

PUBLIC DISCLOSURE

November 13, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Oak Bank
Certificate Number: 35333

5951 Mckee Rd
Fitchburg, Wisconsin 53719

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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

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INSTITUTION RATING

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

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

Oak Bank's "Satisfactory" Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test support the overall rating. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

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

The Community Development Test is rated Satisfactory.

- The institution demonstrated adequate responsiveness to the community development needs of its AA through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the AA.

DESCRIPTION OF INSTITUTION

Oak Bank is a \$458 million community bank located in Fitchburg, Wisconsin, owned by Oak Bank Financial, Inc., a one-bank holding company, also located in Fitchburg. The bank does not have any affiliates or subsidiaries. Oak Bank has not been involved in any mergers or acquisitions since the prior performance evaluation. The prior performance evaluation, conducted by the Federal Deposit Insurance Corporation on September 14, 2020, resulted in a “Satisfactory” rating, using Interagency Small Institution Examination Procedures.

The bank has not opened or closed any offices since the prior evaluation. The one office is located in an upper-income census tract in central Dane County, Wisconsin.

Small business lending remains the bank’s primary lending focus. This includes commercial real estate loans, commercial and industrial term loans and lines of credit, and Small Business Administration (SBA) loans. Oak Bank also offers a variety of in-house and secondary market residential real estate loans, including fixed rate, adjustable rate, construction, and multifamily residential real estate. The bank also offers various deposit products and services. These include checking, savings, certificates of deposit, and money market accounts. Alternative banking services include internet banking, mobile banking, electronic bill pay, person-to person payments, remote deposit capture, and a 24-hour toll-free telephone banking service. Oak Bank also offers debit cards, and customers have access to surcharge-free cash withdrawals at the bank’s ATM, as well as at a multitude of other community banks participating in the ATM Access terminal program available throughout the State of Wisconsin.

As of September 30, 2023, assets totaled \$458.2 million, and included total loans of \$369.9 million and total securities of \$57.9 million. Organic asset growth has resulted in the bank being evaluated under the Intermediate Small Bank procedures at the current examination. Despite some asset growth, there have not been any material changes to the bank’s financial condition since the previous evaluation. The following table details the bank’s loan distributions as of the September 30, 2023 Call Report.

Loan Portfolio Distribution as of 09/30/2023		
Loan Category	\$(000s)	%
Construction and Land Development	26,115	7.1
Secured by Farmland	748	0.2
Secured by 1-4 Family Residential Properties	95,633	25.9
Secured by Multifamily (5 or more) Residential Properties	32,237	8.7
Secured by Nonfarm Nonresidential Properties	158,658	42.9
Total Real Estate Loans	313,391	84.8
Commercial and Industrial Loans	55,279	14.9
Consumer Loans	1,258	0.3
Total Loans	369,928	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

CRA requires each financial institution to define one or more AAs within which its performance is evaluated. Oak Bank has designated one AA that comprises all of Dane County, which is part of the Madison Metropolitan Statistical Area (MSA). The AA is comprised of whole and contiguous geographies, does not arbitrarily exclude any low- or moderate-income areas, and conforms to the CRA regulatory requirements.

The following sections discuss demographic and economic information in the AA. Sources of the data used throughout this review include the following: Federal Financial Institutions Examination Council (FFIEC), 2015 American Community Survey (ACS), 2010 U.S. Census, 2020 U.S. Census, 2021 and 2022 D&B, Home Mortgage Disclosure Act (HMDA) aggregate data, U.S. Bureau of Labor Statistics, Wisconsin Department of Workforce Development, and Wisconsin Realtors Association (WRA).

The following table depicts the change in composition of the census tracts since the prior evaluation. At the prior evaluation, there were 107 census tracts, increasing to 125 as of the current evaluation. Although the AA boundaries have not changed since the prior evaluation, due to census data changes from 2010 to the 2020 U.S. Census, there have been some changes to the number of census tracts and income designations of the census tracts. Those census tracts designated as N/A are comprised of Lake Mendota.

Description of AA									
# of Census Tracts									
Last Evaluation*					Current Evaluation**				
Low-income	Moderate-Income	Middle - Income	Upper-Income	N/A	Low-income	Moderate-Income	Middle - Income	Upper - Income	N/A
4	17	51	29	6	5	18	61	34	7
<i>Source: *2010 U.S. Census; **2020 U.S. Census</i>									

Economic and Demographic Data

The census tracts in Dane County include all or portions of the following communities: Cross Plains, Fitchburg, Madison, McFarland, Middleton, Monona, Stoughton, Sun Prairie, Verona, and Waunakee. See the following table for demographic data of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	125	4.0	14.4	48.8	27.2	5.6
Population by Geography	561,504	4.0	12.8	51.0	28.0	4.1
Housing Units by Geography	236,202	3.7	14.5	52.1	26.7	2.9
Owner-Occupied Units by Geography	133,695	0.9	10.2	57.8	31.0	0.2
Occupied Rental Units by Geography	92,905	7.3	20.7	44.3	21.1	6.6
Vacant Units by Geography	9,602	8.7	15.5	47.5	22.7	5.5
Businesses by Geography	50,098	5.1	12.5	50.3	28.5	3.6
Farms by Geography	1,972	1.6	5.9	67.2	24.8	0.5
Family Distribution by Income Level	125,826	17.1	17.9	23.3	41.7	0.0
Household Distribution by Income Level	226,600	22.0	16.9	18.6	42.5	0.0
Median Family Income MSA - 31540 Madison, WI MSA		\$97,334	Median Housing Value			\$274,332
			Median Gross Rent			\$1,131
			Families Below Poverty Level			5.0%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

The analysis of small business loans under the Borrower Profile criterion analyzes the distribution of business loans by gross annual revenue (GAR) levels. The D&B comparative data used in the analysis is included in the corresponding tables throughout this report. According to 2022 D&B data, there are 50,098 non-farm businesses in Dane County, of which 85.8 percent report GARs of \$1 million or less. Based on the 2023 Department of Workforce Development Dane County Economic Profile, the largest industries by employment share are education and health services, professional and business services, and trade, transportation, and utilities, holding a combined share of 57.4 percent. The largest employers in the AA are the University of Wisconsin, UW University Hospital, and Epic System Corp.

Unemployment in both Dane County and the state of Wisconsin have normalized after the COVID-19 pandemic. According to the Bureau of Labor Statistics, Dane County has historically had lower unemployment rates than Wisconsin as a whole. See the following applicable unemployment rates for the evaluation period.

Unemployment Rates				
	2020*	2021*	2022*	2023**
	%	%	%	%
Dane County	4.9	2.9	2.2	2.7
State	6.4	3.8	2.9	3.2
National	8.1	5.3	3.6	3.6
Source: Bureau of Labor Statistics; * As of Year-End; **As of September 30, 2023				

Examiners use the FFIEC-updated median family income levels of the AA to analyze home mortgage loans under the Borrower Profile criterion. The table below provides the low-, moderate-, middle-, and upper-income categories and corresponding income ranges for each year of the evaluation period.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Madison, WI MSA Median Family Income (31540)				
2020 (\$96,600)	<\$48,300	\$48,300 to <\$77,280	\$77,280 to <\$115,920	≥\$115,920
2021 (\$99,000)	<\$49,500	\$49,500 to <\$79,200	\$79,200 to <\$118,800	≥\$118,800
2022 (\$111,800)	<\$55,900	\$55,900 to <\$89,440	\$89,440 to <\$134,160	≥\$134,160
<i>Source: FFIEC</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. According to the 2020 Census, there are 236,202 housing units in the AA. Of these, 56.6 percent are owner-occupied, 39.3 percent are occupied rental units, and 4.1 percent are vacant units.

Housing prices have increased substantially during the evaluation period. The number of home sales, due to the changing interest rate environment, has been inconsistent during this period. According to the WRA, the median sale price of homes in Dane County increased by approximately 30 percent, from \$315,625 in 2020 up to the most recent year-to-date price of \$410,000. The number of home sales ranged from the current year-to-date low of 5,252, to a high of 9,006 sales (2021). This data indicates the availability and affordability of home purchasing in the AA for low- and moderate-income borrowers.

Competition

The AA has a high level of competition in the financial services market. According to the FDIC Deposit Market Share data as of June 30, 2023, 33 financial institutions operate 138 full-service office locations in the bank's AA. Of these, Oak Bank ranks 17th, holding 1.7 percent of the market share. The two leading institutions, holding a combined 25.9 percent market share, are national banks that operate 26 office locations in Dane County.

There is a high level of competition for small business loans in the AA. While the bank is not required to collect and report small business loan data, and has not opted to, the peer data provides insight into the demand for small business loans in the AA. The most recent data, from year-end 2021, reports 109 lenders originated 10,760 small business loans in the AA, with an average loan amount of \$52,000. Three national banks hold a combined market share of 43.6 percent.

The 2022 peer mortgage data reflects 397 lenders originated 20,579 home mortgage loans in the AA. This indicates a significant level of competition for home mortgage loans. Oak Bank ranked 33rd, holding a .59 percent market share. Two large credit unions serving the area are the first and second ranked lenders, holding a combined market share of 50.8 percent.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and community development needs and opportunities. This information helps determine whether local financial institutions are responsive to these needs. Examiners obtained information from two existing third party contacts. One is a member of the County government, and the other works for private company funded by the state government. Both have knowledge and expertise of the economic needs for both individuals and small businesses throughout Dane County.

Both contacts stated that the county as a whole has rebounded since the pandemic in terms of employment and business disruptions. In terms of small business needs, both have identified the need for monies for start-up businesses, gap funding, and business growth opportunities. One of the contacts stated that there are opportunities, particularly in Sun Prairie and downtown Madison for Tax Increment Financing projects that banks may participate in. The other mentioned a variety of grant and loan programs, including SBA loans, that banks may assist small business customers in obtaining. In relation to individual's needs, both have indicated the greatest need in the AA is for affordable housing for both low- and moderate-income persons. One had mentioned various affordable housing projects in progress, particularly for working moderate-income individuals. Both concurred that filling this housing need will help bring additional workers into the Dane County workforce.

Credit and Community Development Needs and Opportunities

Considering information from community contacts, bank management, and other available demographic and economic data, examiners determined the AA has significant credit and community development needs for affordable housing. The significant increase in home prices has led to a diminished stock of affordable homes and has contributed to this need. In addition, with the multiple lending programs available, there are many opportunities for small business financing.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation, dated September 14, 2020, to the current evaluation date of November 13, 2023. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate Oak Bank's CRA performance. These procedures include two tests, the Lending Test and the Community Development Test. The Appendix details the performance criteria for both tests, and the Glossary provides pertinent definitions. Institutions must receive at least a "Satisfactory" rating under each test to obtain an overall "Satisfactory" rating. This is the first evaluation in which the bank was analyzed under these procedures due to their asset growth.

Examiners analyze the CRA performance in relation to the bank's performance context, which includes, but is not limited to, bank size and structure, financial condition, AA demographics,

economic factors, competition, loan demand, and available opportunities. Examiners rely on the following sources for information on analytical comparators and as aids in drawing conclusions about the bank's performance: bank-provided data; 2015 ACS data; 2010 U.S. Census (used for lending activity for 2021 and prior); 2020 U.S. Census (used for lending activity for 2022 and after); 2022 D&B data; and, HMDA aggregate data.

Activities Reviewed

Based on the bank's business strategy, call report data, and the number and dollar volume of the loans originated during the evaluation period, the major product lines are small business and home mortgage loans. Due to small business loans being the primary lending focus, examiners placed slightly higher evaluation consideration in the Lending Test on this product. Small farm lending and consumer lending represent an insignificant portion of the bank's overall business focus; therefore, these products were not separately reviewed as the analysis would not lead to meaningful conclusions about the bank's performance during the review period.

For the Lending Test, examiners reviewed the full universe of small business loan originations from January 1, 2022, to December 31, 2022. This activity is representative of the bank's small business lending performance during the evaluation period. In addition, examiners reviewed the full universe of the bank's HMDA reported loans for 2020, 2021, and 2022. The following table includes the full universe for each loan product reviewed.

Loan Category	Universe	
	#	\$(000s)
Small Business	173	48,019
Home Mortgage		
2020	252	78,442
2021	212	73,627
2022	112	43,451
<i>Source: Bank Reports; Reported HMDA Data</i>		

D&B Data for 2022 provides a standard of comparison for small business loan performance. For home mortgage loans, examiners use the 2010 and 2020 census demographic data, and the corresponding HMDA aggregate data for each year analyzed as a standard of comparison. Examiners focus more on the aggregate data for the home mortgage analysis, as this data provides insight into the demand for home mortgage loans within the AA. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans under the geographic distribution and borrower profile criteria, because the number of loans is a better indicator of the number of businesses and individuals served.

For the Community Development Test, management provides data on community development loans, qualified investments and donations, and community development services executed during the evaluation period. Examiners consider the number and dollar volumes of these activities, as applicable.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending test is rated “Satisfactory”. The bank’s Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performances support this conclusion. The analysis for each criterion is detailed below.

Loan-to-Deposit Ratio

Oak Bank’s net loan-to-deposit (LTD) ratio is reasonable given the bank’s size, financial condition, and AA credit needs. The LTD ratio, calculated from Call Report data, averaged 85.9 percent over the past 13 quarters from September 30, 2020, to September 30, 2023. The ratio ranged from a low of 76.7, realized December 31, 2021, to a high of 93.8 as of September 30, 2023. As reflected in the following table, the bank’s performance is comparable to that of five similarly situated institutions (SSIs). Examiners select SSIs based on asset size, banking structure, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2023 (\$000s)	Average Net LTD Ratio (%)
Oak Bank	458,228	85.9
Woodford State Bank	418,692	79.7
Bank of New Glarus	467,169	78.2
Farmers Savings Bank – Mineral Point	388,516	54.3
Bank of Sun Prairie	722,231	98.9
Capitol Bank	560,578	87.2
<i>Source: Reports of Condition and Income 9/30/2020 – 9/30/2023</i>		

Assessment Area Concentration

The bank originated the majority of small business and home mortgage loans, by number and dollar volume, within its AA. Per management, the overall decrease in the home mortgage lending throughout the evaluation period is the result of the fluctuating interest rate environment, as well as the bank having replaced their mortgage loan originator during the evaluation period.

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										
2020	196	77.8	56	22.2	252	60,414	77.0	18,029	23.0	78,442
2021	159	75.0	53	25.0	212	52,329	71.1	21,298	28.9	73,627
2022	78	69.6	34	30.4	112	34,183	78.7	9,268	21.3	43,451
Subtotal	433	75.2	143	24.8	576	146,926	75.2	48,595	24.8	195,520
Small Business										
2022	139	80.3	34	19.7	173	38,999	81.2	9,020	18.8	48,019
Subtotal	139	80.3	34	19.7	173	38,999	81.2	9,020	18.8	48,019
Total	572	76.4	177	23.6	749	185,925	76.3	57,615	23.7	243,539
Source: HMDA 2020-2022; Bank Data Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of small business loans and home mortgage loans reflects reasonable dispersion throughout the AA. The bank's reasonable performance of small business and home mortgage loans supports this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. Oak Bank's performance is comparable to the demographic data for loans originated in the low-income census tracts. The bank's performance in the moderate-income census tracts exceeds demographic by 1.2 percentage points.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	5.1	7	5.0	2,077	5.3
Moderate					
2022	12.5	19	13.7	6,665	17.1
Middle					
2022	50.3	61	43.9	18,247	46.8
Upper					
2022	28.5	50	36.0	11,996	30.8
Not Available					
2022	3.6	2	1.4	14	0.0
Totals					
2022	100.0	139	100.0	38,999	100.0
Source: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

Oak Bank's geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. While the bank did not have any lending in low-income census tracts in 2021, for 2020 and 2022, the bank's performance exceeds both aggregate and demographic data. The bank's 2020 performance in the moderate-income census tracts is quite below both aggregate and demographic data, however, the positive trends in the subsequent years is comparable and exceeds both aggregate and demographics, demonstrating the bank's commitment to these census tracts.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	0.8	0.6	3	1.5	493	0.8
2021	0.8	0.8	0	0.0	0	0.0
2022	0.9	0.7	3	3.8	2,959	8.7
Moderate						
2020	8.8	7.2	5	2.6	4,873	8.1
2021	8.8	8.2	13	8.2	2,783	5.3
2022	10.2	9.9	10	12.8	4,141	12.1
Middle						
2020	57.5	54.7	81	41.3	24,963	41.3
2021	57.5	55.5	61	38.4	22,449	42.9
2022	57.8	57.6	36	46.2	13,470	39.4
Upper						
2020	32.9	37.5	107	54.6	30,085	49.8
2021	32.9	35.4	84	52.8	25,527	48.8
2022	31.0	31.5	27	34.6	11,112	32.5
Not Available						
2020	0.0	0.1	0	0.0	0	0.0
2021	0.0	0.1	1	0.6	1,570	3.0
2022	0.2	0.3	2	2.6	2,500	7.3
Totals						
2020	100.0	100.0	196	100.0	60,414	100.0
2021	100.0	100.0	159	100.0	52,329	100.0
2022	100.0	100.0	78	100.0	34,183	100.0
Source: 2015 ACS; Bank Data, 2020, 2021, & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among businesses of varying sizes and individuals of different income levels; however performance has declined since the prior evaluation. For the small business analysis, examiners focused on the percentage by number of small business loans, with the primary emphasis on businesses with GARs of \$1 million or less, using demographics as a comparator. For the home mortgage lending analysis, examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers, using aggregate data as the primary comparator.

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. The bank's performance in originating small business loans to businesses with GARs of \$1 million and less trails the respective D&B data by 29 percentage points. See the following table for details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	85.8	79	56.8	16,555	42.5
>\$1,000,000					
2022	4.7	60	43.2	22,444	57.6
Revenue Not Available					
2022	9.5	0	0.0	0	0.0
Totals					
2022	100.0	139	100.0	38,999	100.0
<i>Source: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Demographic data represents the percentage of businesses of different revenue sizes operating within the AA 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, or consumer loans originated in their own name, which are not captured in this analysis. The demand for small business loans is often lower than the demographic figure.

Examiners compared the bank's performance with other SSIs that have designated an MSA portion of Wisconsin as one of their AAs. This comparison assists in establishing a standard of demand for small business loans. Examiners selected four banks for comparison with lending to small businesses in 2022, two of which include Dane County as part of their AA. The SSIs respective performance showed 46.7 percent, 50.0 percent, 59.6 percent, and 65.0 percent of their small business loans to businesses with \$1 million or less in revenues. The bank's performance, at 56.8 percent is comparable to the SSI performance.

Aggregate data is not a direct comparator and is not shown in the above table, as the bank does not report CRA small business loan data. However, examiners consider the record of aggregate lending in conjunction with SSIs' performance to determine the level of demand for such loans. Aggregate data shows that reported loans to small businesses equaled 51.0 percent in 2021; aggregate data for 2022 is not yet available. Considering demographic and aggregate data, as well as the SSI analysis, examiners determined that the bank's performance is reasonable.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is reasonable; however performance is declining. As detailed in

the following table, Oak Bank's percentage of loans originated to low- and moderate-income borrowers trails aggregate and demographics for all three years.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	19.1	5.6	6	3.1	685	1.1
2021	19.1	6.9	6	3.8	629	1.2
2022	17.1	8.2	2	2.6	201	0.6
Moderate						
2020	16.6	18.9	18	9.2	3,320	5.5
2021	16.6	19.9	19	12.0	4,616	8.8
2022	17.9	20.0	5	6.4	1,291	3.8
Middle						
2020	22.6	25.4	37	18.9	8,591	14.2
2021	22.6	25.0	24	15.1	5,578	10.7
2022	17.9	20.0	5	6.4	1,291	3.8
Upper						
2020	41.7	41.7	113	57.7	37,464	62.0
2021	41.7	39.5	90	56.6	32,143	61.4
2022	41.7	38.2	35	44.9	18,639	54.5
Not Available						
2020	0.0	8.4	22	11.2	10,355	17.1
2021	0.0	8.7	20	12.6	9,362	17.9
2022	0.0	7.8	26	33.3	11,109	32.5
Totals						
2020	100.0	100.0	196	100.0	60,414	100.0
2021	100.0	100.0	159	100.0	52,329	100.0
2022	100.0	100.0	78	100.0	34,183	100.0
Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2020, 2021, & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0% 2020, 2021, & 2022 Peer Mortgage Data - US and PR.						

Notably, in Dane County, a low-income family would have a maximum income of \$48,300 to \$55,900 during the evaluation period. Considering median housing prices ranging from \$315,625 to \$410,000 during this period, a low-income family would face difficulty qualifying for a mortgage under conventional underwriting standards. Therefore, the demand and opportunity for these families is relatively limited. Furthermore, the poverty level in the AA ranged from 5.0 percent to 6.5 percent during the evaluation period. Families living below the poverty level generally focus on meeting basic needs, and are not typically able to support traditional home loans. Therefore,

aggregate comparison is a more reliable data source for determining performance expectations to low-income borrowers.

When analyzing the aggregate data, the amount of competitors in the AA plays a significant role. While the aggregate lenders reported performance during this period from 5.6 percent to 8.2 percent for lending to low-income borrowers, two large credit unions ranked first and second in market share originated 860 loans in 2022, holding the greatest market share to low-income borrowers with a combined share of 50.8 percent. Oak Bank has a market share of .1 percent for this period, with four SSIs in the AA reporting market shares to low-income borrowers ranging from .2 percent to .3 percent. Based on this data, the bank's performance to low-income borrowers is reasonable.

The bank's performance to moderate-income borrowers is also below aggregate performance. The analysis of the aggregate lenders has similar results to the performance to low-income borrowers. The same two credit unions hold the greatest market share, with combined shares of 51.6 percent, originating 2,213 of their loans to moderate-income borrowers. Oak Bank held .2 percent of the market share, with the same four SSIs holding between .06 percent and .5 percent market share. Based on this information, performance to moderate-income borrowers is reasonable.

In 2022, the bank's performance decreases which is inconsistent with the trend of aggregate data and reflects poor performance. However, it is noted that the bank reported a significant amount of "NA" loans in 2022 which skews the data. If the NA loans were excluded from the analysis, the bank's performance increases to 3.8 percent for low-income borrowers and 9.6 percent for moderate-income borrowers. This performance still significantly trails aggregate and performance is trending downward while aggregate data is trending up. However, the decline is less severe when considering this information. Examiners placed more weight on 2020 and 2021 lending as it covers a majority of the review period.

Response to Complaints

Oak Bank has not received any CRA-related complaints since the previous evaluation; therefore, this criterion has no effect on the rating.

COMMUNITY DEVELOPMENT TEST

Oak Bank is assigned an overall rating of "Satisfactory" for the Community Development Test. The bank demonstrates adequate responsiveness to the community development needs of its AA through community development loans, qualified investments and donations, and community development services. The bank's community development lending primarily supports this conclusion. Community development investments and services are within range of similar institutions but on the lower end of the range. Examiners considered the institution's capacity and the needs and the availability of opportunities for the period from September 14, 2020 to the current evaluation date.

Community Development Loans

The bank originated 76 qualified community development loans, totaling just over \$34 million during the evaluation period. This level represents 7.4 percent of total assets and 9.4 percent of total net loans over the 13 quarters since the previous evaluation. These figures include 65 SBA Paycheck Protection Program (PPP) loans originated in 2021 as part of the government COVID-19 relief program. All but three of these loans were in the AA, with the remaining three in the broader statewide or regional area. These loans demonstrate the bank's responsiveness to the community development needs in their AA during the review period.

Examiners also evaluated the bank's performance without the PPP loans. The bank originated 11 such loans, totaling just over \$13 million, all in the bank's AA. This represents 3.1 percent of total average assets and 4.3 percent of total average loans for the period.

Oak Bank's performance is comparable to that of several SSIs evaluated during the evaluation period, which received "Satisfactory" ratings under the Community Development Test. Including PPP loans, the bank's community development loans as a percentage of total assets and total net loans is similar to these four institutions, whose performance ranges from 5.5 percent to 13.5 percent of total assets and from 7.3 percent to 20.2 percent of total net loans. Additionally, when excluding PPP loans, Oak Bank remains comparable to these SSIs. Excluding PPP from the analysis as it is a temporary loan program, SSI performances ranged from 0.5 to 4.2 percent of total assets and 0.9 to 6.4 percent of total net loans. The follow table shows the bank's community development lending by year and type during the review period. All of the 2021 economic development loans are PPP loans.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	-	-	3	2,341	65	20,721	-	-	68	23,062
2022	-	-	2	600	2	3,037	-	-	4	3,637
YTD 2023	-	-	2	600	2	6,754	-	-	4	7,354
Total	-	-	7	3,541	69	30,512	-	-	76	34,053
Source: Bank Data										

Aside from the PPP lending, other notable community development loans include the following:

- A \$1.9 million dollar real estate loan to a local non-profit that assists low- and moderate-income persons with disabilities to obtain housing and employment
- A \$150,000 loan to an organization which helps fund the county's Head Start Program
- Four SBA 504 loans, totaling \$9.8 million which help support economic development in the AA

Qualified Investments

Oak Bank made 52 qualified investments and donations, totaling \$974,000 during the evaluation period. Qualified investments include four investments, totaling \$189,000 in an affordable housing

fund for Dane County, and investments in three low-income credit unions, totaling \$735,000. The bank also made 45 donations, totaling just under \$50,000, to various qualifying organizations throughout the AA. The dollar amount of the qualified investments and donations represents .2 percent of total assets, 1.7 percent of total securities, and 2.4 percent of total equity capital.

Oak Bank’s qualified investment performance is comparable to that of the four SSIs, which received “Satisfactory” ratings during the evaluation period. The bank’s performance is similar to SSIs’ performance levels, which ranged from 0.5 percent to 1.7 percent of total assets, 1.3 percent to 11.4 percent of total securities, and 4.0 percent to 15.1 percent of total equity capital.

Community Development Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	1	69	4	9	1	2	-	-	6	80
2021	1	27	11	11	1	1	-	-	13	39
2022	1	74	13	13	-	-	-	-	14	87
YTD 2023	1	19	17	748	1	1	-	-	19	768
Total	4	189	45	781	3	4	-	-	52	974
<i>Source: Bank Data</i>										

Community Development Services

Bank representatives (bank officers, staff, and board members) provided 12 community development services to five community development-related organizations during the evaluation period. Management stated that although bank representatives are involved in several community-based organizations, many are not specific to community development.

When considering the number of employees and bank capacity, Oak Bank’s community development service performance is comparable to the four SSIs performance, which received “Satisfactory” ratings on the Community Development Test during the evaluation period. These SSIs reported community development services ranging from 12 to 61 services.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	-	3	1	-	4
2022	1	2	1	-	4
YTD 2023	1	2	1	-	4
Total	2	7	3	-	12
<i>Source: Bank Data</i>					

Notable activities include the following:

- Investment Committee member for an affordable housing initiative
- Board member of a local food kitchen

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

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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