

PUBLIC DISCLOSURE

February 6, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Bank of Cross Plains
Certificate Number: 15091

1205 Main Street
Cross Plains, Wisconsin 53528

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREAS.....	3
SCOPE OF EVALUATION.....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	17
Madison MSA – Full-Scope Review	17
Janesville-Beloit MSA – Full-Scope Review	33
APPENDICES	48
LARGE BANK PERFORMANCE CRITERIA	48
SCOPE OF EVALUATION	50
GLOSSARY.....	51

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 areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	X	X
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated Low Satisfactory.

- Lending levels reflect good responsiveness to the credit needs in the assessment areas.
- A high percentage of home mortgage, small business, and small farm loans are in the assessment areas.
- The geographic distribution of loans reflects poor penetration throughout the assessment areas, particularly to low- and moderate-income geographies.
- The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business and farm customers of different sizes.
- The institution has made an adequate level of community development loans.
- The institution uses innovative and/or flexible lending practices in order to serve assessment area credit needs.

The Investment Test is rated Low Satisfactory.

- The institution has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits adequate responsiveness to the credit and community development needs.

- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated Low Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the institution's assessment areas.
- The institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate- income geographies and/or to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The institution provides a limited level of community development services.

DESCRIPTION OF INSTITUTION

State Bank of Cross Plains (SBCP) is a commercial bank headquartered in Cross Plains, Wisconsin, and operates in the southcentral portion of Wisconsin in Dane, Green, and Rock Counties. On October 3, 2022, SBCP's one-bank holding company (S.B.C.P. Bancorp, Inc. of Cross Plains) merged with Monona Bankshares, Inc. of Monona. This newly formed two-bank holding company, Lake Ridge Bancorp, Inc., is located in Monona, Wisconsin. The affiliated banks (SBCP and Monona Bank) are scheduled to merge on February 13, 2023, to form Lake Ridge Bank, which will be headquartered at the location on 6430 Bridge Road, Monona, Wisconsin. SBCP received a Satisfactory rating at the previous November 18, 2019 FDIC Performance Evaluation based on Intermediate Small Institution Examination Procedures. Monona Bank also received a Satisfactory rating at the previous August 17, 2020 FDIC Performance Evaluation based on Intermediate Small Institution Examination Procedures.

The bank operates 12 full-service bank offices in Belleville, Black Earth, Brooklyn, Cross Plains, Evansville, Madison, Middleton, Mount Horeb, New Glarus, Oregon, Verona, and Waunakee. The bank has two limited-service branches, the Cross Plains Motor Bank and the Evansville Motor Bank. The bank has one loan production office, which is located in Janesville and offers commercial, residential, and agricultural loans. All bank offices, including the loan production office, are located in middle- and upper-income census tracts. The Madison East loan production office was closed May 1, 2021. The bank did not open or close any other offices.

The bank offers a variety of loan products, including home mortgage, agricultural, commercial, and consumer loans, and deposit services, including savings, checking, money market deposit accounts, and certificates of deposit. The bank has a variety of alternative delivery methods including telebank, online banking with bill pay and Zelle payment service, business online banking, eCourier, mobile banking with mobile deposit, and business mobile banking with mobile deposit. The bank's website allows consumers to apply for mortgage loans, consumer loans, and credit cards online, and offers the ability to open select deposit accounts. Customers can make online loan payments from their accounts at other financial institutions through the bank's website. The bank offers non-deposit investment products and financial advisory services through the Wealth Management Department. In addition, the bank has six multi-lingual employees, who assist in

overcoming language barriers amongst customers who communicate in Spanish or Hmong.

Assets equaled \$1.6 billion as of December 31, 2022, and included total loans of \$1.3 billion, total securities of \$258.5 million, and total equity capital of \$163.1 million. Commercial and residential loans represent the largest concentrations of the bank’s lending activity. The following table shows that loans secured by nonfarm nonresidential properties and commercial and industrial loans make up 47.7 percent of total loans, and residential mortgage loans secured by 1-4 family and multifamily residential properties make up 34.2 percent of total loans. This table does not reflect residential mortgage loans sold in the secondary market, which equal 1,287 loans for \$308.7 million in 2020, 858 loans for \$206.7 million in 2021, and 158 loans for \$40.5 million in 2022. There have been no material changes in the bank’s loan portfolio distribution since the prior examination.

Loan Portfolio Distribution as of 12/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	88,151	7.0
Secured by Farmland	84,420	6.7
Secured by 1-4 Family Residential Properties	249,393	19.7
Secured by Multifamily (5 or more) Residential Properties	183,442	14.5
Secured by Nonfarm Nonresidential Properties	460,575	36.4
Total Real Estate Loans	1,065,981	84.3
Commercial and Industrial Loans	143,528	11.3
Agricultural Production and Other Loans to Farmers	36,846	2.9
Consumer Loans	11,776	0.9
Obligations of State and Political Subdivisions in the U.S.	5,964	0.5
Other Loans	1,461	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	1,265,556	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners evaluate its CRA performance. The previous evaluation assessed the bank’s performance on one assessment area consisting solely of Dane County. After the merger with Union Bank and Trust in June 2019, SBCP expanded their assessment area and added a second assessment area, as shown in the following table. These assessment areas do not arbitrarily exclude low- or moderate-income census tracts, do not reflect illegal discrimination, and otherwise meet the requirements of the CRA regulations. Refer to the Scope of Evaluation section for more information on the weighting of assessment areas in arriving at overall conclusions.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	Census Tracts	Full-Service Branches
Madison Metropolitan Statistical Area (MSA)	Dane and Green Counties	115	11
Janesville-Beloit MSA	Rock County	38	1
<i>Source: Bank Records; 2015 American Community Survey (ACS)</i>			

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated November 18, 2019, to the current evaluation dated February 6, 2023. Examiners utilized the Interagency Large Institution Examination Procedures to evaluate SBCP’s CRA performance. These procedures include the following three tests: the Lending Test, the Investment Test, and the Service Test, as detailed in the Appendix. This evaluation does not include any lending activity performed by the affiliated bank, Monona Bank.

Examiners relied on American Community Survey (ACS) estimates that are updated every five years when considering census demographics throughout this evaluation. For years 2021 and earlier, bank performance was evaluated relative to 2015 ACS data, which was released in 2017 and reflects data collected from 2011 through 2015. For 2022, small business and small farm lending performance was evaluated relative to a combination of the 2020 US Census data and the 2020 ACS data. In addition, examiners relied upon records provided by the bank, D&B business demographic data, community contacts, and loan information reported under Home Mortgage Disclosure Act (HMDA) and CRA. SBCP’s CRA performance was analyzed in relation to the bank’s performance context, which includes (but is not limited to) bank size and structure, financial condition, loan mix, resources, limitations, assessment area demographics, economic factors, competition, loan demand, and available opportunities. Examiners used information obtained from community contact interviews to help establish the performance context for this CRA evaluation. The community contact interviewees are representatives in the assessment areas and are not affiliated with the bank.

In March 2020, a national emergency was declared in the United States due to the COVID-19 pandemic. Many states and local governments, including Wisconsin, imposed strict measures to restrain certain aspects of public life in an effort to contain COVID-19. These restrictions have resulted in a significant disruption of the national economy and financial markets. Refer to subsequent sections of the performance evaluation for details on how COVID-19 impacted each assessment area during the evaluation period.

Examiners conducted full-scope reviews of both assessment areas due to the expansion of the Madison MSA assessment area and addition of the Janesville-Beloit MSA assessment area. The Madison MSA assessment area receives more weight, as it contains the majority of the bank’s offices, deposits, and loans, as reflected in the following tables.

Assessment Area	Full-Service Banking Offices # and %		Full-Service & Loan Production Offices - # and %		6/30/22 Deposits \$000s	Deposits %
Madison MSA	11	91.7	11	84.6	1,339,911	93.7
Janesville-Beloit MSA	1	8.3	2	15.4	90,279	6.3
Total	12	100.0	13	100.0	1,430,190	100.0

Assessment Area	2019 Home Mortgage Loans # and %		2020 Home Mortgage Loans # and %		2021 Home Mortgage Loans # and %		Total Home Mortgage Loans # and %	
Madison MSA	490	90.9	1,086	85.6	727	81.3	2,303	85.3
Janesville-Beloit MSA	49	9.1	182	14.4	167	18.7	398	14.7
Total	539	100.0	1,268	100.0	894	100.0	2,701	100.0

Assessment Area	2019 Small Business Loans # and %		2020 Small Business Loans # and %		2021 Small Business Loans # and %		Total Small Business Loans # and %	
Madison MSA	357	94.2	1,293	90.5	912	89.7	2,562	90.7
Janesville-Beloit MSA	22	5.8	136	9.5	105	10.3	263	9.3
Total	379	100.0	1,429	100.0	1,017	100.0	2,825	100.0

Assessment Area	2019 Small Farm Loans # and %		2020 Small Farm Loans # and %		2021 Small Farm Loans # and %		Total Small Farm Loans # and %	
Madison MSA	65	69.9	99	57.6	185	62.3	349	62.1
Janesville-Beloit MSA	28	30.1	73	42.4	112	37.7	213	37.9
Total	93	100.0	172	100.0	297	100.0	562	100.0

Activities Reviewed

Examiners determined that the bank’s major product lines are home mortgage, small business, and small farm loans based on Call Report data, bank records, and discussions with management. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period. Home mortgage loans include home purchase, refinance, home improvement, and multifamily. Please refer to the Glossary for definitions of the loan products.

The loan products reviewed for this evaluation are as follows: 2019, 2020, 2021, and 2022 home mortgage loans reported under the HMDA data collection requirements; and 2019, 2020, 2021, and 2022 small business and small farm loans reported under the CRA data collection requirements. Examiners determined that the 2022 lending performance for all loan types was consistent with the prior years of the evaluation period. Therefore, this report presents only those years where there is available aggregate data for comparison. The most recent aggregate data available is 2021. No other loan types, such as consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented. In developing conclusions, examiners applied equal weight to performance in the home mortgage and small business loan products due to their similar focus. Examiners applied less weight to performance in small farm loans due to the comparatively lower number and dollar volume of loans.

For the Lending Test, the geographic distribution of loans, borrower profile, and community development lending carried more weight when drawing conclusions, as the assessment areas contain a significant number of low- and moderate-income census tracts and families. Aggregate and demographic data are used as measures of comparison with more weight generally given to aggregate data. Examiners reviewed the number and dollar volume of 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 served.

The evaluation includes community development loans, investments, and services since the previous evaluation dated November 18, 2019. Investments that were made before the prior evaluation and that remain outstanding are included at the current book values as prior period investments. Examiners evaluated the quantitative levels of community development loans, investments, and services based on the financial capacity of SBCP, as well as the qualitative impact to the assessment areas.

Finally, examiners reviewed delivery systems for providing retail banking services and retail banking products and services targeted toward low- and moderate-income individuals or small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated “Low Satisfactory.” The bank’s lending performance reflects adequate responsiveness to the credit needs of the assessment areas. SBCP demonstrated good performance under Lending Activity, Assessment Area Concentration, and Innovative and/or Flexible Lending Practices; adequate performance under Borrower Profile and Community Development Loans; and poor performance under Geographic Distribution.

Lending Activity

The bank’s lending levels reflect good responsiveness to the credit needs in the assessment areas. Examiners reviewed the number and dollar volume of loans originated over the review period in absolute terms, as well as market share and market ranking to determine the bank’s level of lending. Examiners reviewed deposit market share data to gain perspective on a bank’s presence in a community.

The bank’s home mortgage loan market share is lower than the deposit market share in each assessment area. However, greater competition exists for home mortgage loans because there are a greater number of lenders as compared to the number of FDIC-insured financial institutions. Market ranking is similar to deposit market ranking in each assessment area.

Assessment Area	Full-Service & Loan Production Offices	Deposit Market Share by \$ as of 6/30/22		Home Mortgage Market Share By # for 2021		Home Mortgage Market Share By \$ for 2021	
		Rank	%	Rank	%	Rank	%
Madison MSA	11	6 of 38	5.5	9 of 445	1.8	7 of 445	2.6
Janesville-Beloit MSA	2	9 of 17	2.9	9 of 290	1.9	12 of 290	1.9

Source: Consolidated Report of Condition, 2021 HMDA data.

The bank's small business lending levels compare favorably with the deposit market share, as shown in the following table. The small business loan market share and ranking exceed the deposit market share in both assessment areas.

Assessment Area	Full-Service & Loan Production Offices	Deposit Market Share by \$ as of 6/30/22		Small Business Market Share By # for 2021		Small Business Market Share By \$ for 2021	
		Rank	%	Rank	%	Rank	%
Madison MSA	11	6 of 38	5.5	4 of 111	8.3	1 of 111	21.2
Janesville-Beloit MSA	2	9 of 17	2.9	7 of 78	5.1	4 of 78	6.1

Source: Consolidated Report of Condition, 2021 CRA data.

The bank is the leader in small farm market share by number and dollar volume. Lending levels compare exceptionally well with the deposit market share, as shown in the following table. The small farm loan market share and ranking significantly exceed the deposit market share in both assessment areas.

Assessment Area	Full-Service & Loan Production Offices	Deposit Market Share by \$ as of 6/30/22		Small Farm Market Share By # for 2021		Small Farm Market Share By \$ for 2021	
		Rank	%	Rank	%	Rank	%
Madison MSA	11	6 of 38	5.5	1 of 22	34.6	1 of 22	47.1
Janesville-Beloit MSA	2	9 of 17	2.9	1 of 16	39.3	1 of 16	65.4

Source: Consolidated Report of Condition, 2021 CRA data.

Assessment Area Concentration

The bank made a high percentage of loans, by number and dollar volume, within the assessment areas. The following table illustrates lending activity inside and outside the assessment areas.

Lending Inside and Outside of the Assessment Areas											
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)	
	Inside		Outside			Inside		Outside			
	#	%	#	%		\$	%	\$	%		
Home Mortgage											
2019	539	83.4	107	16.6	646	185,568	87.8	25,837	12.2	211,405	
2020	1,268	85.3	218	14.7	1,486	384,946	88.5	50,019	11.5	434,965	
2021	894	83.2	180	16.8	1,074	289,323	85.5	49,076	14.5	338,399	
2022	292	76.8	88	23.2	380	218,220	82.5	46,259	17.5	264,479	
Subtotal	2,993	83.5	593	16.5	3,586	1,078,057	86.3	171,191	13.7	1,249,248	
Small Business											
2019	379	73.6	136	26.4	515	69,946	72.1	27,015	27.9	96,961	
2020	1,429	87.7	200	12.3	1,629	163,923	83.6	32,196	16.4	196,119	
2021	1,017	84.5	186	15.5	1,203	125,040	84.2	23,426	15.8	148,466	
2022	406	82.2	88	17.8	494	85,306	82.5	18,087	17.5	103,393	
Subtotal	3,231	84.1	610	15.9	3,841	444,215	81.5	100,724	18.5	544,939	
Small Farm											
2019	93	80.2	23	19.8	116	10,428	81.6	2,358	18.4	12,786	
2020	172	84.7	31	15.3	203	23,617	85.5	4,005	14.5	27,622	
2021	297	88.1	40	11.9	337	26,047	90.8	2,630	9.2	28,677	
2022	173	91.5	16	8.5	189	21,006	89.5	2,460	10.5	23,466	
Subtotal	735	87.0	110	13.0	845	81,098	87.6	11,453	12.4	92,551	
Total	6,959	84.1	1,313	15.9	8,272	1,603,370	85.0	283,368	15.0	1,886,738	

Source: Bank Data. Due to rounding, totals may not equal 100.0%.

Geographic Distribution

The geographic distribution of loans reflects poor penetration throughout the assessment areas. Performance is consistent throughout both assessment areas. The bank's poor performance in home mortgage, small business, and small farm lending supports this conclusion.

Borrower Profile

The distribution of loans to borrowers reflects, given the product lines offered by the bank, adequate penetration among retail customers of different income levels and business and farm customers of different sizes. Performance is consistent throughout both assessment areas. This conclusion is supported by the adequate performance in home mortgage, small business, and small farm lending.

Innovative and/or Flexible Lending Practices

SBCP uses innovative and/or flexible lending practices in order to serve assessment area credit needs. The bank originated 2,052 loans totaling \$188.9 million in 2020, 2021, and 2022, through eight loan programs with flexible underwriting standards. The bank's level of activity in innovative and/or flexible lending programs was compared with four similarly-situated banks of equal or larger asset sizes in Wisconsin. Two similarly-situated banks participated in 10-20 programs with greater number and dollar volume of activity than SBCP, and two banks participated in 2-3 programs with lower number and dollar volume of activity than SBCP. This comparison supports the conclusion of good performance in using innovative and/or flexible lending practices. Brief descriptions of SBCP's innovative and/or flexible loan programs are listed below.

- HomeReady through the Federal National Mortgage Association – This loan program offers options and credit flexibilities to help low- and moderate-income borrowers attain homeownership. For example, this program offers low down payments, low interest rates, minimal risk-based price adjustments compared with other programs, and reduced mortgage insurance premiums.
- Home Possible through the Federal Home Loan Mortgage Corporation – This loan program is similar to the HomeReady program, and also offers options and credit flexibilities to help low- and moderate-income borrowers attain homeownership.
- Wisconsin Housing and Economic Development Authority (WHEDA) Advantage - WHEDA offers various programs for individuals and businesses. The bank currently works with the WHEDA Advantage Program, which is a program for applicants looking for a home in Wisconsin. This program can be used by anyone who fits into the income guidelines, which are more restrictive for first-time homebuyers. This program offers a mortgage with a low down payment requirement, closing cost assistance, and a fixed interest rate. The home price must fall within WHEDA guidelines for the county where the home is located.
- Small Business Administration (SBA) Paycheck Protection Program (PPP) – During the COVID-19 pandemic, businesses were required to shut down for an extended period of time. In an effort to help the businesses survive and retain employees, this program was created and funds were disbursed through participating financial institutions. PPP loans are not secured but are fully guaranteed by the federal government and administered by the SBA. If certain terms are met, the PPP loans are forgiven and business owners do not have to repay the funds. Congress approved the first round of PPP loans in 2020, and the second round in 2021. The bank demonstrated responsiveness to community needs as this program helped retain jobs and enable businesses to survive the lockdowns.
- SBA Non-PPP Loan Programs – The SBA loan programs enable businesses to secure affordable long-term financing for major fixed assets that facilitate the retention and creation of jobs. Additionally, the guaranty of the SBA provides more flexible underwriting to qualify more borrowers. Without SBA assistance, many borrowers would not be able to obtain credit due to creditworthiness and underwriting risks. SBA loans typically take longer to underwrite, require more financial assistance from the lender, and require an enhanced level of specialized banker expertise.
- Federal Housing Administration (FHA) – The FHA provides mortgage insurance on loans made by FHA approved lenders. FHA insures mortgages on single and multi-family homes,

including manufactured homes. Unlike conventional loans that adhere to strict underwriting guidelines, FHA insured loans require little cash investment to close a loan. There is also more flexibility in calculating household income and payment ratios. The bank offers this loan product through another lender that is an approved FHA lender.

- Veterans Affairs (VA) – VA home loans help veterans, active duty personnel, and eligible surviving spouses become homeowners. VA provides a home loan guaranty benefit and other housing related programs to help eligible individuals buy, build, repair, retain, or adapt a home for their personal occupancy. The VA limits the amount of closing costs and eliminates prepayment penalties. Other features include down payments as low as 0 percent, no mortgage insurance requirements, and flexible underwriting. The bank offers this loan product through another lender that is approved to do VA loans.
- United States Department of Agriculture (USDA) Rural Housing Service – This program assists approved lenders with providing loans to low- and moderate-income families to build, rehabilitate, improve, or relocate a dwelling in an eligible rural area. In order to participate in this program, borrowers must meet income eligibility standards. This program has no down payment requirement, lower interest rates, and low mortgage insurance premiums. The bank offers this loan product through another lender that is approved to do USDA loans.

The following table details these innovative and/or flexible loan originations by type and year. This table includes 281 loans totaling \$26.9 million that were made outside the assessment areas. Refer to the separate assessment area sections of the evaluation for activity in each assessment area.

Innovative and/or Flexible Lending Programs								
Program	2020		2021		2022		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
HomeReady	22	3,713	35	6,407	4	655	61	10,775
Home Possible	6	1,129	19	3,020	1	135	26	4,284
WHEDA Advantage	1	201	0	0	0	0	1	201
SBA (PPP)	1,107	111,502	800	48,907	NA	NA	1,907	160,409
SBA (non-PPP)	16	1,601	13	3,587	16	4,841	45	10,029
FHA	1	147	2	796	1	344	4	1,287
VA	2	593	2	688	1	210	5	1,491
USDA	2	304	0	0	1	142	3	446
Total	1,157	119,190	871	63,405	24	6,327	2,052	188,922

Source: Bank Records, NA = Program not available.

In addition to these loan programs, the bank modified 67 loans to accommodate borrowers experiencing financial difficulties due to the COVID-19 pandemic. These loan modifications further demonstrate the bank’s responsiveness to the credit needs of their assessment areas.

Community Development Loans

SBCP made an adequate level of community development loans. SBCP originated 34 community development loans totaling \$129.3 million during the evaluation period, which is 7.8 percent of total assets and 10.3 percent of net loans as of December 31, 2022. Using quarterly averages since the prior evaluation, community development loans equal 8.3 percent of average assets and 11.1

percent of average net loans. SBCP originated more of its community development lending in the Madison MSA where the bank originates a substantial portion of its loans and has most of the offices. As stated previously, the Madison MSA carries more weight in arriving at overall conclusions.

As shown in the following table, five community development loans totaling \$11.9 million were made in the broader statewide or regional area that includes the assessment areas; these loans are included since the bank was responsive to community development credit needs within the assessment areas. These loans include financing for a Section 8 47-unit affordable housing project and a 44-unit affordable housing project targeted to low- and moderate-income individuals through rent and income limits. In the economic development category, the loans include one loan for a 28-unit memory care facility in a Tax Increment Financing (TIF) district that is adjacent to a 99-unit senior living housing center. In addition, the bank made two SBA PPP loans outside of the assessment areas but within Wisconsin. These loans helped businesses to meet payroll and other expenses. These loans demonstrate the bank’s responsiveness to a primary community development need during the current evaluation period. More examples are included under individual assessment areas.

Community Development Lending										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Madison MSA	2	6,965	1	3,200	24	96,636	0	0	27	106,801
Janesville-Beloit MSA	0	0	0	0	2	10,580	0	0	2	10,580
Broader Statewide or Regional Area	2	2,234	0	0	3	9,693	0	0	5	11,927
Total	4	9,199	1	3,200	29	116,909	0	0	34	129,308

Source: Bank Data

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	1	1,168	0	0	20	71,110	0	0	21	72,278
2021	3	8,031	1	3,200	7	35,219	0	0	11	46,450
2022	0	0	0	0	2	10,580	0	0	2	10,580
Total	4	9,199	1	3,200	29	116,909	0	0	34	129,308

Source: Bank Data

Examiners compared SBCP’s performance with four Wisconsin banks evaluated under the Interagency Large Institution CRA Examination Procedures. Among these four banks, SBCP’s community development lending as a percentage of both average net loans and average total assets ranked in the middle of the four similar banks. As a percentage of average net loans, the four banks ranged from 5.4 percent to 34.1 percent. As a percentage of average total assets, the four banks ranged from 4.5 percent to 23.5 percent. The banks at the low end of the ranges demonstrated adequate performance, and those banks at the high end demonstrated excellent performance.

SBCP’s performance within both ranges further supports the conclusion of adequate community development lending.

INVESTMENT TEST

The Investment Test is rated “Low Satisfactory.” The bank’s investment performance reflects adequate responsiveness to the credit needs of the assessment areas. While overall SBCP demonstrated adequate performance under Investment and Grant Activity, Responsiveness to Credit and Community Development Needs, and Community Development Initiatives, investment activity was poor in the Janesville-Beloit MSA. Because the Madison MSA is assigned greater weight in arriving at conclusions, this did not result in an overall adverse rating for the Investment Test.

Investment and Grant Activity

The bank has an adequate level of qualified community development investments and grants. SBCP has 33 qualifying investments and donations equaling \$11.6 million as shown in the following tables. This level equates to 4.5 percent of total securities, 7.1 percent of total equity capital, and 0.7 percent of total assets. Using quarterly averages since the prior evaluation, this level equals 5.3 percent of average securities, 7.1 percent of average equity capital, and 0.7 percent of average assets. Of the activity in the broader statewide or regional area that contains the assessment areas, four investments in the affordable housing category are mortgage-backed securities with underlying mortgages to low- and moderate-income individuals residing in Dane County and other counties in Wisconsin.

Community Development Investments and Donations										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Madison MSA	7	6,881	9	9	3	22	0	0	19	6,912
Janesville-Beloit MSA	0	0	2	1	0	0	0	0	2	1
Broader Statewide or Regional Area	4	2,298	4	1,000	4	1,385	0	0	12	4,683
Total	11	9,179	15	1,010	7	1,407	0	0	33	11,596
<i>Source: Bank Data</i>										

Community Development Investments and Donations										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	4	1,225	0	0	5	1,404	0	0	9	2,629
2020	0	0	0	0	0	0	0	0	0	0
2021	3	3,479	2	500	1	2	0	0	6	3,981
2022	2	4,473	2	500	0	0	0	0	4	4,973
Subtotal	9	9,177	4	1,000	6	1,406	0	0	19	11,583
Donations	2	2	11	10	1	1	0	0	14	13
Total	11	9,179	15	1,010	7	1,407	0	0	33	11,596

Source: Bank Data

Examiners compared the bank’s performance with other Wisconsin banks evaluated under the Investment Test using Interagency Large Institution CRA Examination Procedures. The review revealed SBCP’s performance, based on the numbers, dollars, and ratios, is reflective of adequate performance as shown in the following table. The similar banks on the higher end of the range demonstrated excellent performance, while the lower end of the range in this comparison demonstrated adequate performance. Overall, the bank’s performance is within range of similar banks as a percentage of average total assets, equity capital, and securities.

Bank / Date of CRA Evaluation	Qualified Investments # & \$(000s)		% Average Total Assets	% Average Total Equity Capital	% Average Total Securities
SBCP 2/6/23	33	11,597	0.7	7.1	5.3
WaterStone Bank SSB 1/10/2022	125	13,982	0.6	3.5	8.0
Bank Five Nine 1/19/2021	176	14,529	1.2	12.5	9.5
IncredibleBank 6/13/22	344	27,217	1.7	19.2	11.3
First Business Bank / 1/21/2020	60	9,812	0.6	5.2	5.4

Sources: Bank records and CRA Public Evaluations

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to the credit and community development needs in the assessment areas. First, the affordable housing category includes \$4.2 million in low-income housing tax credits on a project to construct a 70-unit senior housing center in Madison. In addition, this category includes \$5.0 million in mortgage-backed securities. The underlying home mortgages are to low- and moderate-income individuals. The mortgage-backed securities provide liquidity to lenders making affordable housing loans and enable them to make additional home loans to low- and moderate-income borrowers. Given that access to affordable housing is a critical need in the assessment areas, examiners considered these investments to be responsive to the needs of low- and moderate-income individuals.

Secondly, the community service category consists of \$1.0 million in certificates of deposit to two minority-owned depository institutions in Wisconsin. The certificates of deposit provide liquidity to these financial institutions and enable them to provide loans and other services to their

communities. Lastly, the economic development category includes equity investments in a community development financial institution and other economic development corporations with missions to provide economic development in Wisconsin or the Midwest.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives in the assessment areas, as evidenced by the \$4.2 million in low-income housing tax credits. These tax credits comprised 36.3 percent of total investments and donations.

SERVICE TEST

The Service Test is rated “Low Satisfactory.” The bank’s service performance reflects adequate responsiveness to the credit needs of the assessment areas. SBCP demonstrated adequate performance under Accessibility of Delivery Systems, Changes in Branch Locations, and Reasonableness of Business Hours and Services, and poor performance under Community Development Services.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the assessment areas. As illustrated in the following table, the bank does not operate any bank offices in the low- and moderate-income census tracts. The bank operates seven full-service branches and one limited-service branch in middle-income census tracts, and five full-service branches, one limited service branch, and a loan production office in upper-income census tracts. Four full-service branches, one limited-service branch, and the loan production office have deposit-taking interactive teller machines (ITMs), which are like ATMs with live video chat features to connect with a person located elsewhere. The remaining branches have deposit-taking ATMs, with the exception of the Brooklyn branch. The Madison and Middleton branches are located in relatively close proximity to the four low-income and sixteen moderate-income census tracts in the Madison area. The bank does not operate any offices near the one moderate-income census tract in Prairie du Sac and the five moderate-income census tracts in southern Green County. In addition to the 12 proprietary ATM/ITMs, the bank is a member of the ATM Access network. ATM Access is a statewide alliance of community banks that have joined together to offer surcharge-free cash withdrawals at ATM Access locations across Wisconsin. ATM Access partners with In-Balance Alliance to expand selective surcharge-free access throughout Wisconsin and Minnesota. SBCP is also a member of MoneyPass. The MoneyPass network offers tens of thousands of surcharge-free ATMs nationwide. The bank also offers telephone, mobile, and online banking. With these delivery systems, the bank can reasonably serve all portions of the assessment areas, including the low- and moderate-income census tracts.

Distribution of Bank Offices by Income Category of the Census Tract in both Assessment Areas								
Census Tract Income Level	Bank Offices of FDIC Insured Banks		Deposits of FDIC Insured Banks		Census Tracts		Bank Offices	
	#	%	\$	%	#	%	#	%
Low	3	1.6	114,670	0.3	5	3.3	0	0.0
Moderate	47	25.0	7,451,447	20.2	35	22.9	0	0.0
Middle	85	45.2	14,970,689	40.7	69	45.1	8	53.3
Upper	52	27.7	14,243,412	38.7	38	24.8	7	46.7
N/A	1	0.5	39,148	0.1	6	3.9	0	0.0
Total	188	100.0	37,631,514	100.0	153	100.0	15	100.0

Source: 2015 ACS, 2021 Peer Deposit Data, and Bank Records.

Changes in Branch Locations

The bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. In the Madison MSA assessment area, the Madison East loan production office, which was located in a middle-income census tract, was closed May 1, 2021. The bank did not open or close any other offices during the evaluation period.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences portions of the assessment areas, particularly low- or moderate-income geographies or individuals. Of the 15 bank offices, 10 offices have standard lobby hours of 9 a.m. to 5 p.m. on Monday through Friday. Weekday lobby hours end at 4 p.m. at the Belleville branch and 1 p.m. at the Black Earth branch. The Brooklyn branch has lobby hours of 9 a.m. to 5 p.m. Monday and Friday, and to 3 p.m. on the other weekdays. The Cross Plains Motor Bank’s lobby is not open, and the Janesville loan production office is open by appointment only. Lobby hours are not available on Saturday at any of the locations. Six full-service and two limited service offices have drive-up facilities that are generally open the same hours as the lobby hours, with the Cross Plains Motor Bank and the New Glarus branches having Saturday drive-up hours. Business hours are generally comparable to local financial institutions; although some have their lobbies open on Saturday morning.

Services at the 12 full-service bank offices are comparable to area banks. The Cross Plains Motor Bank, Evansville Motor Bank, and Janesville loan production office have limited services. Loan officers are present at the 12 full-service bank offices. The loan production office has an agricultural banker and crop insurance representative to serve agricultural credit needs, and serves other credit requests by appointment only.

Community Development Services

SBCP provides a limited level of community development services. Bank directors, officers, and employees devoted 467 hours to these activities during the evaluation period, as shown in the

following tables. All of these services meet the definition of community development and relate to the provision of financial services as required by the regulation. The community development services in the broader statewide or regional area including the assessment areas consist of a bank employee serving as a board member in 2021 and 2022 on a local housing authority in Iowa County, which is adjacent to the Madison MSA assessment area. In addition, the bank completed grant applications with the Federal Home Loan Bank, and obtained five grants for borrowers in the Madison MSA assessment area and two grants for borrowers in Iowa County. The Federal Home Loan Bank grants were for \$6,000 each, for a total of \$42,000.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
2020	1 10 hours	0	2 50 hours	0	3 60 hours
2021	2 32 hours	0	4 123 hours	0	6 155 hours
2022	2 62 hours	3 51 hours	7 139 hours	0	12 252 hours
Total	5 104 hours	3 51 hours	13 312 hours	0	21 467 hours

Source: Bank data

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
Madison MSA	3 62 hours	3 51 hours	12 272 hours	0	18 385 hours
Janesville-Beloit MSA	0	0	1 40 hours	0	1 40 hours
Broader Statewide or Regional Area	2 42 hours	0	0	0	2 42 hours
Total	5 104 hours	3 51 hours	13 312 hours	0	21 467 hours

Source: Bank data

Examiners compared SBCP’s performance with four Wisconsin banks evaluated under the Interagency Large Institution CRA Examination Procedures. While three banks demonstrated stronger performance, the bank still had less than half of the services of the bank with the least amount of community development services. The review supports the conclusion that SBCP has a limited level of community development services.

Bank / Date of CRA Evaluation	# of Community Development Services	Total Hours Spent on Community Development Services / Average Hours Per Service
SBCP 2/6/23	21	467 / 22.2
WaterStone Bank SSB 1/10/2022	49	1,200 / 24.5
First Business Bank 1/21/2020	186	5,679 / 30.5
IncredibleBank 6/13/22	214	3,861 / 18.0
Bank Five Nine 1/19/2021	372	2,379 / 6.4

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.

Madison MSA Assessment Area – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MADISON MSA ASSESSMENT AREA

The Madison MSA assessment area is in southcentral Wisconsin and consists of two of the four counties in the Madison MSA. Green County was added following the merger with Union Bank and Trust in June 2019, but was not considered at the previous evaluation dated November 18, 2019, due to how recent the expansion occurred. The vast majority of the bank’s full-service banking offices (11 of 12) are in this assessment area, plus half (1 of 2) of the limited-service offices.

Economic and Demographic Data

The Madison MSA assessment area includes all 115 census tracts in Dane and Green Counties. Based on the 2015 ACS five-year estimates, the census tracts have the following income designations:

- 4 low-income census tract,
- 22 moderate-income census tracts,
- 54 middle-income census tracts,
- 29 upper-income census tracts, and
- 6 census tracts with no income designation.

In Dane County, four low- and sixteen moderate-income census tracts are in the City of Madison, and one moderate-income census tract is in Sun Prairie. Five moderate-income census tracts comprise the southern third of Green County. The bank has full-service branches in Madison and Middleton that are in relatively close proximity to the low- and moderate-income census tracts in the Madison area. All other banking offices are further away from the low- and moderate-income census tracts. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Madison MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	115	3.5	19.1	47.0	25.2	5.2
Population by Geography	547,242	3.9	15.1	50.8	26.9	3.3
Housing Units by Geography	236,340	3.4	16.4	51.7	26.3	2.2
Owner-Occupied Units by Geography	133,550	0.8	12.2	56.8	30.2	0.0
Occupied Rental Units by Geography	92,383	7.2	22.1	44.4	21.2	5.1
Vacant Units by Geography	10,407	2.9	20.9	50.0	21.9	4.3
Businesses by Geography	41,908	2.3	15.9	48.5	31.2	2.1
Farms by Geography	2,037	0.6	12.0	57.0	30.1	0.3
Family Distribution by Income Level	132,270	19.4	17.1	22.9	40.6	0.0
Household Distribution by Income Level	225,933	23.2	16.7	18.5	41.7	0.0
Median Family Income MSA - 31540 Madison, WI MSA		\$81,321	Median Housing Value			\$233,156
			Median Gross Rent			\$934
			Families Below Poverty Level			6.4%
<i>Source: 2015 ACS and 2021 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.</i>						

There are 236,340 housing units in the assessment area, with 56.5 percent owner-occupied, 39.1 percent occupied rental, and 4.4 percent vacant. Type of housing is 71.7 percent 1-4 family, 27.2 percent multifamily (five or more units), and 1.1 percent mobile homes. This data provides insight into the potential credit needs and opportunities for various types of residential lending.

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

Median Family Income Ranges for Madison MSA (31540)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$94,200)	<\$47,100	\$47,100 to <\$75,360	\$75,360 to <\$113,040	≥\$113,040
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
<i>Source: FFIEC</i>				

According to December 2022 economic information from Moody’s Analytics, business cycles are categorized into In Recession, Recovery, Mid-Expansion, Late Expansion, and At Risk. The Madison MSA’s business cycle status is At Risk. Job growth continues to be strong in the digital health and biotechnology industry, as well as state and local government. Enrollments at the University of Wisconsin in Madison have increased, which positively affects the retail trade and the leisure/hospitality sectors. Nearly half of residents over age 25 have at least a bachelor’s degree, placing Madison among the 25 metropolitan areas nationally with the highest educational attainment. Healthcare wages and benefits continue to rise to attract new workers to fill the nearly 3,500 vacancies in healthcare in the Madison area, particularly at hospitals and nursing homes.

Strengths of the area include the presence of the University of Wisconsin in Madison and the well-educated workforce, the large and growing cluster of technology-based companies, and high per capita income and quality of life. Weaknesses include high inflation and exposure to fading manufacturers.

The economic drivers of the area include the fact that Madison is the state capital, a financial center, and strong in high technology. Top employers with over 5,000 employees include the University of Wisconsin in Madison and Epic Systems Corporation (healthcare software company). Global demand for electronic health products, such as the electronic medical records management software produced by Epic Systems Corporation, continues to soar as hospitals upgrade and further automate their systems. The largest employment sectors are government (21.5 percent), professional and business services (13.1 percent), education and health services (12.7 percent), retail trade (9.7 percent), and manufacturing (9.4 percent).

Home sales prices rose over the evaluation period, as shown in the following table. Home sales prices exceed the state level in Dane County, and were lower than the state level in Green County until 2022. The number of home sales had been increasing each year until a decline occurred in 2022. Specifically, Dane County had 9,015 home sales in 2021 and 7,708 in 2022, and Green County had 492 home sales in 2021 and 430 in 2022. The same trend occurred statewide, with 91,453 home sales in 2021 and 78,143 in 2022.

Median Home Sales Price				
Area	2019	2020	2021	2022
Dane County	297,500	315,625	351,000	385,000
Green County	183,250	210,000	230,000	270,000
State of Wisconsin	198,000	220,000	240,000	264,600

Source: Wisconsin Realtors Association

Unemployment rates increased during the evaluation period due to economic struggles brought about by COVID-19, and then improved to pre-pandemic levels. The unemployment rate in the Madison MSA was consistently below state and national levels. See the following table for specific unemployment rates.

Area	Average 2019 %	Average 2020 %	Average 2021 %	December 2022 %
Madison MSA	2.4	5.0	2.9	1.6
State of Wisconsin	3.2	6.3	3.8	3.2
National Average	3.7	8.1	5.3	3.3

Source: U.S. Bureau of Labor Statistics

Competition

The assessment area is a highly competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2022, there were 38 financial institutions, operating 153 full-service branch locations in Dane and Green Counties. Of these institutions, SBCP ranked 6th, with a 5.5 percent market share.

There is also a high level of competition from financial institutions for home mortgage loans. According to 2021 HMDA data, 445 financial institutions reported 39,885 HMDA-reportable loans in the Madison MSA assessment area. SBCP ranked 9th, reporting a market share of 1.8 percent by number of loans and 2.6 percent by dollar volume. The top two lenders are Summit Credit Union and UW Credit Union, representing 41.8 percent total market share by number of originated home mortgage loans.

Moderate competition is present in small business lending. According to 2021 CRA data, 111 financial institutions reported 10,984 small business loans in the Madison MSA assessment area. SBCP ranked 4th, reporting a market share of 8.3 percent by number of loans and 21.2 percent by dollar volume. The top three lenders are JPMorgan Chase Bank NA, US Bank NA, and American Express NA, representing 44.1 percent of the market share by number of loans.

Some competition is present in small farm lending. According to 2021 CRA data, 22 financial institutions reported 535 small farm loans in the Madison MSA assessment area. SBCP ranked 1st, reporting a market share of 34.6 percent by number of loans and 47.1 percent by dollar volume.

Community Contact

As part of the evaluation process, examiners use information obtained from third parties active in the assessment area to assist in identifying the credit and community development needs and opportunities. This information helps determine whether local financial institutions are responsive to those needs. Examiners utilized information obtained in a previously conducted interview with a community contact serving the assessment area. Specifically, the contact specializes in economic development and serves Dane and Green Counties, as well as some adjacent counties.

The contact indicated the pandemic caused a larger population of low- and moderate-income individuals in the communities. Many companies laid off employees, particularly in the food and beverage and hospitality sectors. Since returning to pre-pandemic economic status, many companies that had laid off workers are now struggling to find employees to rehire. The contact

stated that several displaced employees gained additional training, and obtained employment in other industries, such as the logistics industry.

The contact stated that some of the issues that continue to be problematic in these Counties are affordable housing, affordable childcare, and infrastructure, such as broadband and fiber optics in the rural areas. The contact stated that not only was housing a struggle for low- and moderate-income individuals, but for workforce housing, indicating impacts to entry-level nurses and teachers. Childcare, particularly for late-shift employees, is difficult to find in these areas, and when it is available, it is often very expensive. With so many businesses continuing to allow employees work-from-home options, there is a need to expand telecommunication options in the rural areas to improve connectivity access. The contact further stated that there are several opportunities in the assessment area for banks to become involved in new business start-ups, particularly using SBA 504 Program funding, as well as providing gap funding along-side area CRA funding projects. According to the contact, most financial institutions serving the areas are responsive to the needs of the community. For example, many financial institutions provided SBA PPP loans during the pandemic; however, many lack creativity to meet additional needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contact and from bank management, as well as demographic and economic data, examiners determined that there are ongoing credit and community development needs for affordable housing, small businesses (including start-up and expansion business financing programs), and infrastructure. The median housing values and rental costs for the area support the need for more affordable housing. Additionally, the large number of businesses with four or fewer employees and businesses operating from a single location support the need for small business lending. The COVID-19 pandemic and related impacts to the area support the need for more flexible business lending programs and the expansion of telecommunication and broadband options.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MADISON MSA ASSESSMENT AREA

LENDING TEST

Lending activity and innovative and/or flexible lending practices reflect good responsiveness to assessment area credit needs. Borrower profile and the level of community development loans are adequate; however, the geographic distribution of loans reflects poor penetration throughout this assessment area.

Lending Activity

Lending levels reflect good responsiveness to credit needs in the Madison MSA assessment area. SBCP's home mortgage loans equaled 490 loans in 2019, 1,086 loans in 2020, and 727 loans in 2021. SBCP made 90.9 percent (by number) of all its home mortgage loans in this assessment area in 2019, 85.6 percent in 2020, and 81.3 percent in 2021. SBCP ranked 9th out of 445 lenders with

1.8 percent home mortgage loan market share in 2021 by number of loans. This loan ranking is not as favorable as SBCP's deposit ranking, as SBCP ranked 6th out of 38 financial institutions as of June 30, 2022, with 5.5 percent deposit market share.

SBCP's small business loans equaled 357 loans in 2019, 1,293 loans in 2020, and 912 loans in 2021. As a percentage of all small business loans in the assessment areas, SBCP made 94.2 percent by number of loans in this assessment area in 2019, 90.5 percent in 2020, and 89.7 percent in 2021. SBCP ranked 4th out of 111 lenders with 8.3 percent small business loan market share in 2021 by number of loans. This loan ranking exceeds SBCP's deposit market share ranking described above.

SBCP's small farm loans equaled 65 loans in 2019, 99 loans in 2020, and 185 loans in 2021. As a percentage of all small farm loans in the assessment areas, SBCP made 69.9 percent by number of loans in this assessment area in 2019, 57.6 percent in 2020, and 62.3 percent in 2021. SBCP ranked 1st out of 22 lenders with 34.6 percent small farm loan market share in 2021 by number of loans. This loan ranking significantly exceeds SBCP's deposit market share ranking.

Geographic Distribution

The geographic distribution of loans reflects poor penetration throughout the Madison MSA assessment area. The bank's performance in home mortgage, small business, and small farm loans is consistently and significantly below demographic and aggregate data in low-income and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor penetration throughout the Madison MSA assessment area. The bank's performance in home mortgage loans is consistently and significantly below demographic and aggregate data in low-income and moderate-income census tracts in each year during the evaluation period, as reflected in the following table. While the Madison and Middleton branches are located in relatively close proximity to the low- and moderate-income census tracts, many other lenders are located more favorably to serve these census tracts. Competition for home loans is very high, and is a challenge for the bank. Nonetheless, performance significantly trails aggregate, particularly in moderate-income tracts. Refer to the Innovative and/or Flexible Lending Practices section for details on the flexible loan products that the bank offers to better serve the Madison MSA assessment area.

Geographic Distribution of Home Mortgage Loans in the Madison MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.8	0.8	3	0.6	542	0.3
2020	0.8	0.6	1	0.1	154	0.0
2021	0.8	0.7	1	0.1	200	0.1
Moderate						
2019	12.2	10.3	23	4.7	15,010	8.6
2020	12.2	8.9	23	2.1	4,118	1.2
2021	12.2	10.2	30	4.1	8,203	3.1
Middle						
2019	56.8	55.6	262	53.5	74,424	42.5
2020	56.8	54.9	635	58.5	185,133	53.9
2021	56.8	55.5	402	55.3	113,607	43.4
Upper						
2019	30.2	33.2	202	41.2	85,176	48.6
2020	30.2	35.5	427	39.3	153,911	44.8
2021	30.2	33.5	288	39.6	132,835	50.8
Not Available						
2019	0.0	0.1	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.1	6	0.8	6,766	2.6
Totals						
2019	100.0	100.0	490	100.0	175,152	100.0
2020	100.0	100.0	1,086	100.0	343,317	100.0
2021	100.0	100.0	727	100.0	261,610	100.0
<i>Source: 2015 ACS; Bank Data, 2019, 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 reflects poor penetration throughout the Madison MSA assessment area. The bank's performance in small business loans is consistently and significantly below demographic and aggregate data in low- and moderate-income census tracts in each year during the evaluation period, as reflected in the following table. Challenges for the bank include the strong competition for small business loans and other lenders that are located in closer proximity to the low- and moderate-income census tracts.

Geographic Distribution of Small Business Loans in the Madison MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	2.3	1.5	0	0.0	0	0.0
2020	2.3	1.8	7	0.5	271	0.2
2021	2.3	1.7	7	0.8	595	0.5
Moderate						
2019	16.1	13.9	30	8.4	6,968	10.2
2020	16.0	16.3	105	8.1	14,679	9.4
2021	15.9	14.5	80	8.8	12,650	10.6
Middle						
2019	47.9	49.8	187	52.4	35,052	51.4
2020	48.1	47.7	709	54.8	83,808	53.8
2021	48.5	49.6	487	53.4	59,983	50.3
Upper						
2019	31.6	33.2	139	38.9	26,115	38.3
2020	31.5	32.5	462	35.7	55,667	35.7
2021	31.2	32.7	333	36.5	44,901	37.7
Not Available						
2019	2.2	1.6	1	0.3	30	0.0
2020	2.1	1.7	10	0.8	1,298	0.8
2021	2.1	1.5	5	0.5	1,039	0.9
Totals						
2019	100.0	100.0	357	100.0	68,165	100.0
2020	100.0	100.0	1,293	100.0	155,723	100.0
2021	100.0	100.0	912	100.0	119,168	100.0
<i>Source: 2019, 2020, and 2021 D&B Data; Bank Data; 2019, 2020 & 2021 CRA Aggregate 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 poor penetration throughout the Madison MSA assessment area. The bank did not make any small farm loans in the low-income census tracts, and the bank's performance in moderate-income census tracts is consistently and significantly below demographic and aggregate data in each year during the evaluation period, as reflected in the following table. According to 2021 aggregate CRA data, SBCP is the top small farm lender in the Madison MSA assessment area. However, the bank does not have any branches located in southern Green County, which is more rural and contains five large moderate-income

census tracts. The bank does not compete well for small farm loans in the low- and moderate-income census tracts.

Geographic Distribution of Small Farm Loans in the Madison MSA Assessment Area						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.6	0.6	0	0.0	0	0.0
2020	0.7	0.0	0	0.0	0	0.0
2021	0.6	0.8	0	0.0	0	0.0
Moderate						
2019	12.0	21.0	2	3.1	65	0.9
2020	12.2	23.1	7	7.1	1,412	10.5
2021	12.0	16.7	14	7.6	1,521	9.8
Middle						
2019	57.4	57.7	54	83.1	5,894	83.0
2020	56.8	57.7	73	73.7	9,730	72.1
2021	57.0	59.7	137	74.1	10,269	66.2
Upper						
2019	29.8	20.7	9	13.8	1,138	16.0
2020	30.0	19.2	19	19.2	2,344	17.4
2021	30.1	22.9	34	18.4	3,729	24.0
Not Available						
2019	0.3	0.0	0	0.0	0	0.0
2020	0.3	0.0	0	0.0	0	0.0
2021	0.3	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	65	100.0	7,097	100.0
2020	100.0	100.0	99	100.0	13,486	100.0
2021	100.0	100.0	185	100.0	15,519	100.0
<i>Source: 2019, 2020, and 2021 D&B Data; Bank Data; 2019, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of loans to borrowers reflects, given the product lines offered by the bank, adequate penetration among retail customers of different income levels and business and farm customers of different sizes. This conclusion is supported by the adequate performance in home mortgage, small business, and small farm loans.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is adequate. Aggregate data is viewed as a better comparative measure than demographic data. Low-income families equal 19.4 percent and include 6.4 percent with incomes below poverty. Due to their limited financial resources, families with incomes below the poverty level generally do not have the capacity to support a home mortgage, limiting the demand and opportunity for lending to low-income borrowers. The bank's performance to low- and moderate-income borrowers is slightly below aggregate data, but within reason.

Distribution of Home Mortgage Loans by Borrower Income Level in the Madison MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	19.4	7.2	28	5.7	3,733	2.1
2020	19.4	5.9	56	5.2	7,524	2.2
2021	19.4	7.3	46	6.3	6,880	2.6
Moderate						
2019	17.1	19.6	62	12.7	11,878	6.8
2020	17.1	19.1	167	15.4	30,375	8.8
2021	17.1	20.2	117	16.1	22,492	8.6
Middle						
2019	22.9	25.8	113	23.1	26,041	14.9
2020	22.9	25.4	263	24.2	62,089	18.1
2021	22.9	25.0	169	23.2	40,333	15.4
Upper						
2019	40.6	39.3	233	47.6	79,612	45.5
2020	40.6	41.1	496	45.7	158,999	46.3
2021	40.6	38.7	325	44.7	127,556	48.8
Not Available						
2019	0.0	8.3	54	11.0	53,888	30.8
2020	0.0	8.5	104	9.6	84,330	24.6
2021	0.0	8.8	70	9.6	64,349	24.6
Totals						
2019	100.0	100.0	490	100.0	175,152	100.0
2020	100.0	100.0	1,086	100.0	343,317	100.0
2021	100.0	100.0	727	100.0	261,610	100.0
<i>Source: 2015 ACS; Bank Data, 2019, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The bank’s distribution of small business loans reflects reasonable penetration of loans to businesses with revenues of \$1 million or less. As shown in the following table, the bank’s performance is significantly below demographic data; however, as stated previously, aggregate data is more indicative of demand and a better comparable. Still, performance is significantly below aggregate data in 2020 and 2021. The following table shows a significant portion of loans reported in the “Revenue Not Available” category and far exceeds demographics. Of these loans, a majority of the 886 loans in 2020 and the 540 loans in 2021 are PPP loans made to help support small businesses during the pandemic. As part of the program, banks were not required to collect revenue information. If loans with unknown revenues are excluded, 61.5 percent of loans are to businesses with revenues of \$1 million or less in 2019, 59.5 percent in 2020, and 62.9 percent in 2021. These adjusted figures exceed aggregate data and reflect reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category in the Madison MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	82.2	50.2	216	60.5	30,492	44.7
2020	82.2	39.0	242	18.7	40,125	25.8
2021	82.1	50.8	234	25.7	39,966	33.5
>\$1,000,000						
2019	6.4	--	135	37.8	37,381	54.8
2020	6.2	--	165	12.8	48,707	31.3
2021	6.1	--	138	15.1	43,449	36.5
Revenue Not Available						
2019	11.4	--	6	1.7	292	0.4
2020	11.6	--	886	68.5	66,891	43.0
2021	11.8	--	540	59.2	35,753	30.0
Totals						
2019	100.0	100.0	357	100.0	68,165	100.0
2020	100.0	100.0	1,293	100.0	155,723	100.0
2021	100.0	100.0	912	100.0	119,168	100.0
<i>Source: 2019, 2020, and 2021 D&B Data; Bank Data; 2019, 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Small Farm Loans

The bank’s distribution of small farm loans reflects reasonable penetration of loans to farms with revenues of \$1 million or less. As shown in the following table, the bank’s performance is below demographic data but in line with or exceeding aggregate data. In 2021, the bank originated a substantial portion of loans with “Revenue Not Available”. Of these 75 loans, a majority are PPP

loans made to help support small businesses and small farms during the pandemic. As part of the program, banks were not required to collect revenue information. If loans with unknown revenues are excluded, 89.1 percent of loans are to farms with revenues of \$1 million or less in 2021. The bank's performance of 90.8 percent in 2019, 84.8 percent in 2020, and 89.1 percent in 2021 exceeds aggregate data and reflects reasonable performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category in the Madison MSA Assessment Area						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	96.0	46.5	59	90.8	5,816	82.0
2020	95.9	48.3	84	84.8	10,105	74.9
2021	96.0	53.7	98	53.0	11,877	76.5
>\$1,000,000						
2019	2.4	--	5	7.7	1,231	17.3
2020	2.4	--	15	15.2	3,381	25.1
2021	2.3	--	12	6.5	2,153	13.9
Revenue Not Available						
2019	1.6	--	1	1.5	50	0.7
2020	1.7	--	0	0.0	0	0.0
2021	1.7	--	75	40.5	1,489	9.6
Totals						
2019	100.0	100.0	65	100.0	7,097	100.0
2020	100.0	100.0	99	100.0	13,486	100.0
2021	100.0	100.0	185	100.0	15,519	100.0
<i>Source: 2019, 2020, and 2021 D&B Data; Bank Data; 2019, 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Innovative and/or Flexible Lending Practices

SBCP uses innovative and/or flexible lending practices in order to serve assessment area credit needs. The bank funded 1,553 loans totaling \$154.1 million in the Madison MSA assessment area, representing 75.7 percent of total innovative and/or flexible loans. These loans provided credit to individuals that may not have otherwise qualified for traditional bank financing. The following table details these innovative and/or flexible loan originations by type and year. FHA, VA, and USDA loans originated through the bank's relationship with approved lenders could not be broken down by assessment area due to changes in these approved lenders.

Innovative and/or Flexible Lending Programs in the Madison MSA Assessment Area								
Program	2020		2021		2022		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
HomeReady	16	2,881	25	4,721	3	477	44	8,079
Home Possible	4	863	8	1,372	0	0	12	2,235
WHEDA Advantage	1	201	0	0	0	0	1	201
SBA (PPP)	872	92,706	588	41,680	NA	NA	1,460	134,386
SBA (non-PPP)	12	1,363	13	3,587	10	3,940	35	8,890
FHA	Unknown	Unknown	Unknown	Unknown	1	344	1	344
VA	Unknown	Unknown	Unknown	Unknown	0	0	0	0
USDA	Unknown	Unknown	0	0	0	0	0	0
Total	905	98,014	634	51,360	14	4,761	1,553	154,135

Source: Bank Records, NA = Program not available.

Community Development Loans

SBCP made an adequate level of community development loans in the Madison MSA assessment area. As shown in the following table, the bank originated 27 community development loans totaling \$106.8 million during the evaluation period. The bank made 82.6 percent of the dollar volume of community development loans in this assessment area, which is in line with the 81.3 percent to 90.9 percent of home mortgage loans made in this assessment area, depending upon the year.

Community Development Lending in the Madison MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	0	0	0	0	18	65,630	0	0	18	65,630
2021	2	6,965	1	3,200	6	31,006	0	0	11	41,171
2022	0	0	0	0	0	0	0	0	0	0
Total	2	6,965	1	3,200	24	96,636	0	0	27	106,801

Source: Bank Data

Notable examples of the community development loans follow.

- SBCP originated a \$5.9 million loan to construct a 70-unit apartment complex in a moderate-income census tract in Madison. This project receives low-income housing tax credits.
- SBCP renewed two loans for \$25.1 million for a 98-unit residential housing complex with 12 units of commercial space in a TIF district in Middleton.
- SBCP originated a \$23.2 million loan to construct a 103-unit senior living facility in a TIF district in Middleton.
- SBCP originated 14 SBA PPP loans totaling \$28.0 million in the Madison MSA assessment area, with each loan exceeding \$1 million in loan size. These loans helped businesses to meet payroll and other expenses.

INVESTMENT TEST

In the Madison MSA assessment area, the bank has an adequate level of qualified community development investments and grants, exhibits adequate responsiveness to credit and community development needs, and occasionally uses innovative and/or complex investments to support community development initiatives.

Investment and Grant Activity

The bank has an adequate level of qualified community development investments and grants in the Madison MSA assessment area with 19 investments and donations totaling \$6.9 million, as shown in the following table. The bank made 59.6 percent of community development investments and grants in the Madison MSA assessment area, which is below the 93.7 percent of deposits as of June 30, 2022 and the 81.3 percent to 90.9 percent of home mortgage loans in the assessment area, depending upon the year. Of the 12 investments and donations in the broader statewide or regional area that contains the assessment areas, four investments in the affordable housing category are mortgage-backed securities with underlying mortgages to low- and moderate-income individuals residing in Dane County and other counties in Wisconsin. With these additional four investments for \$2.3 million, the level in the Madison MSA assessment area increases to 79.4 percent of total investments and donations.

Community Development Investments and Donations in the Madison MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	467	0	0	1	19	0	0	2	486
2020	0	0	0	0	0	0	0	0	0	0
2021	2	1,939	0	0	1	2	0	0	3	1,941
2022	2	4,473	0	0	0	0	0	0	2	4,473
Subtotal	5	6,879	0	0	2	21	0	0	7	6,900
Donations	2	2	9	9	1	1	0	0	12	12
Total	7	6,881	9	9	3	22	0	0	19	6,912

Source: Bank Data

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to the credit and community development needs in the Madison MSA assessment area. The affordable housing category includes \$4.2 million in low-income housing tax credits on a project to construct a 70-unit senior housing center in Madison. In addition, this category includes \$2.7 million in mortgage-backed securities. The underlying home mortgages are to low- and moderate-income individuals in Dane County. The mortgage-backed securities provide liquidity to lenders making affordable housing loans and enable them to make additional home loans to low- and moderate-income borrowers. Given that access to affordable housing is a critical need in the assessment area, examiners considered these investments to be responsive to the needs of low- and moderate-income individuals.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives in the Madison MSA assessment area, as evidenced by the \$4.2 million in low-income housing tax credits. These tax credits comprised 60.8 percent of investments and donations in the Madison MSA assessment area.

SERVICE TEST

In the Madison MSA assessment area, the bank demonstrated adequate performance under Accessibility of Delivery Systems, Changes in Branch Locations, and Reasonableness of Business Hours and Services, and poor performance under Community Development Services.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the Madison MSA assessment area. As illustrated in the following table, the bank does not operate any bank offices in the low- and moderate-income census tracts. The bank operates seven full-service branches and one limited-service branch in middle-income census tracts, and four full-service branches in upper-income census tracts. Four full-service branches have deposit-taking ITMs, and the remaining branches have deposit-taking ATMs, with the exception of the Brooklyn branch. The Madison and Middleton branches are located in relatively close proximity to the four low-income and sixteen moderate-income census tracts in the Madison area. The bank does not operate any offices near the one moderate-income census tract in Prairie du Sac and the five moderate-income census tracts in southern Green County. In addition to the 12 proprietary ATMs/ITMs, the bank is a member of the ATM Access and MoneyPass networks, allowing customers free access to tens of thousands of ATMs nationwide. The bank also offers telephone, mobile, and online banking. With these delivery systems, the bank can reasonably serve all portions of the Madison MSA assessment area, including the low- and moderate-income census tracts and individuals.

Distribution of Bank Offices by Income Category of the Census Tract in the Madison MSA Assessment Area								
Census Tract Income Level	Bank Offices of FDIC Insured Banks		Deposits of FDIC Insured Banks		Census Tracts		Bank Offices	
	#	%	\$	%	#	%	#	%
Low	3	2.0	114,670	0.4	4	3.5	0	0.0
Moderate	31	20.4	5,372,503	16.4	22	19.1	0	0.0
Middle	73	48.0	13,519,132	41.2	54	47.0	8	66.7
Upper	44	28.9	13,751,070	41.9	29	25.2	4	33.3
N/A	1	0.7	39,148	0.1	6	5.2	0	0.0
Total	152	100.0	32,796,523	100.0	115	100.0	12	100.0

Source: 2015 ACS, 2021 Peer Deposit Data, and Bank Records.

Changes in Branch Locations

The bank's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The Madison East loan production office, which was located in a middle-income census tract, was closed May 1, 2021. The bank did not open or close any other offices.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences portions of the assessment areas, particularly low- or moderate-income geographies or individuals. Of the 12 bank offices in the Madison MSA assessment area, 8 bank offices have standard lobby hours of 9 a.m. to 5 p.m. on Monday through Friday. Weekday lobby hours end at 4 p.m. at the Belleville branch and 1 p.m. at the Black Earth branch. The Brooklyn branch has lobby hours of 9 a.m. to 5 p.m. Monday and Friday, and to 3 p.m. on the other weekdays. The Cross Plains Motor Bank does not have a lobby that is open for business. Lobby hours are not available on Saturday at any of the locations. Six full-service offices and one limited service office have drive-up facilities that are generally open the same hours as the lobby hours, with the Cross Plains Motor Bank and the New Glarus branches having Saturday drive-up hours. Business hours are generally comparable to local financial institutions, although some have their lobbies open on Saturday morning. While there are some discrepancies in available hours at certain locations, they are not unreasonable when compared to other financial institutions, and there are no material differences in hours, products, or services that inconvenience certain individuals or areas. Notably, the branches within closest proximity to the low- and moderate-income geographies do not have any limited access.

Services at the 11 full-service bank offices in the Madison MSA assessment area are comparable to area banks. The Cross Plains Motor Bank has limited services. Loan officers are present at all 11 full-service bank offices in the Madison MSA assessment area.

Community Development Services

SBCP provides a limited level of community development services in the Madison MSA assessment area. Bank directors, officers, and employees devoted 385 hours to these activities during the evaluation period, as shown in the following table. All of these services meet the definition of community development and relate to the provision of financial services as required by the regulation. In addition, the bank completed grant applications with the Federal Home Loan Bank, and obtained five grants for borrowers in the Madison MSA assessment area. The Federal Home Loan Bank grants were for \$6,000 each, for a total of \$30,000.

Community Development Services in the Madison MSA Assessment					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
2020	1 10 hours	0	1 10 hours	0	2 20 hours
2021	1 2 hours	0	4 123 hours	0	5 125 hours
2022	1 50 hours	3 51 hours	7 139 hours	0	11 240 hours
Total	3 62 hours	3 51 hours	12 272 hours	0	18 385 hours
<i>Source: Bank data</i>					

Notable examples of the community development services follow.

- A bank employee serves as a board member of an organization with a mission to bring the community together to create food and housing security through action and advocacy. This organization hosts the largest food pantry in Dane County, operates a mobile food pantry to serve two housing complexes, and has a housing assistance program for low- and moderate-income individuals.
- A bank employee developed and presented a homebuyer education program where a majority of attendees were of low- and moderate-income.
- A bank employee served as member of an organization that works to enhance the economic development activities in the Village of New Glarus.

Janesville-Beloit MSA Assessment Area – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN JANESVILLE-BELOIT MSA ASSESSMENT AREA

The Janesville-Beloit MSA assessment area is in southcentral Wisconsin and consists of Rock County, which is the sole county in the Janesville-Beloit MSA. This assessment area was added in June 2019 when the bank merged with Union Bank and Trust, but was not considered at the previous evaluation dated November 18, 2019, due to how recent the designation occurred. The bank has one full-service, one limited-service, and one loan production office in this assessment area. As stated previously, performance in the Janesville-Beloit MSA assessment area carries less weight in arriving at overall conclusions as a majority of the branches, deposits, and lending activity is in the Madison MSA assessment area.

Economic and Demographic Data

The Janesville-Beloit MSA assessment area includes all 38 census tracts in Rock County. Based on the 2015 ACS five-year estimates, the census tracts have the following income designations:

- 1 low-income census tract,
- 13 moderate-income census tracts,
- 15 middle-income census tracts, and
- 9 upper-income census tracts.

Eight moderate-income census tracts are in Beloit, and one low- and five moderate-income census tracts are in Janesville. The bank’s loan production office is located in Janesville in an upper-income census tract adjacent to two moderate-income census tracts. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Janesville-Beloit MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	38	2.6	34.2	39.5	23.7	0.0
Population by Geography	160,727	1.7	27.6	42.8	27.9	0.0
Housing Units by Geography	68,332	1.6	27.8	43.3	27.3	0.0
Owner-Occupied Units by Geography	44,177	0.8	21.4	46.2	31.7	0.0
Occupied Rental Units by Geography	19,668	2.9	40.3	38.9	17.8	0.0
Vacant Units by Geography	4,487	4.4	36.0	34.3	25.3	0.0
Businesses by Geography	7,908	1.3	27.3	37.1	34.4	0.0
Farms by Geography	509	0.6	6.7	43.2	49.5	0.0
Family Distribution by Income Level	42,099	20.7	18.2	21.6	39.6	0.0
Household Distribution by Income Level	63,845	22.7	17.6	18.4	41.3	0.0
Median Family Income MSA - 27500 Janesville-Beloit, WI MSA		\$60,820	Median Housing Value			\$130,169
			Median Gross Rent			\$736
			Families Below Poverty Level			11.6%
<i>Source: 2015 ACS and 2021 D&B Data. 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>						

There are 68,332 housing units in the assessment area, with 64.6 percent owner-occupied, 28.8 percent occupied rental, and 6.6 percent vacant. Type of housing is 86.8 percent 1-4 family, 10.9 percent multifamily (five or more units), and 2.3 percent mobile homes. This data provides insight into the potential credit needs and opportunities for various types of residential lending.

Examiners rely on the FFIEC-estimated median family income levels to analyze the home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income levels for the MSA.

Median Family Income Ranges in Janesville-Beloit MSA (27500)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$65,600)	<\$32,800	\$32,800 to <\$52,480	\$52,480 to <\$78,720	≥\$78,720
2020 (\$70,300)	<\$35,150	\$35,150 to <\$56,240	\$56,240 to <\$84,360	≥\$84,360
2021 (\$73,000)	<\$36,500	\$36,500 to <\$58,400	\$58,400 to <\$87,600	≥\$87,600
<i>Source: FFIEC</i>				

According to November 2022 economic information from Moody’s Analytics, the Janesville-Beloit MSA’s business cycle status is At Risk. Manufacturing’s share of total employment is nearly twice the national average, and is concentrated in food processing and fabricated metal and machinery parts production. Easing of supply shortages is bringing down the cost of raw materials such as metal and aluminum. The logistics industry is booming with recent growth largely driven by the pandemic-induced rise in e-commerce sales and the impact on demand for shipments of goods by truck. The completion of a multiyear project to expand lanes on the I-90/39 corridor was well-timed to increase capacity for logistics growth and the attractiveness for new investment. New large-scale industrial and warehousing facilities are nearing completion, while almost all existing industrial facilities are occupied and demand for new space is strong.

Strengths of the area include low living costs and affordable housing, well-paying healthcare jobs, proximity to several large metropolitan areas, large commuter workforce, and positive net migration. Weaknesses include the fact that per capita income is below the national average, lower proportion of prime age workers, and many jobs with flat hourly pay and a declining workweek.

The economic drivers of the area include healthcare and logistics. Top employers with 1,000 to 3,000 employees include Mercyhealth, Beloit Health System, Grainger Inc. (industrial supplies and equipment provider), and Hendricks Holding Company (an investment and business development group). The largest employment sectors are manufacturing (15.7 percent), education and health services (15.5 percent), government (12.3 percent), and retail trade (11.3 percent).

Home sales prices rose over the evaluation period, as shown in the following table. Home sales prices were consistently less than the state level. The number of home sales had been increasing each year until a decline occurred in 2022. Specifically, Rock County had 2,711 home sales in 2021 and 2,322 in 2022. The same trend occurred statewide.

Median Home Sales Price				
Area	2019	2020	2021	2022
Rock County	168,000	185,000	199,900	228,250
State of Wisconsin	198,000	220,000	240,000	264,600
<i>Source: Wisconsin Realtors Association</i>				

Unemployment rates increased during the evaluation period due to economic struggles brought about by COVID-19, and then improved to pre-pandemic levels. The annual average unemployment rate in the Janesville-Beloit MSA was consistently above the state level and below the national level in 2019, 2020, and 2021. See the following table for specific unemployment rates.

Area	Average 2019 %	Average 2020 %	Average 2021 %	December 2022 %
Janesville-Beloit MSA	3.5	7.1	4.4	2.6
State of Wisconsin	3.2	6.3	3.8	3.2
National Average	3.7	8.1	5.3	3.3

Source: U.S. Bureau of Labor Statistics

Competition

The assessment area is a highly competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2022, there were 17 financial institutions, operating 32 full-service branch locations in the Janesville-Beloit MSA. Of these institutions, SBCP ranked 9th, with a 2.9 percent market share.

There is also a high level of competition from financial institutions for home mortgage loans. According to 2021 HMDA data, 290 financial institutions reported 9,023 HMDA loans in the Janesville-Beloit MSA assessment area. SBCP ranked 9th, reporting a market share of 1.9 percent both by number of loans and by dollar volume. The top three lenders are Blackhawk Community Credit Union, Summit Credit Union, and Johnson Bank, representing 26.5 percent total market share by number of originated home mortgage loans.

Moderate competition is present in small business lending. According to 2021 CRA data, 78 financial institutions reported 2,069 small business loans in the Janesville-Beloit MSA assessment area. SBCP ranked 7th, reporting a market share of 5.1 percent by number of loans and 6.1 percent by dollar volume. The top three lenders are US Bank NA, JPMorgan Chase Bank NA, and American Express NA, representing 36.5 percent of the market share by number of loans.

Some competition is present in small farm lending. According to 2021 CRA data, 16 financial institutions reported 285 small farm loans in the Janesville-Beloit MSA assessment area. SBCP ranked 1st, reporting a market share of 39.3 percent by number of loans and 65.4 percent by dollar volume.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit needs and opportunities. This information helps determine whether local financial institutions are responsive to these needs. Examiners used information from a recent community contact with an economic development organization that serves Rock County.

The contact noted that a local opportunity for lending includes financing projects in the area's TIF districts. Certain regions of the County, such as the City of Janesville, have multiple TIF districts open with an emphasis on attracting investors to build affordable housing. Janesville also stacks multiple sources of capital into grants, which encourages further investor participation in the area. Other smaller areas within the County may only be able to afford to have one TIF district open at a time, as such, these TIF districts usually target attraction of small businesses. However, as interest

rates continue to rise, there is a need for affordable credit, specifically in smaller communities. Similarly, making use of flexible lending programs would allow prospective borrowers to improve creditworthiness and ultimately allow banks to extend more credit to small businesses and consumers. The contact indicated that financial institutions have been responsive to the credit needs in the area as a whole.

In addition, the Community Contact section under the Madison MSA assessment area applies here as well, since that community contact serves Dane, Green, and adjacent counties. Rock County is an adjacent county served by that organization. That contact stated that some of the issues that continue to be problematic in these Counties are affordable housing, affordable childcare, and infrastructure, such as broadband and fiber optics in the rural areas. The contact further stated that there are several opportunities for banks to become involved in financing for new business start-ups.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts and from bank management, as well as demographic and economic data, examiners determined that there are ongoing credit and community development needs for affordable housing, small businesses (including start-up and expansion business financing programs), and infrastructure (specifically broadband and telecommunications). While the cost of living is lower in this assessment area relative to the Madison MSA, one contact still noted a continued need for affordable housing, which is supported by the rising median housing values and rental costs for the area. Additionally, the large number of businesses with four or fewer employees and businesses operating from a single location support the need for small business lending. The COVID-19 pandemic and related impacts to the area support the need for more flexible business lending programs and the expansion of telecommunication and broadband options.

CONCLUSIONS ON PERFORMANCE CRITERIA IN JANESVILLE-BELOIT MSA ASSESSMENT AREA

LENDING TEST

Lending activity and innovative and/or flexible lending practices are good. Borrower profile and the level of community development loans are adequate; however, the geographic distribution of loans is poor.

Lending Activity

Lending levels reflect good responsiveness to credit needs in the Janesville-Beloit MSA assessment area. SBCP's home mortgage loans equaled 49 loans in 2019, 182 loans in 2020, and 167 loans in 2021. As a percentage of all home mortgage loans in the assessment areas, SBCP made 9.1 percent by number of loans in this assessment area in 2019, 14.4 percent in 2020, and 18.7 percent in 2021. SBCP ranked 9th out of 290 lenders with 1.9 percent home mortgage loan market share in 2021 by

number of loans. This loan ranking is consistent with SBCP's deposit ranking, as SBCP ranked 9th out of 17 financial institutions as of June 30, 2022, with 2.9 percent deposit market share.

SBCP's small business loans equaled 22 loans in 2019, 136 loans in 2020, and 105 loans in 2021. As a percentage of all small business loans in the assessment areas, SBCP made 5.8 percent by number of loans in this assessment area in 2019, 9.5 percent in 2020, and 10.3 percent in 2021. SBCP ranked 7th out of 78 lenders with 5.1 percent small business loan market share in 2021 by number of loans. This loan ranking slightly exceeds SBCP's deposit ranking, as SBCP ranked 9th out of 17 financial institutions as of June 30, 2022, with 2.9 percent deposit market share.

SBCP's small farm loans equaled 28 loans in 2019, 73 loans in 2020, and 112 loans in 2021. As a percentage of all small farm loans in the assessment areas, SBCP made 30.1 percent by number of loans in this assessment area in 2019, 42.4 percent in 2020, and 37.7 percent in 2021. SBCP ranked 1st out of 16 lenders with 39.3 percent small farm loan market share in 2021 by number of loans. This loan ranking significantly exceeds SBCP's deposit ranking, as SBCP ranked 9th out of 17 financial institutions as of June 30, 2022, with 2.9 percent deposit market share.

Geographic Distribution

The geographic distribution of loans reflects poor penetration throughout the Janesville-Beloit MSA assessment area. The bank's lending performance is generally below demographic and aggregate data in the sole low-income census tract (with the exception of home mortgage loans), and is consistently and significantly below demographic and aggregate data in the 13 moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor penetration throughout the Janesville-Beloit MSA assessment area, particularly in moderate-income census tracts. The bank's performance in home mortgage loans slightly exceeds both demographic and aggregate data in the sole low-income census tract in each year during the evaluation period, which is reasonable; however, performance is significantly below these comparable benchmarks in the 13 moderate-income census tracts. The bank competes well in the sole low-income census tract in Janesville where the bank has a loan production office in relatively close proximity. The bank doesn't compete as well in the five moderate-income census tracts in Janesville and the eight moderate-income census tracts in Beloit. The bank doesn't have any banking offices in the Beloit area, and many other lenders are located more favorably to serve Janesville and Beloit. Refer to the Innovative and/or Flexible Lending Practices section for details on the flexible loan products that the bank offers to better serve the Janesville-Beloit MSA assessment area.

Geographic Distribution of Home Mortgage Loans in the Janesville-Beloit MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.8	1.0	1	2.0	112	1.1
2020	0.8	0.8	2	1.1	164	0.4
2021	0.8	1.0	4	2.4	307	1.1
Moderate						
2019	21.4	17.4	4	8.2	798	7.7
2020	21.4	14.7	13	7.1	892	2.1
2021	21.4	17.5	20	12.0	1,293	4.7
Middle						
2019	46.2	46.4	11	22.4	1,829	17.6
2020	46.2	44.8	27	14.8	5,579	13.4
2021	46.2	46.3	34	20.4	5,420	19.6
Upper						
2019	31.7	35.2	33	67.3	7,678	73.7
2020	31.7	39.6	140	76.9	34,994	84.1
2021	31.7	35.2	109	65.3	20,692	74.7
Totals						
2019	100.0	100.0	49	100.0	10,417	100.0
2020	100.0	100.0	182	100.0	41,630	100.0
2021	100.0	100.0	167	100.0	27,712	100.0
<i>Source: 2015 ACS; Bank Data, 2019, 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 reflects poor penetration throughout the Janesville-Beloit MSA assessment area. The bank did not make any small business loans in the sole low-income census tract, and the bank's performance in moderate-income census tracts is consistently and significantly below demographic and aggregate data in each year during the evaluation period, as reflected in the following table. Challenges for the bank include the strong competition for small business loans and other lenders that are located in closer proximity to the low- and moderate-income census tracts.

Geographic Distribution of Small Business Loans in the Janesville-Beloit MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	1.3	1.2	0	0.0	0	0.0
2020	1.3	1.7	0	0.0	0	0.0
2021	1.3	1.8	0	0.0	0	0.0
Moderate						
2019	26.4	22.3	1	4.5	101	5.7
2020	27.1	23.2	8	5.9	511	6.2
2021	27.3	22.7	3	2.9	184	3.1
Middle						
2019	38.1	40.1	4	18.2	198	11.1
2020	37.5	37.9	21	15.4	1,410	17.2
2021	37.1	37.9	8	7.6	194	3.3
Upper						
2019	34.2	36.4	17	77.3	1,482	83.2
2020	34.1	37.2	107	78.7	6,279	76.6
2021	34.4	37.6	94	89.5	5,494	93.6
Totals						
2019	100.0	100.0	22	100.0	1,781	100.0
2020	100.0	100.0	136	100.0	8,200	100.0
2021	100.0	100.0	105	100.0	5,872	100.0
<i>Source: 2019, 2020, and 2021 D&B Data; Bank Data; 2019, 2020 & 2021 CRA Aggregate 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 poor penetration throughout the Janesville-Beloit MSA assessment area. The bank did not make any small farm loans in the low- and moderate-income census tracts in each year during the evaluation period, as reflected in the following table. Aggregate data shows no lending activity in the low-income census tracts, indicating that the bank's performance is reasonable in these geographies based on lack of demand. While the 2021 aggregate CRA data indicates that demand is minimal in the moderate-income census tracts, the data also shows that SBCP is the top small farm lender in the Janesville-Beloit MSA assessment area. Therefore, the lack of small farm lending in moderate-income census tracts reflects weak performance.

Geographic Distribution of Small Farm Loans in the Janesville-Beloit MSA Assessment Area						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.8	0.0	0	0.0	0	0.0
2020	0.6	0.0	0	0.0	0	0.0
2021	0.6	0.0	0	0.0	0	0.0
Moderate						
2019	7.9	0.9	0	0.0	0	0.0
2020	7.5	1.5	0	0.0	0	0.0
2021	6.7	0.0	0	0.0	0	0.0
Middle						
2019	41.5	37.6	10	35.7	1,464	44.0
2020	42.9	32.3	20	27.4	2,347	23.2
2021	43.2	38.7	36	32.1	3,125	29.7
Upper						
2019	49.8	61.5	18	64.3	1,867	56.0
2020	49.0	66.2	53	72.6	7,784	76.8
2021	49.5	61.3	76	67.9	7,403	70.3
Totals						
2019	100.0	100.0	28	100.0	3,331	100.0
2020	100.0	100.0	73	100.0	10,131	100.0
2021	100.0	100.0	112	100.0	10,528	100.0
<i>Source: 2019, 2020, and 2021 D&B Data; Bank Data; 2019, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of loans to borrowers reflects, given the product lines offered by the bank, adequate penetration among retail customers of different income levels and business and farm customers of different sizes. This conclusion is supported by the adequate performance in home mortgage, small business, and small farm loans.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is adequate. This is primarily supported by the increasing trend in performance to low- and moderate-income borrowers from 2019 to 2021. While 2019 lending reflects weak performance compared to aggregate data, the 2021 lending performance is within reason of aggregate data for both low- and moderate-income borrowers. Further, 2021 performance to moderate-income borrowers exceeds demographic data. While the performance to low-income

borrowers significantly trails demographic data in 2021, aggregate data is viewed as a better comparable. Low-income families equal 20.7 percent and include 11.6 percent with incomes below poverty. Due to their limited financial resources, families with incomes below the poverty level generally do not have the capacity to support a home mortgage, limiting the demand and opportunity for lending to low-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level in the Janesville-Beloit MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	20.7	6.0	1	2.0	101	1.0
2020	20.7	6.1	5	2.7	564	1.4
2021	20.7	7.4	5	3.0	476	1.7
Moderate						
2019	18.2	18.7	4	8.2	386	3.7
2020	18.2	18.5	23	12.6	2,905	7.0
2021	18.2	21.5	35	21.0	4,830	17.4
Middle						
2019	21.6	23.9	12	24.5	2,196	21.1
2020	21.6	23.4	32	17.6	4,827	11.6
2021	21.6	24.3	27	16.2	4,354	15.7
Upper						
2019	39.6	38.9	25	51.0	5,412	52.0
2020	39.6	37.8	86	47.3	18,164	43.6
2021	39.6	33.3	73	43.7	14,047	50.7
Not Available						
2019	0.0	12.5	7	14.3	2,322	22.3
2020	0.0	14.0	36	19.8	15,170	36.4
2021	0.0	13.4	27	16.2	4,006	14.5
Totals						
2019	100.0	100.0	49	100.0	10,417	100.0
2020	100.0	100.0	182	100.0	41,630	100.0
2021	100.0	100.0	167	100.0	27,712	100.0
<i>Source: 2015 ACS; Bank Data, 2019, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The bank's distribution of small business loans reflects reasonable penetration of loans to businesses with revenues of \$1 million or less. As shown in the following table, the bank's

performance is below demographic and aggregate data in 2020 and 2021. Of the loans with Revenue Not Available, a majority of the 104 loans in 2020 and the 52 loans in 2021 are PPP loans made to help support small businesses during the pandemic. As part of the program, banks were not required to collect revenue information. If loans with unknown revenues are excluded, 86.4 percent of loans are to businesses with revenues of \$1 million or less in 2019, 78.1 percent in 2020, and 83.0 percent in 2021. These adjusted figures exceed aggregate data, are in line with or exceed demographic data, and reflect reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category in the Janesville-Beloit MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	80.5	47.5	19	86.4	1,596	89.6
2020	80.2	32.5	25	18.4	3,118	38.0
2021	80.4	48.7	44	41.9	3,447	58.7
>\$1,000,000						
2019	6.3	--	3	13.6	185	10.4
2020	6.2	--	7	5.1	1,271	15.5
2021	6.1	--	9	8.6	1,104	18.8
Revenue Not Available						
2019	13.2	--	0	0.0	0	0.0
2020	13.6	--	104	76.5	3,811	46.5
2021	13.5	--	52	49.5	1,321	22.5
Totals						
2019	100.0	100.0	22	100.0	1,781	100.0
2020	100.0	100.0	136	100.0	8,200	100.0
2021	100.0	100.0	105	100.0	5,872	100.0
<i>Source: 2019, 2020, and 2021 D&B Data; Bank Data; 2019, 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Small Farm Loans

The bank's distribution of small farm loans reflects reasonable penetration of loans to farms with revenues of \$1 million or less. As shown in the following table, the bank's performance is below demographic and aggregate data in 2021. Of the loans with Revenue Not Available, a majority of the 45 loans in 2021 are PPP loans made to help support small businesses and small farms during the pandemic. If loans with unknown revenues are excluded, 86.6 percent of loans are to farms with revenues of \$1 million or less in 2021. The bank's performance exceeds aggregate data and reflect reasonable performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category in the Janesville-Beloit MSA Assessment Area						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	96.4	44.0	23	82.1	2,504	75.2
2020	96.3	45.9	66	90.4	7,802	77.0
2021	96.5	60.6	58	51.8	7,462	70.9
>\$1,000,000						
2019	2.4	--	5	17.9	827	24.8
2020	2.5	--	6	8.2	2,140	21.1
2021	2.2	--	9	8.0	2,335	22.2
Revenue Not Available						
2019	1.2	--	0	0.0	0	0.0
2020	1.3	--	1	1.4	189	1.9
2021	1.4	--	45	40.2	731	6.9
Totals						
2019	100.0	100.0	28	100.0	3,331	100.0
2020	100.0	100.0	73	100.0	10,131	100.0
2021	100.0	100.0	112	100.0	10,528	100.0
<i>Source: 2019, 2020, and 2021 D&B Data; Bank Data; 2019, 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Innovative and/or Flexible Lending Practices

SBCP uses innovative and/or flexible lending practices in order to serve assessment area credit needs. The bank funded 218 loans totaling \$7.9 million in the Janesville-Beloit MSA assessment area in 2020, 2021, and 2022, representing 10.6 percent of total innovative and/or flexible loans. These loans provided credit to individuals that may not have otherwise qualified for traditional bank financing. The following table details these innovative and/or flexible loan originations by type and year. FHA, VA, and USDA loans originated through the bank's relationship with approved lenders could not be broken down by assessment area due to changes in these approved lenders.

Innovative and/or Flexible Lending Programs in the Janesville-Beloit MSA Assessment Area								
Program	2020		2021		2022		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
HomeReady	3	432	4	576	0	0	7	1,008
Home Possible	1	126	7	916	1	135	9	1,177
SBA (PPP)	103	3,603	97	1,930	NA	NA	200	5,533
SBA (non-PPP)	1	40	0	0	1	169	2	209
FHA	Unknown	Unknown	Unknown	Unknown	0	0	0	0
VA	Unknown	Unknown	Unknown	Unknown	0	0	0	0
USDA	Unknown	Unknown	0	0	0	0	0	0
Total	108	4,201	108	3,422	2	304	218	7,927

Source: Bank Records, NA = Program not available.

Community Development Loans

SBCP made an adequate level of community development loans in the Janesville-Beloit MSA assessment area. The bank originated two community development loans totaling \$10.6 million during the evaluation period. Both loans are for the construction of a 90-room hotel in a TIF district in Janesville in 2022. The bank made 8.2 percent of the dollar volume of community development loans in this assessment area, which is slightly below the 9.1 percent to 18.7 percent of home mortgage loans made in this assessment area, depending upon the year.

INVESTMENT TEST

In the Janesville-Beloit MSA assessment area, the bank has a poor level of qualified community development investments and grants, exhibits poor responsiveness to credit and community development needs, and does not use innovative and/or complex investments to support community development initiatives.

Investment and Grant Activity

The bank has a poor level of qualified community development investments and grants in the Janesville-Beloit MSA assessment area with only two qualifying donations totaling \$1,000. The bank made less than 1.0 percent of community development investments and grants in the Janesville-Beloit MSA assessment area, which is below the 6.3 percent of deposits as of June 30, 2022 and the 9.1 percent to 18.7 percent of home mortgage loans in the assessment area, depending upon the year.

Responsiveness to Credit and Community Development Needs

The bank exhibits poor responsiveness to credit and community development needs, as the bank only made qualifying donations totaling \$1,000 to two organizations that serve low- and moderate-income individuals in Evansville.

Community Development Initiatives

The bank does not use innovative and/or complex investments to support community development initiatives in the Janesville-Beloit MSA assessment area.

SERVICE TEST

In the Janesville-Beloit MSA assessment area, the bank demonstrated adequate performance under Accessibility of Delivery Systems, Changes in Branch Locations, and Reasonableness of Business Hours and Services, and poor performance under Community Development Services.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the Janesville-Beloit MSA assessment area. As illustrated in the following table, the bank does not operate any bank offices in the low- and moderate-income census tracts. The bank operates one full-service branch with a deposit-taking ATM and one limited-service branch with a deposit-taking ITM in an upper-income census tract in Evansville. Evansville is located in the northwest corner of the assessment area, and not near any of the low- and moderate-income census tracts. The bank also operates a loan production office with a deposit-taking ITM in an upper-income census tract in Janesville. This office is in relatively close proximity to the one low-income and five moderate-income census tracts in downtown Janesville. The bank does not operate any offices near the eight moderate-income census tracts in downtown Beloit. In addition to the three proprietary ATMs/ITMs, the bank is a member of the ATM Access and MoneyPass networks, allowing customers free access to tens of thousands of ATMs nationwide. The bank also offers telephone, mobile, and online banking. With these delivery systems, the bank can reasonably serve all portions of the Janesville-Beloit MSA assessment area, including the low- and moderate-income census tracts.

Distribution of Bank Offices by Income Category of the Census Tract in the Janesville-Beloit MSA Assessment Area								
Census Tract Income Level	Bank Offices of FDIC Insured Banks		Deposits of FDIC Insured Banks		Census Tracts		Bank Offices	
	#	%	\$	%	#	%	#	%
Low	0	0.0	0	0.0	1	2.6	0	0.0
Moderate	16	44.4	2,078,944	51.7	13	34.2	0	0.0
Middle	12	33.3	1,451,557	36.1	15	39.5	0	0.0
Upper	8	22.2	492,342	12.2	9	23.7	3	100.0
Total	34	100.0	4,022,843	100.0	38	100.0	3	100.0

Source: 2015 ACS, 2021 Peer Deposit Data, and Bank Records.

Changes in Branch Locations

The bank did not open or close any branches, or any other banking offices, during the evaluation period in the Janesville-Beloit MSA assessment area.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences portions of the assessment areas, particularly low- or moderate-income geographies or individuals. The Evansville full-service branch has lobby hours of 9 a.m. to 5 p.m. on Monday through Friday, and the Evansville Motor Bank has lobby hours of 8 a.m. to 5 p.m. The Janesville loan production office is open by appointment only. Lobby hours are not available on Saturday at any of the locations. The Evansville Motor Bank has drive-up facilities with hours of 8 a.m. to 5 p.m. Business hours are generally comparable to local financial institutions, although some have their lobbies open on Saturday morning.

Services at the Evansville full-service bank offices are comparable to area banks. The Evansville Motor Bank and Janesville loan production office have limited services. Loan officers are present at the full-service bank office. The loan production office has an agricultural banker and crop insurance representative to serve agricultural credit needs, and serves other credit requests by appointment only.

Community Development Services

SBCP provides a limited level of community development services in the Janesville-Beloit MSA assessment area. One bank employee devoted 40 hours in 2020 to serving as a board member of an organization that is an advocate for small businesses.

APPENDICES

LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

State Bank of Cross Plains	
Scope of Examination: Examiners performed full scope reviews on both the Madison MSA and Janesville-Beloit MSA assessment areas.	
Time Period Reviewed:	11/18/2019 to 2/6/2023
Products Reviewed: Home Mortgage Loans: 1/1/2019 to 12/31/2022 Small Business Loans: 1/1/2019 to 12/31/2022	

List of Assessment Areas and Type of Evaluation			
Assessment Area	Type of Evaluation	Branches Visited	Other Information
Madison MSA	Full-scope	None	None
Janesville-Beloit MSA	Full-scope	None	None

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. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 bank'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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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.