



PUBLIC DISCLOSURE

May 15, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank First National
Charter Number 4975

402 North 8th Street
Manitowoc, WI 54220

Office of the Comptroller of the Currency

High Pointe on Mayfair
1200 North Mayfair Road, Suite 200
Wauwatosa, WI 53226-3282

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

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

The Lending Test is rated Outstanding.

The Community Development Test is rated Outstanding.

The major factors supporting the institution's rating include:

- The loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and credit needs of the assessment areas (AAs).
- A substantial majority of loan originations are made within the bank's assessment areas.
- The borrower distribution of loans reflects reasonable penetration among borrowers of different incomes. The borrower distribution of loans reflects excellent penetration among businesses of different sizes.
- The geographic distribution of home mortgage loans reflects reasonable dispersion among geographies. The geographic distribution of business loans reflects excellent dispersion among geographies.
- The bank's community development (CD) performance through community development loans, qualified investments, and services demonstrates excellent responsiveness to community development needs in the assessment areas.

Scope of Examination

We evaluated Bank First National's (BFN) Community Reinvestment Act (CRA) performance under the Intermediate Small Bank Lending and Community Development (CD) Tests. The Lending Test assesses the bank's record of meeting the credit needs of its AA through lending activities. The CD Test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and CD services. We reviewed data for the bank's primary loan products, small business loans and home mortgage loans, to evaluate the bank's lending performance.

The evaluation period covers the period since the date of the previous CRA examination, August 20, 2012, through May 15, 2017. The Lending Test evaluated loans originated between January 1, 2015 and December 31, 2016. The Community Development Test covered community development loans, investments, and services during the entire evaluation period.

The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). Prior to conducting this evaluation we tested the accuracy of the bank's HMDA data for 2015 and 2016, and found this data to be reliable. Therefore, the reported HMDA data was used in our evaluation of residential real estate lending. To

evaluate small business lending, we used both data from the bank's loan trial balance as well as random samples of business loans for each of the bank's five assessment areas. We obtained the most recent demographic data available for the Lending Test.

Conclusions were based on residential real estate and commercial business loan performance in the Manitowoc County assessment area and the Sheboygan Metropolitan Statistical Area (MSA) in Wisconsin. Conclusions were based on analysis of residential real estate and commercial loans as these products represent a majority of the bank's lending activities.

We reviewed the bank's community development loans, investments, and services based on information provided by the bank. We took into account those that met the regulatory definition for community development in our analysis of the Community Development Test.

Description of Institution

BFN is a \$1.3 billion intrastate financial institution headquartered in Manitowoc, WI. The main office is located in a middle-income census tract (CT). The bank operates 11 branches in addition to the main office. The Sheboygan branch is located in a moderate-income census tract, while all other branches are located in either middle or upper-income census tracts. The hours of operation as well as products and services offered at branches are similar. All locations have 24-hour Automated Teller Machines (ATMs). In addition, there is one ATM located in Acuity Insurance building in Sheboygan, WI, one ATM located at Silver Lake College in Manitowoc, WI, and one ATM located at Sargento Foods, Inc. in Plymouth, WI.

The bank is wholly owned by Bank First National Corporation (BFNC), a one-bank holding company also located in Manitowoc, WI. The name was changed from First Manitowoc Bancorp, Inc. in July 2014. The bank's wholly-owned subsidiaries are Bank First Investments, Inc. and TVG Holdings, Inc. The bank has two investments in minority-owned subsidiaries. The bank owns 49.8 percent of United Financial Services, Inc. (UFS) and 28.8 percent of Ansay & Associates, LLC. UFS provides data processing services for BFN, as well as other financial institutions. The bank offers insurance products through Ansay & Associates.

BFN opened its newest location in the Appleton MSA on January 1, 2016, which is located in a middle-income census tract. The BFN branch located in St. Nazianz, WI was relocated to Valders, WI. Both St. Nazianz and Valders are located in middle-income census tracts. The BFN branch located in Two Rivers, WI was relocated to another location in Two Rivers, WI, also a middle-income census tract. In July 2014, the bank closed its Francis Creek, WI location, which was located in a middle-income census tract. These changes had no material impact on the bank's CRA performance.

The bank offers traditional community bank products and services and is primarily a commercial lender. Total loans represent 77 percent of total assets as of December 31, 2016. By dollar volume, the loan portfolio consists of commercial loans (66.53 percent), residential real estate loans (29.84 percent), consumer loans (2.53 percent), and agricultural loans (1.10 percent). Tier 1 capital totaled \$116 million. All financial information is as of December 31, 2016.

The bank's business strategy has been to serve the credit and depository needs of its local community. The bank is a relationship-based community bank focused on providing innovative products and services that are value driven.

There are no legal or financial factors impeding the bank's ability to help meet the credit needs in its assessment areas. BFN was evaluated as an intermediate small bank and received an "Outstanding" rating at its prior CRA examination dated August 20, 2012.

Description of Assessment Area(s)

BFN has five assessment areas located in the state of Wisconsin. The areas that received full-scope reviews are non-MSA Manitowoc County and the Sheboygan MSA. The areas that received limited-scope reviews are Green Bay MSA, Oshkosh-Neenah MSA, and Appleton MSA. The assessment areas meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income areas.

Non-MSA Manitowoc County

This assessment area consists of the entire county of Manitowoc. The assessment area is comprised of 19 CTs, of which zero are low-income, zero are moderate-income, 16 (84.21 percent) are middle-income, and three (15.79 percent) are upper-income.

The total population of the AA is 81,442, which is comprised of 22,168 families. The number of families at each income level is as follows: 3,052 low-income families (13.77 percent), 4,003 moderate-income families (18.06 percent), 5,566 middle-income families (25.11 percent), and 9,547 upper-income families (43.06 percent). The average median family income is \$61,920, and the FFIEC 2016 updated MSA median family income is \$60,200. The percentage of families below the poverty level is 5.30 percent. Owner-occupied units comprise 70.79 percent of total housing units. Based on 2016 demographic data, the total number of businesses with reported revenues in this AA was 4,070. Of these businesses, 3,191 (78.40 percent) had gross revenues of less than or equal to \$1 million, 319 (7.84 percent) had gross revenues of over \$1 million, and 560 (13.76 percent) had revenues not reported.

According to the Bureau of Labor Statistics, the annual unemployment rate as of December 2016 for Manitowoc County was 4.3 percent. This is higher than the state of Wisconsin unemployment rate of 3.7 percent for the same period.

The local economy is characterized as stable, even though a larger manufacturing employer is closing its plant in Manitowoc, creating a loss of more than 500 employees

by the end of 2017. Offsetting this volume of job losses, is the improvement within the regional job market which has picked up, and companies in nearby communities have been hiring these employees. Major area employers include health care providers Aurora Medical Center and Holy Family Memorial, the Franciscan Sisters of Christian Charity, Lakeside Technical College, Lakeside Foods, Inc., and POINT Beach Nuclear Plant.

Competition among financial institutions is strong. The bank's competitors include state and regional banks and larger multi-state banks. In total deposits, BFN, with a deposit market share of 28.19 percent, ranks second out of all FDIC-insured institutions located within the bank's AA. This is based upon FDIC market share data as of June 30, 2016. The balance of the market share is divided among 11 other FDIC-insured institutions with market shares ranging from a high of 36.60 percent down to a low of 0.18 percent.

In conducting this full scope assessment of the bank's performance, we contacted a representative from a local economic development corporation. The contact stated that local financial institutions are meeting the credit needs of the community. A need within the assessment area is start-up financing for new business, as well as gap financing.

Sheboygan MSA

This assessment area consists of the entire county of Sheboygan. The assessment area is comprised of 26 CTs, of which zero are low-income, seven (26.92 percent) are moderate-income, 18 (69.23 percent) are middle-income, and one (3.85 percent) is upper-income.

The total population of the AA is 115,507, which is comprised of 30,785 families. The number of families at each income level is as follows: 5,696 low-income families (18.50 percent), 5,816 moderate-income families (18.89 percent), 7,729 middle-income families (25.11 percent), and 11,544 upper-income families (37.50 percent). The average median family income is \$65,135, and the FFIEC 2016 updated MSA median family income is \$63,100. The percentage of families below the poverty level is 6.01 percent. Owner-occupied units comprise 66.76 percent of total housing units. Based on 2016 demographic data, the total number of businesses with reported revenues in this AA was 5,104. Of these businesses, 3,943 (77.25 percent) had gross revenues of less than or equal to \$1 million, 439 (8.60 percent) had gross revenues of over \$1 million, and 722 (14.15 percent) had revenues not reported.

According to the Bureau of Labor Statistics, the unemployment rate as of December 2016 for Sheboygan County was 3.1 percent. This is lower than the state of Wisconsin unemployment rate of 3.7 percent for the same period.

The local economy is characterized as stable. Expansions are ongoing for many of the larger businesses in the area, including Masters Gallery Foods and Sargento Foods, Inc. Tourism does much to stimulate growth in the area. From the February 2017 Moody's Analytics, "wage and salary disbursements are lagging those in the state and the nation, suggesting that the job market is still playing catch up." Major employers

include Kohler Co., Bemis Mfg. Co., Nematik, Aurora Medical Group, Inc., and Sargento Foods, Inc.

Competition among financial institutions is strong. The bank's competitors include local and regional banks and multi-state banks. In total deposits, BFN, with a deposit market share of 18.31 percent, ranks first out of all FDIC-insured institutions located within the bank's AA. This is based upon FDIC market share data as of June 30, 2016. The balance of the market share is divided among 14 other FDIC-insured institutions with market shares ranging from a high of 16.56 percent down to a low of 0.57 percent.

Green Bay MSA AA

This assessment area consists of a portion of the Green Bay MSA, which includes Brown County. The assessment area is comprised of 54 CTs, of which two (3.71 percent) are low-income, 12 (22.22 percent) are moderate-income, 27 (50.00 percent) are middle-income, 12 (22.22 percent) are upper-income, and one (1.85 percent) is considered NA.

The total population of the AA is 248,007, which is comprised of 63,331 families. The number of families at each income level is as follows: 11,651 low-income families (18.40 percent), 11,308 moderate-income families (17.86 percent), 14,731 middle-income families (23.26 percent), and 25,641 upper-income families (40.48 percent). The average median family income is \$67,067, and the FFIEC 2016 updated MSA median family income is \$66,900. The percentage of families below the poverty level is 7.04 percent. Owner-occupied units comprise 62.52 percent of total housing units. Based on 2016 demographic data, the total number of businesses with reported revenues in this AA was 13,100. Of these businesses, 10,177 (77.69 percent) had gross revenues of less than or equal to \$1 million, 1,185 (9.05 percent) had gross revenues of over \$1 million, and 1,738 (13.26 percent) had revenues not reported.

According to the Bureau of Labor Statistics, the annual unemployment rate as of December 2016 for Brown County was 3.4 percent. This is lower than the state of Wisconsin unemployment rate of 3.7 percent for the same period.

The local economy is characterized as stable. Expansion of hospitals in the area is on an upsurge. From the February 2017 Moody's Analytics, "Green Bay will depend less on manufacturing as healthcare and other services take the lead. Housing will evolve into a stronger driver as the jobs recovery matures and income growth firms." There is new construction at secondary schools, and economic expansion is a focus for the downtown markets. Major employers include Humana Inc., Bellin Health, Oneida Tribe of Indians of Wisconsin, and Schneider National, Inc.

Competition among financial institutions is strong. The bank's competitors include local and regional banks and larger multi-state banks. In total deposits, BFN, with a deposit market share of 2.15 percent, ranks eleventh out of all FDIC-insured institutions located within the bank's AA. This is based upon FDIC market share data as of June 30, 2016. The balance of the market share is divided among 18 other FDIC-insured institutions

with market shares ranging from a high of 31.91 percent down to a low of 0.45 percent.

Oshkosh-Neenah MSA

This assessment area consists of a portion of the Oshkosh-Neenah MSA, which includes Winnebago County. The assessment area is comprised of 41 CTs, of which zero are low-income, eight (19.51 percent) are moderate-income, 28 (68.29 percent) are middle-income, and five (12.20 percent) are upper-income.

The total population of the AA is 166,994, which is comprised of 40,637 families. The number of families at each income level is as follows: 7,327 low-income families (18.03 percent), 7,484 moderate-income families (18.42 percent), 10,386 middle-income families (25.56 percent), and 15,440 upper-income families (37.99 percent). The average median family income is \$66,830, and the FFIEC 2016 updated MSA median family income is \$66,800. The percentage of families below the poverty level is 6.04 percent. Owner-occupied units comprise 63.01 percent of total housing units. Based on 2016 demographic data, the total number of businesses with reported revenues in this AA was 7,813. Of these businesses, 6,014 (76.97 percent) had gross revenues of less than or equal to \$1 million, 626 (8.01 percent) had gross revenues of over \$1 million, and 1,173 (15.02 percent) had revenues not reported.

According to the Bureau of Labor Statistics, the annual unemployment rate as of December 2016 for Winnebago County was 3.2 percent. This is lower than the state of Wisconsin unemployment rate of 3.7 percent for the same period.

The local economy is characterized as stable. The area has seen some growth, including the selection of Oshkosh for a major facility in a formerly blighted community. Housing for low- to moderate-income individuals is in high demand. Major employers include Oshkosh Corp, UW-Oshkosh, Bemis, U.S. Bank, Aurora Medical Group, and Winnebago County. Oshkosh Corp has been granted a military contract which will bring information technology, engineering, assembly, and production jobs to the area for an extended period of time.

Competition among financial institutions is strong. The bank's competitors include state and regional banks and larger multi-state banks. In total deposits, BFN, with a deposit market share of 2.99 percent, ranks ninth out of all FDIC-insured institutions located within the bank's AA. This is based upon FDIC market share data as of June 30, 2016. The balance of the market share is divided among 18 other FDIC-insured institutions with market shares ranging from a high of 22.69 percent down to a low of 0.31 percent.

Appleton MSA

This assessment area consists of a portion of the Appleton MSA, which includes Outagamie County. The assessment area is comprised of 40 CTs, of which zero are low-income, three (7.50 percent) are moderate-income, 33 (82.50 percent) are middle-income, and four (10.00 percent) are upper-income.

The total population of the AA is 176,695, which is comprised of 46,389 families. The number of families at each income level is as follows: 7,979 low-income families (17.20 percent), 8,855 moderate-income families (19.09 percent), 12,075 middle-income families (26.03 percent), and 17,480 upper-income families (37.68 percent). The average median family income is \$70,540, and the FFIEC 2016 updated MSA median family income is \$73,800. The percentage of families below the poverty level is 5.66 percent. Owner-occupied units comprise 69.47 percent of total housing units. Based on 2016 demographic data, the total number of businesses with reported revenues in this AA was 8,948. Of these businesses, 6,687 (74.73 percent) had gross revenues of less than or equal to \$1 million, 820 (9.16 percent) had gross revenues of over \$1 million, and 1,441 (16.11 percent) had revenues not reported.

According to the Bureau of Labor Statistics, the annual unemployment rate as of December 2016 for Outagamie County was 3.4 percent. This is lower than the state of Wisconsin unemployment rate of 3.7 percent.

The local economy is characterized as stable. Medical offices are increasing in number and expanding in the area. A new convention center is under construction in downtown Appleton. From the February 2017 Moody's Analytics, "manufacturing will persist as a key driver, but its dominance will lessen. [Appleton's] housing market will benefit from robust job growth and more new households. With single-family housing more affordable than elsewhere, a higher than average share of newly formed households will opt to buy versus rent." Major employers include ThedaCare Inc., Affinity Health System, Kimberly-Clark, Thrivent Financial for Lutherans, Plexus Services Corp., and Presto Products.

With a new branch location, competition among financial institutions is strong. The bank's competitors include local and regional banks and larger multi-state banks. In total deposits, BFN, with a deposit market share of 0.77 percent, ranks eighteenth out of all FDIC-insured institutions located within the bank's AA. This is based upon FDIC market share data as of June 30, 2016. The balance of the market share is divided among 25 other FDIC-insured institutions with market shares ranging from a high of 24.73 percent down to a low of 0.06 percent.

Conclusions with Respect to Performance Tests

The conclusions of BFN's performance are based on the full-scope areas of review – Manitowoc County (non-MSA) and Sheboygan County (MSA). We considered the lending and CD tests when assigning BFN's overall Performance Evaluation rating. For the lending test, more weight was placed on BFN's record of small business lending compared to its residential real estate lending in the evaluation period. For the CD test, more weight was given to the bank's record of CD loan activity. Approaching the analysis in this way is consistent with the bank's business strategy and assessment area needs.

LENDING TEST

The Lending Test is rated Outstanding.

Loan-to-Deposit Ratio

BFN's loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, financial condition and assessment area credit needs. The bank's quarterly LTD ratio averaged 91.04 percent over 17 quarters from fourth quarter 2012 to fourth quarter 2016. The peer group consists of banks with assets ranging from \$72 million up to \$2.3 billion. The average loan-to-deposit ratio for the sixteen other banks located in the assessment areas over the same period ranged from 63.31 percent up to 105.83 percent.

Lending in Assessment Area

BFN originated a substantial majority of its residential mortgage loans and small business loans inside its AA. A review of the primary loan products shows that 83.90 percent by number and 79.29 percent by dollar volume of loans were made to businesses and individuals located within the bank's AAs.

Lending in the Assessment Areas										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
RE - Home Purchase	605	81.54%	137	18.46%	742	\$103,426	75.42%	\$33,707	24.58%	\$137,133
RE - Home Refinance	680	83.95%	130	16.05%	810	\$104,588	79.72%	\$26,605	20.28%	\$131,193
RE - Home Improvement	230	84.56%	42	15.44%	272	\$18,727	83.70%	\$3,648	16.30%	\$22,375
Commercial	116	96.67%	4	3.33%	120	\$22,451	95.29%	\$1,109	4.71%	\$23,560
Totals	1,631	83.90%	313	16.10%	1,944	\$249,192	79.29%	\$65,069	20.71%	\$314,261

Source: 2015-2016 HMDA data and sample of 120 bank records (verified by examiners)

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The borrower distribution of loans reflects excellent penetration among businesses of different sizes. The borrower distribution of loans reflects reasonable penetration among borrowers of different incomes.

Non-MSA Manitowoc County

The borrower distribution of business loans within the AA reflects excellent penetration. Our random sample shows the bank originated 84.62 percent of loans by number and 85.82 percent of loans by dollar to businesses with \$1 million in revenues or less. This exceeds the demographics, which show 78.40 percent of assessment area businesses with revenues less than or equal to \$1 million.

Borrower Distribution to Businesses in Manitowoc County, WI AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	78.40%	7.84%	13.76%	100.00%
% of Bank Loans in AA by #	84.62%	15.38%	0.00%	100.00%
% of Bank Loans in AA by \$	85.82%	14.18%	0.00%	100.00%

Source: Sample of 26 bank records (verified by examiners) and Dunn & Bradstreet Business Demographic Data

The borrower distribution for residential real estate loans within the AA reflects reasonable penetration. The bank originated 9.93 percent of mortgage loans to low-income families, which is less than the demographics that show 13.77 percent of families are low-income. The bank originated 18.74 percent of mortgage loans to moderate-income families, which slightly exceeds the demographics that show 18.06 percent of families are moderate-income. We considered this performance reasonable, with the low-income borrowing below the demographics while the moderate-income borrowing slightly exceeds the demographics.

Borrower Distribution of Residential Real Estate in Manitowoc County, WI AA									
Borrower Income Level	Low		Moderate		Middle		Upper		Unavailable
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	
% of Total	13.77%	9.93%	18.06%	18.74%	25.11%	23.78%	43.06%	42.24%	5.31%

Source: 2015-2016 HMDA data (verified by examiners) and 2010 U.S. census demographic data.

Sheboygan MSA

The borrower distribution of business loans within the AA reflects excellent penetration. Our random sample shows the bank originated 83.33 percent of loans by number and 53.56 percent of loans by dollar to businesses with \$1 million in revenues or less. This exceeds the demographics, which show 77.25 percent of assessment area businesses with revenues less than or equal to \$1 million.

Borrower Distribution to Businesses in Sheboygan MSA, WI AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	77.25%	8.60%	14.15%	100.00%
% of Bank Loans in AA by #	83.33%	16.67%	0.00%	100.00%
% of Bank Loans in AA by \$	53.56%	46.44%	0.00%	100.00%

Source: Sample of 26 bank records (verified by examiners) and Dunn & Bradstreet Business Demographic Data

The borrower distribution for residential real estate loans within the AA reflects reasonable penetration. The bank originated 6.20 percent of mortgage loans to low-income families, which is less than the demographics that show 18.50 percent of families are low-income. The bank originated 16.47 percent of mortgage loans to moderate-income families, which is less than the demographics that show 18.89 percent of families are moderate-income. Renting is a cost effective alternative to home ownership for some potential low- or moderate-income borrowers. Of the total housing units in the AA, 25.63 percent of the housing units are rental occupied units. We considered this performance reasonable, with the low-income and moderate-income borrowing below the demographics.

Borrower Distribution of Residential Real Estate in Sheboygan MSA, WI AA									
Borrower Income Level	Low		Moderate		Middle		Upper		Unavailable
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	
% of Total	18.50%	6.20%	18.89%	16.47%	25.11%	21.90%	37.50%	44.77%	10.66%

Source: 2015-2016 HMDA data (verified by examiners) and 2010 U.S. census demographic data.

Limited Scope AAs

Based on the limited scope reviews, the bank's performance under the borrower distribution among individuals of different income levels and businesses of different sizes is not inconsistent with the bank's overall performance in the full scope reviews. The bank's lending performance for individuals of different income levels is less than the demographics in the Green Bay MSA and Appleton MSA. The bank's lending performance for businesses of different sizes is slightly less than the demographics and considered reasonable. Consideration is given to the low lending volume in the Appleton MSA due to the branch being opened January 1, 2016.

Geographic Distribution of Loans

The geographic distribution of business loans reflects excellent dispersion among geographies. The geographic distribution of home mortgage loans reflects reasonable dispersion among geographies.

Non-MSA Manitowoc County

There are no low- or moderate-income census tracts in Manitowoc County. Therefore, an analysis of the bank’s geographic distribution would not provide meaningful information.

Sheboygan MSA

The geographic distribution of business loans within the AA reflects excellent dispersion. Our random sample shows the bank originated 38.46 percent of loans to assessment area businesses. This exceeds the demographics, which show 30.80 percent of assessment area businesses are located in moderate-income census tracts.

Geographic Distribution of Commercial Loans in Sheboygan MSA, WI AA								
CT Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	0.00%	0.00%	30.80%	38.46%	61.58%	53.85%	7.62%	7.69%

Source: Sample of 26 bank records (verified by examiners) and Dunn & Bradstreet Business Demographic Data

The geographic distribution for residential real estate loans within the AA reflects reasonable dispersion. There are no low-income census tracts in the Sheboygan MSA.

The bank originated 9.50 percent of mortgage loans to moderate-income census tracts, which is less than the demographics that show 18.68 percent of area owner occupied housing is located in moderate-income census tracts. Rental units in the assessment area make-up 25.63 percent of housing, while vacant units makes up 7.62 percent. In addition, in the moderate-income census tracts in this assessment area, 13.90 percent are families below the poverty level. When taking these factors into consideration, the geographic distribution appears reasonable.

Geographic Distribution of Residential Real Estate in Sheboygan MSA, WI AA								
CT Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
% of Total	0.00%	0.00%	18.68%	9.50%	73.40%	77.52%	7.92%	12.98%

Source: 2015-2016 HMDA data (verified by examiners) and 2010 U.S. census demographic data.

Limited Scope AAs

Based on the limited scope reviews, the bank's lending performance among geographies of different income levels is not inconsistent with the bank's overall performance in the full scope reviews. The bank's lending performance in the bank's assessment areas is less than the demographics. The bank's lending performance for businesses of different sizes is slightly less than the demographics.

Responses to Complaints

There were no consumer complaints regarding the bank's CRA performance or complaints indicating illegal or discriminatory lending practices during this evaluation.

COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated Outstanding. Community development performance through community development loans, qualified investments, and services demonstrates excellent responsiveness to community development needs in the AA.

Number and Amount of Community Development Loans

BFN's CD lending record reflects excellent responsiveness to identifying and addressing the credit needs in the bank's AAs.

BFN originated or renewed 35 CD loans, totaling \$42.2 million, during the evaluation period in all the bank's assessment areas. While not an all-inclusive list, below are examples for CD lending within the bank's Manitowoc County and Sheboygan County AAs.

- A working capital line of credit for \$200,000 was made to a non-profit organization that provides food and shelter to low-income individuals in Manitowoc County.

- A line of credit for \$200,000 was made to an assisted living facility in Manitowoc County where all the residents receive Medicaid. The residents meet low- and moderate-income requirements.
- A line of credit was renewed for \$25,000 with \$25,000 additional funding (\$50,000 total) to a Manitowoc County nonprofit organization that provides housing for low-income families.
- A letter of credit was renewed for \$5 million that supports a development revenue bond in Sheboygan County. The bond was for the construction of a two-story facility containing office space and various social service programs provided to those with disabilities.
- The bank provided a letter of credit to support a municipal industrial revenue bond in Sheboygan County totaling \$3.2 million. The funds are being used for the expansion of a manufacturing facility which will retain 48 jobs.

BFN also participates in the following loan programs that target or primarily benefit small businesses and low- and moderate-income individuals:

- The Wisconsin Home and Economic Development Authority (WHEDA) Home program is a first-time home buyer program that provides below market interest rates and allows for a lower down payment than conventional mortgage programs. This program benefits primarily low- and moderate- income individuals. Since August 2012, the bank originated 26 loans totaling approximately \$2.40 million.
- Small Business Administration (SBA) loans are available in the assessment areas for businesses that may not qualify for conventional loan terms. Under the SBA programs, the bank originated 54 small business loans totaling \$31.46 million during the evaluation period. These loans would have already been reported under the small business lending test.
- BFN partnered with a local community organization to provide down payment and closing cost assistance using FHLB grant funding through the Affordable Housing Program. This program gives each family \$5,000 for down payment assistance and \$500 for home buyer education. To qualify, household income for a four family household may not exceed 115 percent of the area median income. The Affordable Housing Program offered 51 grants totaling \$295,000 during the assessment period.

Based on the limited scope reviews, the bank's performance under the community development loan test is not inconsistent with the bank's overall performance in the full scope reviews. Of note, the bank worked closely with the Housing Authority of the City of Oshkosh to provide grants and loans totaling more than \$8.8 million for two separate affordable housing projects. A grant for \$618 thousand was provided for an affordable

housing project in Winnebago County for the completion of renovations. Three loans totaling \$8.1 million went directly to renovate and rehabilitate a 72-unit affordable housing project, with Phase 1 Section 8 housing of 32 units and Phase 2 Section 8 housing of 40 units.

Number and Amount of Qualified Investments

BFN provided an excellent level of community development investments.

During the evaluation period, BFN made 69 qualifying donations totaling \$681 thousand to 58 organizations that help provide community services to low- to moderate-income individuals and families. The donations also supported economic development activities in all the bank's assessment areas.

A prior period mortgage-backed security had an outstanding balance of \$27 thousand. The mortgage-backed security is collateralized by home loans made to low- and moderate-income borrowers in the Brown and Sheboygan County assessment areas.

Based on the limited scope reviews, the bank's performance under the community development investment test is not inconsistent with the bank's overall performance in the full scope reviews. The bank made investments in the Green Bay MSA totaling \$1.6 million.

Extent to Which the Bank Provides Community Development Services

BFN demonstrates an excellent responsiveness to the CD service needs in its AA. Overall, bank employees spent 2,470 hours providing technical assistance and financial expertise to community development organizations.

During the evaluation period, BFN employees provided technical assistance and financial expertise to 22 community development organizations serving the bank's assessment areas. These organizations address assessment area needs for affordable housing, economic development, and social services to low- and moderate-income individuals.

While not an all-inclusive list, the following are examples some of the services provided:

- A senior management executive serves as a board member of an economic development committee. The bank employee is a member of the finance committee.
- A loan officer continues to serve as a member of the City of Manitowoc Community Development group. The group governs a downtown revolving loan fund, making loans to small businesses located within Manitowoc's downtown district. The bank employee provides guidance for loan fund decisions.

- A bank employee serves as a board member treasurer for the Chamber of Commerce Manitowoc County. The chamber helps stabilize the community and encourage new businesses as well as business retention and subsequent job creation.
- A loan officer serves as a member of the City of Plymouth Community Development Block Grant. Community Development Block Grant is used for housing rehabilitation. The funds are loaned at zero percent interest to eligible households. Funds are lent to eligible households (income restrictions) for home repairs, are available to assist with purchasing a home, and are available to landlords who rent to tenants that are low- to moderate-income for repairs. The loan officer's background in lending helps the group make lending assistance decisions.
- A bank vice president teaches financial literacy through classroom speaking. The bank employee is also the treasurer of this organization. The employee also serves as treasurer for a local community center that focuses on low- and moderate-income families to provide parenting skills for children 0-5.

Based on the limited scope reviews, the bank's performance under the community development services test is not inconsistent with the bank's overall performance in the full scope reviews.

Responsiveness to Community Development Needs

BFN demonstrates excellent responsiveness to CD lending, investment, and service needs in its AAs by originating various CD loans, funding qualified investments, and performing CD services.

Fair Lending or Other Illegal Credit Practices Review

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

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

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