

PUBLIC DISCLOSURE

May 18, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**State Bank of Chilton
12331**

**26 East Main Street
Chilton, WI 53014**

**Federal Deposit Insurance Corporation
Division of Supervision and Consumer Protection
Chicago Regional Office
300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606**

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 safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

State Bank of Chilton demonstrates a satisfactory responsiveness to meeting the credit needs of its assessment areas. This rating is supported by the following:

- The average loan-to-deposit ratio is reasonable, given the bank's size, financial condition, and the credit needs of the assessment areas.
- A majority of the home mortgage and small business loans evaluated were extended within the bank's assessment areas.
- The distribution of home mortgage and small business loans reflects a reasonable penetration among borrowers of different incomes and businesses of different sizes in the assessment areas.
- The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment areas.
- The institution has not received any complaints about its performance in meeting the credit needs of the assessment areas during the evaluation period; therefore, this performance criterion was not evaluated or considered in the overall CRA rating.

SCOPE OF EXAMINATION

An analysis of State Bank of Chilton's CRA performance was conducted through a review of home mortgage originations for the 24-month period beginning January 1, 2013 and ending December 31, 2014, as well as a sample of small business loans originated for the six-month period between November 1, 2014 and April 30, 2015. These two products were chosen for review as they represent the two largest segments of the bank's loan portfolio at 14 percent and 71 percent, respectively, and management indicated they continue to be the bank's primary lending focus.

Because the bank reports mortgage data per the Home Mortgage Disclosure Act (HMDA) requirements, all HMDA-reportable real estate loans originated during the review period were reviewed. A home mortgage loan is defined as a home purchase, home improvement, refinance or multi-family loan. Additionally, a sample of 30 small business loans totaling \$5,158,000 were sampled from a universe of 91 small business loans totaling \$14,042,311 during the review period. For purposes of this evaluation, a small business loan is a commercial or commercial real estate loan with an original amount of \$1 million or less, or is classified within the Consolidated Reports of Condition and Income as a commercial and industrial loan. Neither agriculture nor consumer loans were reviewed as part of this evaluation as they represent nominal percentages of the bank's loan portfolio.

Small Bank Performance Evaluation procedures were used to assess the bank's performance under the following factors: Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Lending to Borrowers of Different Incomes and Businesses of Different Sizes. The bank's response to any CRA related complaints and evidence of any discriminatory or other illegal credit practices was also considered. The performance under these factors is evaluated within the context of the credit needs and available opportunities within the bank's designated assessment areas. Because of the significant volume of commercial loans within the loan portfolio, the small business lending performance will receive greater weight within the evaluation. Further, of the five performance criteria reviewed, the greatest weight will be given to the "Lending to Businesses of Different Sizes and Borrowers of Different Income Levels" and the "Lending to Geographies of Different Income Levels" criteria.

DESCRIPTION OF INSTITUTION

State Bank of Chilton is a full service financial institution headquartered in Chilton, Wisconsin. The bank is wholly-owned by Calumet Bancorporation, a one-bank holding company also headquartered in Chilton, Wisconsin. In addition to the main office, the bank operates a branch in Stockbridge, Wisconsin, approximately 10 miles from Chilton and one in Milwaukee, Wisconsin, approximately 70 miles from Chilton. All three banking offices are in middle-income geographies.

State Bank of Chilton offers a variety of products and services to meet the financial needs of its customers. This includes an array of loan and deposit products as well as internet banking. Various loan products include fixed rate residential real estate loans through secondary market sources; balloon loans; adjustable rate mortgage loans; home improvement loans; home equity lines of credit; construction loans; commercial loans; and agriculture loans. The bank also offers guaranteed loans through the Small Business Administration.

The bank's primary lending focus continues to be commercial related, and more specifically, convenience store loans. As shown in Table 1, commercial loans comprise 71 percent of the bank's loan portfolio, with residential real estate and agriculture loans comprising an additional 17 and 6 percent, respectively.

As of the December 31, 2014 Consolidated Report of Condition, the bank reported total assets of \$162,368,000 and total loans of \$138,330,000. A breakdown of the bank's loan portfolio is presented in Table 1.

Table 1 - Loan Distribution as of 12/31/2014		
Loan Type	Dollar Amount (000)	Percent of Total Loans
Construction and Land Development	3,522	3%
Secured by Farmland	6,114	4%
1-4 Family Residential	19,854	14%
Multifamily (5 or more) Residential	4,809	3%
Commercial Real Estate	79,834	58%
<i>Total Real Estate Loans</i>	114,133	82%
Commercial and Industrial	18,786	14%
Agricultural	2,424	2%
Consumer	2,332	2%
Other	658	0
Less: Unearned Income	3	0
*Total Loans	138,330	100%
<i>Source: Report of Condition</i>		

There are no financial constraints, legal impediments, or other factors that hinder the bank's ability to meet the credit needs within its assessment area. The bank received a "Satisfactory"

rating at its' last Small Bank Performance Evaluation dated October 26, 2009.

DESCRIPTION OF ASSESSMENT AREAS

State Bank of Chilton has two assessment areas, consisting in total of 301 census tracts which are located in Calumet County (four census tracts) and Milwaukee Counties (297 census tracts). State Bank of Chilton's assessment areas are comprised of whole geographies and include the census tracts in which the main office and branch facilities are located. The assessment areas do not arbitrarily exclude any low- or moderate-income census tracts and conform to CRA regulatory requirements.

The first assessment area consists of four census tracts in Calumet County (3 middle-income and 1 moderate-income), which is part of the Appleton Metropolitan Statistical Area #11540. The Chilton and Stockbridge offices are located in this assessment area, both in middle-income tracts. This assessment area is generally rural in nature and includes the communities of Chilton, Hilbert, New Holstein, Sherwood, and Stockbridge. Populations range from 1,456 people in Stockbridge to just shy of 4,000 in Chilton. Per 2010 U.S. Census data, this assessment area has a total population of 17,488. Of the 5,153 families in the area, 20 percent are low-income, 22 percent are moderate-income, 29 percent are middle-income, and 29 percent are upper-income. Five percent of the families have incomes below the poverty level. Per D&B data, there are 896 businesses in this assessment area.

The second assessment area consists of all 297 census tracts in Milwaukee County, which is part of the Milwaukee-Waukesha-West Allis Metropolitan Statistical Area #33340. This second assessment area was established primarily to service the convenience store loans the bank originates within the greater Milwaukee area and to help meet the commercial loan demand identified in that area. This assessment area is generally metropolitan in nature and is comprised of 85 low-income tracts (29 percent); 74 moderate-income tracts (25 percent); 99 middle-income tracts (33 percent) and 38 upper-income tracts (13 percent). One tract has an NA income designation. Per 2010 U.S. Census data, this second assessment area consists of 947,735 individuals. Of the 219,201 families, 31 percent are low-income, 19 percent are moderate-income, 20 percent are middle-income and 30 percent are upper-income. In addition, 15 percent of the families in this assessment area have incomes below the poverty level. Per D&B data, there are 49,906 businesses in this assessment area.

Demographic data for Calumet County shows that manufacturing is by far the most dominant industry sector in the county and provides the highest paying jobs in the county. Thirty percent of total employment in the county is in manufacturing, with 36 percent of the payroll in manufacturing. This compares to 17 percent of all employment in the State in manufacturing. Large employers in Calumet County include Ariens Co., Brillion Iron Works, Inc., Endries International, Inc., and Calumet County.

Within Milwaukee County, education and health continues to be the dominant industry sector with 27 percent of all workers employed in this sector. However the financial activities sector clearly provides the greatest wage for county residents, and in fact is much higher than the average State of Wisconsin wage at 122 percent. Large employers in Milwaukee County include Aurora Health Care Metro, Froedtert Memorial Lutheran Hospital, Medical College of Wisconsin, County of Milwaukee, and UW-Milwaukee.

Housing costs within both Calumet and Milwaukee Counties are generally modest and reflect an improving trend. The average housing cost in Calumet County as of December 2014 was \$157,500. This price is slightly higher than housing costs in 2007, the highest point in the comparison chart (\$156,450) and significantly higher than the lowest point in the housing market in 2011 when the average housing cost was \$134,000. Within Milwaukee County, housing costs are much lower, averaging only \$123,000 as of year-end 2014. While housing prices have rebounded from the lowest point of \$100,000 in 2012, they are still lower than in 2007 when they were at their highest at \$161,900.

Calumet County AA

Per D&B data there are 896 non- farm businesses in this assessment area, with 694 reporting revenue data in 2014. Of those, 635, representing 71 percent of the businesses, had gross annual revenues of \$1 million or less while 59 (representing 6 percent of the businesses) had gross annual revenues in excess of \$1 million. This information is used to evaluate small business lending within the Lending to Borrowers of Different Incomes section of this evaluation.

Milwaukee County AA

Per D&B data there are 49,906 non- farm businesses in this assessment area, with 38,259 reporting revenue data in 2014. Of those, 34,819, representing 70 percent of the businesses, had gross annual revenues of \$1 million or less while 3,440 (representing 7 percent of the businesses) had gross annual revenues in excess of \$1 million. This information is used to evaluate small business lending within the Lending to Borrowers of Different Incomes section of this evaluation.

Two existing community contacts were used in this evaluation, one for the Calumet County/Appleton MSA area and the other for Milwaukee County. Both contacts stated that economic conditions, while improving are still not to the point they were at prior to the recession.

While the contact in the Appleton MSA stated that there is a need for additional affordable housing for lower-income individuals, he did indicate that the housing credit needs were being adequately met. The contact from Milwaukee County stated that the small business credit needs are also currently being met through bank involvement in many different types of small business programs. However, the contact also stated that banks should be somewhat more visible to the

smallest business owners, letting them know of the types of lending programs available and encouraging them to apply for those programs.

Unemployment for the two assessment areas as of April 2015 was as follows: Calumet County was at 3.3 percent and Milwaukee County at 5.5 percent. These rates compare to the State of Wisconsin unemployment rate of 4.4 percent and the national unemployment rate of 5.4 percent. Both counties saw an improvement in the unemployment rate from the previous year.

The assessment areas are served by a number of financial institutions. According to Summary of Deposit information compiled as of June 30, 2014, over \$527 million in deposits was being managed by 10 financial institutions operating out of 16 offices in Calumet County. State Bank of Chilton is ranked 2nd in Calumet County with a market share of 23.34 percent. In Milwaukee County, approximately \$47 billion in deposits was being managed by 32 financial institutions operating out of 274 offices. State Bank of Chilton's market share in Milwaukee County is nominal at .01 percent, which ranks the institution 32nd out of 32 institutions. However, within this market are some of the largest banks not only in the State of Wisconsin, but also nationally.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overall, State Bank of Chilton's lending performance is adequate, reflecting an adequate responsiveness to the credit needs of its assessment areas. The analyses below discuss the bank's performance by number only. Unless, otherwise stated, the bank's performance by dollar volume was consistent with its performance by number and therefore, is not presented.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. For the most recent 21 quarters since the last CRA evaluation dated October 26, 2009, the net loan-to-deposit ratio averaged 93 percent. It ranged from a high of 102 percent on December 31, 2014 to a low of 65 percent as of June 30, 2011. This performance is consistent with that of similarly situated institutions where loan-to-deposit ratios range from 70 to 90 percent, and is an indication that the bank is adequately meeting the credit needs of borrowers in the assessment areas. This ratio does not take into consideration the volume of loans the bank has been selling to the secondary market, and including these loans would only enhance the existing loan to deposit ratio. Since January 2012, the bank sold in excess of \$7.8 million in loans to the secondary market.

Assessment Area Concentration

State Bank of Chilton’s performance in originating loans within its assessment areas is reasonable, with a majority of home mortgage and small business loans originated to borrowers within the assessment areas. Table 2 details the number and dollar volume of the bank’s loans by loan type, originated inside and outside of the assessment areas for the evaluation period reviewed.

Table 2 – Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2013	48	69	22	31	70	9,874	62	6,113	38	15,987
2014	34	81	8	19	42	6,126	81	1,452	19	7,578
Small Business										
2014	27	90	3	10	30	4,798	93	360	7	5,158

Source: 2013 and 2014 HMDA LAR's and Bank Records

Records show that 69 percent of the bank’s home mortgage loans by number in 2013 and 81 percent by number in 2014 were originated within the assessment areas. Small business loan data shows that 90 percent of small business loans by number were also originated within the assessment areas. Based on dollar volume, the bank’s performance in originating home mortgage and small business loans within the assessment areas is very similar to performance by number. Greater emphasis is placed on the number of loans as this gives a better indication of the number of home mortgage borrowers and businesses with credit extended in the bank’s assessment areas. Further, the percentages by dollar volume are generally typical of the lower dollar amount of loans originated to low- and moderate-income borrowers. Overall, the bank’s performance indicates a good responsiveness to meeting community credit needs, given the size of the assessment areas, demographics and competitive factors.

Borrower Profile

Overall, given the demographics of the assessment areas, the distribution of loans to borrowers reflects reasonable penetration among borrowers of different income levels and businesses of different sizes. Details for each loan category are discussed below. This analysis includes only those loans originated within the bank’s assessment areas.

Home Mortgage Lending

The distribution of home mortgage loans by borrower income level is generally reasonable in both assessment areas. This determination is based on an analysis of demographic factors, bank size, loan mix, and competition. For comparison purposes, 2010 census data reflecting the percentage of families within each income category are provided and compared against the 2013 and 2014 bank data, respectively. Aggregate lending data for 2013, which shows the performance of all other HMDA reporters within the assessment areas, is also provided for comparison purposes. Aggregate data for 2014 is not yet available for comparison purposes.

Calumet County AA

State Bank of Chilton's performance in lending to low- and moderate-income borrowers in this assessment area is reasonable. As reflected in Table 3, State Bank of Chilton originated 10 percent of its home mortgage loans to low-income borrowers. This performance is generally in line with aggregate lending data which shows that 15 percent of competitor bank loans were to low-income borrowers. The bank's performance increased to 16 percent in 2014. Conversely, the performance in lending to moderate-income borrowers is much lower than competitor performance in 2013 at 7 percent for State Bank of Chilton versus 24 percent for competitor banks. However, in 2014, the bank's performance rebounded significantly to 28 percent.

Compared to demographic data, the bank's performance in lending to both low- and moderate-income borrowers is less than demographic data which shows that 20 percent and 22 percent of the borrowers are low- and moderate-income, respectively. However, after adjusting the percentage of low-income borrowers for the 5 percent poverty rate, the bank's performance of 10 percent is generally in line with the demographic data. In addition, the aggregate data is a better comparative factor as the bank's performance is assessed against how other lenders are doing in the assessment area.

The bank's performance is considered reasonable for a number of reasons. Competition within this assessment area is very strong, making it difficult to originate home mortgage loans in general. There are at least five financial institutions in the city of Chilton itself competing for home loans as well as a number of credit unions and mortgage companies that originate home loans in this assessment area. The bank also has competitive pressures from the Appleton and Green Bay markets which are both less than 30 miles away and are economic and employment hubs for the northeastern part of the state. Per a Low- and Moderate-Income Applicant report, there were 118 entities that originated at least one home loan to a low- or moderate-income borrower in this assessment area in 2013. State Bank of Chilton was ranked 11th out of 118, with higher ranked entities consisting of large area credit unions, mortgage companies, and large regional or national financial institutions. It is noted that in 2013, State Bank of Chilton originated two home mortgage loans to low-income borrowers and two loans to moderate-income borrowers that were sold on the secondary market and thus are not included in the above totals.

Overall, State Bank of Chilton is considered to be making a reasonable attempt to meet the housing credit needs of borrowers in this assessment area.

Table 3- Home Mortgage Loans by Income Category of the Borrower-- Calumet County AA							
Borrower Income Level	% of Families ^a	% Aggregate Market ^{**}		#	%	\$(000)	%
		(#)	(\$)				
Low							
2013	20%	15%	5%	3	10%	135	2%
2014		NA	NA	4	16%	327	8%
Moderate							
2013	22%	24%	10%	2	7%	137	2%
2014		NA	NA	7	28%	482	12%
Middle							
2013	29%	27%	14%	9	30%	1,035	17%
2014		NA	NA	2	8%	273	7%
Upper							
2013	29%	24%	18%	8	27%	987	16%
2014		NA	NA	7	28%	642	16%
NA***							
2013	NA	10%	53%	8	26%	3,853	63%
2014		NA	NA	5	20%	2,280	57%
Totals							
2013	100%	100%	100%	30	100%	\$6,147	100%
2014	NA	NA	NA	25	100%	\$4,004	100%

Source: 2013 and 2014 HMDA LARs, *2010 U.S. Census data, **HMDA Aggregate Lending Data, *** NA=Not Available

Milwaukee County AA

State Bank of Chilton’s performance in lending to low- and moderate-income borrowers in this assessment area is generally reasonable. As shown in Table 4, the bank originated 11 percent of their home mortgage loans in this assessment area to low-income borrowers and 11 percent to moderate-income borrowers. This performance compares to 2013 aggregate lending data which shows that 9 percent and 20 percent of competitor’s loans were to low-and moderate-income borrowers, respectively. In 2014, the bank did not make any home mortgage loans to low-income borrowers and extended 22 percent of their loans to moderate-income borrowers.

When compared to the demographics of this assessment area, where 31 percent of the families are low-income and 19 percent are moderate-income, the bank’s performance is considered

generally reasonable. As indicated in Table 4, the bank's performance is less than demographics for home mortgage loans to both low- and moderate-income borrowers, however, after taking into consideration the 15 percent poverty level, the bank's performance in lending to low-income borrowers in 2013 is generally in line with the adjusted demographic data of 16 percent. Once again, the bank did not originate any loans to low-income borrowers in 2014. This performance is not considered entirely unreasonable as the bank's volume of home mortgage lending saw a significant decline from 2013 to 2014, and home mortgage lending comprises less than 14 percent of the bank's loan portfolio. In fact, many of the home mortgage loans originated in Milwaukee County are done as accommodation loans for the bank's commercial loan customers. The bank's lending performance to moderate-income borrowers was slightly less than demographics in 2013 (11 percent versus 19 percent) however in 2014, the bank's performance increased to 22 percent, higher than the percentage of moderate-income borrowers in the assessment area.

Table 4— Home Mortgage Loans by Income Category of the Borrower – Milwaukee County AA							
Borrower Income Level	% of Families*	% Aggregate Market**		#	%	\$(000)	%
		(#)	(\$)				
Low							
2013	31%	9%	4%	2	11%	433	11%
2014		NA	NA	0	0%	0	0%
Moderate							
2013	19%	20%	13%	2	11%	290	8%
2014		NA	NA	2	22%	128	6%
Middle							
2013	20%	23%	18%	2	11%	293	8%
2014		NA	NA	1	11%	207	10%
Upper							
2013	30%	34%	39%	7	39%	1,560	42%
2014		NA	NA	2	22%	825	39%
NA***							
2013	NA	14%	26%	5	28%	1,151	31%
2014	NA	NA	NA	4	45%	962	45%
Totals							
2013	100%	100%	100%	18	100%	\$3,727	100%
2014	NA	NA	NA	9	100%	\$2,122	100%

*Source: HMDA LARs, *2010 U.S. Census data, **HMDA Aggregate Lending Data, *** NA= Not Available*

Small Business Lending

The overall distribution of small business loans by income level of the business is reasonable based on an analysis of demographic information, economic factors, bank size, loan mix, and competitive factors. For comparison purposes, D&B business demographic data for 2014 is provided.

Calumet County AA

As reflected in Table 5, State Bank of Chilton extended 54 percent of the number of small business loans to businesses with gross annual revenues of \$1 million or less. Even though this performance is less than demographic information provided by D&B which shows that 77 percent of businesses in this assessment area reported revenues of \$1 million or less, this level of performance is considered generally reasonable. The bank's lending performance by dollar volume, even though also less than the demographic information (48 percent versus 71 percent) is considered reasonable as small business borrowers typically require smaller dollar-size loans. The demographic data represents the percentage of businesses of different sizes operating within the assessment area and does not necessarily represent the percentage of businesses that are seeking, or may even qualify, for bank financing. In addition, as mentioned previously, the Calumet County AA only consists of four census tracts with more weight placed on the bank's performance in the Milwaukee County AA.

State Bank of Chilton's small business lending performance in this assessment area is generally reasonable for a number of reasons. As stated earlier, competition within this assessment area is very strong, with five financial institutions having a presence in Chilton and four each in New Holstein and Kiel, the largest communities in Calumet County. This level of competition has made it difficult for State Bank of Chilton to obtain a higher level of lending in this assessment area. Further, many very small businesses tend to finance business needs through either credit cards, personal home equity lines of credit, or consumer loans originated in their personal name. Lastly, of the six loans reviewed with gross annual revenues in excess of \$1 million, four of them were to the same company headquartered in Chilton, which is also owned by a director.

Through a review of all loan originations for the six month review period and discussions with management, it appears that while a majority of the businesses in Calumet County will generally have revenues of \$1 million or less, within Chilton itself, there are three larger businesses that have a strong lending relationship with subject bank and have business needs for multiple small business loans. For the six month period reviewed, 20 of the 91 loan originations were to these three entities. The fact that these businesses do obtain multiple loans tends to skew the bank's performance in lending to businesses with gross annual revenues of \$1 million or less. Also, even though the bank's performance by dollar volume is consistent with its performance by number, it is noted that of the \$1,102,000 in loans to businesses with gross annual revenues greater than \$1 million, \$930,000 was to one business. The average size of the remaining five

loans is \$34,000, confirming that these three larger businesses do typically request smaller dollar sized loans. In general, State Bank of Chilton is considered to be adequately meeting the credit needs of the smallest businesses in this assessment area.

Table 5 – Small Business Loans by Revenue Category of the Business – Calumet County AA					
Business Revenue Level	% of Businesses*	#	%	\$ (000)	%
≤\$1,000,000	71%	7	54%	1,035	48%
>\$1,000,000	6%	6	46%	1,102	52%
Revenue Not Reported	23%	0	0	0	0
Totals	100%	13	100%	2,137	100%

Source: Bank records, 2013 D&B data

Milwaukee County AA

The bank’s small business lending performance in this assessment area is reasonable. As shown in Table 6, 64 percent of the small business loans originated during the 6 month review period by number were made to businesses with gross annual revenues of \$1 million or less. This performance is in line with the 2014 D&B demographic data which shows that 70 percent of the small businesses in the assessment area reported gross annual revenues of \$1 million or less. By dollar volume, the bank’s performance is much less than demographic data. However, this performance is not unreasonable as two larger convenience store loans totaling approximately \$1.4 million have skewed the numbers. As stated previously, the bank has a significant portfolio of convenience store loans, all of which are located in or near Milwaukee County. This type of business typically generates greater than \$1 million in gross annual revenues, so the fact that the bank has a good volume of commercial loans with gross annual revenues of \$1 million or less, shows that they are making a concerted effort to meet the credit needs of the smallest business owners in the assessment area.

Table 6 – Small Business Loans by Revenue Category of the Business – Milwaukee County AA					
Business Revenue Level	% of Businesses*	#	%	\$(000)	%
≤\$1,000,000	70%	9	64%	781	29%
>\$1,000,000	7%	5	36%	1,880	71%
Revenue Not Reported	23%	0	0	0	0
Totals	100%	14	100%	2,661	100%

Source: Bank records, 2013 D&B data

Geographic Distribution

The geographic distribution of the bank’s home mortgage and small business loans reflects a reasonable penetration throughout the assessment areas, including the low- and moderate-income census tracts. According to 2010 census data, there is one newly designated moderate-income census tract in the Calumet County assessment area and 85 low-income tracts and 74 moderate-income census tracts in Milwaukee County.

Considering the demographics of both assessment areas, competitive factors, and the location of the bank’s branches, home mortgage and small business loans are reasonably dispersed throughout the assessment areas.

Calumet County AA

The distribution of the bank’s home mortgage loans by income category of the geography is generally reasonable within this assessment area despite lower performance compared to peer banks and demographics. As reflected in Table 7 on the following page, in 2013, 7 percent of the bank’s home mortgage loans were originated in the moderate-income geography. This performance compares poorly to aggregate lending data which shows that 35 percent of competitor institutions reporting HMDA data originated home loans within this single tract. However, as stated before, there is significant competition within this particular tract for home loans. A review of a Moderate-Income Tract Lending report showed that 56 financial institutions/entities originated at least one home mortgage loan in the moderate-income tract, with a local credit union with multiple locations in or very near to the tract originating 20 percent

of the loans. Other large home loan lenders in this tract include large regional or national institutions as well as a number of mortgage companies.

Further, this particular tract used to be a middle-income tract, and was first changed to moderate-income status with the results of the 2010 U.S. Census. Management stated that the largest community within the moderate-income census tract, New Holstein, was hit very hard when a large manufacturing company closed several years ago, and it has not rebounded from that loss. Instead, the community appears to be dying a little more each year, and instead of moving into the community, many people are moving out, thus the change in the geographical category. Management also indicated that even though the moderate-income tract is only 10 miles away from Chilton, it has been very difficult for State Bank of Chilton to penetrate the New Holstein/Kiel markets, as residents in these two communities are very loyal to the financial institutions already physically located in their communities.

In 2014, the bank's lending performance in this tract trended up to 20 percent versus 35 percent. Further, in 2014, State Bank of Chilton originated three loans totaling \$640,000 that were to borrowers in this census tract but were sold to the secondary market and thus are not included in the above totals.

State Bank of Chilton's lending performance in 2013 is also less than the demographic characteristics of the assessment area which shows that 32 percent of the housing units are owner occupied. However, as reflected in the table, the bank's performance in 2014 increased to 20 percent which, while still less than demographic data, is substantially better and more in line with the percentage of owner occupied housing units in the area. Overall, for the reasons discussed above, the bank's home mortgage lending in this assessment area is considered generally reasonable and the bank is considered to be adequately meeting the home credit needs of borrowers in this area.