

PUBLIC DISCLOSURE

May 15, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Mound City Bank
Certificate Number: 9037

25 East Pine Street
Platteville, Wisconsin 53818

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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

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INSTITUTION RATING

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

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- A majority of the home mortgage, small business, and small farm loans by both number and dollar amount were made within the bank's assessment areas.
- The geographic distribution of home mortgage, small business, and small farm loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of loans to borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses and farms of different sizes.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

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

DESCRIPTION OF INSTITUTION

Mound City Bank is a full-service commercial bank headquartered in Platteville, Wisconsin. The bank is wholly owned by a one-bank holding company, Mound City Financial Services, Inc., also located in Platteville. The bank operates in the southwestern portion of Wisconsin in the five counties of Lafayette, Grant, Green, Iowa, and Dane. The bank received a Satisfactory rating at its previous FDIC Performance Evaluation dated April 27, 2020, based on Interagency Intermediate Small Institution Examination Procedures.

Operations

Mound City Bank operates five branches in addition to the main office in its assessment areas. The main office is located in Platteville with a motor-branch office located across the street. The other four branch offices are located in Belmont (Lafayette County), Cuba City (Grant County), Mineral Point (Iowa County), and Mount Horeb (Dane County). The bank has not opened or closed any branch offices, and there has been no merger or acquisition activity since the prior evaluation.

The bank provides a variety of deposit and loan products and services to assist in meeting the credit needs of its assessment areas. Deposit offerings consist of savings, checking, certificates of deposit, and money market deposit accounts, including low or no minimum balance and low or no service charge checking and savings accounts. The bank also offers a variety of credit products to qualified applicants, including consumer, construction, home improvement, agricultural, commercial, and personal loans. The bank offers fixed-rate home mortgage loans sold to the secondary market and balloon home mortgage loans that are held in the portfolio. The primary lending focus continues to be residential real estate, commercial, and agricultural lending.

The bank offers alternative banking services such as internet and mobile banking, including account-to-account and person-to-person transactions. In addition, the bank offers 24-hour access to telephone banking through Mound City Link and seven automated teller machines (ATMs). All but one of the ATMs are cash-dispensing only, with one also accepting deposits. Banking hours, including extended hours, and services are reasonable and accessible to all portions of the assessment areas.

Ability and Capacity

Assets totaled approximately \$462.1 million as of March 31, 2023, and included total loans of \$360.8 million. Assets increased \$75.2 million (20.3 percent) since the prior evaluation in April 2020. Total loans increased \$72.0 million (24.9 percent) and securities increased \$22.6 million (48.6 percent) over the same time period. Despite significant growth, the lending concentrations remain consistent during the review period.

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet assessment area credit needs. The following table shows the distribution for each loan category by dollar volume as of March 31, 2023.

Loan Portfolio Distribution as of 3/31/2023		
Loan Category	\$(000)	%
Construction and Land Development	14,789	4.1
Secured by Farmland	59,385	16.5
1-4 Family Residential	96,524	26.8
Multi-family (5 or more) Residential	37,642	10.4
Commercial Real Estate	86,218	23.9
Total Real Estate Loans	294,558	81.7
Commercial and Industrial	10,661	3.0
Agricultural	45,974	12.7
Consumer	2,654	0.7
Other	6,912	1.9
Total Loans	360,759	100.0

Source: 3/31/2023 Call Report

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Mound City Bank has designated two assessment areas. The

assessment areas have changed since the previous evaluation. The non-metropolitan assessment area was expanded to include two additional census tracts in northwest Grant County, and the metropolitan assessment area was expanded to include all of Dane County. These changes were made to include whole counties as part of the assessment areas, as feasible. The assessment areas do not arbitrarily exclude any low- and moderate-income census tracts, do not reflect illegal discrimination, and otherwise meet the requirements of the CRA regulation. The following table presents a brief description of each assessment area. More information is presented in each assessment area section in this Report.

Census Tracts Information by Assessment Area		
Tract Income Level	2010 Census	2020 Census
Metropolitan Statistical Area-Census Tract Level	Number of Tracts	Number of Tracts
Low	4	5
Moderate	19	20
Middle	57	67
Upper	29	34
NA	6	7
Total	115	133
Non-Metropolitan Area-Census Tract Level		
Low	0	0
Moderate	0	0
Middle	16	17
Upper	1	0
NA	0	0
Total	17	17

Source: 2015 ACS Data; 2020 U.S. Census

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated April 27, 2020, to the current evaluation date of May 15, 2023. Examiners used the Interagency Intermediate Small Bank Evaluation Procedures to evaluate the bank’s CRA performance. These procedures consist of the Lending Test and the Community Development Test. The Appendix details the performance criteria for these tests, while the Glossary provides for pertinent definitions. Banks must achieve a rating of at least “Satisfactory” under each test to obtain an overall “Satisfactory” rating.

Mound City Bank’s CRA performance was analyzed in relation to the bank’s performance context, which includes (but is not limited to) bank size and structure, financial condition, loan mix, business focus, resources, limitations, assessment area demographics, economic factors, competition, loan demand, and available opportunities.

Examiners completed a full-scope review of the bank’s lending performance in each assessment area. The non-metropolitan assessment area received more weight in the conclusions and overall rating due to the higher levels of lending, deposits, and banking offices in this assessment area.

Since this evaluation spanned a time-frame for which different U.S. Census data was available for determining assessment area boundaries (including census tract designations) as well as available demographics, examiners used the appropriate assessment area and census data in effect for each year analyzed. Specifically, for years 2020 and 2021, the assessment area and census tract designations were based on 2010 U.S. Census data. The updated 2015 American Community Survey (ACS) data was used for these years to obtain relevant demographic data. For 2022, examiners used the 2020 U.S. Census data for relevant demographics, as well as determining the assessment area and census tract designations.

Activities Reviewed

Home mortgage, commercial, and agricultural loans continue to represent the major product lines based on the bank’s business strategy, Call Report data, and the number and dollar volume of loans originated during the evaluation period. Consumer loans are not a business focus, and do not represent a significant portion of the bank’s loan portfolio. Therefore, they do not provide material support for conclusions or ratings, and examiners did not include them in this evaluation.

For the Lending Test, examiners reviewed a random sample of small business and small farm loans from the universe of such loans originated during 2020, 2021, and 2022. This period of lending is considered representative of the small business and small farm lending activity throughout the evaluation period. See the following table for the universe of small business and small farm loans and representative sample selected for review. The Lending Test small business loan universe includes the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans (for 2021) that were not considered for community development lending credit. The 2021 small business loan universe includes 38 SBA PPP loans. The SBA PPP loan program was not available in 2022.

Year	Universe		Random Sample	
	#	\$(000)	#	\$(000)
Small Business				
2020	222	26,222	55	6,821
2021	254	21,783	55	4,689
2022	106	22,237	47	7,169
Small Farm				
2020	284	29,878	55	6,028
2021	471	32,106	60	77,278
2022	197	23,667	50	5,022
<i>Source: Bank Data</i>				

The small business and small farm loans were reviewed and analyzed separately for each year. D&B data as of each presented year provided a standard of comparison for the small business and small farm lending performances under the Geographic Distribution and Borrower Profile criteria. The bank’s small business and small farm lending performance was relatively consistent throughout the review period. Therefore, only the 2022 lending results were presented in the Geographic Distribution and Borrower Profile tables of this evaluation as results led to the same overall conclusions.

For the Lending Test, examiners reviewed the full universe of home mortgage loan originations and

purchases recorded on the bank's 2020, 2021, and 2022 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. The bank reported 908 home mortgage loans totaling \$180.7 million in 2020, 437 home mortgage loans totaling \$105.4 million in 2021, and 248 home mortgage loans totaling \$68.7 million in 2022. The 2020 and 2021 reported loans were significantly higher than the 2022 activity given the lower interest rates resulting in an influx of refinances. Examiners conducted individual analyses for each year. Aggregate lending data provided a standard of comparison for the bank's 2020 and 2021 home mortgage performances, for both Geographic Distribution and Borrower Profile analyses. Since the 2022 aggregate data is not yet available, examiners used the 2020 U.S. census demographic data as a standard of comparison when analyzing the home mortgage data for 2022.

Home mortgage lending was given more weight in the evaluation due to the larger loan volume. Small business and small farm lending received similar weight in the evaluation. Examiners reviewed the number and dollar volume of home mortgage, small business, and small farm loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals, businesses, and farms served.

For the Community Development Test, management provided data on community development loans, qualified investments, and community development services since the previous CRA evaluation dated April 27, 2020. The evaluation considered all community development activities since the prior evaluation, through May 15, 2023.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Mound City Bank demonstrated Satisfactory performance under the Lending Test. Geographic Distribution and Borrower Profile performance for home mortgage, small business, and small farm loans supports this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs and opportunities. The bank's loan-to-deposit ratio, calculated from Call Report data, averaged 83.9 percent over the past 11 quarters from June 30, 2020 to December 31, 2022. The ratio has had minor fluctuations from quarter-to-quarter during the evaluation period, ranging from a low of 80.8 percent as of December 31, 2021, to a high of 91.6 percent as of December 31, 2022.

Similarly situated institutions (SSIs) had average loan-to-deposit ratios that ranged from 47.5 to 77.5 percent during the same timeframe, as reflected in the following table. Examiners selected SSIs based on their asset size, bank structure, product mix and lending focus, geographic location, and input from management. The bank's ratio factors in loans on the bank's books as of each Call Report date, and does not typically include secondary market loans sold to investors, or paid-off loans (such as PPP). However, it is worth noting that these types of loans would also not be included in the SSIs' ratios.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 12/31/2022 \$(000)	Average Net LTD Ratio (%)
Mound City Bank	471,862	83.9
Clare Bank	331,939	47.5
Woodford State Bank	394,798	77.5
Community First Bank	586,885	71.8
Farmers Savings Bank	422,498	54.3
The Peoples Community Bank	373,102	64.0
<i>Source: Reports of Condition and Income 06/30/2020 – 12/31/2022</i>		

Assessment Area Concentration

The bank made a majority of home mortgage, small business, and small farm loans, by number and dollar volume, in the assessment areas. The bank's performance in this criterion is shown in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000)	%	\$(000)	%	
Home Mortgage										
2020	757	83.4	151	16.6	908	143,851	79.6	36,869	20.4	180,720
2021	333	76.2	104	23.8	437	70,324	66.7	35,105	33.3	105,430
2022	213	85.9	35	14.1	248	58,837	85.6	9,896	14.4	68,733
Subtotal	1,303	81.8	290	19.2	1,593	273,012	76.9	81,870	23.1	354,883
Small Business										
2020	53	96.4	2	3.6	55	6,762	99.1	59	0.9	6,821
2021	48	87.3	7	12.7	55	4,033	86.0	656	14.0	4,689
2022	41	87.2	6	12.8	47	6,059	84.5	1,110	15.5	7,169
Subtotal	142	90.4	15	9.6	157	16,854	90.2	1,825	9.8	18,679
Small Farm										
2020	55	100.0	0	0.0	55	6,028	100.0	0	0.0	6,028
2021	59	98.3	1	1.7	60	4,625	99.8	11	0.2	4,636
2022	48	96	2	4	50	4,810	95.8	212	4.2	5,022
Subtotal	162	98.2	3	1.8	165	15,463	98.6	223	1.4	15,686
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of home mortgage, small business, and small farm loans reflects reasonable dispersion throughout the assessment areas. Although, there are no low- and moderate-income tracts in the non-metropolitan assessment area, all tracts in Lafayette County are underserved. In the metropolitan assessment area, the bank's performance is reasonable for all three loan products, and reasonable overall.

Borrower Profile

The distribution of loans to borrowers reflects, given the demographics of the assessment areas, reasonable penetration among borrowers of different income levels and businesses and farms of varying sizes. Performance is reasonable for all three loan products in the most heavily weighted non-metropolitan assessment area. Performance is also reasonable in the metropolitan assessment area.

Response to Complaints

Mound City Bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

A "Satisfactory" rating is assigned under the Community Development Test. Mound City Bank's community development performance demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the bank's assessment areas. The adequate performance in both the non-metropolitan and the metropolitan assessment areas supports this conclusion. Further, this conclusion is primarily supported by the community development loan and qualified investment activity. Because examiners determined that the bank is at least adequately serving its assessment area, community development activities outside the assessment area, but in a broader state-wide or regional area, also received credit and are included in the below analyses. Activity within the assessment areas received heavier qualitative consideration than those outside the assessment areas.

Community Development Loans

Community development loans consist of loans for affordable housing for low- and moderate-income persons, community development services targeted to low- and moderate-income persons, economic development of small businesses and small farms, and revitalization and stabilization of low- and moderate-income census tracts.

Mound City Bank originated 140 qualified community development loans, totaling \$25.8 million during the evaluation period in the assessment areas. In addition, 14 loans totaling \$7.2 million were originated outside of the assessment areas. The bank's community development loans represent approximately 9.1 percent of total assets and 9.3 percent of net loans. The bank's

performance was comparable with five SSIs operating in similar assessment areas. Details of the bank’s community development loans by year and category follow.

Community Development Loans in the Assessment Areas by Activity Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
2020 (since April 27)	14	4,930	6	222	23	2,118	19	464	62	7,734
2021	13	7,910	4	302	24	3,754	15	642	56	12,608
2022	4	2,190	1	150	16	3,109	-	-	21	5,449
2023 (up to May 15)	-	-	-	-	1	33	-	-	1	33
Total	31	15,030	11	674	64	9,014	34	1,106	140	25,824

Source: Bank Records

The following table shows the bank’s community development loans outside of the bank’s assessment areas.

Community Development Loans Outside the Assessment Areas by Activity Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
2020 (since April 27)	2	1,837	-	-	1	7	-	-	3	1,844
2021	4	4,133	-	-	4	950	-	-	8	5,083
2022	2	129	-	-	-	-	-	-	2	129
2023 (up to May 15)	-	-	-	-	1	114	-	-	1	114
Total	8	6,099	-	-	6	1,071	-	-	14	7,170

Source: Bank Records

Examples of regional and/or statewide community development lending include:

- A \$748 thousand multi-family loan providing 12 units of affordable housing in Milwaukee, Wisconsin, and
- A \$328 thousand multi-family loan supporting affordable housing in Dubuque, Iowa. This property offers 24-units, of which 19 are rented at below fair market rates.

Qualified Investments

Mound City Bank has 11 qualified investments, totaling approximately \$7.7 million, including current and prior period investments. Of the total investments, seven investments (six in the metropolitan assessment area and one in the non-metropolitan assessment area) totaling approximately \$5.8 million benefit entities within the assessment areas, with the remaining four

investments benefiting entities in a broader state-wide area. Examples of community development investments which benefitted the broader state-wide area include two school bonds.

Community Development Investments by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Non-Metropolitan	0	0	1	0	1
Metropolitan	6	0	0	0	6
Broader Statewide Area	0	2	2	0	4
Total	6	2	3	0	11
<i>Source: Bank Records</i>					

Five of the investments were made in a prior period and total \$3.4 million. Three of the prior period investments were for affordable housing, one was for community service, and one was for economic development. Current period qualifying investments include six investments, of which three were for affordable housing (2021, 2022, 2023), one for community service (2020), and two for economic development (2020). Total investments and donations made by the bank in the two assessment areas and the greater state-wide or regional area represent 1.7 percent of total assets as of March 31, 2023, 15.1 percent of total equity capital, and 11.4 percent of total securities. This level of investment activity is slightly higher, by dollar volume, since the prior evaluation.

Community Development Services

During the evaluation period, Mound City Bank staff and management provided 32 instances of financial expertise or technical assistance. The bank participated in 9 services in 2020, 8 services in 2021, 6 services in 2022, and 9 services year to date 2023. This level of services was compared to SSIs, whose community development service activity ranged from 49 to 181 services. Mound City Bank’s performance is below that of the SSIs. However, factors such as number of employees, number of branch offices, branch office location, and opportunity for providing community development services is considered. Additionally, areas of strength in other community development activities (like lending and investments) compensate for the weaker performance in this area.

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.

Non-Metropolitan Assessment Area – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NON-METROPOLITAN ASSESSMENT AREA

The non-metropolitan assessment area includes 17 census tracts that make up all of Grant and Lafayette Counties. This assessment area includes whole geographies and does not arbitrarily exclude low- and moderate-income census tracts.

Economic and Demographic Data

This assessment area includes 12 census tracts in Grant County and 5 census tracts in Lafayette County. There are no low- or moderate-income census tracts in this assessment area. However, all of Lafayette County is identified as an underserved area throughout the review period. The following table illustrates select demographic characteristics of the assessment area. The review of data prior to 2022 is based on demographics from the 2015 ACS and data for 2022 to current is based on demographic data from the 2020 ACS.

The assessment area demographics remain mostly unchanged with the updated ACS. The primary shift being that one census tract income level went from an upper-income geography to a middle-income geography. Additionally, the number of low- and moderate-income families has increased since the prior examination. Demographic characteristics of the assessment area based on the most current census data are presented in the following table.

Demographic Information of the Assessment Area						
Assessment Area: Mound City Non-Metropolitan						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	17	0.0	0.0	100.0	0.0	0.0
Population by Geography	68,549	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	29,522	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	18,859	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	7,573	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	3,090	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	5,147	0.0	0.0	100.0	0.0	0.0
Farms by Geography	937	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	16,567	19.5	19.4	22.5	38.6	0.0
Household Distribution by Income Level	26,432	24.2	17.0	19.0	39.8	0.0
Median Family Income Non-MSAs – WI		\$71,740	Median Housing Value			\$148,053
			Median Gross Rent			\$701
			Families Below Poverty Level			8.0%
<i>Source: 2020 U.S. Census and 2022 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The FFIEC-updated median family income level is used to analyze home mortgage lending loans under the Borrower Profile criterion. The following table illustrates the income categories for the non-metropolitan assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
WI NA Median Family Income (99999)				
2020 (\$68,000)	<\$34,000	\$34,000 to <\$54,400	\$54,400 to <\$81,600	≥\$81,600
2021 (\$69,600)	<\$34,800	\$34,800 to <\$55,680	\$55,680 to <\$83,520	≥\$83,520
2022 (\$81,500)	<\$40,750	\$40,750 to <\$65,200	\$65,200 to <\$97,800	≥\$97,800
<i>Source: FFIEC</i>				

Based on the 2020 ACS there are 29,522 housing units in the non-metropolitan assessment area, of which 63.9 percent are owner-occupied, 25.7 percent are occupied rental properties, and 10.4 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Based on reports from the Wisconsin Realtors Association, housing sales in Grant and Lafayette Counties have stayed consistent with increases noted in average sales prices during the evaluation

period. During the review period Grant County home sales numbers were fairly consistent with 480 in 2020 and 423 in 2022. The median purchase prices have increased from \$144,750 in 2020 to \$178,900 in 2022. In Lafayette County, sales numbers have been relatively steady with 158 sales in 2020 and 152 sales in 2022. Median purchase prices increased from \$150,000 in 2020 to \$164,950 in 2023.

Data obtained from the State of Wisconsin Department of Workforce Development (WDWD) indicates that the March 2023 unemployment rate is 2.5 percent statewide, 2.4 percent for Grant County, and 2.1 percent for Lafayette County. Unemployment rates have been consistent during the evaluation period for both counties.

According to D&B Data, there were 5,147 businesses operating in the non-metropolitan assessment area. Gross annual revenues (GARs) for these businesses are as follows:

- 82.7 percent reported \$1 million or less
- 3.8 percent reported over \$1 million
- 13.5 percent did not report

D&B data reported there were 937 farms operating in this assessment area. The GARs for these farms are as follows:

- 97.8 percent reported \$1 million or less
- 1.7 percent reported over \$1 million
- 0.5 percent did not report

The analysis of both small business and small farm loans under the Borrower Profile criterion compares the small business and small farm loans to the distribution of businesses and farms by GAR levels.

According to the WDWD, education and health services, trade, transport, and utilities, and manufacturing are the primary industries in the assessment area. According to the Grant County web site, major employers in the assessment area include UW Platteville, Heartland Health Care, Platteville Schools – K-12, and Southwest Health. And, according to Prosperity Southwest, large employers in Lafayette County include Lactalis, Saputo, Sigma Food, and Wisconsin Whey Protein.

Competition

The non-metropolitan assessment area is moderately competitive and includes local, regional, and national banks, credit unions, and mortgage companies offering a wide array of products and services. According to the June 30, 2022 FDIC Deposit Market Share data, there are 15 financial institutions operating 50 offices in Grant and Lafayette Counties. Mound City Bank ranks third in market share of deposits at 15.4 percent. Clare Bank, NA with 16.8 percent and Community First Bank with 15.9 percent maintain the largest deposit market share in the area.

There is a high level of competition in this assessment area for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2021, 140 lenders reported 2,705 HMDA-reportable loans in the non-metropolitan assessment area. Mound City Bank ranked second,

reporting a market share of 9.2 percent. The top lender is a credit union, representing 22.4 percent of the total market share.

Mound City Bank is not required to report small business or small farm loan data under CRA, and has opted not to do so. Therefore, the Lending Test does not include direct comparisons to aggregate lender performance for small business or small farm lending. However, the small business and small farm aggregate data reflects the level of demand, opportunities, and competition for small business and small farm loans and, therefore, is discussed in this evaluation. Aggregate data for 2021, which is the most recent available, shows that 1,014 small business loans totaling \$48.9 million were originated in the assessment area, indicating a high degree of demand and competition for this product. Additionally, 532 farm loans were originated totaling \$38.2 million. It is important to note that a number of non-reporting institutions also originate small business and farm loans in the assessment area, which suggests that competition for small business and small farm loans is even greater than reflected in the aggregate data.

Community Contact

As part of the evaluation process, examiners contact a third party active in the assessment area to assist in identifying its credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs and shows what credit and community development opportunities are available.

Examiners contacted a representative from a development organization in the assessment area. The contact stated local financial institutions are responsive to area businesses and are willing participants in many of the projects in the area. The contact stated the housing market is still high due to limited supply and high demand. High prices and higher interest rates have slowed demand but the limited supply has kept prices high. The contact mentioned that there are a number of affordable housing projects being constructed in the area, but that housing in general is still in short supply and especially for affordable housing. The agricultural businesses remain strong. The contact stated that beef prices are near an all-time high and dairy remains stable, but down from its recent highs. Grain prices remain strong and farmers in general are doing well. Overall, the contact said the economy in the area is strong and local financial institutions are meeting the credit needs of the area.

Credit and Community Development Needs and Opportunities

Considering information from bank management, demographic and economic data, and the information gathered from the community contact, examiners determined that the assessment area has credit and community development needs for small businesses, particularly start-ups, small farms, and additional affordable housing.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NON-METROPOLITAN ASSESSMENT AREA

LENDING TEST

Mound City Bank demonstrated reasonable performance under the Lending Test. Borrower Profile performance primarily supports this conclusion.

Geographic Distribution

The non-metropolitan assessment area is homogenous, comprised of 17 middle-income geographies. As such, a comprehensive analysis of the geographic distribution of loans in the non-metropolitan assessment area would not yield meaningful results.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, and businesses and farms of different sizes in the non-metropolitan assessment area.

Home Mortgage

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. For both 2020 and 2021, aggregate data is well below the percentage of low-income families in the assessment area which reflects the limited affordability of homes for low-income borrowers. A low-income family in the non-metropolitan assessment area, with an income of \$34,000 or below in 2020 and \$34,800 or below in 2021, would likely not qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$130,329. In addition, the average sales prices of homes in the assessment area have continued to rise over the evaluation period. Therefore, the opportunity for low-income families is relatively limited. Mound City Bank's performance similarly significantly trails the demographic. The following table shows that Mound City Bank's percentage of loans originated to low-income borrowers at 1.3 percent trails the aggregate data for 2020 at 4.3 percent. In 2021, the bank's performance increased in the percentage of loans to low-income borrowers, and only slightly trails the aggregate number.

The bank's lending to low-income families in 2022 increased significantly to 12.8 percent of bank loans but trails demographic information showing that 19.5 percent of the families in the area are low-income. In 2022, 8.0 percent of families in the non-metropolitan assessment area were below the poverty level. When factoring in that these families are unlikely to qualify for a mortgage loan, the bank's lending level is in line with an adjusted low-income family number of 11.5 percent.

Mound City Bank's lending to moderate-income borrowers slightly trails both demographic and aggregate lending data for 2020, but improves and exceeds both figures for 2021, and exceeds the demographic figure for 2022. This level of lending to moderate-income families is reasonable throughout the review period. Aggregate data was not available for 2022 as of the date of this evaluation.

Additionally, the bank originates Wisconsin Housing and Economic Development Authority (WHEDA) loans to qualified low- and moderate-income borrowers in Wisconsin for conventional and first-time home buyer purchases. These originations of WHEDA loans are not included in the HMDA reportable loans summarized in the following table. During the review period, Mound City bank originated seven WHEDA loans to qualified low- and moderate-income borrowers. Considering the bank's lending performance to low- and moderate-income borrowers, and the additional lending through WHEDA, the bank's overall performance is reasonable. Details of the bank's lending is shown in the following table.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Mound City Non-metropolitan						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000)	%
Low						
2020	16.9	4.3	10	1.9	848	0.9
2021	16.9	6.3	10	4.5	770	1.8
2022	19.5	--	16	12.8	1,570	7.8
Moderate						
2020	18.7	19.0	76	14.4	8,973	9.9
2021	18.7	21.6	51	22.8	6,285	14.8
2022	19.4	--	28	22.4	3,308	16.4
Middle						
2020	24.7	25.2	137	26.0	19,941	22.0
2021	24.7	24.6	53	23.7	9,026	21.3
2022	22.5	--	25	20.0	4,161	20.6
Upper						
2020	39.7	41.7	257	48.9	54,560	60.1
2021	39.7	34.9	103	46.0	23,400	55.1
2022	38.6	--	44	35.2	9,597	47.6
Not Available						
2020	0.0	9.8	46	8.7	6,524	7.2
2021	0.0	12.6	7	3.1	2,991	7.0
2022	0.0	--	12	9.6	1,517	7.5
Totals						
2020	100.0	100.0	526	100.0	90,846	100.0
2021	100.0	100.0	224	100.0	42,473	100.0
2022	100.0	100.0	125	100.0	20,153	100.0
<i>Source: 2015 ACS; Bank Data, 2020, 2021 & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses with GARs of \$1 million or less. In 2022, Mound City Bank’s lending performance reflects 81.3 percent of its small business loans originated to businesses with GARs of \$1 million or less. This is in line with the demographics of 82.7 percent. The demographic provides insight as to the total number of businesses in the area within each revenue category presented.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Non-metropolitan					
Gross Revenue Level	% of Businesses	#	%	\$(000)	%
<=\$1,000,000	82.7	26	81.3	1,673	43.3
>\$1,000,000	3.8	6	18.7	2,191	56.7
Revenue Not Available	13.5	0	0	0	0
Totals	100.0	32	100.0	3,864	100.0
<i>Source: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms with GARs of \$1 million or less. Mound City Bank’s lending performance reflects 75.7 percent of its small farm loans originated to farms with GARs of \$1 million or less. While the bank’s lending is below the demographic comparator of 97.8 percent, Mound City Bank’s level of lending is comparable to SSIs, and is considered reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Non-metropolitan					
Gross Revenue Level	% of Farms	#	%	\$(000)	%
<=\$1,000,000	97.8	28	75.7	1,527	37.3
>\$1,000,000	1.7	9	24.3	2,567	62.7
Revenue Not Available	0.5	0	0.0	0	0.0
Totals	100.0	37	100.0	4,094	100.0
<i>Source: FFIEC</i>					

COMMUNITY DEVELOPMENT TEST

Community Development Loans

Mound City Bank originated 111 community development loans totaling \$20.1 million in this area during the evaluation period. This loan activity is an increase since the previous evaluation, at which time there were 37 community development loans totaling \$6.2 million in the non-

metropolitan assessment area. The substantial increase in the volume of community development loans is largely due to PPP lending, which was a trend noted at SSIs during the review period.

Notable community development loans in this assessment area include the following:

- Numerous targeted loans in the Tax Increment Financing (TIF) Districts throughout the assessment area in an effort to help support economic development.
- Loans for multi-family properties that have the majority of rental units charging rent below the fair market area prices for rent, thereby providing affordable housing.

Community Development Loans by Activity Year – Non-metropolitan Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
2020 (since April 27)	10	3,217	6	222	17	1,794	15	395	48	5,628
2021	9	4,642	3	152	17	3,556	13	636	42	8,986
2022	4	2,190	1	150	15	3,079	-	-	20	5,419
2023 (up to May 15)	-	-	-	-	1	33	-	-	1	33
Total	23	10,049	10	524	50	8,462	28	1,031	111	20,066

Source: Bank Records

In addition to these community development loans, the bank provided loans to several municipalities in Lafayette County. Lafayette County, Wisconsin is considered an underserved non-metropolitan area. The bank originated 12 municipal loans in this area for approximately \$2.1 million.

Qualified Investments

During the review period, the bank had one qualified investment benefiting this assessment area, which was obtained during a prior review period. This investment totaled \$510,000 and served to provide economic development in Lafayette County. Lafayette County is made up entirely of underserved, non-metropolitan, middle-income geographies.

Community Development Services

Mound City Bank’s staff provided 26 community development services in the non-metropolitan assessment area during the evaluation period. Of these community development services, 10 were primarily for economic development purposes and 16 were primarily for community service purposes. The economic development services included working with organizations which worked to develop small businesses or attract new businesses to the area. The community service activity involved a bank employee who serves on the board of local organizations that offer assistance to low- and moderate-income individuals. These various organizations provide for health care and food assistance, among other community development purposes.

METROPOLITAN ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE METROPOLITAN ASSESSMENT AREA

The metropolitan assessment area includes 133 census tracts (based on 2020 U.S. Census data) that make up all of Dane County, all of Iowa County, and the northern portion of Green County. The assessment area includes whole geographies and does not arbitrarily exclude low- and moderate-income census tracts.

According to the 2015 ACS, this assessment area included 107 census tracts in Dane County, 6 census tracts in Iowa County, and 2 census tracts in Green County. There are 4 low-, and 19 moderate-income tracts in the assessment area.

With the updated 2020 ACS data, the number of tracts in the assessment area increased to 133 and include 5 low-income and 20 moderate-income tracts. The primary changes include some tracts splitting and additional low- and moderate-income tracts in north east and south west Madison. Additionally, the number of low- and moderate-income families has increased since the prior examination. The following table provides select demographic characteristics based on the most recent census data.

Demographic Information of the Assessment Area						
Assessment Area: Mound City Metropolitan Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	133	3.8	15.0	50.4	25.6	5.3
Population by Geography	597,836	3.7	13.1	53.0	26.3	3.9
Housing Units by Geography	252,228	3.5	14.8	53.9	25.0	2.7
Owner-Occupied Units by Geography	144,967	0.8	10.8	59.7	28.6	0.2
Occupied Rental Units by Geography	96,255	7.0	20.6	45.6	20.4	6.3
Vacant Units by Geography	11,006	7.6	17.8	50.0	19.8	4.8
Businesses by Geography	53,045	4.9	12.7	52.1	26.9	3.4
Farms by Geography	2,477	1.3	9.6	69.0	19.8	0.4
Family Distribution by Income Level	135,771	17.3	18.2	23.5	41.1	0.0
Household Distribution by Income Level	241,222	22.1	16.9	18.6	42.4	0.0
Median Family Income MSA - 31540 Madison, WI MSA		\$97,334	Median Housing Value			\$270,504
			Median Gross Rent			\$1,119
			Families Below Poverty Level			4.9%

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.

As stated previously, the FFIEC-updated median family income level is used to analyze home mortgage lending loans under the Borrower Profile criterion. The following table illustrates the income categories for the metropolitan assessment area for each reviewed year.

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>				

Based on the 2020 ACS, there are 252,228 housing units in the metropolitan assessment area, of which 57.5 percent are owner-occupied, 38.2 percent are occupied rental properties, and 4.4 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Based on reports from the Wisconsin Realtors Association, housing sales in Dane, Iowa, and Green Counties have stayed consistent with increases noted in median sales prices during the evaluation period. During the review period in Dane County, home sales numbers were 8,891 in 2020 and 7,740 in 2022. The median purchase prices have increased from \$315,625 in 2020 to \$385,000 in 2022. In Iowa County, sales numbers have been relatively steady with 278 sales in 2020 and 280 sales in 2022. Median purchase prices increased from \$214,950 in 2020 to \$250,000 in 2022. Sales in Green County in 2020 were 476, with a median price of \$210,000, which compares to 432 sales in 2022 with a median sales price of \$269,250.

Data obtained from the WDWD indicates that the March 2023 unemployment rate is 2.5 percent statewide, 1.6 percent for Dane County, 2.3 percent for Iowa County, and 2.0 percent for Green County. Unemployment rates have been consistent during the evaluation period among all three counties.

According to 2022 D&B Data, there were 53,045 businesses operating in the metropolitan assessment area. As previously noted, the analysis of both small business and small farm loans under the Borrower Profile criterion compares the small business and small farm loans to the distribution of businesses and farms by GAR levels. GARs for these businesses are as follows:

- 85.8 percent reported \$1 million or less
- 4.7 percent reported over \$1 million
- 9.5 percent did not report

D&B data reported there were 2,477 farms operating in this assessment area. The GARs for these farms are as follows:

- 96.8 percent reported \$1 million or less
- 1.8 percent reported over \$1 million
- 1.4 percent did not report

According to the WDWD, education and health services; trade, transport, and utilities; and professional business & services are the primary industries in Dane County. In Iowa County, primary industries include trade, transport, and utilities; education and health services; and manufacturing. In Green County, the primary industries are manufacturing; trade, transport, and utilities; and education and health services. According to the Madison Region Economic Partnership web site, major employers in the assessment area include UW Madison, UW Health, State of Wisconsin, Epic Systems Corp., American Family Insurance, Colony Brands, and Land's End.

Competition

Mound City Bank operates in a competitive market with primary competition including local, regional, and national banks, credit unions, and mortgage companies offering a wide array of products and services. According to the June 2022 Summary of Deposits compiled by the FDIC (most recent available), approximately \$26.3 billion of deposits in the Madison Metropolitan Statistical Area (include Dane, Iowa, Green, and Columbia Counties) are managed by 45 financial institutions operating out of 186 offices (this data does not include credit unions or mortgage companies). Mound City Bank ranked 35th, with a market share of 0.3 percent. The top two ranked banks were national banks, both with market shares above ten percent.

The home mortgage aggregate data for 2021, which is the most recent available, reflects a significant level of demand and competition for these loans within Mound City Bank's metropolitan assessment area. Based on the 2021 reported data, 483 entities, including banks, credit unions, and non-depository mortgage lenders, reported a total of 50,899 originated and purchased HMDA-applicable mortgage loans within this assessment area. Mound City Bank ranked 46th with a market share of approximately 0.4 percent (by number). A credit union ranked first with 15.4 percent market share. Mound City Bank's average HMDA loan size in this market was \$269,000. The average loan size for all reporters was \$252,000.

Small business aggregate data for 2021, which is the most recent available, shows that reporting entities originated 10,429 small business loans totaling \$546.3 million in the assessment area, indicating a high degree of demand and competition for this product. Additionally, 487 farm loans were originated totaling \$25.5 million. As previously noted, a number of non-reporting institutions also originate small business and farm loans in the assessment area, which suggests that competition for small business and small farm loans is even greater than reflected in the aggregate data.

Credit and Community Development Needs and Opportunities

Considering information from bank management, demographic, and economic data, examiners determined that the assessment area has credit and community development needs for small businesses, particularly start-ups, small farms, and additional affordable housing.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE METROPOLITAN ASSESSMENT AREA

LENDING TEST

Mound City Bank demonstrated reasonable performance under the Lending Test. Borrower Profile and Geographic Distribution performance primarily support this conclusion. More weight is placed on the bank's home mortgage lending performance as it reflects a larger volume of originations, while small business and farm loan activity in this assessment area is nominal.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the metropolitan assessment area. This conclusion is primarily supported by the geographic distribution of home mortgage loans.

Home Mortgage Loans

The geographic distribution of home mortgage loans is reasonable. In 2020 and 2021, the bank originated 0.9 percent of their mortgage loans in the low-income census tracts within this assessment area. This is similar to the level of aggregate lending which was 1.1 percent and 1.3 percent for 2020 and 2021, respectively. Additionally, the bank's lending is in line with the very limited level of owner-occupied housing units in the low-income census tracts in the metropolitan assessment area. The bank's lending in 2022 shows a significant increase in originations to low-income census tracts. While there is not aggregate data available for 2022, the level of lending far exceeds the percentage of owner-occupied housing in this area, demonstrating the bank's willingness to lend in these tracts.

For both 2020 and 2021, the bank's lending to moderate-income census tracts exceeds both the aggregate level of lending, as well as the level of owner-occupied housing for these tracts. This level of lending shows a willingness of the bank to provide credit to these tracts. The bank's performance in lending to moderate-income census tracts in 2022 is above the presented demographic. This performance demonstrates the bank's willingness to lend in these tracts.

Despite strong competition in the metropolitan assessment area, and a significant distance between the bank's nearest office and the low- and moderate-income tracts, Mound City Bank is providing loans to some of these tracts. Considering all of the preceding factors, the bank's geographic distribution of loans throughout the assessment area is reasonable. Details are provided in the following table.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Metropolitan Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000)	%
Low						
2020	1.1	1.1	2	0.9	980	1.8
2021	1.1	1.3	1	0.9	713	2.6
2022	0.8	-	6	6.8	9,469	24.5
Moderate						
2020	6.4	4.3	21	9.1	4,561	8.6
2021	6.4	5.1	15	13.8	2,885	10.4
2022	10.8	-	12	13.6	3,430	8.9
Middle						
2020	59.0	55.0	190	82.3	42,485	80.2
2021	59.0	54.6	88	80.7	22,580	81.1
2022	59.7	-	59	67.0	20,708	53.5
Upper						
2020	33.5	39.6	18	7.8	4,979	9.4
2021	33.5	39.0	5	4.6	1,674	6.0
2022	28.6	-	6	6.8	2,314	6.0
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.2	-	5	5.7	2,763	7.1
Totals						
2020	100.0	100.0	231	100.0	53,005	100.0
2021	100.0	100.0	109	100.0	27,851	100.0
2022	100.0	-	88	100.0	38,684	100.0
<i>Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans is reasonable. For 2022, the bank originated no loans in the low-income census tracts. However, the low-income census tracts are located in the southwest, northeast, and downtown Madison areas of Dane County, quite distant from the nearest banking office in Mount Horeb. Additionally, there is significant competition in Madison for loans in these census tracts. The bank's lack of lending to these tracts is considered reasonable given the proximity to bank branches, high level of competition, and the low level of businesses located in those tracts.

Mound City Bank’s performance in the moderate-income census tracts is in line with the D&B demographic information, which shows 12.7 percent of area businesses are located in these moderate-income census tracts. In 2022, the bank originated 11.1 percent of its small business loans in moderate-income census tracts. Given that lending levels in the moderate-income census tracts are in line with presented demographics, and considering office locations and competition, the geographic distribution of small business loans is reasonable. Details are provided in the following table.

Geographic Distribution of Small Business Loans Assessment Area: Metropolitan Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000)	%
Low	4.9	0	0	0	0
Moderate	12.7	1	11.1	125	5.7
Middle	52.1	6	66.7	1,923	87.6
Upper	26.9	2	22.2	146	6.7
NA	3.4	0	0	0	0
Totals	100	9	100	2,194	100
<i>Source: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion in the metropolitan assessment area. While the overall volume of small farm loan originations in this assessment area is nominal, lending is considered reasonable given the bank extended loans to some farms operating in low- and moderate-income tracts. The low-income census tracts are located primarily in downtown Madison, where there are few farms, as reflected by the presented D&B data. There are a number of moderate-income census tracts in the city of Madison and Sun Prairie where there would also be few, if any, farms. The bank has been able to penetrate western Iowa County with small farm loans, where a substantial number of farms are located. The bank’s level of lending in the moderate-income census tracts exceeds demographic percentages. Considering all of these factors, the bank’s geographic distribution of small farm loans is reasonable.

Geographic Distribution of Small Farm Loans Assessment Area: Metropolitan Assessment Area					
Tract Income Level	% of Farms	#	%	\$(000)	%
Low	1.3	0	0	0	0
Moderate	9.6	5	45.5	330	46.1
Middle	69.0	6	54.5	386	53.9
Upper	19.8	0	0	0	0
NA	0.3	0	0	0	0
Totals	100	11	100	716	100
<i>Source: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of loans to borrowers reflects overall reasonable penetration among individuals of different income levels and businesses and farms of different sizes. This conclusion is supported by the reasonable home mortgage loan distribution to low- and moderate-income borrowers as well as to farms and business with GARs of \$1 million or less. The Borrower Profile analyses below only include loans originated within the metropolitan assessment area.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Examiners focused on the comparison to available aggregate performance, and the percentage of low- and moderate-income families as shown in the following table.

The analyses shows a reasonable level of home mortgage loans originated to low-income borrowers, both by number and dollar volume. In 2020, by number, the bank's lending to low-income borrowers exceeded aggregate performance. In 2021, the bank's lending to low-income borrowers increased, and was significantly above aggregate performance. The level of lending to low-income borrowers decreased in 2022, back to 2020 levels. Aggregate data is not available for 2022 performance comparisons. The bank's lending to low-income borrowers in 2022 is below the presented demographic. However, considering and adjusting for the poverty level of 10.1 percent brings the bank's performance closer to the demographic level. Furthermore, considering the high housing costs for the metropolitan assessment area, as detailed previously, a low-income borrower would most likely find it difficult to reasonably afford home ownership.

In 2020, the bank's lending to moderate-income borrowers was in line with the aggregate performance level. For 2021, the bank's lending to moderate-income borrowers increased and exceeded the aggregate level by 8.8 percentage points, indicating strong performance for that year. In 2022, the bank's lending level to moderate-income borrowers decreased to 15.9 percent. This is slightly below, but in line with, the presented demographic, again reflecting reasonable performance.

Considering performances to low- and moderate-income borrowers for each year, and considering assessment area demographics, aggregate performance levels, housing costs, and area credit opportunities, the bank's distribution of loans to borrowers of various income levels is reasonable. Details of the bank's lending performance are shown below.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Metropolitan Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000)	%
Low						
2020	18.7	5.5	19	8.2	2,122	4.0
2021	18.7	6.8	17	15.6	2,052	7.4
2022	17.3	--	7	8.0	927	2.4
Moderate						
2020	17.0	17.9	41	17.7	7,038	13.3
2021	17.0	18.8	28	25.7	5,436	19.5
2022	18.2	--	14	15.9	3,621	9.4
Middle						
2020	22.6	25.4	66	28.6	14,442	27.2
2021	22.6	24.5	25	22.9	5,602	20.1
2022	23.5	--	10	11.4	2,439	6.3
Upper						
2020	41.8	43.6	96	41.6	26,675	50.3
2021	41.8	42.0	31	28.4	11,271	40.5
2022	41.1	--	29	33.0	11,378	29.4
Not Available						
2020	0.0	7.6	9	3.9	2,728	5.1
2021	0.0	7.9	8	7.3	3,490	12.5
2022	0.0	--	28	31.8	20,320	52.5
Totals						
2020	100.0	100.0	231	100.0	53,005	100.0
2021	100.0	100.0	109	100.0	27,851	100.0
2022	100.0	100.0	88	100.0	38,684	100.0
<i>Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. For 2022, the bank’s performance falls short of the D&B data by 18.1 percentage points.

While performance trails, it is noted that the demographic data itself represents the percentage of businesses of different sizes operating within the assessment area and does not necessarily represent those businesses that are seeking or may even qualify for bank financing. Smaller business owners often finance their business needs through credit cards, personal home equity lines of credit, or even consumer loans originated in their own name, with these types of loans not captured in this analysis.

In addition to comparing the bank’s performance to demographics, examiners compared the bank’s performance to that of five SSIs. The bank’s performance in lending to businesses with GARs of \$1 million or less was similar to SSIs with reasonable performance for this criterion. The performance of SSIs ranged from 54.2 percent to 82.4 percent. Finally, because the bank is not a small business data reporter, the 2021 aggregate reported data (most recent available) was not used as a direct comparator. However, the reported data provides some idea of loan demand and performance by reporting institutions. The 2021 aggregate data shows that 55.7 percent of the reported small business loans were to businesses with GARs of \$1 million and less. Mound City Bank’s 2022 performance was above that of aggregate reporting institutions from 2021. Given these factors, the bank’s performance under this criterion is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Metropolitan Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000)	%
<=\$1,000,000	85.8	6	66.7	1,264	57.6
>\$1,000,000	4.7	3	33.3	930	42.4
Revenue Not Available	9.5	0	0.0	0	0.0
Totals	100.0	9	100.0	2,194	100.0
<i>Source: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration of loans to farms with GARs of \$1 million or less. The following table shows that the percentage of loans originated to farms with GARs of \$1 million or less was below, but reasonably in line with, the demographic data for 2022. While the number of loans to smaller farms trails the demographic data, it is consistent with other agricultural lenders making loans in metropolitan areas. Overall, the bank’s small farm loan geographic distribution is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Metropolitan Assessment Area					
Gross Revenue Level	% of Farms	#	%	\$(000)	%
<=\$1,000,000	96.8	9	81.9	390	54.6
>\$1,000,000	1.8	2	18.1	326	45.4
Revenue Not Available	1.4	0	0	0	0
Totals	100.0	11	100	716	100
<i>Source: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

Community Development Loans

Twenty-nine qualified loans, totaling \$5.8 million, were made during this evaluation period within the metropolitan assessment area. The following table shows the breakdown of community development loans within this assessment area, by year. The majority of community development loans were for economic development. Specifically, the bank made many loans to small businesses and small farms that created or retained jobs for low- and moderate-income individuals, and in TIF Districts. The bank's qualified PPP loans for applicable years are included in the figures below.

Community Development Loans by Activity Year – Metropolitan Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
2020 (since April 27)	4	1,713	-	-	6	324	4	69	14	2,106
2021	4	3,268	1	150	7	198	2	6	14	3,622
2022	-	-	-	-	1	30	-	-	1	30
2023 (up to May 15)	-	-	-	-	-	-	-	-	-	-
Total	8	4,981	1	150	14	552	6	75	29	5,758
<i>Source: Bank Records</i>										

Notable community development loans in the metropolitan assessment area include the following:

- Numerous targeted loans in the Platteville TIF district in an effort to help support economic development;
- Loans made through various low-income and first time buyer programs; and,
- Loans for multi-family properties that have the majority of rental units charging rent below the fair market area prices, providing for affordable housing.

Qualified Investments

Mound City Bank made a total of six qualified investments in this assessment area totaling \$5.3 million. Of these, three qualified investments, totaling approximately \$2.9 million were newly originated during the evaluation period. In addition, three prior period investments totaling \$2.4 million were maintained by the bank. All six of the investments were for affordable housing. These investments include securities backed by mortgages to assessment area borrowers who are low- or moderate-income, as well as loans for multi-family housing units with below market rents.

Community Development Investments in the Metropolitan Assessment Area					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
Prior	2,430	-	-	-	2,430
2020 (after April 27)	-	-	-	-	-
2021	710	-	-	-	710
2022	1,192	-	-	-	1,192
2023 (through May 29)	990	-	-	-	990
Total	5,322	-	-	-	5,332
<i>Source: Bank Records</i>					

Community Development Services

Mound City Bank’s staff provided six community development services in the metropolitan assessment area during the evaluation period. Of these community development services, one was for economic development purposes, one was to assist with affordable housing, and four were primarily for community service purposes. The economic development services included working with organizations which worked to develop small business or attract new businesses to the area. The community service purpose activity is a bank employee who provides educational information to primarily low- and moderate-income individuals.

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.