median family income for the nonmetropolitan areas of Wisconsin for the year of loan origination. The table below shows the estimated income for 2022 and the range for low-, moderate-, middle-, and upper-income borrowers.

Sparta AA Borrower Income Levels					
Non-MSA AA					
FFIEC Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
2022	\$81,500	0 - \$40,749	\$40,750 - \$65,199	\$65,200 - \$97,799	\$97,800 - & above

For purposes of classifying census tracts by income level, this evaluation relies on the FFIEC adjusted census data median family income for the nonmetropolitan areas of the state, which was \$71,740 for 2022.

The table below shows the median family income for the Sparta AA, the counties comprising the AA, the nonmetropolitan areas of Wisconsin, and the state of Wisconsin, based on census data. The 2020 median family income in the AA increased since 2015; however, it remains lower than the state of Wisconsin.

Sparta AA Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Sparta AA Non MSA	\$66,270	\$70,567	6.5%
Monroe County, WI	\$68,006	\$72,475	6.6%
Vernon County, WI	\$64,057	\$69,961	9.2%
NonMSA Wisconsin	\$66,365	\$71,740	8.1%
Wisconsin	\$74,365	\$80,844	8.7%

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.

Population Characteristics. The population in the Sparta AA is 76,988. The table below shows the population change from 2015 to 2020.

Sparta AA Population Change			
Area	2015 Population	2020 Population	Percent Change
Sparta AA Non MSA	75,553	76,988	1.9%
Monroe County, WI	45,274	46,274	2.2%
Vernon County, WI	30,279	30,714	1.4%
NonMSA Wisconsin	1,476,482	1,503,031	1.8%
Wisconsin	5,742,117	5,893,718	2.6%

Source: 2011-2015 U.S. Census Bureau American Community Survey
2020 U.S. Census Bureau Decennial Census

Overall, the population growth was generally comparable across the various areas identified in the table. A community contact noted that the population in Sparta is increasing and can be attributed to an increased cost of living in the La Crosse and Onalaska areas. The contact stated that Sparta’s cost of living is lower than those cities and is close enough to them for people to commute to work.

Economy. According to a community contact, the economic conditions in the Sparta AA are good. The local economy relies highly on manufacturing, agriculture, and outdoor recreation. Manufacturing industries in the area include highly skilled production such as medical-related products as well as those specializing in agricultural machinery. The area is also growing as evidenced by population growth and investments in a new business park. The City of Sparta is looking to attract more companies to local business parks to further support growth. The Sparta AA also includes the Fort McCoy Army base that offers employment and housing to military personnel. A contact noted that the cost of living in Sparta is lower than nearby La Crosse and Onalaska, so some Sparta residents commute to those cities for work and shopping. The table below shows the AA unemployment rate during the evaluation period. During the COVID-19 pandemic, the AA’s unemployment rate increased, but it remained lower than the state of Wisconsin. The unemployment rate has since returned to a lower level.

Sparta AA Unemployment Rates					
Area	2018	2019	2020	2021	2022
Sparta AA Non MSA	2.8%	3.0%	5.5%	3.3%	2.7%
Monroe County, WI	2.7%	2.9%	5.6%	3.3%	2.7%
Vernon County, WI	2.9%	3.1%	5.3%	3.3%	2.7%
NonMSA Wisconsin	3.2%	3.4%	6.4%	3.9%	3.1%
Wisconsin	3.0%	3.2%	6.4%	3.8%	2.9%

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Housing. The Sparta AA is experiencing a high demand for single-family housing and limited inventory of affordable housing. The demand has increased due to more people moving to the area. A community

contact noted that some development projects have occurred in recent years to construct various types of housing, including affordable housing.

The table below shows the housing cost burden faced by renters and homeowners in the Sparta AA, counties in the AA, the nonmetropolitan areas of the state, 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 30.0% of their income for housing and may have difficulty affording necessities, such as food, clothing, transportation, and medical care. Low-income renters have a significant housing cost burden. Overall, homeowners fare somewhat better than renters; however, low-income homeowners have a significant cost burden.

Sparta AA Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Sparta AA Non MSA	70.2%	28.2%	35.6%	59.4%	23.1%	18.0%
Monroe County, WI	74.7%	34.3%	34.7%	58.0%	24.3%	16.2%
Vernon County, WI	64.6%	15.9%	37.4%	60.7%	21.5%	20.5%
NonMSA Wisconsin	66.4%	19.1%	34.0%	60.0%	26.0%	18.2%
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: 2016-2020 U.S. Census Bureau: American Community Survey*

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE SPARTA AA

The bank’s Lending Test performance in the Sparta AA is reasonable. The bank’s overall Community Development Test performance in this AA demonstrates adequate responsiveness to community development needs. This AA accounts for approximately 30.6% of the bank’s lending and a minimal volume of community development activities.

LENDING TEST

The bank adequately meets the credit needs of residents in the Sparta AA. The bank’s HMDA lending to low- and moderate-income borrowers is reasonable. The geographic distribution and dispersion of HMDA loans is also reasonable.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS

Residential Real Estate Lending. The bank’s HMDA lending to low- and moderate-income borrowers is reasonable. The table below shows the bank’s 2022 HMDA lending by borrower income level. The table also includes the same information for aggregate lenders, as well as demographic data.

Sparta AA Distribution of 2022 Home Mortgage Lending By Borrower Income Level							
Borrower Income Level	Bank And Aggregate Loans By Year						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	#	#%	
Low	2	9.1	8.4	182	3.5	4.3	19.2
Moderate	8	36.4	22.6	830	15.8	15.8	18.5
Middle	1	4.5	23.6	107	2.0	22.7	23.4
Upper	10	45.5	34.1	3,077	58.4	39.4	39.0
Unknown	1	4.5	11.4	1,072	20.3	17.7	0.0
Total	22	100.0	100.0	5,	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.*

In 2022, the bank originated 9.1% of its HMDA loans to low-income borrowers and 36.4% to moderate-income borrowers. According to 2022 FFIEC adjusted census data, 19.2% of families in the AA are low income and 18.5% are moderate income. 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 exceeds demographics and aggregate lenders’ performance.

As discussed previously, the housing cost burden for low-income residents in the AA 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 (\$40,749) could afford a \$122,247 home. Using the same assumption for a borrower with the highest income in the moderate-income bracket (\$65,199), an individual could afford a \$195,597 home. According to the 2022 FFIEC adjusted census data, the median housing value in the AA is \$159,262, which would likely be unaffordable for low-income borrowers and some moderate-income borrowers.

The bank operates in a competitive market. In 2022, the bank ranked 15th out of 155 reporters, capturing approximately only 1.0% of HMDA loans reported in the AA. The bank’s lending to low- and moderate-income borrowers is reasonable given the performance context.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution and dispersion of the bank’s HMDA loans in the Sparta AA is reasonable, and there are no unexplained gaps in lending. The AA included two moderate-income census tracts for 2022. The AA did not include any low-income tracts during 2022.

Residential Real Estate Lending. The bank’s geographic distribution and dispersion of its 2022 HMDA loans is reasonable. The table below shows the bank’s 2022 HMDA lending by census tract income level, as well as aggregate lending data and demographic data.

Sparta AA Distribution of 2022 Home Mortgage Lending By Income Level of Geography							
Geographic Income Level	Bank And Aggregate Loans By Year						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	#	#%	
Low	0	0.0	0.0	0	0	0.0	0.0
Moderate	0	0.0	12.3	0	0	0.0	9.4
Middle	19	86.4	80.7	4,672	19	86.4	82.9
Upper	3	13.6	7.0	596	3	13.6	7.7
Unknown	0	0.0	0.0	0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0	0.0	
Total	22	100.0	100.0	5,268	22	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 did not originate HMDA loans in the two moderate-income tracts. According to 2022 FFIEC adjusted census data, 10.3% of the AA families reside in the moderate-income tracts. Demographic data also shows 9.4% of the AA’s owner-occupied housing units were in the moderate-income tracts in 2022.

One moderate-income tract is in the city of Viroqua, and the other is in the city of Tomah. Viroqua is located approximately 25 miles away from the bank’s office in Sparta, and Tomah is approximately 15 miles away. Consumers in those cities would have several financial institutions, including credit unions, nearby to choose from for their banking needs. The bank also did not make loans in four middle-income census tracts in 2022. The lack of lending can be explained by the location of the tracts: two are near Tomah on the east side of Monroe County and the other two are near Viroqua in Vernon County. The bank’s lack of lending in the two moderate-income tracts and certain middle-income tracts is reasonable given the performance context.

COMMUNITY DEVELOPMENT TEST

Overall, the bank’s community development activities in the Sparta AA demonstrate adequate responsiveness to community development needs in the AA.

Community Development Loans. The bank did not extend any community development loans in the AA since the previous evaluation.

Qualified Investments. The bank’s level of qualified investments, including donations, in the Sparta AA is adequate. The bank did not make any new non-donation investments in the AA. The bank made one donation for \$1,210 to an organization that provides community services to low- and moderate-income individuals in the AA.

Community Development Services. The bank’s level of community development services in the Sparta AA is adequate. A bank employee provided two community development services to one organization. The employee served in a leadership capacity, as a board member, for an organization focused on providing community services to low- and moderate-income people in the AA. Specially, these services supported the provision of shelter for homeless men and women.

METROPOLITAN AREA – LIMITED REVIEW

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

The Marshfield AA consists of Clark County and a portion of Marathon and Wood counties, all in Wisconsin. Marathon County is part of the Wausau-Weston, WI MSA. The bank has not changed this AA since the previous evaluation. However, the number of census tracts increased and the income classification of three existing tracts changed based on 2020 census changes. Currently, the AA consists of 19 census tracts: two moderate-, 16 middle-, and one upper-income census tracts.⁵ The population of the AA is 76,917, according to 2020 FFIEC adjusted census data. The AA includes parcels of Ho-Chunk Nation tribal land. The bank operates one full-service office with a drive-thru in Marshfield. The bank does not operate an ATM in this AA.

The bank originated 6.7% of its loans and has 5.7% of its deposits in the Marshfield AA. According to the June 30, 2023, FDIC Deposit Market Share Report, the bank ranked 22nd out of 25 financial institutions with deposits in the AA, with 0.3% of the deposit market share.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE MARSHFIELD ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank’s CRA performance in the Marshfield AA. Examiners did not review lending activity due to low volume in this AA. The bank’s Community Development Test performance in this AA is generally comparable to the performance in the bank’s full-scope metropolitan AA. The bank had a low volume of community development activities in this AA. This performance does not change the conclusion for the institution.

⁵ At the previous evaluation, the AA consisted of 16 middle- and two upper-income census tracts.

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.)