PUBLIC DISCLOSURE

July 31, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Oostburg State Bank
Certificate Number: 10380

905 Center Avenue
Oostburg, Wisconsin 53070

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.

TABLE OF CONTENTS

INSTITUTION RATING 1
DESCRIPTION OF INSTITUTION 1
DESCRIPTION OF ASSESSMENT AREA 2
SCOPE OF EVALUATION 6
CONCLUSIONS ON PERFORMANCE CRITERIA 7
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW 12
APPENDICES 13
SMALL BANK PERFORMANCE CRITERIA 13
GLOSSARY 14

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.

Oostburg State Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's CRA performance:

- The bank's average net loan-to-deposit ratio is reasonable given its size, resources, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage and small business loans in the assessment area.
- The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area.
- The distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous examination; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

Oostburg State Bank is a full-service community bank headquartered in Oostburg, Wisconsin and owned by the one-bank holding company Oostburg Bancorp, Inc, also located in Oostburg, Wisconsin. The bank holding company has two subsidiaries, Woodland Title Services, LLC, which provides title and loan closing services and Oostburg Financial Services, LLC, which provides investment services. The bank has one subsidiary, Oostburg Investment Corporation, a Nevada-based investment company. The institution received a "Satisfactory" rating at its August 28, 2017, FDIC Performance Evaluation based on Interagency Small Institutions Examination Procedures.

The main office is located in Oostburg, Wisconsin, and the sole branch office is located in Cedar Grove, Wisconsin. The bank did not open or close any banking offices since the prior evaluation. The bank offers loan products including commercial, home mortgage, agricultural, and consumer loans, primarily focusing on commercial and home mortgage lending. Commercial loan products include working lines of credit, letters of credit, term loans, construction loans, and real estate loans. Consumer loans include home mortgage, construction, home equity lines of credit, vehicle loans, and other personal loans. The bank also participates in multiple government loan programs such as the 504 loan program through the Small Business Administration and the Advantage loan program

through the Wisconsin Housing and Economic Development Authority. The Federal Home Loan Bank's Affordable Housing Down-Payment Plus program is also available, which is targeted to low- and moderate-income families obtaining home ownership.

The bank provides a variety of deposit services including checking, savings, and certificates of deposit. The bank has two withdrawal-only ATMs, which are located at the main and branch offices. Alternative banking services include internet and mobile banking, electronic bill pay, remote deposit capture, and person-to-person payments. There have been no mergers or acquisitions since the previous evaluation and no changes to the bank's business strategy.

The bank had total assets of $333.3 million, total loans of $241.4 million, and total deposits of $296.2 million as of March 31, 2023. Commercial and residential loans represent the largest concentrations of the bank's lending activity. The following table shows that loans secured by nonfarm nonresidential properties and commercial and industrial loans make up 58.9 percent of total loans, and residential mortgage loans secured by 1-4 family and multifamily residential properties make up 29.1 percent of total loans. This table does not reflect residential mortgage loans sold in the secondary market. In the second half of 2020, the bank originated 179 loans for $33.5 million in secondary market loans. The bank originated 281 loans for $52.8 million in 2021, 129 loans for $25.6 million in 2022, and 18 loans for $3.7 million in the first five months of 2023.

Loan Portfolio Distribution as of 3/31/2023		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	15,680	6.5
Secured by Farmland	5,633	2.3
Secured by 1-4 Family Residential Properties	58,545	24.3
Secured by Multifamily (5 or more) Residential Properties	11,691	4.8
Secured by Nonfarm Nonresidential Properties	97,402	40.4
Total Real Estate Loans	**188,951**	**78.3**
Commercial and Industrial Loans	44,803	18.5
Agricultural Production and Other Loans to Farmers	142	0.1
Consumer Loans	2,245	0.9
Other Loans	5,285	2.2
Total Loans	**241,426**	**100.0**
Source: 3/31/2023 Reports of Condition and Income		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners evaluate its CRA performance. Oostburg State Bank has designated one assessment area. The assessment area includes all census tracts in Sheboygan County, which is the sole county in the Sheboygan Metropolitan Statistical Area (MSA). The assessment area has not changed since the

previous evaluation. Sources of the data used in this section are as follows: Federal Financial Institutions Examination Council (FFIEC), 2015 American Community Survey (ACS), 2020 U.S. Census, D&B data, U.S. Bureau of Labor Statistics, Wisconsin Realtors Association, and Wisconsin Department of Workforce Development.

Economic and Demographic Data

Based on the 2015 ACS, there are 4 moderate-income, 18 middle-income, and 4 upper-income census tracts, plus one census tract without an income designation. The 2020 U.S. census updated demographic data and changes resulted in the bank's assessment area having 2 moderate-income, 21 middle-income, and 5 upper-income census tracts, plus one census tract without an income designation. The moderate-income census tracts are located in downtown Sheboygan. The two banking offices are in southern Sheboygan County, and not near the moderate-income census tracts. The following table illustrates select demographic characteristics of the assessment area based on the 2020 U.S. Census.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	29	0.0	6.9	72.4	17.2	3.4
Population by Geography	118,034	0.0	7.6	72.9	19.5	0.0
Housing Units by Geography	51,249	0.0	7.9	74.1	18.0	0.0
Owner-Occupied Units by Geography	33,556	0.0	3.9	73.9	22.1	0.0
Occupied Rental Units by Geography	14,198	0.0	15.5	75.5	9.0	0.0
Vacant Units by Geography	3,495	0.0	15.3	70.2	14.6	0.0
Businesses by Geography	7,293	0.0	6.6	73.1	20.3	0.0
Farms by Geography	403	0.0	1.7	75.9	22.3	0.0
Family Distribution by Income Level	30,134	15.6	20.6	24.7	39.1	0.0
Household Distribution by Income Level	47,754	20.5	18.5	20.8	40.1	0.0
Median Family Income MSA - 43100 Sheboygan, WI MSA		$76,845	Median Housing Value			$163,530
			Median Gross Rent			$751
			Families Below Poverty Level			3.8%

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.

There are 51,249 housing units in the assessment area, with 65.5 percent owner-occupied, 27.7 percent occupied rental, and 6.8 percent vacant. Type of housing is 84.3 percent 1-4 family, 13.8 percent multifamily (five or more units), and 1.9 percent mobile homes. This data provides insight into the potential credit needs and opportunities for various types of residential lending.

Examiners rely on the FFIEC-estimated median family income levels to analyze the home mortgage loans under the Borrower Profile criterion. The FFIEC bases its annual estimates on the most recent U.S. Census or ACS data, and factors in inflation and other economic variables to arrive at a median family income that more closely reflects current economic conditions. The following table presents the low-, moderate-, middle-, and upper-income levels for the assessment area.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
2021 ($79,600)	<$39,800	$39,800 to <$63,680	$63,680 to <$95,520	≥$95,520
2022 ($84,600)	<$42,300	$42,300 to <$67,680	$67,680 to <$101,520	≥$101,520
Source: FFIEC				

The Wisconsin Realtors Association provides information on the number of home sales and median sales price by county. This information provides insight into the housing market availability and credit needs, as well as the potential affordability of housing to low- and moderate-income borrowers. As the following table illustrates, the median home prices increased each year since the prior evaluation.

Sheboygan County Housing Sales and Median Prices		
Year	**Total Sales**	**Median Home Price YTD ($)**
2018	1,446	151,700
2019	1,475	158,900
2020	1,553	180,000
2021	1,651	190,000
2022	1,337	220,000
Source: Wisconsin Realtors Association		

Unemployment rates increased during the evaluation period due to economic struggles brought about by COVID-19, and then improved. The unemployment rates in the assessment area were consistently below, or equal to, state and national levels. See the following table for specific unemployment rates.

Unemployment Rates (Annual)					
Area	**2018**	**2019**	**2020**	**2021**	**2022**
	%	**%**	**%**	**%**	**%**
Sheboygan County	2.4	3.2	5.8	2.6	2.5
Statewide	3.0	3.2	6.4	3.8	2.9
Nationwide	3.9	3.7	8.1	5.3	3.6
Source: Bureau of Labor Statistics.					

According to December 2022 economic information from Moody's Analytics, the economic drivers of the assessment area are agriculture, manufacturing, and tourism. The largest employment sectors in the assessment area are manufacturing (34.5 percent), education and health services (13.4), retail trade (10.5 percent), and government (9.4 percent). Top employers with over 1,000 employees include Kohler Co., Nemak, Acuity, Aurora Medical Group Inc., Bemis Manufacturing Company, and Sargento Foods Inc.

Competition

The assessment area is moderately competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2022, 15 FDIC-insured financial institutions operated 33 full-service branches within the assessment area. Oostburg State Bank ranked third with a 10.4 percent deposit market share. The top two financial institutions are Bank First N.A. and Wisconsin Bank and Trust with 20.6 percent and 10.8 percent deposit market share, respectively.

Home mortgage aggregate data for the assessment area shows 248 lenders reporting 6,218 home mortgage loans in 2021 and 207 lenders reporting 3,506 home mortgage loans in 2022, which indicates a high level of competition. Oostburg State Bank ranked third in both years with a market share of 5.0 percent by number of loans in 2021 and 3.8 percent in 2022. The top two home mortgage lenders are Bank First N.A. and Kohler Credit Union with 10.3 percent and 5.4 percent market share in 2021, respectively, and 8.7 percent and 12.0 percent market share in 2022, respectively.

The bank is not required to collect or report small business data, and has not elected to do so. Therefore, the analysis of small business loans does not include direct comparisons against aggregate data. However, the aggregate data is an indicator of the level of demand for lending. Aggregate data for 2021 shows 57 lenders reported 1,961 small business loans in the assessment area, indicating a moderate level of competition for this loan product. The top four lenders are national banks with a combined 50.1 percent market share. Smaller institutions are not required to report lending data; therefore, competition for the small business loans is greater than the aggregate data reflects. Aggregate data for small business loans for 2022 is not yet available.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. Examiners contacted an organization specializing in economic development and affordable housing that operates in Sheboygan County.

The contact stated that Sheboygan County continues to have employment constraints. Unemployment rates have decreased to return to pre-pandemic levels. While unemployment is low, companies operating in Sheboygan County typically require a larger workforce. As a result, manufacturers and other large businesses have lowered the education and experience standards, in addition to paying premium wages. The contact stated that while this is the case with the larger businesses, the employment constraints affect small businesses much less. In addition, the contact stated that overall, small businesses in the area have many credit opportunities as well as various opportunities to seek out equity for startups and established businesses.

The contact stated that the most significant barrier within Sheboygan County is the lack of affordable housing. The supply of housing units under $200,000 is limited. In addition, the contact stated that the inventory of housing units of this price is typically 90 days; however, that currently the inventory only lasts 7 days. The contact stated the borrowers are still bidding over $50,000

above the asking price, waiving appraisals to secure the financing quicker, and often are still unable to purchase the property.

The contact stated that financial institutions in the assessment area have been responsive to the needs of Sheboygan County. While institutions are responsive, there are opportunities to contribute to affordable housing projects in order to increase the stock of units for low- and moderate-income families, as well as mentorship programs for small business owners and entrepreneurs.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage loans represent a primary credit need of the assessment area. The assessment area has a significant need for home mortgage lending to low- and moderate-income borrowers.

In addition, small business loans, particularly those for start-up businesses, are in demand. Opportunity exists for originating such loans throughout the assessment area. The significant percentage of businesses with revenues of $1 million or less support this conclusion.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from prior evaluation dated the August 28, 2017, to the current evaluation dated July 31, 2023. Examiners used the Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. The procedures consist of evaluating the bank's performance under the Lending Test. The Appendix details the performance criteria for this Test, while the Glossary provides for pertinent definitions. This evaluation does not include any lending activity performed by affiliates.

The bank's CRA performance was analyzed in relation to the bank's performance context, which includes (but is not limited to) bank size and structure, financial condition, loan mix, resources, limitations, assessment area demographics, economic factors, competition, loan demand, and available opportunities. Examiners used information obtained from community contact interviews to help establish the performance context for this CRA evaluation. The community contact interviewees are representatives in the assessment area and are not affiliated with the bank.

Activities Reviewed

Oostburg State Bank's CRA performance evaluation is based on a review of home mortgage and small business loans. These categories represent the most significant level of lending at the bank based on Call Report data and loan originations, with no other loan types representing a major product line. Bank records and discussions with management indicate that the lending focus remained consistent throughout the evaluation period. Home mortgage loans include all home purchase, home improvement, home refinance, and multifamily loans reported pursuant to the

Home Mortgage Disclosure Act (HMDA) requirements. Small business loans are defined as loans made to businesses with a loan size of $1 million or less. Home mortgage and small business lending performance are equally weighted in the overall conclusions due to the number and dollar volume of loan originations during the review period.

Examiners reviewed the full universe of home mortgage loan originations and purchases recorded on the bank's 2021 and 2022 HMDA Loan Application Registers. The bank reported 355 home mortgage loans totaling $64.6 million in 2021 and 165 home mortgage loans totaling $28.7 million in 2022. The 2021 home mortgage loans were significantly higher than the 2022 activity given the lower interest rates, resulting in a higher demand for refinances.

Demographic and aggregate data provided a measure of comparison for home mortgage loans. Examiners relied on ACS estimates that are updated every five years when considering census demographics. For 2021, examiners evaluated loan performance relative to 2015 ACS data and 2010 U.S. Census data. For 2022, examiners evaluated loan performance relative to the 2015-2020 ACS and 2020 U.S. Census data.

In addition, examiners reviewed the full universe of small business loans originated January 1, 2022, through December 31, 2022. The bank originated 172 small business loans totaling $35.6 million Examiners used D&B business demographic data as a measure of comparison for small business loans.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank demonstrated reasonable performance under the Lending Test. The Loan-to-Deposit ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance support this conclusion.

Loan-to-Deposit Ratio

Oostburg State Bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area needs. The ratio, calculated from Call Report data, averaged 82.4 percent over the past 23 calendar quarters from September 30, 2017 to March 31, 2023. The ratio ranged from a high of 96.2 percent as of December 31, 2017, to a low of 74.2 percent as of September 30, 2021. Notably, loans originated through the secondary market are not included in the bank's loan-to-deposit ratio. Since January 1, 2018, Oostburg State Bank originated 898 secondary market loans totaling $135.0 million.

Oostburg State Bank maintained a ratio comparable to those of similarly-situated institutions as shown in the following table. Examiners selected these similarly-situated institutions based on their asset size, banking structure, geographic location, and lending focus. This comparison supports the conclusion of the loan-to-deposit ratio being reasonable.

Loan-to-Deposit Ratio Comparison		
Bank	**Total Assets as of 3/31/2023 ($000s)**	**Average Net Loan-to-Deposit Ratio (%)**
Oostburg State Bank	**333,251**	**82.4**
Cleveland State Bank	200,562	73.9
American Bank of Beaver Dam	180,245	75.6
State Bank of Chilton	449,946	87.5
Cornerstone Community Bank	252,332	106.8
West Pointe Bank	341,113	109.6
Source: Reports of Condition and Income 9/30/2017 - 3/31/2023		

Assessment Area Concentration

The bank originated a majority of its home mortgage and small business loans in its assessment area as reflected in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total #**	**Dollar Amount of Loans $(000s)**				**Total $(000s)**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**		**$**	**%**	**$**	**%**	
Home Mortgage										
2021	310	87.3	45	12.7	355	52,280	80.9	12,325	19.1	64,605
2022	134	81.2	31	18.8	165	20,070	69.9	8,636	30.1	28,706
Subtotal	**444**	**85.4**	**76**	**14.6**	**520**	**72,350**	**77.5**	**20,961**	**22.5**	**93,311**
Small Business										
2022	146	84.9	26	15.1	172	28,357	79.7	7,211	20.3	35,568
Total	**590**	**85.3**	**102**	**14.7**	**692**	**100,707**	**78.1**	**28,172**	**21.9**	**128,879**
Source: Bank Data *Due to rounding, totals may not equal 100.0%*										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable dispersion for home mortgage and small business loans support this conclusion. Examiners emphasized performance by number of loans, because the number of loans is a better indicator of the individuals and businesses served.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The bank's two offices are in southern Sheboygan County, while the moderate-income census tracts are over ten miles away in downtown Sheboygan. In addition, competition has increased with the expansion of a large credit union into Sheboygan. Despite geographical and competitive challenges, the bank's performance in moderate-income census tracts compares

reasonably well with demographic and aggregate data in 2021, as shown in the following table. Performance exceeds demographic and aggregate data in 2022. In summary, the bank's performance in home mortgage loans is reasonable.

Geographic Distribution of Home Mortgage Loans in the Assessment Area						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Moderate						
2021	7.7	6.7	17	5.5	1,665	3.2
2022	3.9	6.4	11	8.2	1,049	5.2
Middle						
2021	76.3	75.5	264	85.2	44,810	85.7
2022	73.9	71.8	95	70.9	14,484	72.2
Upper						
2021	15.9	17.8	29	9.3	5,805	11.1
2022	22.1	21.8	28	20.9	4,537	22.6
Totals						
2021	**100.0**	**100.0**	**310**	**100.0**	**52,280**	**100.0**
2022	**100.0**	**100.0**	**134**	**100.0**	**20,070**	**100.0**
Source: 2015 ACS; Bank Data, 2019, 2020 & 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 assessment area. As reflected in the following table, the bank's performance in the moderate-income census tracts exceeds demographic data and reflects reasonable performance.

Geographic Distribution of Small Business Loans in the Assessment Area					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Moderate					
2022	6.6	15	10.3	2,249	7.9
Middle					
2022	73.1	105	71.9	21,926	77.3
Upper					
2022	20.3	26	17.8	4,182	14.8
Totals					
2022	**100.0**	**146**	**100.0**	**28,357**	**100.0**
Source: 2022 D&B Data; Bank Data; "--" data not available.					

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels, and businesses of different sizes. The reasonable penetration for home mortgage and small business loans support this conclusion. Examiners emphasized performance by number of loans, because the number of loans is a better indicator of the individuals and businesses served.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. In both years, the bank's lending to low-income borrowers significantly trailed the percentage of low-income families. Notably, a low-income family in the assessment area, with an income of $39,800 or below in 2021 and $42,300 or below in 2022, would face difficulty in qualifying for a mortgage under conventional underwriting standards, especially considering the median housing sales prices of $190,00 in 2021 and $220,000 in 2022. Therefore, the demand and opportunity for lending to low-income families are relatively limited. Further, the 2015 ACS data (used as a comparison for 2021 lending) shows a poverty level of 6.8 percent in the assessment area. The 2020 U.S. Census data, used as a comparison for 2022 lending, shows a poverty level of 3.8 percent. Families in poverty are generally focused on meeting their basic needs and not typically able to support a traditional home mortgage loan. Furthermore, the lack of housing stock in the area, in addition to the low inventory of seven days, increases these challenges to low-income borrowers. Therefore, aggregate comparisons are a more reliable data source for determining performance expectations for the bank's performance to low-income borrowers.

The bank's performance is more comparable to aggregate. As demonstrated in the following table, the bank's percentage of loans originated to low-income borrowers was below aggregate data in 2021 and 2022, but within reason. For home mortgage loans to moderate-income borrowers, the bank's performance compares reasonably with both aggregate and demographic data. Lending performance and increasing trends in both categories in 2022 supports overall reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level in the Assessment Area						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	17.7	8.2	14	4.5	1,290	2.5
2022	15.6	10.6	10	7.5	926	4.6
Moderate						
2021	18.4	22.0	48	15.5	5,730	11.0
2022	20.6	22.8	24	17.9	3,038	15.1
Middle						
2021	25.6	23.0	73	23.5	10,925	20.9
2022	24.7	23.6	29	21.6	4,152	20.7
Upper						
2021	38.3	33.5	149	48.1	30,765	58.8
2022	39.1	31.7	51	38.1	9,418	46.9
Not Available						
2021	0.0	13.3	26	8.4	3,570	6.8
2022	0.0	11.2	20	14.9	2,536	12.6
Totals						
2021	**100.0**	**100.0**	**310**	**100.0**	**52,280**	**100.0**
2022	**100.0**	**100.0**	**134**	**100.0**	**20,070**	**100.0**
Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. *2020 U.S. Census; Bank Data, "--" data not available.* *Due to rounding, totals may not equal 100.0%*						

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with revenues of $1 million or less. As shown in the following table, the bank's performance trails the percentage of businesses with revenues of $1 million or less. In addition to demographic data, examiners considered the performance of similarly-situated banks, as well as aggregate data, to determine that the bank's performance is reasonable.

Demographic data represents the percentage of businesses of different revenue sizes operating within the assessment area and does not necessarily represent those businesses that are seeking or may even qualify for bank financing. Smaller business owners tend to finance their business needs through credit cards, personal home equity lines of credit, and or even consumer loans originated in their own name, and are not captured in this analysis.

Examiners compared the bank's performance with other small banks that have designated an MSA portion of Wisconsin as one of their assessment areas. This comparison was conducted to assist in establishing a standard of demand for small business loans. One bank was selected for comparison with lending to small businesses in 2022. This bank made 50.0 percent of their small business loans

to businesses with $1 million or less in revenues, and Oostburg State Bank's performance exceeds this similarly-situated bank's performance.

Aggregate data is not a direct comparator and is not shown in the following table, as the bank does not report CRA small business loan data. However, examiners did consider the record of aggregate lending in conjunction with similarly-situated bank performance to determine the level of demand for such loans. The 2021 aggregate data shows that reported loans to small businesses equaled 57.0 percent; aggregate data for 2022 is not yet available. The bank's performance exceeds aggregate data. Considering demographic and aggregate data, as well as the similarly-situated bank analysis, examiners determined that the bank's performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category in the Assessment Area					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2022	82.6	87	59.6	9,647	34.0
>$1,000,000					
2022	6.2	59	40.4	18,740	66.0
Revenue Not Available					
2022	11.2	0	0.0	0	0.0
Totals					
2022	**100.0**	**146**	**100.0**	**28,387**	**100.0**
Source: 2022 D&B Data; Bank Data; "--" data not available. *Due to rounding, totals may not equal 100.0%.*					

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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.

APPENDICES

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).

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.

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.

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.

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.

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 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.

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.