



## **PUBLIC DISCLOSURE**

November 14, 2018

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Tri City National Bank  
Charter Number 15738

6400 South 27th Street  
Oak Creek, WI 53154

Office of the Comptroller of the Currency

1200 North Mayfair Road, Suite 200  
Wauwatosa, WI 53226

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not 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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# Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Outstanding**.

The following table indicates the performance level of Tri City National Bank (TCNB) with respect to the Lending, Investment, and Service Tests:

Performance Levels	Tri City National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	
Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

- TCNB’s lending levels reflect excellent responsiveness to the credit needs in its assessment areas (AAs), taking into account the number and amount of home mortgage and small business loans in its AAs. A substantial majority of TCNB’s loans are made in its AAs. The institution is a leader in making community development (CD) loans.
- TCNB has a significant level of qualified investments, often in a leadership role. TCNB exhibits good responsiveness to credit and CD needs. The institution makes significant use of innovative or complex qualified investments.
- TCNB’s service delivery systems are readily accessible to geographies and individuals of different income levels in its AAs. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income (LMI) geographies and LMI individuals.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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.

**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, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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.

**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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county 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 percent and less than 120 percent, in the case of a geography

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

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

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

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

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

**Rated Area:** A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

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

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

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Description of Institution

TCNB is a federally chartered national bank headquartered in Oak Creek, Wisconsin. TCNB is a full-service bank with 35 banking offices and 30 automated teller machines (ATMs) across its footprint. ATMs are located in all but four branch locations. TCNB is a wholly owned subsidiary of Tri City Bankshares Corporation. Title Service of Southeast Wisconsin, Tri City Capital Corp, Tri City Whole Health Investment Fund LLC, Aurora Investment Fund LLC, and FIRE Loan Pool IF LLC are wholly-owned subsidiaries of TCNB. Tri City Whole Health Investment Fund LLC, Aurora Investment Fund LLC, and FIRE Loan Pool IF LLC are economic development entities established for a public welfare investment that utilized New Market Tax Credits (NMTCs). As of September 30, 2018, TCNB had total assets of \$1.4 billion, total loans of \$895.8 million, and tier 1 capital of \$153.8 million.

TCNB provides a range of consumer and commercial banking services to individuals and businesses with a focus on commercial and residential real estate lending within the bank's market areas. The bank offers a standard product mix of loans, including Wisconsin Housing and Economic Development Authority (WHEDA), the US Department of Veterans Affairs, Federal Housing Authority, and Small Business Administration (SBA) loans.

TCNB has been a bank focused on the needs of its customers and communities. The bank continues to focus on helping families fulfill their financial goals and businesses grow. As of September 30, 2018, the bank's total loans represent 64.06 percent of total assets. The loan portfolio consists of 77.71 percent commercial loans, 21.67 percent residential real estate loans, and 0.62 percent consumer loans.

There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its AAs. The bank received a Satisfactory rating in its previous Intermediate Small Bank Community Reinvestment Act (CRA) evaluation dated July 14, 2014. The Lending Test was rated Satisfactory, and the CD Test was rated Outstanding.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

TCNB was evaluated using the Large Bank procedures to assess the bank's record of meeting the credit needs of its community. The Large Bank procedures include a Lending Test, Investment Test, and Service Test. The evaluation covered the period since the date of the previous CRA examination, July 14, 2014, through November 14, 2018. The evaluation period for CD loans, the Investment Test, and the Service Test was January 1, 2015 through December 31, 2017.

We analyzed home mortgage loans that the bank reported under the Home Mortgage Disclosure Act (HMDA) and small loans made to businesses and farms the bank reported under the CRA during the period of January 1, 2015 through December 31, 2017. Multifamily and small farm loans are not a primary loan product; therefore, we did not evaluate this product separately. Performance Tables in appendix C include only the data covered by the 2010 Census, specifically the data from 2015 through 2016. Data from 2017 is discussed in



the applicable narrative sections of this evaluation. We reviewed qualified CD loans, investments, and services during the period of January 1, 2015 through December 31, 2017.

Under the Lending Test, we performed separate analyses of 2015 through 2016 data and 2017 data. This is due to changes instituted by the American Community Survey (ACS), which resulted in updated population and housing information in the 2017 data. The updated ACS data also resulted in changes to the income designations of some census tracts (CTs). The 2015 through 2016 analysis period will receive more weight than the 2017 analysis period, as this period represents a larger portion of the bank's lending activity during the evaluation period. TCNB did not change its lending strategy during the two analysis periods.

## Data Integrity

As part of our ongoing supervision of the bank, we tested the accuracy of the bank's HMDA and CRA lending data. We also reviewed the appropriateness of CD activities provided for consideration in our evaluation. This included testing of CD loans, investments, and services for accuracy, and to determine if they qualify as CD as defined in the CRA regulation. Our testing indicated no substantive inaccuracies in the data. As a result, we concluded that the data for home mortgage loans, small loans to businesses and farms, and CD activities could be relied upon for this evaluation.

## Selection of Areas for Full-Scope Review

We selected the Milwaukee-Waukesha-West Allis, Wisconsin metropolitan statistical area (MSA) and the Racine, Wisconsin MSA for full-scope review. Full-scope reviews consider performance context, quantitative, and qualitative factors. The AAs selected for full-scope review were chosen given they represent a significant portion of the bank's deposit base and lending business in Wisconsin. The Lake County-Kenosha County, Illinois-Wisconsin metropolitan division (MD) was analyzed using limited-scope procedures. Limited-scope procedures consider quantitative factors only. Refer to **Appendix A: Scope of the Examination** section of this evaluation for details regarding how we selected the areas for review.

## Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. In this evaluation, we placed more weight on the bank's performance in 2015 through 2016 than its performance in 2017 to reach our conclusions. The bank's overall rating is based primarily on results in those areas that received full-scope reviews.

Additionally, when evaluating the bank's performance under the Lending Test, we placed more weight on the bank's distribution of small business loans than the distribution of home mortgage loans.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated Outstanding. Based on full-scope reviews, the bank's performance in the Milwaukee-Waukesha-West Allis, Wisconsin MSA (Milwaukee MSA) and Racine, Wisconsin MSA (Racine MSA) is excellent. The bank's performance in the limited-scope area is adequate.

#### Lending Activity

The bank's lending activity is excellent, considering the strong competition for all types of loans in the bank's AAs. The bank's excellent performance in originating home mortgage loans, small business loans, and small farm loans when compared to its local competitors supports this conclusion.

Refer to table 1: Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity.

##### Milwaukee MSA

TCNB's lending activity in the Milwaukee MSA is excellent. Home mortgage lending activity is excellent, and small business lending activity is excellent considering competition in the AA.

Based upon FDIC Deposit Market Share data for the Milwaukee MSA, as of June 30, 2018, TCNB had deposits of \$1.0 billion, resulting in a 1.66 percent market share of deposits and ranking 10th among 47 financial institutions in the AA. Based upon 2017 peer mortgage data, TCNB achieved a 0.60 percent market share of home mortgage loans, ranking 40th among 482 reporting lenders. The mortgage lending activity is excellent given the bank's rankings for home mortgage products within this highly competitive market.

TCNB achieved a 1.26 percent market share of small loans to businesses, ranking 15th among 119 reporting lenders. The small business lending activity is excellent given the bank's ranking compared to the small business lending competition within the AA.

##### Racine MSA

TCNB's lending activity in the Racine MSA is excellent. Home mortgage lending activity is excellent, and small business lending activity is excellent considering the competition in the AA.

Based upon FDIC Deposit Market Share data for the Racine MSA, as of June 30, 2018, TCNB had deposits totaling \$214.3 million, resulting in a 6.63 percent market share of deposits and ranking fifth among 14 financial institutions in the AA. Based upon 2017 peer mortgage data, TCNB achieved a 1.99 percent market share of home mortgage loans, ranking 11th among 270 reporting lenders. The mortgage lending activity is excellent given the bank's rankings for home mortgage products within this highly competitive market.

TCNB has a 3.94 percent market share of small loans to businesses, ranking ninth among 71 reporting lenders. The small business lending activity is excellent given the bank's ranking compared to the small business lending competition within the AA.

### **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of loans is excellent. In performing our analysis, we placed greater weight on the bank's small business lending as this lending category represented the majority of the bank's CRA reportable lending activity. We also placed greater weight on the bank's performance in 2015 through 2016 than its performance in 2017 due to the larger volume of lending activity that took place over those two years as compared to just 2017.

#### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans is excellent.

Refer to table O in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

#### **Milwaukee MSA**

TCNB's geographic distribution of home mortgage loans in 2015 through 2016 is excellent. The percentage of the bank's loans originated in low-income geographies is below the percentage of owner-occupied housing units in low-income geographies, but exceeds aggregate peer lending in these geographies. The percentage of home mortgage loans originated in moderate-income geographies is below the percentage of owner-occupied housing units in moderate-income geographies, but exceeds aggregate peer lending in these geographies.

TCNB's geographic distribution of home mortgage loans in 2017 is excellent. The percentage of the bank's loans in low-income geographies is below the percentage of owner-occupied housing units in low-income geographies, but exceeds aggregate peer lending in these geographies. The percentage of loans in moderate-income geographies exceeds the percentage of owner-occupied housing units in moderate-income geographies and exceeds aggregate peer lending in these geographies.

#### **Racine MSA**

TCNB's geographic distribution of home mortgage loans in 2015 through 2016 is excellent. The percentage of the bank's loans originated in low-income geographies is below the percentage of owner-occupied housing units in low-income geographies, but exceeds aggregate peer lending in these geographies. The percentage of loans originated in moderate-income geographies exceeds the percentage of owner-occupied housing units in moderate-income geographies and exceeds aggregate peer lending in these geographies.

TCNB's geographic distribution of home mortgage loans in 2017 is excellent. The percentage of loans in low-income geographies is below the percentage of owner-occupied housing units in low-income geographies, but exceeds aggregate peer lending in these geographies. The percentage of loans in moderate-income geographies exceeds the percentage of owner-occupied housing units in moderate-income geographies and exceeds aggregate peer lending in these geographies.

## ***Small Loans to Businesses***

The overall geographic distribution of small loans to businesses is excellent.

Refer to table Q in appendix C for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

### Milwaukee MSA

TCNB's geographic distribution of small loans to businesses in 2015 through 2016 is excellent. The percentage of small loans to businesses in low-income geographies is near to the percentage of businesses in low-income geographies and exceeds aggregate peer lending data in those geographies. The percentage of small loans to businesses in moderate-income geographies exceeds the percentage of businesses in moderate-income geographies and exceeds aggregate peer lending in those geographies.

TCNB's geographic distribution of small loans to businesses in 2017 is excellent. The percentage of small loans to businesses in low-income geographies exceeds the percentage of businesses in low-income geographies and exceeds aggregate peer lending. The percentage of small loans to businesses in moderate-income geographies exceeds the percentage of businesses in moderate-income geographies and exceeds aggregate peer lending in those geographies.

### Racine MSA

TCNB's geographic distribution of small loans to businesses in 2015 through 2016 is excellent. The percentage of small loans to businesses in low-income geographies exceeds the percentage of businesses in low-income geographies and exceeds aggregate peer lending in those geographies. The percentage of small loans to businesses in moderate-income geographies exceeds the percentage of businesses in moderate-income geographies and exceeds aggregate peer lending in those geographies.

TCNB's geographic distribution of small loans to businesses in 2017 is excellent. The percentage of small loans to businesses in low-income geographies exceeds the percentage of businesses in low-income geographies and exceeds aggregate peer lending in those geographies. The percentage of small loans to businesses in moderate-income geographies exceeds the percentage of businesses in moderate-income geographies and exceeds aggregate peer lending in those geographies.

## ***Lending Gap Analysis***

We evaluated the lending distribution in the AA to determine if any unexplained conspicuous gaps existed. We reviewed summary reports and maps and analyzed TCNB's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

## ***Inside/Outside Ratio***

The inside/outside ratio is a bank-wide calculation and not calculated by individual rating area or AA. Analysis is limited to bank originations and purchases and does not include any affiliate data. For the combined three year evaluation period, TCNB originated a substantial majority of

all loan products inside its AAs (95.9 percent). The percentage by number of loans made inside the bank's AAs by loan type are as follows: home mortgage loans is 95.2 percent, small loans to businesses is 96.6 percent, and small loans to farms is 100.0 percent.

### **Distribution of Loans by Income Level of the Borrower**

Overall, the borrower distribution of loans is good. The borrower distribution of home mortgage loans is excellent, and the distribution of small loans to businesses is good.

#### ***Home Mortgage Loans***

The overall borrower distribution of home mortgage loans is excellent.

Refer to table P in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

#### **Milwaukee MSA**

TCNB's borrower distribution of home mortgage loans in 2015 through 2016 is excellent. The percentage of loans to low-income borrowers is below the percentage of low-income families in the AA, but exceeds aggregate peer lending data. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA and exceeds the percentage of aggregate peer lending data in the AA.

TCNB's borrower distribution of home mortgage loans in 2017 is excellent. The percentage of loans to low-income borrowers is below the percentage of low-income families in the AA, but exceeds aggregate peer lending data. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA and exceeds aggregate peer lending data.

#### **Racine MSA**

TCNB's borrower distribution of home mortgage loans in 2015 through 2016 is excellent. The percentage of loans to low-income borrowers is below the percentage of low-income families in the MSA, but exceeds aggregate peer lending data. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA and exceeds the percentage of aggregate peer lending data.

TCNB's borrower distribution of home mortgage loans in 2017 is excellent. The percentage of loans to low-income borrowers is below the percentage of low-income families in the AA, but exceeds aggregate peer lending data. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the MSA and exceeds aggregate peer lending data.

#### ***Small Loans to Businesses***

The overall borrower distribution of small loans to businesses is good.

Refer to table R in appendix C for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

Milwaukee MSA

TCNB's borrower distribution of small loans to small businesses (businesses with gross annual revenues of \$1.0 million or less) in 2015 through 2016 is good. The percentage of small loans to small businesses is below the percentage of small businesses in the AA. This performance is enhanced by the percentage of bank loans exceeding aggregate peer lending data.

TCNB's borrower distribution of small loans to small businesses in 2017 is good. The percentage of small loans to small businesses is below the percentage of small businesses in the AA. This performance is enhanced by the percentage of bank loans exceeding aggregate peer lending data.

Racine MSA

TCNB's borrower distribution of small loans to small businesses in 2015 through 2016 is good. The percentage of small loans to small businesses is below the percentage of small businesses in the AA. This performance is enhanced by the percentage of bank loans exceeding aggregate peer lending data.

TCNB's borrower distribution of small loans to small businesses in 2017 is good. The percentage of small loans to small businesses is below the percentage of small businesses in the AA. This performance is enhanced by the percentage of bank loans exceeding aggregate peer lending data.

**Community Development Lending**

TCNB is a leader in making CD loans that are responsive to community needs. This performance had a significant positive impact on the Lending Test. During the evaluation period, the bank made a total of \$91.8 million in CD loans in all of the bank's AAs. A majority of these loans were to finance multifamily affordable housing needs.

Refer to table 1: Lending Volume in appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

Milwaukee MSA

TCNB's high level of CD lending had a significant positive impact on its overall lending performance in the Milwaukee MSA. The bank originated 36 CD loans in the AA during the evaluation period, totaling \$75.1 million. This amount represented 59.64 percent of tier 1 capital allocated to the AA. The bank's CD loans demonstrated excellent responsiveness to AA needs. These loans support community services, economic development, and affordable housing needs. The following are several examples of these loans:

- The bank originated 24 loans, totaling \$18.9 million, creating affordable housing for LMI individuals. These loans were to refinance or acquire multifamily apartment buildings and complexes in LMI CTs. These 24 loans created approximately 583 affordable rental units that were primarily below fair market rents.
- In 2015, the bank funded two loans, totaling \$6.0 million, to build a mixed-use development in Milwaukee, Wisconsin. The development will provide affordable housing and retail space in a moderate-income area. The project was supported by Impact

Seven and NMTC. Impact Seven is a certified Community Development Financial Institution (CDFI), which serves as a consultant, lender, investor and developer. Impact Seven has helped numerous communities make significant strides towards revitalizing distressed housing and diminished economies.

- In 2016, a \$4.3 million loan was originated to finance the construction of a commercial office building and integrated healthcare clinic serving a moderate-income area in West Allis, Wisconsin. This facility will serve the surrounding community, including more than 13,000 low-income individuals, many of whom do not have access to primary care. A vacant school was demolished to make way for the new project. In 2017, the bank purchased \$1.9 million of NMTCs in relation to this project. See the Investment Test section of this report for further details.
- In 2016, the bank funded three loans, totaling \$19.0 million, for the purchase and rehabilitation of a vacant office building in a moderate-income CT located in downtown Milwaukee, Wisconsin. The development will provide office space and create approximately 300 jobs in this moderate-income area. Impact Seven and WHEDA provided additional financing support for this project. The project also received a loan from the Redevelopment Authority of the City of Milwaukee, from which funds are provided by a federal Environmental Protection Agency Brownfield revolving loan fund. This complex transaction involved several funding sources and required a significant amount of resources from TCNB to complete.
- In 2017, a \$4.7 million term loan was originated to finance the construction of a healthcare clinic located in West Allis, Wisconsin, in the Six Points mixed-use development. The project is located in a moderate-income CT. Approximately 90 individuals will be employed at the clinic, including 15 new full-time positions. This project was also funded by a grant from TCNB's subsidiary FIRE Loan Pool IF LCC for the purchase of the land from the City of West Allis. In December 2017, the bank purchased \$2.6 million in NMTCs in relation to this project. See the Investment Test section for more details. This complex transaction involved several funding sources and required a significant amount of resources from TCNB to complete.

### Racine MSA

TCNB's high level of CD lending had a significant positive impact on its overall lending performance in the Racine MSA. The bank originated 15 CD loans in the AA during the evaluation period, totaling \$14.1 million. This volume represents 54.24 percent of tier 1 capital allocated to the AA. These loans support community services, economic development, and affordable housing needs. The following are examples of these loans:

- The bank originated 12 loans, totaling \$10.2 million, creating affordable housing for LMI individuals. These loans were to refinance or acquire multifamily apartment buildings in LMI CTs. These 12 loans created approximately 287 affordable rental units that were primarily below fair market rents.
- During the evaluation period, the bank renewed \$3.9 million in loans that provide working capital support to a manufacturing company located in a low-income area of Racine, Wisconsin. The business has 55 employees and provides services to businesses in the area. The average wage paid to these 55 employees is approximately



80 percent of the median family income in the Racine MSA. Loan proceeds are utilized to cover operating, product, and payroll expenses incurred by the business while it works to collect its accounts receivables.

### **Product Innovation and Flexibility**

The bank's innovative and flexible products had a positive impact on its Lending Test performance. In particular, lending products included in the analysis offer flexibility for borrowers who do not qualify for, or would have difficulty obtaining, traditional financing.

During the review period, the bank originated 20 WHEDA loans, totaling \$2.3 million. WHEDA offers 30-year fixed loans to LMI home buyers in Wisconsin. These loans were included in the bank's residential real estate lending data.

TCNB offers small business loans with the SBA to entrepreneurs who cannot obtain traditional financing. The bank originated 40 SBA loans during the review period, totaling \$16.0 million. These loans were included in the bank's small business lending data.

### **Conclusions for Areas Receiving Limited-Scope Review**

Based on limited-scope review, the bank's performance under the Lending Test in the Lake Country-Kenosha County, Illinois-Wisconsin MD (Kenosha AA) is weaker than the bank's overall Outstanding performance under the Lending Test in full-scope areas. The geographic distribution of home mortgage loans in 2015 through 2016 is good. The geographic distribution of small loans to businesses in 2015 through 2016 is excellent. The borrower distribution of home mortgage loans in 2015 through 2016 is good. The geographic distribution of small loans to businesses in 2015 through 2016 is good. CD lending had a neutral impact on the overall rating in the limited-scope AA. During the evaluation period, the bank originated two CD loans, totaling \$2.6 million, in the Kenosha AA.

Refer to tables 1 through 15 in appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investments Test is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Milwaukee MSA is excellent and performance in the Racine MSA is good. TCNB has a significant level of qualified investments, often in a leadership role. TCNB exhibits good responsiveness to credit and CD needs. The institution makes significant use of innovative or complex qualified investments.

Refer to table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Milwaukee MSA

During the evaluation period, TCNB made an excellent level of investments within this AA. In addition to current period investments, we considered the ongoing impact that investments made prior to the current evaluation period had within the AA. When considering both current and prior period investments, the total of \$5.2 million represents approximately 4.09 percent of tier 1 capital allocated for the AA. The following are examples of these investments:

- The bank has one prior period investment, with a current book value of \$396,643, which is a government sponsored, mortgage backed security where the underlying mortgages were originated to LMI borrowers.
- TCNB invested \$239,000 through 111 donations to organizations that support affordable housing initiatives, economic development, revitalization/stabilization, and/or community services targeted towards LMI individuals and geographies over the evaluation period.

In the Milwaukee MSA, the bank took a leadership role in developing and participating in investments that were large, complex, and/or involved multiple partners with both public and private funding. The following are examples of these investments:

- The bank made a \$1.9 million NMTC investment to support the construction of a commercial office building and integrated healthcare clinic serving a moderate-income area in West Allis, Wisconsin. This facility will serve the surrounding community, including more than 13,000 low-income individuals, many of whom do not otherwise have access to primary care.
- The bank also made a \$2.6 million NMTC investment to support the construction of a healthcare clinic located in the Six Points mixed-use development located in West Allis, Wisconsin. This project is located in a moderate-income CT and will provide 15 new full-time positions.

Racine MSA

During the evaluation period, TCNB demonstrated an adequate level of investments within this AA.

In addition to current period investments, we considered the ongoing impact that investments made in the prior evaluation period had within the AA. When considering both current and prior period investments, the total of \$386,000 represents approximately 1.48 percent of tier 1 capital allocated for the AA. The following are examples of these investments:

- The bank has one prior period investment, with a current book value of \$331,013, which is a government sponsored, mortgage backed security where the underlying mortgages were originated to LMI borrowers.
- TCNB invested \$55,400 through 39 donations to organizations that supported affordable housing initiatives, economic development, revitalization/stabilization, and/or community services targeted towards LMI individuals and geographies over the evaluation period.

## Conclusions for the Area Receiving Limited-Scope Review

Based on the limited-scope review, the bank's performance under the Investment Test in the Kenosha AA was weaker than the bank's full-scope areas. The Investment Test for the Kenosha AA was considered low satisfactory due to the lower level of investments.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Wisconsin is rated Satisfactory. Based on full-scope reviews, the bank's performance in the Milwaukee MSA is good and the performance in the Racine MSA is adequate.

### Retail Banking Services

TCNB's service delivery systems are accessible to geographies and individuals of different income levels in its AAs. To the extent changes have been made, the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. Business hours do not vary in a way that inconveniences its AAs, particularly LMI geographies and individuals.

#### Milwaukee MSA

TCNB's branch distribution in the Milwaukee MSA AA is good. Branches are accessible to essentially all portions of the AA, particularly LMI individuals, when considering those branches that are in or in close proximity to LMI geographies. There are no branches located in low-income geographies. The bank has seven branches, or 25.00 percent of its branch distribution in the AA, located in moderate-income geographies, where 16.20 percent of the population resides.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery system, particularly in LMI geographies and for LMI individuals. The bank opened one branch and closed six branches during the evaluation period. Two branches were closed in low-income CTs and two branches were closed in moderate-income CTs. Branch hours and services do not vary in a way that would inconvenience portions of the AA, particularly LMI individuals. Services offered and banking hours are consistent among locations regardless of the geography's income level.

Management complements its traditional service delivery methods with certain alternative delivery processes, including online banking, mobile banking, ATMs, and telephone banking. These delivery methods provide increased access to banking services throughout the entire AA.

#### Racine MSA

TCNB's branch distribution in the Racine MSA is adequate. Branches are accessible to essentially all portions of the AA, particularly LMI individuals, when considering those branches that are in or in close proximity to LMI geographies. There are no branches located in low-income geographies. The bank has one branch, or 16.67 percent of its branch distribution in

the AA, located in moderate-income geographies, where 14.33 percent of the population resides.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery system, particularly in LMI geographies and LMI individuals. The bank did not open or close any branches during the evaluation period. The bank did close an ATM-only facility located in a middle-income CT. Branch hours and services do not vary in a way that would inconvenience portions of the AA, particularly LMI individuals. Services offered and banking hours are consistent among locations regardless of the geography's income level.

Refer to table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

## **Community Development Services**

TCNB provides an adequate level of CD services.

### Milwaukee MSA

In the Milwaukee MSA, TCNB's performance for providing CD services is good. Within the AA, employees provided services to 43 different organizations. These organizations supported affordable housing, community services, economic development, and/or revitalization and stabilization services. Employees demonstrated leadership and served on the board of directors or as committee members of these organizations. Some examples are detailed below:

- A Senior Vice President currently serves as chairperson for WHEDA.
- One bank employee serves as a loan committee member on Wisconsin Women's Business Initiative Group (WWBIC). WWBIC is a CDFI. This organization provides entrepreneurial training and makes small business microloans. This employee utilizes their financial skills during the loan review process.
- One bank employee serves on the Advisory Board for the Local Initiatives Support Corporation. Another bank employee serves as a loan committee member for the same organization. This organization supports nonprofit neighborhood development organizations with grants, technical assistance, and loans.
- One bank employee served as a board member and a board-chair of the finance committee for a community-based health organization. This organization provides health care to LMI families in Milwaukee, Wisconsin.
- One bank employee serves as a board member of Rebuilding Together of Greater Milwaukee. This nonprofit organization works to preserve homeownership and revitalize neighborhoods by providing free home repairs and modifications to those in need.

### Racine MSA

In the Racine MSA, TCNB's performance for providing CD services is adequate. Within the AA, employees provided services to six different organizations. Bank employees primarily participated in a variety of CD activities focused on community services targeted to LMI

individuals. Bank employees also participated in services that promoted economic development and provided affordable housing. Some bank employees served in leadership roles and some provided technical assistance on financial and banking related matters to community groups and to LMI persons and families.

- One employee served on the Financial Literacy Advisory Board of the Wisconsin Bankers Association. The program offers financial literacy media used in presentations and a dedication to promoting financial educations in communities.
- One employee previously served as a board member for the City of Racine Individual Development Account (IDA) Home Buyer Program. The IDA provided special savings accounts that match the deposits of LMI individuals. IDA programs provide individuals an opportunity to build their financial assets to achieve home ownership.
- One employee assists homeless individuals with budgeting and financial counseling. Assistance is also provided to homeless individuals who have gained employment and need help with understanding banking and bank accounts.

### **Conclusions for the Area Receiving Limited-Scope Review**

Based on the limited-scope review, the bank's performance under the Service Test in the limited-scope AA was not inconsistent with the performance in the full-scope areas. The performance was considered adequate and was not significant enough to impact the bank's overall rating.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/15 to 12/31/17 Investment and Service Tests & CD Loans: 01/01/15 to 12/31/17	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Tri City National Bank (TCNB) Oak Creek, WI	Home Mortgage Loans Small Loans to Businesses Small Loans to Farms	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Milwaukee-Waukesha-West Allis, WI MSA	Full-Scope	All of Milwaukee, Ozaukee, Washington and Waukesha Counties
Lake County-Kenosha County, IL-WI MD	Limited-Scope	Kenosha County
Racine, WI MSA	Full-Scope	Racine County

## Appendix B: Community Profiles for Full-Scope Areas

Table A – Demographic Information of the Assessment Area						
Assessment Area: Tri City Milwaukee MSA AA 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	429	20.1	18.0	35.2	26.6	0.2
Population by Geography	1,555,908	14.7	16.2	36.1	33.0	0.0
Housing Units by Geography	664,653	14.1	16.3	38.7	30.8	0.0
Owner-Occupied Units by Geography	386,906	6.7	12.9	39.8	40.5	0.0
Occupied Rental Units by Geography	228,941	23.3	21.3	38.7	16.7	0.0
Vacant Units by Geography	48,806	29.3	19.9	30.3	20.6	0.0
Businesses by Geography	76,402	8.7	13.5	38.6	39.1	0.0
Farms by Geography	1,761	3.5	6.9	43.2	46.5	0.0
Family Distribution by Income Level	389,825	22.2	16.9	20.6	40.4	0.0
Household Distribution by Income Level	615,847	24.2	16.1	17.6	42.0	0.0
Median Family Income MSA - 33340 Milwaukee-Waukesha-West Allis, WI MSA		\$72,025	Median Housing Value			\$203,186
			Median Gross Rent			\$779
			Families Below Poverty Level			9.7%
<i>Source: 2010 U.S. Census and 2016 D&amp;B Data</i> <i>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>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: Tri City Milwaukee MSA AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	431	23.0	15.8	32.3	28.3	0.7
Population by Geography	1,570,006	16.7	14.9	33.7	34.7	0.0
Housing Units by Geography	671,468	16.1	15.1	35.4	33.4	0.0
Owner-Occupied Units by Geography	376,569	7.3	11.9	36.3	44.5	0.0
Occupied Rental Units by Geography	247,577	25.6	20.0	36.1	18.3	0.0
Vacant Units by Geography	47,322	35.9	15.3	25.0	23.9	0.0
Businesses by Geography	80,452	11.0	11.9	35.6	41.4	0.0
Farms by Geography	1,823	5.2	7.2	37.9	49.7	0.0
Family Distribution by Income Level	388,209	23.5	16.2	19.4	40.9	0.0
Household Distribution by Income Level	624,146	25.2	15.4	17.0	42.4	0.0
Median Family Income MSA - 33340 Milwaukee-Waukesha-West Allis, WI MSA		\$75,386	Median Housing Value			\$186,990
			Median Gross Rent			\$841
			Families Below Poverty Level			11.2%
<i>Source: 2015 ACS Census and 2017 D&amp;B Data</i> <i>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 Milwaukee MSA is comprised of all of Milwaukee, Ozaukee, Washington and Waukesha Counties. The Milwaukee MSA AA contains 28 branches. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies.

According to 2010 US Census Data, the bank's AA is comprised of 429 CTs, of which 86 (20.05 percent) are low-income, 77 (17.95 percent) are moderate-income, 151 (35.20 percent) are middle-income, 114 (26.57 percent) are upper-income, and one (0.23 percent) is designated as NA. The total population of the AA is 1,555,908, which is comprised of 389,825 families. The number of families at each income level is: 86,328 low-income families (22.15 percent), 65,866 moderate-income families (16.90 percent), 80,324 middle-income families (20.61 percent), and 157,307 upper-income families (40.35 percent). The average median family income is \$72,025, and the FFIEC 2016 updated MSA median family income is \$70,200. The percentage of families below the poverty level is 9.69 percent. Owner-occupied units comprise 58.21 percent of total housing units. Based on 2016 demographic data, the total number of businesses with reported revenues in this AA was 76,402. Of these businesses, 59,615 (78.03 percent) had gross revenues of \$1 million or less, 7,445 (9.74 percent) had gross revenues over \$1 million, and 9,342 (12.23 percent) do not report revenue.

According to the Census Bureau's 2015 ACS, the bank's AA is comprised of 431 CTs, of which 99 (22.97 percent) are low-income, 68 (15.78 percent) are moderate-income, 139 (32.25 percent) are middle-income, 122 (28.31 percent) are upper-income, and three (0.70 percent) are designated as NA. The total population of the AA is 1,570,006, which is comprised of 388,209 families. The number of families at each income level is: 91,084 low-income families (23.46 percent), 62,807 moderate-income families (16.18 percent), 75,402 middle-income families (19.42 percent), and 158,916 upper-income families (40.94 percent). The average median family income is \$75,386, and the FFIEC 2017 updated MSA median family income is \$72,400. The percentage of families below the poverty level is 11.15 percent. Owner-occupied units comprise 56.08 percent of total housing units. Based on 2017 demographic data, the total number of businesses with reported revenues in this AA was 80,452. Of these businesses, 63,208 (78.57 percent) had gross revenues of \$1 million or less, 7,686 (9.55 percent) had gross revenues over \$1 million, and 9,558 (11.88 percent) did not report revenue.

### Employment and Economic Factors

According to the Bureau of Labor Statistics (<http://beta.bls.gov>), unemployment in the Milwaukee MSA has improved during the evaluation period. The unemployment rate in Milwaukee County fell from 5.7 percent in December 2014 to 3.1 percent in December 2017. The unemployment rate in Ozaukee County fell from 3.4 percent in December 2014 to 2.1 percent in December 2017. The unemployment rate for Washington County fell from 3.6 percent in December 2014 to 2.2 percent in December 2017. The unemployment rate for Waukesha County fell from 3.6 percent in December 2014 to 2.3 percent in December 2017. Unemployment in the state of Wisconsin fell from 4.6 percent in December 2014 to 2.7 percent in December 2017. Major employers include Aurora Health Care Inc.; Ascension Wisconsin; Froedtert Health; Kohl's; and Quad Graphics Inc.

From Moody's Analytics, Milwaukee AA has made significant strides over the past six months. Job growth has returned after a one-year lull, and residential real estate has picked up. Single-family housing starts are climbing, but supply is not keeping up with demand. Existing home sales are the highest since 2006.

We reviewed several community contacts performed for the Milwaukee MSA. Several contacts identified affordable housing, home improvement lending, and alternate credit programs in



general as important needs in the community. There is also a need for combined purchase-rehab loans for homes in LMI areas, as much of the housing stock in Milwaukee is old and aging poorly.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Tri City Racine MSA AA 2016</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	44	4.6	15.9	52.3	27.3	0.0
Population by Geography	195,408	4.7	14.3	53.5	27.5	0.0
Housing Units by Geography	81,565	4.6	15.1	53.1	27.2	0.0
Owner-Occupied Units by Geography	52,833	2.2	10.8	54.9	32.1	0.0
Occupied Rental Units by Geography	22,713	8.8	24.3	50.6	16.3	0.0
Vacant Units by Geography	6,019	9.6	19.1	46.9	24.4	0.0
Businesses by Geography	9,034	3.6	11.0	55.6	29.8	0.0
Farms by Geography	397	1.0	3.8	49.1	46.1	0.0
Family Distribution by Income Level	50,561	20.7	16.9	23.0	39.4	0.0
Household Distribution by Income Level	75,546	23.9	16.7	18.8	40.7	0.0
Median Family Income MSA - 39540 Racine, WI MSA		\$66,370	Median Housing Value			\$176,764
			Median Gross Rent			\$712
			Families Below Poverty Level			8.1%
<i>Source: 2010 U.S. Census and 2016 D&amp;B Data</i>						
<i>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>						

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Tri City Racine MSA AA 2017</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	45	6.7	20.0	46.7	20.0	6.7
Population by Geography	194,895	6.7	20.3	53.3	18.9	0.8
Housing Units by Geography	82,261	6.3	21.1	53.1	18.6	1.0
Owner-Occupied Units by Geography	52,516	2.7	16.1	57.4	23.6	0.2
Occupied Rental Units by Geography	22,667	12.0	29.9	47.2	8.5	2.4
Vacant Units by Geography	7,078	14.3	29.5	39.9	13.9	2.5
Businesses by Geography	9,130	5.1	18.2	54.4	19.4	2.8
Farms by Geography	396	1.8	5.8	55.8	36.4	0.3
Family Distribution by Income Level	50,245	20.0	17.8	21.9	40.3	0.0
Household Distribution by Income Level	75,183	23.4	15.7	19.5	41.4	0.0
Median Family Income MSA - 39540 Racine, WI MSA		\$69,122	Median Housing Value			\$161,164
			Median Gross Rent			\$795
			Families Below Poverty Level			9.2%
<i>Source: 2015 ACS Census and 2017 D&amp;B Data</i>						
<i>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 Racine, Wisconsin MSA is comprised of all of Racine County. The Racine MSA contains six branches. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies.

According to 2010 US Census Data, the bank’s AA is comprised of 44 CTs. Two (4.55 percent) are low-income, seven (15.91 percent) are moderate-income, 23 (52.27 percent) are middle-income, and 12 (27.27 percent) are upper-income. The total population of the AA is 195,408,

which is comprised of 50,561 families. The number of families at each income level is: 10,463 low-income families (20.69 percent), 8,544 moderate-income families (16.90 percent), 11,616 middle-income families (22.97 percent), and 19,938 upper-income families (39.43 percent). The average median family income is \$66,370, and the FFIEC 2016 updated MSA median family income is \$70,300. The percentage of families below the poverty level is 8.12 percent. Owner-occupied units comprise 64.77 percent of total housing units. Based on 2016 demographic data, the total number of businesses with reported revenues in this AA was 9,034. Of these businesses, 7,373 (81.61 percent) had gross revenues of \$1 million or less, 658 (7.28 percent) had gross revenues over \$1 million, and 1,003 (11.10 percent) do not report revenue.

According to the Census Bureau's 2015 ACS, the bank's AA is comprised of 45 CTs, of which three (6.67 percent) are low-income, nine (20.00 percent) are moderate-income, 21 (46.67 percent) are middle-income, nine (20.00 percent) are upper-income, and three (6.67 percent) are designated as NA. The total population of the AA is 194,895, which is comprised of 50,245 families. The number of families at each income level is: 10,032 low-income families (19.97 percent), 8,944 moderate-income families (17.80 percent), 11,006 middle-income families (21.90 percent), and 20,263 upper-income families (40.33 percent). The average median family income is \$69,122, and the FFIEC 2017 updated MSA median family income is \$67,300. The percentage of families below the poverty level is 9.19 percent. Owner-occupied units comprise 63.84 percent of total housing units. Based on 2017 demographic data, the total number of businesses with reported revenues in this AA was 9,130. Of these businesses, 7,429 (81.37 percent) had gross revenues of \$1 million or less, 685 (7.50 percent) had gross revenues over \$1 million, and 1,016 (11.13 percent) did not report revenue.

### Employment and Economic Factors

According to the Bureau of Labor Statistics (<http://beta.bls.gov>), unemployment in Racine County has improved during the evaluation period. The unemployment rate in Racine County fell from 5.5 percent in December 2014 to 3.2 percent in December 2017. Unemployment in the state of Wisconsin fell from 4.6 percent in December 2014 to 2.7 percent in December 2017. Major employers include All Saints Health Care System; S.C. Johnson & Son, Inc.; CNH America LLC; and Aurora Healthcare Hospital.

From Moody's Analytics, Racine County's economy is on solid footing, despite a recent slip in employment. Factories are adding workers at the fastest pace in three years. An expanding population and rising income levels is expected to contribute to stronger demand for housing over the near term. Builders are responding by increasing new construction; single-family starts have doubled in the past year and are forecasted to rise well above average in 2019.

Foxconn's \$10 billion investment in Racine County is forecasted to drive job and income growth in the county over the next few years. The enormous investment has bolstered the outlook for employment over the near and medium term. Along with building the plant, an increase in infrastructure spending is expected to power huge gains in construction employment. Residential real estate is forecasted get a boost from stronger population trends and higher wages for workers.

We reviewed a community contact performed for the Racine MSA. The organization is a workforce development center that works with employers, employees, and entrepreneurs in Racine, Kenosha, and Walworth Counties. There is a need for small dollar loans to small businesses. The need is not only for start-up businesses, but also for more seasoned businesses (two years or older) that may need low dollar loans for equipment, lines of credit, etc.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the metropolitan areas (MA)/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this performance evaluation.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. CD loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents aggregate peer data for the years the data is available.

- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. Because small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank's AA.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. The table also presents aggregate peer data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography (Optional)** – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households throughout those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Geography (Optional)** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MA/AA.
- Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents

investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's AA. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings -** Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: WISCONSIN				Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016						
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Tri City Milwaukee MSA AA 2016	69.83	663	104,220	787	162,119	1	13	36	75,109	1,451	266,352	81.86
Tri City Racine MSA AA 2016	24.83	273	35,813	243	36,328	0	0	15	14,128	516	72,141	16.93
<b>Limited Review:</b>												
Tri City Kenosha AA 2016	5.34	52	10,023	59	12,625	0	0	2	2,575	111	22,648	1.20

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2015 to December 31, 2017.

\*\*\* Deposit Data as of December 20, 2018. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.



Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2015-16	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Tri City Kenosha AA 2016	52	10,023	5.3	3,896	14.2	30.8	10.8	40.3	30.8	38.1	45.5	38.5	51.1	0.0	0.0	0.0	0.0	0.0	0.0	
Tri City Milwaukee MSA AA 2016	663	104,220	67.1	52,009	6.7	4.1	2.5	12.9	10.6	8.7	39.8	41.0	41.0	40.5	44.3	47.8	0.0	0.0	0.0	
Tri City Racine MSA AA 2016	273	35,813	27.6	6,430	2.2	1.8	0.7	10.7	17.6	7.5	54.9	57.1	54.3	32.1	23.4	37.4	0.0	0.0	0.0	
<b>Total</b>	<b>988</b>	<b>150,056</b>	<b>100.0</b>	<b>62,335</b>	<b>6.7</b>	<b>4.9</b>	<b>2.8</b>	<b>14.4</b>	<b>13.6</b>	<b>10.4</b>	<b>41.9</b>	<b>45.3</b>	<b>43.0</b>	<b>37.0</b>	<b>36.2</b>	<b>43.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2015-16</b>	
<b>Assessment Area:</b>	<b>Total Home Mortgage Loans</b>				<b>Low-Income Borrowers</b>			<b>Moderate-Income Borrowers</b>			<b>Middle-Income Borrowers</b>			<b>Upper-Income Borrowers</b>			<b>Not Available-Income Borrowers</b>			
	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>Overall Market</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	
Tri City Kenosha AA 2016	52	10,023	5.3	3,896	32.6	15.4	13.9	22.1	19.2	22.2	22.2	5.8	21.3	23.2	50.0	26.1	0.0	9.6	16.6	
Tri City Milwaukee MSA AA 2016	663	104,220	67.1	52,009	22.1	14.2	5.1	16.9	19.3	14.8	20.6	19.5	21.1	40.4	33.3	44.7	0.0	13.7	14.3	
Tri City Racine MSA AA 2016	273	35,813	27.6	6,430	20.7	15.8	7.9	16.9	19.4	18.4	23.0	23.8	23.0	39.4	33.3	35.2	0.0	7.7	15.6	
<b>Total</b>	<b>988</b>	<b>150,056</b>	<b>100.0</b>	<b>62,335</b>	<b>22.7</b>	<b>14.7</b>	<b>5.9</b>	<b>17.2</b>	<b>19.3</b>	<b>15.6</b>	<b>21.0</b>	<b>19.9</b>	<b>21.3</b>	<b>39.1</b>	<b>34.2</b>	<b>42.6</b>	<b>0.0</b>	<b>11.8</b>	<b>14.6</b>	
<i>Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.                      Due to rounding, totals may not equal 100.0</i>																				

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2015-16
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Tri City Kenosha AA 2016	59	12,625	5.4	1,790	21.4	37.3	15.3	33.4	32.2	33.2	45.2	30.5	51.6	0.0	0.0	0.0	0.0	0.0	0.0
Tri City Milwaukee MSA AA 2016	787	162,119	72.3	29,721	8.9	8.8	5.6	13.7	17.2	9.4	38.7	42.6	37.0	38.7	31.5	47.9	0.0	0.0	0.0
Tri City Racine MSA AA 2016	243	36,328	22.3	2,815	3.6	5.8	3.8	11.0	15.2	8.4	55.3	61.3	52.9	30.1	17.7	34.9	0.0	0.0	0.0
<b>Total</b>	<b>1,089</b>	<b>211,072</b>	<b>100.0</b>	<b>34,326</b>	<b>9.1</b>	<b>9.6</b>	<b>6.0</b>	<b>14.6</b>	<b>17.5</b>	<b>10.6</b>	<b>40.8</b>	<b>46.1</b>	<b>39.1</b>	<b>35.5</b>	<b>26.7</b>	<b>44.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2016 D&B Data; 01/01/2015 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2015-16
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Tri City Kenosha AA 2016	59	12,625	6.1	1,790	79.3	61.0	40.5	6.9	37.3	13.8	2.9
Tri City Milwaukee MSA AA 2016	787	162,119	72.3	29,721	78.0	60.4	43.1	9.7	31.3	12.2	8.4
Tri City Racine MSA AA 2016	243	36,328	22.3	2,815	81.6	68.7	44.6	7.3	25.9	11.1	5.4
<b>Total</b>	<b>1,089</b>	<b>211,072</b>	<b>100.0</b>	<b>34,326</b>	<b>78.5</b>	<b>62.3</b>	<b>43.1</b>	<b>9.3</b>	<b>30.4</b>	<b>12.2</b>	<b>7.3</b>
<i>Source: 2016 D&amp;B Data; 01/01/2015 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.                      Due to rounding, totals may not equal 100.0</i>											

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: WISCONSIN									
Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2017									
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Tri City Milwaukee MSA AA 2016	1	397	113	4,757	114	5,154	70.81	0	0
Tri City Racine MSA AA 2016	1	331	39	55	40	386	24.84	0	0
<b>Limited Review:</b>									
Tri City Kenosha AA 2016	1	293	6	6	7	299	4.35	0	0

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: WISCONSIN Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2017																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Tri City Milwaukee MSA 2017	81.86	28	80.00	0.00	25.00	42.86	32.14	1	6	- 2	- 1	- 1	- 1	14.65	16.20	36.13	33.02
Tri City Racine MSA 2017	16.93	6	17.14	0.00	16.67	50.00	33.33	0	0	0	0	0	0	4.70	14.33	53.49	27.48
<b>Limited Review:</b>																	
Tri City Kenosha AA 2017	1.20	1	2.86	0.00	0.00	100.00	0.00	0	0	0	0	0	0	21.36	38.31	40.32	0.00