

PUBLIC DISCLOSURE

April 24, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Forward Bank
Certificate Number: 28530

1001 N Central Ave
Marshfield, Wisconsin 54449

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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

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INSTITUTION RATING

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

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

The Lending Test is rated Satisfactory.

- **Loan-to-Deposit (LTD) Ratio:** The average LTD ratio is reasonable given the institution's size, financial condition, and the credit needs of its assessment areas (AAs).
- **Assessment Area Concentration:** The bank originated a substantial majority of its home mortgage, small business, and small farm loans within the AAs.
- **Geographic Distribution:** The distribution of home mortgage, small business, and small farm loans reflects reasonable dispersion throughout the AAs.
- **Borrower Profile:** The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels, and businesses and farms of different sizes.
- **CRA-Related Complaints:** The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

The institution's community development performance demonstrates adequate responsiveness to the community development needs in its AAs through community development loans, qualified investments and donations, and community development services. Examiners considered the institution's capacity, as well as the need and availability of such opportunities for community development in the AAs.

DESCRIPTION OF INSTITUTION

Forward Bank is a mutually owned savings bank headquartered in Marshfield, Wisconsin. Forward Financial, Inc. owns 100 percent of the bank and is the bank's mid-tier holding company. The top-tier holding company is Forward Mutual Holding Company, which is mutually owned by the bank's depositors. The bank had no merger or acquisition activity since the previous examination other than with non-bank financial service companies. Forward Bank received a Satisfactory rating at its previous FDIC CRA Performance Evaluation dated March 23, 2020 based on Interagency Intermediate Small Institution Examination Procedures.

In addition to its main office, Forward Bank conducts business from eleven full-service branch offices in north central Wisconsin located in the communities of Greenwood, Thorp, Withee, Dorchester, Athens, Colby, Stanley, Medford, Rib Lake, Phillips, and Park Falls. Forward Bank

opened the Athens office in March 2021, the Dorchester office in March 2022, and the Rib Lake office in July 2022.

Forward Bank offers various loan products including mortgage, commercial, agricultural, and consumer loans. Loan products offered also include special loan programs that target small farms, small businesses, and low- and moderate-income individuals. Examples of such loan programs include Small Business Administration (SBA) loans, including the Certified Development Companies 504 Program (CDC/504) and the Paycheck Protection Program (PPP); Farm Service Agency (FSA) loans; the Federal Home Loan Bank (FHLB) Down Payment Plus Program; and the Fannie Mae (FNMA) Home Ready Loan Program. Forward Bank continues to focus primarily on commercial, residential, and agricultural lending.

Forward Bank also provides a variety of deposit products and services such as checking, savings, certificates of deposit, individual retirement accounts, and health savings accounts. Customers can access the bank’s products and services through telephone, online, and mobile banking services, as well as depository ATMs at four bank locations, non-depository ATMs at two bank locations, and depository ITMs at seven bank locations. Drive up facilities and lobbies are open Monday through Friday at most locations.

As of December 31, 2022, Forward Bank’s assets totaled \$935.5 million with \$643.8 million in total loans and \$817.5 million in total deposits. Total assets, loans, and deposits increased substantially since the prior examination; however, the composition of the loan portfolio and business focus of the bank remained consistent throughout the review period. Forward Bank’s loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 12/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	21,786	3.4
Secured by Farmland	135,828	21.1
Secured by 1-4 Family Residential Properties	167,536	26.0
Secured by Multifamily (5 or more) Residential Properties	12,575	2.0
Secured by Nonfarm Nonresidential Properties	133,022	20.7
Total Real Estate Loans	470,747	73.2
Commercial and Industrial Loans	92,016	14.3
Agricultural Production and Other Loans to Farmers	37,291	5.8
Consumer Loans	29,995	4.7
Obligations of State and Political Subdivisions in the U.S.	12,861	2.0
Other Loans	860	<0.1
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	0	0
Total Loans	643,770	100
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet AA credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. Forward Bank has designated three adjacent AAs consisting of several full and partial counties in the Wisconsin Non-Metropolitan Statistical Area (Non-MSA), part of Marathon County in the Wausau-Weston MSA, and part of Chippewa County in the Eau Claire MSA. The AAs do not arbitrarily exclude any low- or moderate-income census tracts (CTs), do not reflect illegal discrimination, and otherwise meet the requirements of the CRA regulations. See individual AA sections for additional information.

Description of Assessment Areas				
Assessment Area	Counties	# of CTs	# of Branches	Evaluation Type
Wisconsin Non-MSA	Clark, Taylor, Price, Wood, Portage (Partial), Ashland (Partial), Sawyer (Partial), Iron (Partial)	41	9	Full-Scope
Wausau-Weston MSA	Marathon (Partial)	9	2	Full-Scope
Eau Claire MSA	Chippewa (Partial)	4	1	Limited-Scope
<i>Source: Bank Records</i>				

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 23, 2020, to the current evaluation dated April 24, 2023. Examiners used the Interagency Intermediate Small Bank Procedures to evaluate Forward Bank’s CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test. The Appendix details the performance criteria related to these tests. Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

Examiners conducted a full-scope review of the Wisconsin Non-MSA AA and weighed performance in this AA more heavily in the conclusions and overall rating due to this area having the greatest level of lending and deposit activity, as well as the majority of branch office locations. Examiners also conducted a full-scope review of the Wausau-Weston MSA AA. Examiners conducted a limited-scope review of the Eau Claire MSA AA due to the limited lending and deposit activity in this AA. The Wausau-Weston MSA AA and Eau Claire MSA AA received equal weight towards performance conclusions and ratings.

Activities Reviewed

Home mortgage, small business, and small farm loans continue to represent the bank’s major product lines. This conclusion considered the bank’s business strategy, Call Report data, and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as consumer loans, represent a major product line and therefore were not analyzed.

Examiners reviewed the universe of home mortgage loans recorded on the 2020, 2021, and 2022

Home Mortgage Disclosure Act (HMDA) Loan Application Registers. The table below provides details of the volume by number and dollar amount. In 2020 and 2021, interest rates hit all-time lows. As a result, the demand for home mortgage refinancing significantly increased. This demand returned to normal levels in 2022, as reflected in the table. While examiners considered all years for the home mortgage analysis, only 2021 and 2022 data is presented for the Geographic Distribution and Borrower Profile criterion as the performance during those years is representative of the entire review period.

Examiners also reviewed all small business and small farm loans originated or purchased in 2022 for the AA concentration and Geographic Distribution analyses. However, examiners only reviewed a sample of small business and small farm loans from 2022 for the Borrower Profile criterion. Further, examiners expanded the sample of small business loans in the Wausau-Weston MSA AA in order to review a sufficient volume of loans to reach a meaningful conclusion on the bank’s performance in the AA. These samples are representative of the bank’s performance during the entire evaluation period. The table below provides loan universe and review information.

Loan Products Reviewed				
Loan Category	Universe		Borrower Profile Sample	
	#	\$(000s)	#	\$(000s)
Home Mortgage 2020	1,288	217,115	1,288	217,115
Home Mortgage 2021	911	147,169	911	147,169
Home Mortgage 2022	523	94,075	523	94,075
Small Business Loans	731	75,889	100	8,980
Small Farm Loans	504	40,988	63	6,087

Source: Bank Data; 2020, 2021, and 2022 HMDA Loan Application Registers

Aggregate data and U.S. Census data provided standards of comparison for home mortgage lending activity. Data related to CRA performance in 2021 and prior years was analyzed using the 2015 ACS and 2010 Census boundary data. Data related to the 2022 CRA performance was analyzed using the 2015-2020 ACS and 2020 Census data. Additionally, 2022 D&B data provided a standard of comparison for small business and small farm lending activity. Examiners weighed home mortgage, small business, and small farm lending activity equally in consideration of the bank’s business strategy, loan portfolio composition, as well as the number and dollar volume of loans.

When evaluating the Lending Test, examiners gave more weight to Borrower Profile performance than to performances under the LTD Ratio, AA Concentration, and Geographic Distribution criteria. Borrower Profile directly identifies how well the bank serves the traditionally underserved segments of the population, including low- and moderate-income families and smaller businesses and farms.

Examiners reviewed all community development activities identified by management from the previous evaluation dated March 23, 2020 through the current evaluation dated April 24, 2023. Prior period qualified investments that remained outstanding as of the evaluation date are included at current book value.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Forward Bank demonstrated Satisfactory performance under the Lending Test. The institution's performance under the LTD Ratio, Geographic Distribution, and Borrower Profile criterion support this conclusion. A discussion of each performance criterion and their support for the institution's overall rating follows.

Loan-to-Deposit Ratio

Forward Bank's average net LTD ratio is reasonable given the institution's size, financial condition, and AA credit needs. The ratio, calculated from Call Report data, averaged 78.7 percent over the 12 quarters since the previous evaluation. The ratio ranged from a high of 87.2 percent on June 30, 2020, to a low of 70.6 percent on March 31, 2022. The ratio has declined since the previous evaluation, where the net average LTD ratio was 93.9 percent.

Despite the decline, the bank maintained a ratio in line with similarly-situated institutions, as shown in the following table. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2022 \$(000s)	Average Net LTD Ratio (%)
Forward Bank	935,505	78.7
Woodtrust Bank	644,096	66.3
Chippewa Valley Bank	637,500	86.2
Hiawatha National Bank	634,681	86.4
Security Financial Bank	828,402	76.4
AbbyBank	618,334	74.0
<i>Sources: Reports of Condition and Income 3/31/2020 - 12/31/2022</i>		

Assessment Area Concentration

Forward Bank made a substantial majority of home mortgage, small business, and small farm loans, by number and dollar volume, within its AAs. The performance is shown in the following table.

Lending Inside and Outside of the Assessment Area											
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total	
	Inside		Outside			Inside		Outside			
	#	%	#	%		\$	%	\$	%		\$(000s)
Home Mortgage											
2020	1,176	91.3	112	8.7	1,288	194,733	89.7	22,382	10.3	217,115	
2021	847	93.0	64	7.0	911	133,538	90.7	13,631	9.3	147,169	
2022	470	89.9	53	10.1	523	80,412	85.5	13,663	14.5	94,075	
Subtotal	2,493	91.6	229	8.4	2,722	408,683	89.2	49,676	10.8	458,359	
Small Business	689	94.3	42	5.7	731	71,711	94.5	4,178	5.5	75,889	
Small Farm	477	94.6	27	5.4	504	38,612	94.2	2,376	5.8	40,988	
Total	3,659	92.5	298	7.5	3,957	519,006	90.2	56,230	9.8	575,236	
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%</i>											

Geographic Distribution

The geographic distribution of home mortgage, small business, and small farm loans reflects reasonable dispersion throughout the AAs. The reasonable performance of home mortgage, small business, and small farm lending in the most heavily weighted Wisconsin Non-MSA AA supports this conclusion. Performance is not consistent among AAs. Specifically, geographic distribution performance within the full-scope Wausau-Weston MSA AA exceeds the performance in the Wisconsin Non-MSA AA while performance in the Eau Claire MSA AA is consistent with that of the Wisconsin Non-MSA AA.

Borrower Profile

The distribution of loans to borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels, and businesses and farms of different sizes. Performance is consistent throughout the AAs.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

Forward Bank's community development performance demonstrates adequate responsiveness to community development needs in its AAs through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity, as well as the need and availability of such opportunities for community development in the institution's AAs. While the volume of qualified investments was more modest, stronger community development lending performance supports overall Satisfactory performance.

Community Development Loans

Forward Bank originated 1,571 community development loans totaling \$144.4 million during the evaluation period. This level of lending activity includes SBA PPP loans and represents 15.4 percent of total assets and 22.6 percent of net loans as of December 31, 2022. This level exceeds two similarly-situated institutions who also originated PPP loans during the COVID-19 pandemic. Including qualifying PPP lending activity, the community development lending activity of those similarly-situated institutions represented 12.7 percent and 3.1 percent of net loans.

SBA PPP loans originated in response to the COVID-19 pandemic significantly increased the overall community development lending activity. The bank originated 705 qualifying PPP loans totaling \$50.3 million in 2020 and 707 qualifying loans totaling \$24.3 million in 2021. These loans demonstrate the bank's responsiveness to a primary community development need during the evaluation period.

Excluding PPP loans, the remaining community development loans represent 7.5 percent of total assets and 10.9 percent of net loans, an increase from 4.6 percent and 6.1 percent, respectively, at the prior evaluation. This level of community development lending exceeds the level of similarly-situated institutions, whose community development loans to net loans ranged from 2.2 percent to 3.5 percent and whose community development loans to total assets ranged from 1.4 percent to 2.1 percent. The following tables illustrate the bank's community development lending by year and AA.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	4	5,313	6	2,588	724	66,595	5	2,624	739	77,120
2021	22	3,179	9	4,646	715	31,873	11	2,456	757	42,154
2022	4	334	1	78	33	9,531	30	12,242	68	22,185
2023 (YTD)	1	90	1	35	--	--	5	2,796	7	2,921
Total	31	8,916	17	7,347	1,472	107,999	51	20,118	1,571	144,380

Source: Bank Data

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Non-MSA AA	23	4,312	13	5,974	1,159	83,942	34	6,569	1,229	100,797
Wausau MSA AA	6	4,402	3	1,295	129	13,325	5	1,692	143	20,714
Eau Claire MSA AA	1	50	--	--	103	3,122	5	542	109	3,714
Statewide/Outside AAs	1	152	1	78	81	7,610	7	11,315	90	19,155
Total	31	8,916	17	7,347	1,472	107,999	51	20,118	1,571	144,380

Source: Bank Data

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

- 1,412 qualifying PPP loans totaling \$74.6 million in 2020 and 2021 that promote economic development or revitalize or stabilize low- and moderate-income geographies. PPP loans were originated in all AAs as well as the greater statewide area.
- 30 loans totaling \$8.8 million to support affordable housing needs in the AAs.
- A loan for \$100,000 extended in a Tax Increment Financing (TIF) district. Through the use of TIF districts, municipalities are able to divert future property tax revenue increases toward an economic development or public improvement project within the community.

Qualified Investments

Forward Bank made 298 qualified investments totaling \$1.5 million during the evaluation period. This level is a decrease from \$2.6 million at the previous examination. The bank’s investments are comprised primarily of qualified donations to local organizations with the primary purpose of community services. Besides donations, the bank purchased a municipal bond supporting affordable housing in an area near the bank’s AAs in central Wisconsin. Additionally, the bank currently holds a certificate of deposit investment in a minority-owned financial institution. This level of investment activity equates to 0.8 percent of total securities and 0.2 percent of total assets as of December 31, 2022. While the AAs contain opportunities for community development investments, intense competition from larger financial institutions in the AAs for these types of investments makes them difficult to obtain.

Forward Bank’s level of qualified investments is below similarly-situated institutions whose community development investments to total securities ranged from 3.7 percent to 5.1 percent and whose qualified investments to total assets ranged from 0.6 percent to 1.1 percent. The tables below illustrate the bank’s qualified investments by year and AA.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	--	--	1	245	--	--	--	--	1	245
2020 (Partial)	--	--	--	--	--	--	--	--	--	--
2021	--	--	--	--	--	--	--	--	--	--
2022	1	500	--	--	--	--	--	--	1	500
2023 (YTD)	--	--	--	--	--	--	--	--	--	--
Subtotal	1	500	1	245	--	--	--	--	2	745
Grants & Donations	7	8	270	453	10	117	9	190	296	768
Total	8	508	271	698	10	117	9	190	298	1,513

Source: Bank Data

Community Development Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Non-MSA AA	7	8	241	431	10	117	6	188	264	744
Wausau MSA AA	--	--	4	2	--	--	--	--	4	2
Eau Claire MSA AA	--	--	20	17	--	--	3	2	23	19
Statewide/Outside AAs	1	500	6	248	--	--	--	--	7	748
Total	8	508	271	698	10	117	9	190	298	1,513

Source: Bank Data

Notable examples of qualified community development investments include the following:

- Multiple donations to support financial literacy in schools that primarily serve low- or moderate-income students (over 50 percent of students receive free or reduced lunch).
- Multiple donations to organizations that provide food and/or housing assistance to low- and moderate-income individuals and families in the AAs.
- An affordable housing municipal bond purchased during the evaluation period to assist with housing needs in central Wisconsin.

Community Development Services

Forward Bank participated in 211 community development service activities during the evaluation period. This is an increase from 124 community development service activities at the previous evaluation. This performance exceeds two similarly-situated financial institutions who had between 20 and 54 instances of qualified community development services. The following tables illustrate the bank's community development services by year, purpose, and AA.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (Partial)	2	15	11	1	29
2021	3	41	15	1	60
2022	1	71	14	2	88
2023 (YTD)	--	23	10	1	34
Total	6	150	50	5	211

Source: Bank Data

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Non-MSA AA	6	123	38	2	169
Wausau MSA AA	--	2	--	3	5
Eau Claire MSA AA	--	11	1	--	12
Statewide/Outside AAs	--	14	11	--	25
Total	6	150	50	5	211
<i>Source: Bank Data</i>					

Notable examples of community development services conducted include the following:

- Four bank officers serve as Board members for local economic development corporations providing financial expertise, and promoting economic development, job creation, and retention.
- Two bank officers serve on the Board and/or loan committee with regional economic development corporations that promote economic development by providing loans to small businesses.
- A bank officer serves on the Board of a non-profit organization that provides job training, and supports employment and day services for physically and developmentally disabled adults in an underserved area.
- Several bank employees participated in financial literacy presentations at local schools throughout the AAs, helping students learn about financial management, types of bank accounts, and the importance of loans and deposit accounts. Employees provided these presentations in various schools where the majority of students receive free or reduced lunch.

In addition to the community development services, Forward Bank offers retail banking services that provide benefit to low- or moderate-income individuals and geographies. Forward Bank operates four branches in moderate-income CTs including its main office in Wood County, and branches in Colby (Marathon County), Stanley (Chippewa County), and Park Falls (Price County). Additionally, the Phillips branch is located in an underserved middle-income CT in Price County. During the COVID-19 pandemic in 2020 and 2021, bank management waived early withdrawal fees for certificates of deposit. These bank locations and this additional service reflects favorably on the bank’s willingness to provide community development services to their communities, including rural and underserved areas of Wisconsin.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any evidence of discriminatory or other illegal credit practices. Therefore, this consideration did not affect the institution’s overall CRA rating.

WISCONSIN NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE WISCONSIN NON-MSA AA

The Wisconsin Non-MSA AA includes 41 contiguous CTs: all of Clark County (8 CTs), Price County (6 CTs), Taylor County (6 CTs), and Wood County (17 CTs), as well as single CTs in Ashland, Iron, Portage, and Sawyer Counties. As indicated in the 2020 U.S. Census, the Wisconsin Non-MSA AA includes one moderate-income CT in Price County and three moderate-income CTs in Wood County. The remaining CTs throughout the AA are either middle- or upper-income. Changes from the previous evaluation due to the 2020 U.S. Census delineations include one moderate-income CT from Sawyer County changing to a middle-income CT and two middle-income CTs in Wood County changing to moderate-income CTs. There are no low-income geographies in the bank’s AA.

Sources of data used in this section include the Federal Financial Institution Examiner Council (FFIEC), 2015 ACS data, 2020 U.S. Census data, 2022 D&B data, the U.S. Bureau of Labor Statistics, the Wisconsin Realtors Association, and the Wisconsin Department of Workforce Development.

Economic and Demographic Data

According to the 2020 U.S. Census, the Wisconsin Non-MSA AA contains eight CTs considered as distressed or underserved middle-income nonmetropolitan geographies. Distressed or underserved middle-income nonmetropolitan geographies meet certain criteria designated by federal banking and thrift regulators, such as unemployment, poverty, or population loss. Further, the Wisconsin Non-MSA AA includes 55 TIF districts. These districts are targeted for economic development, revitalization and stabilization, and other community improvement projects.

The following table illustrates select demographic characteristics of the Wisconsin Non-MSA AA.

Demographic Information of the Assessment Area						
Assessment Area: Wisconsin Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	41	0.0	9.8	85.4	4.9	0.0
Population by Geography	153,556	0.0	9.9	83.1	7.0	0.0
Housing Units by Geography	82,009	0.0	9.3	84.9	5.8	0.0
Owner-Occupied Units by Geography	49,571	0.0	8.1	83.9	8.0	0.0
Occupied Rental Units by Geography	16,097	0.0	18.6	78.4	2.9	0.0
Vacant Units by Geography	16,341	0.0	3.9	94.4	1.7	0.0
Businesses by Geography	11,038	0.0	11.1	83.2	5.7	0.0
Farms by Geography	1,083	0.0	2.9	91.8	5.4	0.0
Family Distribution by Income Level	41,730	19.3	21.1	23.6	36.1	0.0
Household Distribution by Income Level	65,668	23.6	17.9	20.6	37.9	0.0
Median Family Income Non-MSAs - WI		\$71,740	Median Housing Value			\$140,193
			Median Gross Rent			\$709
			Families Below Poverty Level			6.8%
<i>Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The table below includes the FFIEC median family income levels in the Wisconsin Non-MSA AA. Examiners used median family income levels to analyze home mortgage lending activities under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$68,000)	<\$34,000	\$34,000 to <\$54,400	\$54,400 to <\$81,600	≥\$81,600
2021 (\$69,600)	<\$34,800	\$34,800 to <\$55,680	\$55,680 to <\$83,520	≥\$83,520
2022 (\$81,500)	<\$40,750	\$40,750 to <\$65,200	\$65,200 to <\$97,800	≥\$97,800
<i>Source: FFIEC</i>				

Median home prices have increased significantly in some counties of the AA and steadily increased in other counties of the AA and the State of Wisconsin as a whole since the previous evaluation. These increasing prices, when compared to income levels, indicate that families earning a low- or moderate-income may find it difficult to purchase a home.

Median Housing Costs					
Area	2020	2021	2022	YTD 2023	Increase (%)
Ashland County	\$125,000	\$134,750	\$148,500	\$172,250	37.8
Iron County	\$199,900	\$212,250	\$240,000	\$222,500	11.3
Price County	\$132,000	\$139,900	\$152,500	\$135,000	2.3
Sawyer County	\$265,000	\$240,000	\$292,500	\$309,725	16.9
Taylor County	\$136,000	\$162,500	\$178,500	\$181,028	33.1
Clark County	\$119,950	\$137,750	\$161,250	\$153,900	28.3
Portage County	\$200,000	\$219,500	242,000	\$240,000	20.0
Wood County	\$134,400	\$150,000	\$175,000	\$168,250	25.2
State of Wisconsin	\$220,000	\$240,000	\$264,800	\$262,500	19.3

Source: Wisconsin Realtors Association

Of the 82,009 housing units in the Wisconsin Non-MSA AA, approximately 60.5 percent are owner-occupied, 19.6 percent are occupied rental units, and 19.9 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

The following table provides the annual unemployment rates of each county in the AA compared to the State of Wisconsin during the evaluation period. The trend of unemployment rates in each county is consistent with the State of Wisconsin. In 2020, county and statewide unemployment rates increased significantly due to the COVID-19 pandemic, peaking in April 2020. Since then, unemployment rates have decreased and stabilized to pre-pandemic levels.

Annual Unemployment Rates (%)				
Area	2020	2021	2022	February 2023
Ashland County	8.6	5.0	3.9	3.6
Clark County	4.5	3.2	2.6	2.8
Iron County	11.4	6.4	5.1	5.5
Portage County	5.4	3.5	2.9	2.7
Price County	6.8	4.2	3.4	3.3
h				
Sawyer County	7.9	5.1	4.0	5.0
Taylor County	4.9	3.3	3.4	4.6
Wood County	6.7	4.4	3.3	3.4
Statewide	6.4	3.8	2.9	2.8

Source: U.S. Bureau of Labor Statistics

According to 2022 D&B data, approximately 1,083 farms and 11,038 businesses operate in the Wisconsin Non-MSA AA. Further, approximately 65.2 percent of businesses operate with four or less employees and 88.6 percent operate from a single location. This demonstrates that, while large businesses do exist, small businesses represent a significant portion of overall business in the AA.

Service industries represent the largest portion of businesses at 31.3 percent, followed by non-classifiable establishments at 15.0 percent, and retail trade at 12.3 percent. According to the Wisconsin Department of Workforce Development, major employers in the Wisconsin Non-MSA AA include:

Sports Medicine of Marshfield, Marshfield Medical Center, Aspirus Stanley Hospital, BW Paper Systems, Nestle Pizza, Sierra Pacific Windows, and the Visiting Nurse Association of America.

Competition

The Wisconsin Non-MSA AA is moderately competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 2022, 31 financial institutions operate 62 full-service branches within the AA. Of these institutions, Forward Bank ranks second with a 12.9 percent deposit market share.

The Wisconsin Non-MSA AA contains a moderate level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2021, 349 lenders reported 7,991 HMDA-reportable loans in the Wisconsin Non-MSA AA. Forward Bank ranked first, reporting a market share of 9.8 percent.

Forward Bank is not required to collect or report small farm or small business data, and it has elected not to do so. Therefore, the analysis of these loan types under the Lending Test does not include comparisons to aggregate data. The aggregate data, however, reflects the level of demand for lending. Aggregate data for 2021 shows 78 lenders reported 3,746 small business loans and 21 lenders reported 397 small farm loans in Ashland, Clark, Iron, Portage, Price, Sawyer, Taylor, and Wood Counties. Aforementioned aggregate data indicates a moderate degree of competition in both products. Many institutions are not required to report lending data; therefore, competition for these loan types is greater than the aggregate data reflects.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also assists examiners to understand available credit opportunities.

As part of this evaluation, examiners contacted an economic development organization that primarily serves Clark County. The contact noted that the area mainly contains small and rural communities and that the housing supply remains limited with very few single-family or multi-family residential development projects in the area. The contact explained that small businesses and small farms in the area struggle to get the necessary financing to grow and maintain their businesses. Further, the contact stated that growth and employment stayed relatively stable through the COVID-19 pandemic due to the importance of the area's agriculture production to the nation's economy.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and small farm loans represent a primary credit need for the AA. There is a particular need for covering funding gaps that start-up and other small businesses experience. The significant percentage of businesses and farms with gross annual

revenues (GARs) of \$1 million or less and the percentage of businesses with four or fewer employees support this conclusion.

Additionally, there is a significant community development need for affordable housing and home rehabilitation in the AA. The median housing values for the area and low quality of housing stock support this conclusion.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE WISCONSIN NON-MSA AA

LENDING TEST

Forward Bank demonstrates reasonable performance under the Lending Test in the Wisconsin Non-MSA AA. Forward Bank's performance under the Geographic Distribution and Borrower Profile criterion for home mortgage, small business, and small farm lending support this conclusion.

Geographic Distribution

The geographic distribution of home mortgage, small business, and small farm loans reflects reasonable dispersion throughout the AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. The following table presents the bank's performance, as well as the percentage of owner-occupied housing units (demographic data) in the AA and aggregate data as a comparison. Forward Bank's performance in moderate-income CTs trailed aggregate performance and demographic data in 2021. However, Forward Bank's performance in moderate-income CTs significantly increased and slightly exceeded the demographic data in 2022. Overall, Forward Bank's distribution of home mortgage loans in the AA reflects reasonable performance.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Wisconsin Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2021	5.1	4.7	19	2.7	2,349	2.2
2022	8.1	--	34	8.7	3,487	5.3
Middle						
2021	81.2	81.0	593	85.7	89,457	84.0
2022	83.9	--	359	91.3	61,950	94.7
Upper						
2021	13.7	14.3	80	11.6	14,724	13.8
2022	8.0	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	692	100.0	106,530	100.0
2022	100.0	--	393	100.0	65,437	100.0

*Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. The following table presents the bank's performance, as well as the percentage of businesses within each tract income level (demographic data) as a comparison. Forward Bank's performance in moderate-income CTs trails demographic data. However, two of the four moderate-income CTs in the AA are located in Wisconsin Rapids. These two CTs contain 5.8 percent of small businesses in the AA, or approximately 53.5 percent of small businesses located within moderate-income CTs in the area. Wisconsin Rapids is approximately 22 to 30 miles away from the nearest Forward Bank branch in Marshfield. Additionally, Wisconsin Rapids contains 16 branches of competing financial institutions, which limits Forward Bank's opportunity to lend in the two moderate-income CTs. Considering the factors above, Forward Bank's dispersion of small business loans in the AA reflects reasonable performance.

Geographic Distribution of Small Business Loans Assessment Area: Wisconsin Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2022	11.1	31	5.3	3,338	5.5
Middle					
2022	83.2	551	94.7	57,130	94.5
Upper					
2022	5.7	0	0.0	0	0.0
Totals					
2022	100.0	582	100.0	60,468	100.0
<i>Source: 2022 D&B Data; Bank Data;</i> <i>Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the AA. The following table presents the bank’s performance, as well as the percentage of farms within each tract income level (demographic data) as a comparison. Forward Bank’s performance in moderate-income CTs slightly trails demographic data. However, as discussed above, two of the four moderate-income CTs in the AA are located in Wisconsin Rapids. The distance of Forward Bank branch locations from Wisconsin Rapids compared to competing financial institutions limits Forward Bank’s small farm lending opportunities in those moderate-income CTs. Considering the factors above, Forward Bank’s dispersion of small farm loans in the AA reflects reasonable performance.

Geographic Distribution of Small Farm Loans Assessment Area: Wisconsin Non-MSA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate					
2022	2.9	4	1.1	251	0.9
Middle					
2022	91.8	342	96.1	25,426	93.6
Upper					
2022	5.4	10	2.8	1,481	5.5
Totals					
2022	100.0	356	100.0	27,158	100.0
<i>Source: 2022 D&B Data; Bank Data;</i> <i>Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, as well as farms and businesses of different sizes in the AA. The bank's reasonable performance in home mortgage, small business, and small farm lending supports this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable dispersion to individuals of different income levels, including low- and moderate-income borrowers. The following table presents the bank's performance, as well as the percentage of families within each income level (demographic data) and aggregate data to serve as a comparison. Forward Bank's home mortgage lending dispersion among low-income borrowers in 2021 trailed demographic data; however, performance was consistent with aggregate data. Forward Bank's home mortgage lending performance in 2022 also trails demographic data; however, the percentage of loans extended to low-income borrowers increased by 1.9 percentage points, trending upward.

According to U.S. Census Bureau information, 6.8 percent of the families in the AA have incomes below the poverty level. The limited financial resources of individuals earning an income below the poverty level, combined with increasing housing values, restricts the demand and opportunity for home mortgage loans to low-income borrowers in the AA. When considering this level of families in poverty, the bank's performance more closely aligns to a percentage of low-income families that have the financial ability to support a mortgage. This reflects reasonable performance.

Forward Bank's lending activity among moderate-income borrowers in 2021 is consistent with demographic and aggregate data. Additionally, lending activity among moderate-income individuals increased in 2022, exceeding the demographic by 1.3 percentage points. Overall, the bank's lending activity among low- and moderate-income borrowers reflects reasonable performance.

Further strengthening the home mortgage performance, the bank originates mortgage products through the Wisconsin Housing and Economic Development Authority (WHEDA) homeownership loan programs. These loan programs offer lower down payment requirements and flexible underwriting standards to first-time homebuyers and low- and moderate-income borrowers who are not likely to qualify for a conventional mortgage. During the evaluation period, Forward Bank originated 32 WHEDA loans totaling \$2.3 million. The table below does not include any WHEDA loans.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Wisconsin Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	19.5	7.4	61	8.8	4,790	4.5
2022	19.3	--	42	10.7	3,912	6.0
Moderate						
2021	20.0	20.8	138	19.9	14,477	13.6
2022	21.1	--	88	22.4	10,889	16.6
Middle						
2021	24.0	20.3	160	23.1	23,469	22.0
2022	23.6	--	83	21.1	14,089	21.5
Upper						
2021	36.5	34.2	284	41.0	50,970	47.8
2022	36.1	--	141	35.9	27,731	42.4
Not Available						
2021	0.0	17.3	49	7.1	12,823	12.0
2022	0.0	--	39	9.9	8,816	13.5
Totals						
2021	100.0	100.0	692	100.0	106,530	100.0
2022	100.0	--	393	100.0	65,437	100.0
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available.</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses with GARs of \$1 million or less. The following table presents the bank's performance, as well as the percentage of businesses in each revenue category (demographic data) to serve as a comparison. Forward Bank's performance is comparable to demographic data and reflects reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Wisconsin Non-MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	82.6	42	82.4	2,709	68.1
>\$1,000,000					
2022	5.0	9	17.6	1,267	31.9
Revenue Not Available					
2022	12.4	0	0.0	0	0.0
Totals					
2022	100.0	51	100.0	3,976	100.0
<i>Source: 2022 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms with GARs of \$1 million or less. The following table presents the bank’s performance, as well as the percentage of small farms in each revenue category (demographic data) to serve as a comparison. Although Forward Bank’s performance trails demographic data, it is considered reasonable for a number of reasons. First, demographic data provides the percentage of farms located in the AA, which does not represent the percentage of farms actually seeking financing. Many small farms tend to have little to no debt and use other financial resources such as home equity loans or credit cards to obtain financing. This limits the demand and opportunity to extend small farm loans to borrowers with GARs of \$1 million or less. Examiners reviewed Forward Bank’s performance in relation to a similarly-situated financial institution operating in the Wisconsin Non-MSA AA and determined that performance is comparable. For the reasons described above, Forward Bank’s lending distribution of small farm loans reflects reasonable performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Wisconsin Non-MSA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2022	96.5	39	84.8	2,512	73.8
>\$1,000,000					
2022	2.5	7	15.2	893	26.2
Revenue Not Available					
2022	1.0	0	0.0	0	0.0
Totals					
2022	100.0	46	100.0	3,405	100.0
<i>Source: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

Forward Bank demonstrates adequate responsiveness to the community development needs of the Wisconsin Non-MSA AA through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity, as well as the need for and availability of such opportunities.

Community Development Loans

Forward Bank originated 1,229 community development loans totaling \$100.8 million in the Wisconsin Non-MSA AA during the evaluation period. This represents approximately 69.8 percent of the bank’s total qualified community development lending activity by dollar volume and 78.2 percent by number of loans. PPP loans represented the majority of the qualifying loans. The following table illustrates the bank’s community development lending by year and purpose.

Community Development Lending – Wisconsin Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	2	1,216	5	2,463	578	50,153	4	1,324	589	55,156
2021	18	2,888	7	3,476	550	24,523	10	2,126	585	33,013
2022	2	118	--	--	31	9,266	19	3,114	52	12,498
2023 (YTD)	1	90	1	35	--	--	1	5	3	130
Total	23	4,312	13	5,974	1,159	83,942	34	6,569	1,229	100,797

Source: Bank Data

Notable examples of community development loans originated in the Wisconsin Non-MSA AA include the following:

- 565 qualifying PPP loans totaling \$40.3 million in 2020 and 545 qualifying PPP loans totaling \$19.4 million in 2021.
- 23 loans totaling \$4.3 million to support affordable housing needs in the AA.
- 13 loans totaling \$71,000 to replace lead pipes in the moderate-income CT in Marshfield. Government grants are also available to assist borrowers; however, these grants do not fully cover replacement costs. The bank is the only financial institution in the area offering these loans that revitalize and stabilize the area.
- A loan for \$5.5 million extended to a grocery store located in an underserved CT, promoting economic development and meeting needs in that area.

Qualified Investments

Forward Bank made 264 qualified investments totaling \$743,282 in the Wisconsin Non-MSA AA during the evaluation period. This represents approximately 88.6 percent of the bank’s total qualified investments by number during the evaluation period. The table below illustrates the bank’s community development investments by year and purpose.

Qualified Investments – Wisconsin Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
2020 (Partial)	--	--	38	87,428	2	1,500	3	82,500	43	171,428
2021	2	3,025	60	151,870	2	70	1	5,000	65	159,965
2022	4	4,823	93	180,387	3	148	2	100,500	102	285,858
2023 (YTD)	1	100	50	10,931	3	115,000	--	--	54	126,031
Total	7	7,948	241	430,616	10	116,718	6	188,000	264	743,282

Source: Bank Data

Notable examples of community development investments conducted in the Wisconsin Non-MSA AA include the following:

- Multiple donations to support financial literacy in schools that primarily serve low- and moderate-income students (over 50 percent of students receive free or reduced lunch).
- Multiple donations to organizations that provide food and/or housing assistance to low- and moderate-income individuals and families.

Community Development Services

During the evaluation period, bank employees provided 169 instances of community development services in the Wisconsin Non-MSA AA, representing 80.1 percent of Forward Bank’s qualified services. The following table illustrates the bank’s community development services by year and purpose in the Wisconsin Non-MSA AA.

Community Development Services – Wisconsin Non-MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (Partial)	2	14	10	1	27
2021	3	38	10	1	52
2022	1	59	11	--	71
2023 (YTD)	--	12	7	--	19
Total	6	123	38	2	169

Source: Bank Data

Notable examples of community development services conducted include the following:

- Four bank officers serve on Boards for local economic development corporations, providing financial expertise, and promoting economic development, job creation, and retention.
- One bank officer serves on the Board of a non-profit organization that provides job training, and supports employment and day services for physically and developmentally disabled adults in an underserved area.

- Several bank employees participated in financial literacy presentations at local schools throughout the AA where the majority of students receive free or reduced lunch. These services help students learn about financial management, types of bank accounts, and the importance of loans and deposit accounts.

Forward Bank's main branch is located in a moderate-income CT in Wood County, along with the Park Falls branch in Price County. Additionally, the Phillips branch is located in an underserved middle-income CT in Price County.

WAUSAU-WESTON MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE WAUSAU-WESTON MSA AA

The Wausau-Weston MSA AA includes nine CTs in Marathon County. As indicated in the 2020 U.S. Census, the Wausau-Weston MSA AA includes two moderate-income CTs. The remaining CTs in the AA are middle- or upper-income. This AA had only middle- and upper-income CTs based on prior census data. There are no low-income geographies in the bank's AA.

Sources of data used in this section include the FFIEC, 2015 ACS data, 2020 U.S. Census data, 2022 D&B data, the U.S. Bureau of Labor Statistics, the Wisconsin Realtors Association, and the Wisconsin Department of Workforce Development.

Economic and Demographic Data

Sixteen TIF districts encompass portions of municipalities within the Wausau-Weston MSA AA. These districts are targeted for economic development, revitalization and stabilization, and other community improvement projects. The following table illustrates select demographic characteristics of the Wausau-Weston MSA AA.

Demographic Information of the Assessment Area						
Assessment Area: Wausau-Weston MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	22.2	66.7	11.1	0.0
Population by Geography	38,444	0.0	19.2	73.6	7.3	0.0
Housing Units by Geography	16,405	0.0	20.2	73.0	6.8	0.0
Owner-Occupied Units by Geography	12,980	0.0	20.5	73.2	6.3	0.0
Occupied Rental Units by Geography	2,345	0.0	20.9	70.0	9.0	0.0
Vacant Units by Geography	1,080	0.0	15.5	76.6	8.0	0.0
Businesses by Geography	2,654	0.0	19.2	72.6	8.1	0.0
Farms by Geography	376	0.0	23.1	72.6	4.3	0.0
Family Distribution by Income Level	11,215	16.3	19.2	24.2	40.4	0.0
Household Distribution by Income Level	15,325	18.2	14.9	21.0	45.8	0.0
Median Family Income MSA - 48140 Wausau-Weston, WI MSA		\$77,632	Median Housing Value			\$174,318
			Median Gross Rent			\$715
			Families Below Poverty Level			4.9%
<i>Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The table below includes the FFIEC median family income levels in the Wausau-Weston MSA AA. Examiners used the median family income levels to analyze home mortgage lending activities under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$74,600)	<\$37,300	\$37,300 to <\$59,680	\$59,680 to <\$89,520	≥\$89,520
2021 (\$76,800)	<\$38,400	\$38,400 to <\$61,440	\$61,440 to <\$92,160	≥\$92,160
2022 (\$86,900)	<\$43,450	\$43,450 to <\$69,520	\$69,520 to <\$104,280	≥\$104,280
<i>Source: FFIEC</i>				

Information from the Wisconsin Realtors Association shows that median housing prices have steadily increased in Marathon County and the State of Wisconsin since the previous evaluation. These increasing prices, when compared to income levels, indicate that families earning a low- or moderate-income may find it difficult to purchase a home.

Median Housing Costs					
Area	2020	2021	2022	YTD 2023	Increase (%)
Marathon County	\$183,000	\$197,700	\$215,050	\$227,450	24.3
Statewide	\$220,000	\$240,000	\$264,800	\$262,500	19.3

Source: Wisconsin Realtors Association

Of the 16,405 housing units in the Wausau-Weston MSA AA, approximately 79.1 percent are owner-occupied, 14.3 percent are occupied rental units, and 6.6 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

The table below provides the annual unemployment rates of Marathon County compared to the State of Wisconsin during the evaluation period. The trend of Marathon County's unemployment rate is consistent with the State of Wisconsin.

Annual Unemployment Rates (%)				
Area	2020	2021	2022	February 2023
Marathon County	5.0	3.0	2.5	2.3
Statewide	6.4	3.8	2.9	2.8

Source: U.S. Bureau of Labor Statistics

According to 2022 D&B data, approximately 376 farms and 2,654 businesses operate in the Wausau-Weston MSA AA. Further, approximately 64.7 percent of businesses operate with four or less employees, and 91.7 percent operate from a single location. The demographic data demonstrates that, while large businesses do exist, small businesses represent a significant portion of overall business in the AA.

Service industries represent the largest portion of businesses at 26.8 percent, followed by non-classifiable establishments at 19.7 percent, and agriculture, forestry, and fishing at 12.4 percent. According to the Wisconsin Department of Workforce Development, major employers in the Wausau-Weston MSA AA include Marathon Cheese Corporation and Land O'Lakes Inc.

Competition

The Wausau-Weston MSA AA is moderately competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 2022, 12 financial institutions operate 16 full-service branches within the Wausau-Weston MSA AA. Of these institutions, Forward Bank ranks third with a 12.5 percent deposit market share.

The Wausau-Weston MSA AA contains a moderate level of competition for home mortgage lending among banks, credit unions, and non-depository mortgage lenders. In 2021, 172 lenders reported 2,207 HMDA-reportable loans in the Wausau-Weston MSA AA. Forward Bank ranked second, reporting a market share of 6.1 percent.

As previously noted, Forward Bank is not required to collect or report small farm or small business data, and there are no direct comparisons to aggregate data. The aggregate data, however, reflects the level of demand for lending. Aggregate data for 2021 shows 59 lenders reported 2,414 small

business loans, and 12 lenders reported 281 small farm loans in Marathon County. Aggregate data indicates a moderate degree of competition in both products. Many institutions are not required to report lending data; therefore, competition for these loan types is greater than the aggregate data reflects.

Community Contacts

As part of this evaluation, examiners contacted the director of a development corporation that primarily serves Marathon County. The contact noted that the area mainly contains smaller communities dedicated to economic development. The contact also noted that the housing supply remains limited in the area. The contact stated that there is a need for financial education and financing for small businesses who may have difficulty reaching the necessary capital to start or expand their business.

The community contact stated that local financial institutions are meeting the needs of the community. Additionally, the contact expressed that competition in the area encourages financial institutions to serve the community rather than limiting their opportunities.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and small farm loans represent a primary credit need in the AA. There is a particular need for covering funding gaps that start-up and other small businesses experience. The significant percentage of businesses and farms with GARs of \$1 million or less and the percent of businesses with four or fewer employees support this conclusion. Additionally, there is a significant community development need for affordable housing in the AA. The median housing values in the area and low volume of housing stock support this conclusion.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE WAUSAU-WESTON MSA AA

LENDING TEST

Forward Bank demonstrates reasonable performance under the Lending Test. Forward Bank's performance under the Borrower Profile criterion primarily supports this conclusion.

Geographic Distribution

The geographic distribution of home mortgage, small business, and small farm loans reflects excellent dispersion throughout the AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the AA. The following table presents the bank's performance, as well as demographic and aggregate data as comparators. In 2021, the Wausau-Weston MSA AA did not include any moderate income CTs; therefore, examiners focused on 2022 performance. Furthermore, aggregate data is not available for

2022 so examiners used demographic data as the primary comparator. Forward Bank's distribution of loans in moderate-income CTs exceeds demographic data in 2022 by 14 percentage points and reflects excellent performance.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Wausau-Weston MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2021	0.0	0.0	0	0.0	0	0.0
2022	20.5	--	20	34.5	3,932	34.1
Middle						
2021	84.6	82.4	102	86.4	20,061	89.6
2022	73.2	--	28	48.3	5,274	45.7
Upper						
2021	15.4	17.6	16	13.6	2,333	10.4
	6.3	--	10	17.2	2,329	20.2
Totals						
2021	100.0	100.0	118	100.0	22,394	100.0
2022	100.0	--	58	100.0	11,535	100.0
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available.</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the AA. The following table presents the bank's performance, as well as demographic data as a comparison. Forward Bank's distribution of loans in moderate-income CTs exceeds demographic data by 15.4 percentage points and reflects excellent performance.

Geographic Distribution of Small Business Loans					
Assessment Area: Wausau-Weston MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2022	19.2	28	34.6	3,978	44.1
Middle					
2022	72.6	35	43.2	3,582	39.7
Upper					
2022	8.1	18	22.2	1,464	16.2
Totals					
2022	100.0	81	100.0	9,024	100.0
<i>Source: 2022 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The geographic distribution of small farm loans reflects excellent dispersion throughout the AA. The following table presents the bank’s performance, as well as demographic data as a comparison. Forward Bank’s distribution of loans in moderate-income CTs exceeds demographic data by 22 percentage points and reflects excellent performance.

Geographic Distribution of Small Farm Loans					
Assessment Area: Wausau-Weston MSA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate					
2022	23.1	41	45.1	4,036	43.2
Middle					
2022	72.6	48	52.7	5,217	55.9
Upper					
2022	4.3	2	2.2	85	0.9
Totals					
2022	100.0	91	100.0	9,338	100.0
<i>Source: 2022 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, and businesses and farms of different sizes in the AA. The bank’s reasonable performance of home mortgage, small business, and small farm lending supports this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. The following table presents the bank's performance, as well as demographic and aggregate data to serve as a comparison. Forward Bank's lending to low-income borrowers in 2021 trailed demographic data. However, performance is similar to aggregate data. The bank's lending to low-income borrowers in 2022 significantly trailed demographic data.

According to the U.S. Census Bureau information, 4.9 percent of the families in the AA have incomes below poverty level. The limited financial resources of these individuals, combined with increasing housing values, restricts the demand and opportunity for home mortgage loans to low-income borrowers in the AA. Excluding these individuals from the analysis in 2022 suggests that 11.4 percent of the low-income population in the AA has the financial ability to borrow funds for the purchase or refinance of a dwelling. The bank's lending to low-income borrowers in 2022 still trails the adjusted demographic data.

Forward Bank's lending activity among moderate-income borrowers in 2021 trails both demographic and aggregate data. However, in 2022 the distribution of loans to moderate-income borrowers increased by 10.5 percentage points, exceeding the demographic by 4.9 percentage points. While performance varied throughout the review period, the bank's overall lending activity among low- and moderate-income borrowers reflects reasonable performance.

Additionally, Forward Bank originated five WHEDA loans totaling \$346,430 in this AA during the evaluation period. These are not reflected in the table below.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Wausau-Weston MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	15.7	6.5	6	5.1	618	2.8
2022	16.3	--	2	3.4	232	2.0
Moderate						
2021	18.8	20.7	16	13.6	1,757	7.8
2022	19.2	--	14	24.1	2,026	17.6
Middle						
2021	25.0	24.1	22	18.6	3,357	15.0
2022	24.2	--	9	15.5	991	8.6
Upper						
2021	40.5	33.1	63	53.4	14,240	63.6
2022	40.4	--	29	50.0	7,451	64.6
Not Available						
2021	0.0	15.7	11	9.3	2,421	10.8
2022	0.0	--	4	6.9	835	7.2
Totals						
2021	100.0	100.0	118	100.0	22,394	100.0
2022	100.0	--	58	100.0	11,535	100.0
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available.</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. The following table presents the bank's performance, as well as the demographic data to serve as a comparison. In 2022, Forward Bank's performance lags demographic data.

Although Forward Bank does not report CRA data, the 2021 aggregate data, which illustrates demand, shows that 61.7 percent of reporting competitor banks' small business loans were extended to entities with GARs of \$1 million or less. Examiners compared Forward Bank's performance with non-reporting institutions and determined that performance is in line with two similarly-situated banks in the AA. Therefore, Forward Bank's distribution of small business loans to businesses with GARs of \$1 million or less is reflective of reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Wausau-Weston MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	85.5	31	75.6	2,794	63.0
>\$1,000,000					
2022	5.4	10	24.4	1,642	37.0
Revenue Not Available					
2022	9.2	0	0.0	0	0.0
Totals					
2022	100.0	41	100.0	4,436	100.0
<i>Source: 2022 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration of loans to farms with GARs of \$1 million or less. The following table presents the bank’s performance, as well as demographic data to serve as a comparison. Forward Bank’s distribution of small farm loans to farms with GARs of \$1 million or less is similar to demographic data, trailing only by 5.1 percentage points, which reflects reasonable performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Wausau-Weston MSA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2022	96.8	11	91.7	2,056	95.4
>\$1,000,000					
2022	2.7	1	8.3	100	4.6
Revenue Not Available					
2022	0.5	0	0.0	0	0.0
Totals					
2022	100.0	12	100.0	2,156	100.0
<i>Source: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

Forward Bank demonstrates adequate responsiveness to the community development needs of the Wausau-Weston MSA AA through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity, as well as the need and availability of such opportunities.

Community Development Loans

Forward Bank originated 143 community development loans totaling \$20.7 million in the Wausau-Weston MSA AA during the evaluation period. This represents approximately 14.4 percent of the bank's total qualified lending activity by dollar volume and 9.1 percent by number of loans. PPP loans represented the majority of the qualifying loans. The following table illustrates the bank's community development lending by year and purpose.

Community Development Lending – Wausau-Weston MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	2	4,097	1	125	60	9,442	--	--	63	13,664
2021	3	241	2	1,170	69	3,883	--	--	74	5,294
2022	1	64	--	--	--	--	3	1,385	4	1,449
2023 (YTD)	--	--	--	--	--	--	2	307	2	307
Total	6	4,402	3	1,295	129	13,325	5	1,692	143	20,714

Source: Bank Data

Notable examples of community development loans originated in the Wausau-Weston MSA AA include the following:

- 56 qualifying PPP loans totaling \$4.0 million in 2020 and 67 qualifying PPP loans totaling \$2.1 million in 2021.
- 6 loans totaling \$4.4 million to support affordable housing needs in the AA.

Qualified Investments

Forward Bank made four qualified investments totaling \$1,550 in the Wausau-Weston MSA AA during the evaluation period. This represents approximately 1.3 percent of the bank's total qualified investments by number during the evaluation period. The table below illustrates the bank's community development investments by year and purpose.

Qualified Investments – Wausau-Weston MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
2020 (Partial)	--	--	1	1,000	--	--	--	--	1	1,000
2021	--	--	--	--	--	--	--	--	--	--
2022	--	--	3	550	--	--	--	--	3	550
2023 (YTD)	--	--	--	--	--	--	--	--	--	--
Total	--	--	4	1,550	--	--	--	--	4	1,550

Source: Bank Data

Community development investments conducted in the Wausau-Weston MSA AA include multiple donations to organizations that provide food assistance to low- and moderate-income individuals and families.

Community Development Services

During the evaluation period, bank employees provided five instances of community development services in the Wausau-Weston MSA AA, representing 2.4 percent of Forward Bank’s qualified services. The following table illustrates the bank’s community development services by year and purpose in the Wausau-Weston MSA AA.

Community Development Services – Wausau-Weston MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (Partial)	--	--	--	--	--
2021	--	--	--	--	--
2022	--	--	--	2	2
2023 (YTD)	--	2	--	1	3
Total	--	2	--	3	5
<i>Source: Bank Data</i>					

Notable examples of community development services conducted include the following:

- A bank officer serves on the Board for a local non-profit organization that promotes agriculture revitalization and stabilization in a moderate-income CT.
- A bank employee serves on the Board of a non-profit organization assisting small businesses and promoting community service in a moderate-income CT.

Forward Bank’s Colby branch office is located in a moderate-income CT in the AA, assisting the bank in providing community development services in the Wausau-Weston MSA AA.

EAU CLAIRE MSA ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE EAU CLAIRE MSA AA

The Eau Claire MSA AA includes four CTs in Chippewa County, two of which are moderate-income, and two of which are middle-income. Changes from the previous evaluation due to the 2020 U.S. Census delineations include one middle-income CT changing to a moderate-income CT. There are no low-income geographies in the AA.

Sources of the data used in this section include the FFIEC, 2015 ACS, 2020 U.S. Census, 2022 D&B, U.S. Bureau of Labor Statistics, Wisconsin Realtors Association, and Wisconsin Department of Workforce Development.

Economic and Demographic Data

Three TIF districts encompass portions of municipalities in the Eau Claire MSA AA. The following table illustrates select demographic characteristics of the Eau Claire MSA AA.

Demographic Information of the Assessment Area						
Assessment Area: Eau Claire MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	50.0	50.0	0.0	0.0
Population by Geography	20,054	0.0	42.6	57.4	0.0	0.0
Housing Units by Geography	8,236	0.0	49.0	51.0	0.0	0.0
Owner-Occupied Units by Geography	5,925	0.0	43.7	56.3	0.0	0.0
Occupied Rental Units by Geography	1,416	0.0	59.3	40.7	0.0	0.0
Vacant Units by Geography	895	0.0	67.5	32.5	0.0	0.0
Businesses by Geography	1,246	0.0	46.5	53.5	0.0	0.0
Farms by Geography	179	0.0	43.0	57.0	0.0	0.0
Family Distribution by Income Level	5,030	22.6	25.6	21.7	30.1	0.0
Household Distribution by Income Level	7,341	23.4	22.1	18.9	35.6	0.0
Median Family Income MSA - 20740 Eau Claire, WI MSA		\$79,795	Median Housing Value			\$162,273
			Median Gross Rent			\$727
			Families Below Poverty Level			7.2%

*Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%
 (*) The NA category consists of geographies that have not been assigned an income classification.*

The table below includes the FFIEC median family income levels in the Eau Claire MSA AA. Examiners used the median family income levels to analyze home mortgage lending activities under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$76,700)	<\$38,350	\$38,350 to <\$61,360	\$61,360 to <\$92,040	≥\$92,040
2021 (\$80,000)	<\$40,000	\$40,000 to <\$64,000	\$64,000 to <\$96,000	≥\$96,000
2022 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000

Source: FFIEC

Information from the Wisconsin Realtors Association shows that median housing costs have significantly increased in Chippewa County and steadily increased in the State of Wisconsin since the previous evaluation. These increasing costs, when compared to income levels, indicate that families earning a low- or moderate-income may find it difficult to purchase a home.

Median Housing Costs					
Area	2020	2021	2022	YTD 2023	Increase (%)
Chippewa County	\$209,450	\$239,900	\$260,000	\$285,000	36.1
Statewide	\$220,000	\$240,000	\$264,800	\$262,500	19.3

Source: Wisconsin Realtors Association

Of the 8,236 housing units in the Eau Claire MSA AA, approximately 71.9 percent are owner-occupied, 17.2 percent are occupied rental units, and 10.9 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

The table below provides the annual unemployment rates of Chippewa County compared to the State of Wisconsin during the evaluation period. The trend of Chippewa County's unemployment rate is consistent with the State of Wisconsin.

Annual Unemployment Rates (%)				
Area	2020	2021	2022	February 2023
Chippewa County	6.3	3.9	3.3	4.1
Statewide	6.4	3.8	2.9	2.8

Source: U.S. Bureau of Labor Statistics

According to 2022 D&B data, approximately 179 farms and 1,246 businesses operate in the Eau Claire MSA AA. Additionally, 68.5 percent of businesses operate with four or less employees and 92.9 percent operate from a single location. The demographic data demonstrates that, while large businesses do exist, small businesses represent a significant portion of the businesses in the AA.

Service industries represent the largest portion of businesses at 27.7 percent, followed by non-classifiable establishments at 16.8 percent, and agriculture, forestry, and fishing at 12.6 percent. According to the Wisconsin Department of Workforce Development, major employers in the Eau Claire MSA AA include Stanley Correctional Institution and Cadott High School.

Competition

Competition to provide financial services in the Eau Claire MSA AA is low. According to FDIC Deposit Market Share data as of June 2022, 3 financial institutions operate seven full-service branches within the Eau Claire MSA AA. Of these institutions, Forward Bank ranked third with a 14.3 percent deposit market share.

While competition overall is low, competition in providing home mortgage lending services among banks, credit unions, and non-depository mortgage lenders is high in the Eau Claire MSA AA. In 2021, 127 lenders reported 1,258 HMDA-reportable loans in the Eau Claire MSA AA. Forward Bank ranked sixth with a market share of 3.3 percent.

Aggregate data for 2021 shows 49 lenders reported 863 small business loans and 13 lenders reported 84 small farm loans in Chippewa County. Aforementioned aggregate data indicates a

moderate degree of competition in both products. Many institutions are not required to report lending data; therefore, competition for these loan types is greater than the aggregate data reflects.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE EAU CLAIRE MSA AA

LENDING TEST

The institution's lending performance in the Eau Claire MSA AA is consistent with the lending performance in the Wisconsin Non-MSA and Wausau-Weston MSA AAs that were reviewed using full-scope examination procedures.

Geographic Distribution

The institution's geographic distribution lending performance in the Eau Claire MSA AA is consistent with the reasonable lending performance in the Wisconsin Non-MSA AA and below the excellent performance in the Wausau-Weston MSA AA, which were both reviewed using full-scope examination procedures. However, it does not change the institution's rating. The following tables demonstrate the institution's performance under the Geographic Distribution criterion within this AA.

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans Assessment Area: Eau Claire MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2021	25.5	24.7	30	81.1	3,636	78.8
2022	43.7	--	14	73.7	2,434	70.8
Middle						
2021	74.5	75.3	7	18.9	979	21.2
2022	56.3	--	5	26.3	1,006	29.2
Totals						
2021	100.0	100.0	37	100.0	4,615	100.0
2022	100.0	--	19	100.0	3,440	100.0
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

Geographic Distribution of Small Business Loans					
Assessment Area: Eau Claire MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2022	46.5	12	46.2	1,251	56.4
Middle					
2022	53.5	14	53.8	968	43.6
Totals					
2022	100.0	26	100.0	2,219	100.0
<i>Source: 2022 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

Geographic Distribution of Small Farm Loans					
Assessment Area: Eau Claire MSA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate					
2022	43.0	10	33.3	821	38.8
Middle					
2022	57.0	20	66.7	1,295	61.2
Totals					
2022	100.0	30	100.0	2,116	100.0
<i>Source: 2022 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The institution’s lending performance in the Eau Claire MSA AA is consistent with the lending performance in the Wisconsin Non-MSA and Wausau-Weston MSA AAs that were reviewed using full-scope examination procedures. The following tables demonstrate the institution’s performance under the Borrower Profile criterion within this AA.

Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Eau Claire MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	22.7	10.5	5	13.5	460	10.0
2022	22.6	--	6	31.6	536	15.6
Moderate						
2021	22.8	23.2	13	35.1	1,376	29.8
2022	25.6	--	4	21.1	551	16.0
Middle						
2021	23.6	26.8	7	18.9	641	13.9
2022	21.7	--	5	26.3	1,098	31.9
Upper						
2021	30.8	29.4	10	27.0	1,852	40.1
2022	30.1	--	4	21.1	1,254	36.5
Not Available						
2021	0.0	10.1	2	5.4	285	6.2
2022	0.0	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	37	100.0	4,615	100.0
2022	100.0	--	19	100.0	3,440	100.0
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Eau Claire MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	88.4	4	100.0	254	100.0
>\$1,000,000					
2022	3.9	0	0.0	0	0.0
Revenue Not Available					
2022	7.7	0	0.0	0	0.0
Totals					
2022	100.0	4	100.0	254	100.0
<i>Source: 2022 D&B Data; Bank Data; "--" data not available.</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Eau Claire MSA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2022	99.4	4	100.0	286	100.0
>\$1,000,000					
2022	0.6	0	0.0	0	0.0
Revenue Not Available					
2022	0.0	0	0.0	0	0.0
Totals					
2022	100.0	4	100.0	286	100.0
<i>Source: 2022 D&B Data; Bank Data; "--" data not available.</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

The institution's community development performance in the Eau Claire MSA AA is consistent with the community development performance in the Wisconsin Non-MSA and Wausau-Weston MSA AAs. The following tables provide additional detail regarding community development loans, investments, and services in the Eau Claire MSA AA.

Community Development Lending – Eau Claire MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	--	--	--	--	37	1,268	--	--	37	1,268
2021	1	50	--	--	65	1,679	1	330	67	2,059
2022	--	--	--	--	1	175	4	212	5	387
2023 (YTD)	--	--	--	--	--	--	--	--	--	--
Total	1	50	--	--	103	3,122	5	542	109	3,714

Source: Bank Data

Qualified Investments – Eau Claire MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
2020 (Partial)	--	--	4	2,450	--	--	2	2,000	6	4,450
2021	--	--	5	3,531	--	--	--	--	5	3,531
2022	--	--	10	10,897	--	--	1	150	11	11,047
2023 (YTD)	--	--	1	250	--	--	--	--	1	250
Total	--	--	20	17,128	--	--	3	2,150	23	19,278

Source: Bank Data

Community Development Services – Eau Claire MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (Partial)	--	--	--	--	--
2021	--	3	1	--	4
2022	--	6	--	--	6
2023 (YTD)	--	2	--	--	2
Total	--	11	1	--	12

Source: Bank Data

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.