

PUBLIC DISCLOSURE

October 21, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Mayville Savings Bank
Certificate Number: 30585

200 South Main Street
Mayville, Wisconsin 53050

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 (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The Mayville Savings Bank's Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and AA credit needs and opportunities.
- The bank made a majority of its small business and home mortgage loans in the AA.
- The AA is homogenous, comprised of only middle- and upper-income geographies. As such, a comprehensive analysis of the geographic distribution of residential and small business loans is not necessary, as it would not be meaningful.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated October 21, 2013, to the current evaluation dated October 21, 2019. Examiners used the Interagency Small Institution Procedures to evaluate Mayville Saving Bank's CRA performance. These procedures use the CRA Small Bank Lending Test, which are described in the bullet points above. The bank does not have any affiliates.

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The bank's business emphases have not changed since the prior evaluation. Bank records indicate the lending focus and product mix remained relatively consistent throughout the evaluation period. Home mortgage loans remain the largest portion of the bank's business activity with business lending contributing the next largest portion. The Bank's record of originating home mortgage loans contributed more weight to the overall evaluation conclusions than small business loans did. No other loan types, such as small farm loans or consumer loans,

represent a major product line, provided no material support for conclusions or ratings, and are not presented.

For the AA concentration test, examiners included all home mortgage loans originated during the period January 1, 2018 through December 31, 2018. For the Borrower Profile criteria, a sample of the loans originated in the bank's AA was randomly selected for analysis. This sample was considered representative of the bank's performance during the entire evaluation period. In 2018, the bank originated 81 home mortgage loans totaling \$10.8 million, of which 41 totaling \$5.1 million were sampled. The sampling procedures provide for a 90 percent confidence interval with a 10 percent precision level. The demographic data from the 2015 American Community Survey (ACS) census provides a standard comparison for the home-mortgage loan performance.

Examiners also considered all small business loans originated during the period from January 1 to December 31, 2018. For evaluation purposes, a small business loan is a credit originated in the amount of \$1 million or less. In 2018, the bank originated 28 small business loans totaling \$3.4 million. For the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is a better indicator of the number of businesses and individuals served.

To assist in the evaluation process, a community contact interview with a non-bank affiliated representative within the AA was conducted during the evaluation. Information obtained from the interview was used to aid in obtaining contextual information, and in ascertaining area banking activities, credit needs, and opportunities.

DESCRIPTION OF INSTITUTION

Background

The bank is a full-service community bank and is not owned by a holding company, nor does it have any affiliates. The bank received a "Satisfactory" rating at its previous FDIC Performance Evaluation, dated October 23, 2016, based on Interagency Small Institution Examination Procedures.

Operations

The bank is headquartered in Mayville, Wisconsin in Dodge County and does not have any branches. No branches have been opened or closed, and there have been no merger or acquisitions since the previous evaluation. The bank's sole office has a drive-up facility and an automated teller machine (ATM). The bank's office location has drive-through services and offers drive-through service on Saturdays.

The bank offers a full line of retail banking services, including various deposit and loan products. Loan product offerings include commercial, home mortgage, agricultural, and consumer loans. The bank also provides a variety of deposit services including checking, savings, and certificates of deposit. Investment advisory and insurance services are offered through an outside brokerage firm.

Alternative banking services include online banking, mobile banking, person-to-person payment, telebanking, and electronic bill pay. Alternative banking services such as these provide for accessibility to people of all income levels, including low-and moderate-income individuals.

Ability and Capacity

Based on the June 30, 2019 Report of Condition and Income (or Call Report), the bank reported total assets of \$67.6 million, total loans of \$51 million, and total deposits of \$60.2 million. Total assets increased by \$10.4 million, or 18.2 percent, since the prior evaluation. Total loans increased by 19.4 percent. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of June 30, 2019		
Loan Category	\$(000s)	Percent
Construction and Land Development	1,420	2.8
Secured by Farmland	908	1.8
Secured by 1-4 Family Residential Properties	37,364	73.1
Secured by Multifamily (5 or more) Residential Properties	1,215	2.4
Secured by Nonfarm Nonresidential Properties	3,919	7.7
Total Real Estate Loans	\$44,826	87.8%
Commercial and Industrial Loans	4,175	8.2
Agricultural Loans	295	0.6
Consumer Loans	1,006	2.0
Other Loans	727	1.4
Total Loans	\$51,029	100%
<i>Source: Call Report; Due to rounding, totals may not equal 100%.</i>		

Home mortgages are the predominate lending product at 75.5 percent of the loan portfolio followed by commercial lending at 15.9 percent. Since the last evaluation, home mortgage increased by 4 percent as a percentage of the loan portfolio while commercial lending declined 2.9 percent as a percentage of the loan portfolio. Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

CRA requires each financial institution to define one or more AA within which its performance will be evaluated. The bank designated a single, contiguous AA containing six census tracts, all located in the northeastern portion of Dodge County. There have been no changes in the bank's AA boundaries or the number of census tracts. The AA meets the regulation requirements and does not arbitrarily exclude any categories of geographies. The following sections discuss demographic and economic information for the AA.

Economic and Demographic Data

All six of the census tracts in the AA are middle income according to updated 2015 ACS U.S. census data and were also middle income based on the prior 2010 U.S. census data.

The AA in Dodge County contains all or portions of the following communities: Horicon, Mayville, Kekoskee, Theresa, Herman, Lomira, Leroy, Brownsville, Burnett, Hubbard, Iron Ride, and

Williamstown. The following tables illustrate select demographic characteristics of the AA.

Demographic Information of the Mayville AA					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	6	--	--	100	--
Population by Geography	25,935	--	--	100	--
Housing Units by Geography	10,982	--	--	100	--
Owner-Occupied Units by Geography	7,363	--	--	100	--
Occupied Rental Units by Geography	2,584	--	--	100	--
Vacant Units by Geography	1,035	--	--	100	--
Businesses by Geography	1,226	--	--	100	--
Farms by Geography	152	--	--	100	--
Family Distribution by Income Level	6,933	15.6	15.5	25.3	43.6
Houschold Distribution by Income Level	9,947	17.4	13.9	19.3	49.5
Median Family Income Non-MSAs - WI		\$60,911	Median Housing Value		\$156,447
Families Below Poverty Level		6.2%	Median Gross Rent		\$738
Source: 2015 ACS Census and 2018 D&B Data.					

As of the 2018 D&B data, there were 1,226 non-farm businesses in the AA. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Gross annual revenues (GARs) for these businesses are: 74.3 percent have \$1 million or less; 7.9 percent have more than \$1 million; and 17.8 percent have unknown revenues.

The 2017 Wisconsin Department of Workforce Development Dodge County Economic and Workforce Profile reflects the manufacturing sector represents the largest source of employment followed by education and health and trade, transportation, and utilities. According to the Madison Region Economic Partnership, major employers in Dodge County include Quad/Graphics, John Deere Company, Beaver Dam Community Hospitals, Mayville Engineering, and Seneca Foods Corp.

According to U. S. Bureau of Labor and Statistics data, Dodge County's 2018 year-end unemployment rate was 2.6 percent, Wisconsin's was 3 percent, and the United States' was 3.9 percent. Since the prior evaluation, Dodge County's unemployment has steadily declined and has tended to be lower than both the state and national unemployment rate, indicating an improving local economy.

Examiners used the 2018 FFIEC-updated median family income (MFI) levels to analyze the reviewed home mortgage loans under the Borrower Profile criterion. The following table contains the MFI and corresponding income ranges.

Median Family Income Ranges – Non-MSA WI (99999)				
2018 MFI	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
\$67,800	<\$33,900	\$33,900 to <\$54,240	\$54,240 to <\$81,360	≥\$81,360
Source: FFIEC.				

The AA contains 10,982 housing units. Of these, 67.1 percent are owner-occupied, 23.5 percent are occupied rental units, and 9.4 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Competition

The AA is moderately competitive in the market for financial services. According to the June 30, 2019, FDIC Deposit Market Share data, there were 15 financial institutions that operated 32 offices within the assessment area's full county. Of these, the bank ranked eighth with a 4.8 percent market share.

The bank is not required to collect or report its home mortgage loan data, and it has not elected to do so. Therefore, the analysis of home mortgage loans under the Lending Test does not include comparisons against aggregate data. However, the home mortgage aggregate data is an indicator of the level of demand, opportunities, and competition for home mortgage loans in the AA, and is therefore included here. There is a high level of competition for home mortgage loans among various banks, credit unions, and non-depository mortgage lenders. The 2017 peer mortgage data (most recent year available) shows that 148 lenders reported a total of 989 originated or purchased residential mortgage loans within the bank's AA.

The bank is not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. However, the aggregate small business data is an indicator of the level of demand, opportunities, and competition for small business loans in the AA, and therefore this information is included here. The 2017 Peer Small Business data (most recent year available) shows that 46 institutions reported 988 small business loans in the AA's full counties, indicating a high degree of opportunities and competition for this product.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also aids in identifying what credit and community development opportunities are available.

Information from a prior contact with a representative from a local economic development organization was utilized. The contact felt that the overall economy of Dodge County was good with the labor participation rate being high and anyone who is available to work is working. However, due to the high labor participation rate, many of the businesses in the area are facing difficulties attracting qualified workers. The availability of higher wages in nearby counties has also had a negative effect on attracting employees in Dodge County. A recent survey conducted

by the economic development organization indicated that 60 percent of Dodge County workers leave the county for higher wages in other counties.

Housing was also identified by the contact as being an issue in Dodge County. The contact stated that the cost of construction is high in the county, and is comparable to counties that are more affluent, like Dane or Waukesha Counties. However, once the buildings are built, the completed property values do not support the cost of the construction. A home built in Waukesha or Dane County costs the same to build in Dodge County, but would be worth less in the long term. As a result, developers are not as willing to construct new homes in the area. On the other hand, low market rents in Dodge County do not support the development of affordable housing in the area, which has led to a shortage of affordable housing for people who are low- and moderate- income.

The contact stated that there many special loan programs that financial institutions could get involved in. The contact indicated a need for loan guarantee programs focused on rural manufacturers to add physical production space. Many area financial institutions are willing to lend for the purchase of production equipment; however, institutions are not as willing to finance the funding of physical production space. The contact attributed this due to the manufacturers being located in rural areas and due to the difficulty of repurposing the buildings if the business fails. In addition, a bank-financed revolving loan fund and access to gap financing for higher risk lending is also needed in the county. Overall, the contact indicated that financial institutions have been responsive to the credit and community development needs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank demonstrated satisfactory lending performance. The performance under the following criteria supports this conclusion.

Loan-to-Deposit (LTD) Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and AA credit opportunities and needs. The bank's LTD ratio, calculated from Call Report data, averaged 88.9 percent over the past 23 calendar quarters from December 31, 2013, to June 30, 2019.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/19 (\$000s)	Average Net LTD Ratio (%)
Mayville Savings Bank	67,577	88.9
American Bank of Beaver Dam	153,873	79.9
Hustisford State Bank	52,782	104.3
State Bank of Reeseville	100,001	73.8
TSB Bank	137,915	83.3
Source: Call Reports 12/31/13 through 6/30/19.		

The ratio ranged from a low of 82.8 percent as of December 31, 2016, to a high of 93.1 percent as of December 31, 2014. The bank maintained a ratio similar to those of comparable institutions, as

shown in the following table. Examiners selected comparable institutions based on their asset size, banking structure, lending focus, and similar locations.

Assessment Area Concentration

The bank made a majority of small business and home mortgage loans, by number and dollar volume, within its AA. See the following table.

Lending Inside and Outside of the AA										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage*	61	75.3	20	24.7	81	7,177	66.3	3,648	33.7	\$10,825
Small Business*	25	89.3	3	10.7	28	3,222	94.8	175	5.2	\$3,397
Sources: * 2018 Bank Records Due to rounding, totals may not equal 100%.										

Geographic Distribution

The bank's assessment area is homogenous, comprised of only middle-income geographies. As such, a comprehensive analysis of the geographic distribution of home mortgage and small business loans is not necessary as it would not be meaningful. The AA has no identifiable low- or moderate-income neighborhoods, and examiners did not note conspicuous gaps in lending. The AA did not have any underserved or distressed geographies.

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels as well as businesses of differing sizes within the AA. The bank's reasonable performance of home mortgage and small business lending supports this conclusion. Focus for analysis is on the percentage by number of mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The bank's 2018 distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Examiners focus on the comparison to the percentage of low- and moderate-income families. See the table below for additional details.

2018 Distribution of Home Mortgage Loans by Borrower Income Level - Mayville AA					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	15.6	4	9.8	222	4.4
Moderate	15.5	6	14.6	579	11.4
Middle	25.3	12	29.3	1,127	22.3
Upper	43.6	19	46.3	3,130	61.9
Totals	100%	41	100%	\$5,058	100%

Source: 2015 ACS Census; 1/1/18 - 12/31/18 Bank Data.

The bank's performance of 9.8 percent of home mortgage loans to low-income borrowers is lower than the 15.6 percent of low-income percent of families in the AA. However, a low-income family in the AA with an income of \$33,900 would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$179,124. Therefore, the demand and opportunity for lending to low-income families is relatively limited. In addition, the percentage of families with income below the poverty level was 6.2 percent in 2018. Due to their limited financial resources, families with incomes below the poverty level generally do not have the capacity to support a home mortgage, further limiting the demand and opportunity for lending to low-income borrowers. Given these considerations, the bank's performance to low-income borrowers is reasonable.

Lending to moderate-income borrowers at 14.6 percent is in line with demographics reporting at 15.5 percent. Overall, the bank's performance of lending to both low- and moderate-income borrowers is reasonable.

Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1 million or less. Of the small business loans originated in the bank's AA, 56 percent were to businesses with GARs of \$1 million or less. Although the bank's performance is below the D&B data, not all businesses are actively seeking lending. Additionally, small businesses have alternative means of financing, including personal lines of credit and credit cards; therefore, not all are seeking traditional financing options. Based on this information, Mayville's performance is reasonable.

Distribution of Small Business Loans by GAR Category - Mayville AA					
2018 GAR Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	74.3	14	56	1,297	46
>1,000,000	7.9	11	44	1,520	54
Revenue Not Available	17.8	--	--	--	--
Totals	100%	25	100%	\$2,817	100%
<i>Source: 2018 D&B Data; 1/1/18 - 12/31/18 Bank Data; "--" data not available.</i>					

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

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.

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 CRA.

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.

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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).

HMDA Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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.

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

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

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

Metropolitan 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: 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.

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

Small Business Loan: A loan included in "loans to small businesses" as defined in the 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 Call Report. These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

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

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