

# **PUBLIC DISCLOSURE**

June 16, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Maquoketa State Bank  
RSSD# 683449

203 North Main  
Maquoketa, Iowa 52060

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

## TABLE OF CONTENTS

PERFORMANCE EVALUATION .....	2
SCOPE OF EXAMINATION .....	2
DESCRIPTION OF INSTITUTION.....	3
DESCRIPTION OF ASSESSMENT AREA .....	5
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA .....	11
LENDING TEST .....	11
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....	15
APPENDIX A – MAP OF ASSESSMENT AREA.....	16
APPENDIX B – SCOPE OF EXAMINATION .....	17
APPENDIX C – GLOSSARY .....	18

## BANK'S CRA RATING

Maquoketa State Bank is rated **Satisfactory**.

Maquoketa State Bank is meeting the credit needs of its community based on an analysis of lending activities. The bank's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of loans are originated in the assessment area. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area and lending activities reflect reasonable penetration among borrowers of different income levels and businesses and farms of different revenue sizes. Neither Maquoketa State Bank nor the Federal Reserve Bank of Chicago have received any complaints related to the Community Reinvestment Act (CRA) since the previous evaluation.

## SCOPE OF EXAMINATION

Maquoketa State Bank's CRA performance was evaluated using the Small Institution Examination Procedures issued by the Federal Financial Institution Examination Council (FFIEC). Performance was evaluated in the context of information about the institution and its assessment area, including the bank's asset size, financial condition, competition, and the economic and demographic characteristics of the assessment area.

The evaluation included a full-scope review of the bank's sole assessment area located in the nonmetropolitan statistical area (Non-MSA) of Jackson County, Iowa (Non-MSA Iowa).

Maquoketa State Bank delineates Jackson County, Iowa, in its entirety. The level of performance within the assessment area was assessed based on a sample of home mortgage, small business, and small farm loans originated during the period beginning January 1, 2024, and ending December 31, 2024. In addition, small business and small farm lending received greater weight, as these products are considered the bank's primary business lines based on volume by number and dollar amount. As of March 31, 2025, commercial and agricultural lending represent 21.7 percent and 63.0 percent of the bank's loan portfolio, respectively.

Performance within the designated assessment area was evaluated using small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 13-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's home mortgage, small business, and small farm loans originated from January 1, 2024, to December 31, 2024, were reviewed to determine the percentage of loans originated within the assessment area.

- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank’s home mortgage, small business, and small farm loans originated within the assessment area from January 1, 2024, to December 31, 2024, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – A sample of the bank’s home mortgage, small business, and small farm loans originated within the assessment area from January 1, 2024, to December 31, 2024, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

In addition, two community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: economic development and affordable housing.

## DESCRIPTION OF INSTITUTION

Maquoketa State Bank is a wholly owned subsidiary of Ohnward Bancshares, Inc. (Ohnward), located in Maquoketa, Iowa. Ohnward also wholly owns two additional banks: First Central State Bank (DeWitt, Iowa) and Ohnward Bank and Trust (Cascade, Iowa). Affiliates of Maquoketa State Bank include Ohnward Farm Management, Ohnward Financial Advisor Services, and Ohnward Wealth and Retirement. The bank operates its main office, three branches, and five automated teller machines (ATMs) (two full-service and three cash-only) within the assessment area. The two full-service ATMs are also interactive teller machines (ITMs) and provide additional features and services to customers. Since the previous evaluation, the bank has closed three cash-only ATMs located in middle- and upper-income census tracts.

According to the Uniform Bank Performance Report, Maquoketa State Bank reported total assets of \$420.5 million as of March 31, 2025. While the bank is primarily a commercial and agricultural lender, it also offers a range of residential real estate and consumer loan products. Loan products also include U.S. Small Business Administration (SBA) loans, Onsite Wastewater Assistance (OSWAP) loans, and those offered through the U.S. Department of Agriculture (USDA), such as Farm Service Agency (FSA) and Rural Development (RD) loans. Further, traditional deposit products are offered and include checking and savings, club accounts, certificates of deposits, money market deposit accounts, and more. Additionally, depositors of Maquoketa State Bank

receive the benefits of the Privileged Status Program providing customers with the opportunity to use the ATMs of other participating institutions without paying a surcharge. Services are accessible to customers online via the bank's website at [www.maquoketasb.bank](http://www.maquoketasb.bank).

According to the June 30, 2024, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Maquoketa State Bank ranks first of seven FDIC-insured financial institutions operating within the assessment area. The bank held \$313.3 million in deposits representing 46.3 percent of the total deposit market share. In comparison, the second ranked institution, Bellevue State Bank, held \$137.3 million in deposits representing 20.3 percent of the deposit market share. The third ranked institution, Fidelity Bank & Trust, held \$76.4 million in deposits representing 11.3 percent of the deposit market share. As the leader in deposit market share amongst FDIC-insured financial institutions, Maquoketa State Bank's ability to meet various credit needs is not materially inhibited due to competition within the assessment area.

Details of the composition of the bank's loan portfolio are provided in the following table.

Composition of Loan Portfolio as of March 31, 2025 (000's)		
Type	\$	%
Agriculture	131,971	63.0
Commercial	45,546	21.7
Residential Real Estate	19,136	9.1
Consumer	10,357	4.9
Other	2,594	1.2
Total	209,604	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated **satisfactory** under the CRA at its previous evaluation conducted on April 25, 2022.

## DESCRIPTION OF ASSESSMENT AREA<sup>1</sup>

Maquoketa State Bank is an intrastate bank that operates in one nonmetropolitan (Non-MSA) assessment area located in eastern Iowa. The Non-MSA Iowa assessment area remains unchanged since the previous evaluation and consists of Jackson County in its entirety. The assessment area includes a total of six census tracts, all of which are middle- and upper-income census tracts. The assessment area does not include any low- or moderate-income census tracts, nor does it include any distressed or underserved nonmetropolitan middle-income census tracts.

Due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS), the census tracts comprising the assessment changed in income designation. In particular, moderate-income census tracts decreased from one to zero and upper-income census tracts increased from zero to one. The following table compares the changes between 2021 and 2022 within the assessment area.

### *Tract Designation Change Data*

*The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey (ACS) and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.*

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	1	0	-1
Middle	5	5	0
Upper	0	1	1
Unknown	0	0	0
Total	6	6	0
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

Additional assessment area demographic information is provided in the following table.

<sup>1</sup> Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes

2024 IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,009	18.4
Moderate	0	0.0	0	0.0	0	0.0	984	18.0
Middle	5	83.3	4,392	80.2	359	8.2	1,136	20.7
Upper	1	16.7	1,083	19.8	36	3.3	2,346	42.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6	100.0	5,475	100.0	395	7.2	5,475	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	7,802	5,377	81.2	68.9	1,361	17.4	1,064	13.6
Upper	1,797	1,242	18.8	69.1	203	11.3	352	19.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	9,599	6,619	100.0	69.0	1,564	16.3	1,416	14.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	883	83.5	803	83.0	67	91.8	13	72.2
Upper	175	16.5	164	17.0	6	8.2	5	27.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,058	100.0	967	100.0	73	100.0	18	100.0
Percentage of Total Businesses:				91.4		6.9		1.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	176	72.7	174	72.5	2	100.0	0	0.0
Upper	66	27.3	66	27.5	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	242	100.0	240	100.0	2	100.0	0	0.0
Percentage of Total Farms:				99.2		0.8		0.0
Source: 2024 FFIEC Census Data 2024 Data & Broadstreet Data 2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

## Population Change

According to U.S. Census Bureau demographic data, the assessment area's population is 19,485. The assessment area experienced a marginal decline in population by 0.4 percent between 2015 and 2020, which is slightly less than the population decline experienced throughout Non-MSA Iowa at 1.4 percent. The state of Iowa's population witnessed a 3.1 percent increase during the same period. Community representatives stated that Jackson County has struggled to attract and/or retain individuals in the area, particularly the younger population. They stated younger individuals generally favor larger metropolitan cities that offer better job opportunities, including higher wages, walkability, and amenities. A representative added that when compared to other rural counties throughout the state, Jackson County fairs marginally better in retaining population as a result of the lower cost of living and general proximity to larger cities such as Dubuque, Cedar Rapids, and Davenport. The community representatives anticipate that Jackson County will continue to struggle to retain and attract individuals to the area in the future. The table below presents the population trends for the assessment area, Non-MSA Iowa, and the state of Iowa from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percentage Change (%)
Assessment Area	19,572	19,485	-0.4
Non-MSA Iowa	1,250,756	1,232,642	-1.4
State of Iowa	3,093,526	3,190,369	3.1
Source: 2011-2015 – U.S. Census Bureau: American Community Survey 2020 U.S. Census Bureau Decennial Census			

## Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 5,475 families, of which 18.4 percent are designated as low-income, 18.0 percent are moderate-income, 20.7 percent are middle-income, and 42.8 percent are upper-income. The percentage of families residing within the assessment area living below the poverty line (7.2 percent) is below the percentage of families living below the poverty line throughout Non-MSA Iowa (7.7 percent). The percentage of families living below the poverty line in the state of Iowa, at 7.1 percent, is in alignment with the assessment area. According to the ACS data, the median family income (MFI) for the assessment area is \$76,532, which is above the MFI for Non-MSA Iowa (\$71,763) and below the MFI for the state of Iowa (\$79,186). From 2015 to 2020 the assessment area experienced a significantly larger increase in MFI (19.7 percent), than Non-MSA Iowa and the state of Iowa at 6.5 percent and 7.4 percent, respectively. A community representative stated that during this timeframe, there was an increase in manufacturing companies entering or expanding in the adjacent counties to Jackson County. This has resulted in local manufacturing firms within the county increasing wages to remain competitive in order to attract and/or retain workers. This helped contribute to the notable



increase in MFI, but is not reflective of where the community representative foresees MFI trending in the future. The representative mentioned that local businesses have been struggling to retain/attract entry-level employees. To reduce staffing turnover, the representative observed that local businesses have been raising wages and/or increasing benefits offered which may positively impact local MFI. While it is anticipated that the assessment area MFI will increase in the near future, the representative does not believe it will outpace other rural counties throughout Iowa or the state of Iowa as a whole. Another community representative provided that there is seasonal variation in MFI due to the influx of people who vacation in the area during summertime, which results in temporary, higher paying jobs. The table below presents the median family income trends for the assessment area, Non-MSA Iowa, and the state of Iowa from 2015 to 2020.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Assessment Area	63,933	76,532	19.7
Non-MSA Iowa	67,391	71,763	6.5
State of Iowa	73,712	79,186	7.4
Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.			

## Housing Characteristics

Maquoketa State Bank's assessment area includes 9,599 housing units. The majority of housing units are owner-occupied at 69.0 percent, and rental units account for 16.3 percent of total units. Within the assessment area, 14.8 percent of housing units are vacant, which is above the percentage of vacant units throughout Non-MSA Iowa and the state of Iowa at 12.4 percent and 9.5 percent, respectively, of total housing units.

The following table represents recent housing cost burden for individuals within the assessment area, Non-MSA Iowa, and the state of Iowa. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. As evidenced by the table below, low-income individuals are impacted at a higher rate than moderate-income individuals as both renters and owners. When comparing the assessment area to Non-MSA Iowa, there is a comparable percentage of both renters and owners that meet the cost burden criteria, at 33.2 percent and 13.2 percent, respectively. However, there are fewer low- and moderate-income individuals experiencing housing cost burden when compared to renters and owners throughout the state of Iowa, at 37.9 percent and 14.9 percent, respectively.

Community representatives indicated there is generally more affordable housing availability for individuals living within the assessment area compared to the state of Iowa as a whole. They also mentioned that affordable housing is relatively dispersed throughout the county which leads to

less competition for existing units. Despite this, there is still a growing need for affordable housing in the assessment area. A representative noted that affordable homeownership is a challenge for low- and moderate-income individuals due to an aging housing stock that requires significant repair throughout the county. The representative stated these challenges directly impact the percentage of low- and moderate-income individuals that are experiencing housing cost burden.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	56.1	17.6	33.2	55.5	12.1	13.2
Non-MSA Iowa	65.8	16.7	33.2	54.8	18.9	14.2
State of Iowa	71.9	21.4	37.9	58.7	23.5	14.9
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy</i>						

## Employment Characteristics

After increasing notably during the COVID-19 pandemic, the unemployment rate for the assessment area is 3.5 percent as of 2023. Unemployment rates within the assessment area are higher on average than the remainder of Non-MSA Iowa and the state of Iowa over the same time period evaluated. Community representatives mentioned several factors contributing to the higher unemployment rate within Jackson County. First, Jackson County has historically had a higher unemployment rate when compared to other rural areas and the state as a whole. They added that wages throughout the county are relatively low making employment opportunities less desirable. Further, the representative indicated that it is difficult getting businesses and individuals to move into the area due to other external factors, such as the cost of childcare and lack of affordable housing. Another representative added that there is a higher prevalence of families within the county in which one parent chooses to stay home due to the limited availability of affordable childcare options, negatively impacting the local unemployment rate as these individuals are included in the unemployment figures. The table below shows unemployment statistics for the assessment area, Non-MSA Iowa, and the state of Iowa.

Unemployment Rates (%)					
Area	2019	2020	2021	2022	2023
Assessment Area	3.1	6.0	4.5	3.3	3.5
Non-MSA Iowa	2.8	4.8	3.7	2.9	3.0
State of Iowa	2.7	5.2	3.8	2.8	2.9
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

## Industry Characteristics

The assessment area contains a diverse employment base and is most heavily impacted by the industries of manufacturing, retail trade, and those working in the public sector based on data from the U.S. Bureau of Labor Statistics. A community representative stated that there are not any industries of note expanding or entering into the area. The representative stated there is a larger proportion of individuals within the county that are nearing retirement when compared to individuals entering into the workforce. Due to this, the representative mentioned that there has been a local effort to improve business succession plans, especially for small businesses, in an effort to curtail turbulence when changes in ownership of the impacted businesses occur. Additionally, the representative added that many local businesses are pursuing solutions involving automation as they are continuing to struggle filling open positions with qualified individuals. Finally, the representatives were not aware of any major employers exiting or relocating to the area that would result in changes to the area's industry composition.

## Community Representatives

Two community representatives were contacted during the evaluation to provide information regarding local economic and demographic conditions. The representatives provided information on housing, employment, and economic development needs within the assessment area. One community representative indicated that affordable housing is a persistent and growing need. Another representative stated that there are challenges within their respective areas in which local financial institutions can assist. The representative detailed that downpayment assistance programs or programs that assist with lowering interest-related costs could result in homeownership opportunity for a larger portion of low- and moderate-income individuals living throughout the county. Additionally, the representatives noted that an increase in financial literacy efforts could also positively impact homeownership, particularly for low- and moderate-income individuals. Finally, a representative stated that small business incubators that provide services that support newly formed businesses could improve the financial viability of new business startups within the county.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

Maquoketa State Bank's performance relative to the lending test is **Satisfactory**. Overall, the bank is meeting the credit needs of its assessment area based on an analysis of the bank's lending activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the sample of home mortgage, small business, and small farm loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending activities reflect reasonable penetration among individuals of different income levels, as well as businesses and farms of different sizes. Additionally, neither Maquoketa State Bank nor the Federal Reserve Bank of Chicago received any CRA-related complaints since the previous evaluation.

#### Loan-to-Deposit Ratio

Maquoketa State Bank's loan-to-deposit (LTD) ratio (considering seasonal variations) is reasonable given the bank's size, financial condition, the credit needs of its assessment area, and considering, as appropriate, other lending-related activities such as loan originations for sale on the secondary market. As of March 31, 2025, the LTD ratio averaged 62.7 percent over a 13-quarter period. The LTD ratio has decreased since the previous evaluation, during which time the bank had an average LTD ratio of 71.5 percent over a 17-quarter period ending December 31, 2021. Through discussion with bank management, the decline in the average LTD ratio is a result of fluctuating loan demand. The following table compares the bank's LTD ratio to its local competitors of similar size and complexity.

Comparative Loan-to-Deposit Ratios as of March 31, 2025	
Institution	Loan-to-Deposit Ratio (%)
	13 – Quarter Average
Maquoketa State Bank	62.7
Peer Average - Local	74.9
<b>Competitors</b>	
Ohnward Bank & Trust	89.3
Bellevue State Bank	79.4
Citizens State Bank	73.3
Clinton National Bank	57.5

#### Assessment Area Concentration

Maquoketa State Bank made a majority of its loans, and as appropriate, other lending-related activities in the bank's assessment area. Within a sample of 221 loans originated during the evaluation period, the bank originated 62.9 percent of total loans by count and 61.6 percent by dollar amount inside the assessment area. When evaluating loans by total count, the bank

originated 72.0 percent of home mortgage loans, 57.5 percent of small business loans, and 62.2 percent of small farm loans inside the assessment area. When evaluating loans by dollar amount, the bank originated 74.4 percent of home mortgage loans, 62.1 percent of small business loans, and 56.8 percent of small farm loans inside the assessment area. When compared to the previous evaluation, the proportion of loans originated within the assessment area remained comparable, albeit a slight decline, at 66.5 percent by count and 65.9 percent by dollar amount. The decline in the percentage of loan originations made within the assessment area is primarily driven by the decline in small business lending, which during the previous evaluation the bank originated 69.3 percent of small business loans within the assessment area.

Bank management explained there is a limited presence of businesses within its assessment area, which has resulted in the bank seeking small business lending opportunities outside of Jackson County in the larger regional area. This aligns with discussions with community representatives who indicated that businesses within the assessment area are not expanding, and prospective businesses are not entering the area due to factors such as the lack of affordable housing or childcare. Despite this, the bank's lending activity indicates that they are serving the credit needs of the local community. A community representative stated that banks could assist in the development of small business incubators to help bolster the commercial presence throughout Jackson County, particularly small businesses.

The following table summarizes Maquoketa State Bank's lending inside and outside its assessment area for home mortgage, small business, and small farm loans from January 1, 2024, to December 31, 2024.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Residential Loans	36	72.0	\$3,265	74.4	14	28.0	\$1,126	25.6
<b>Total Non-HMDA</b>	<b>36</b>	<b>72.0</b>	<b>\$3,265</b>	<b>74.4</b>	<b>14</b>	<b>28.0</b>	<b>\$1,126</b>	<b>25.6</b>
Small Business	42	57.5	\$2,445	62.1	31	42.5	\$1,490	37.9
<b>Total Small Bus. related</b>	<b>42</b>	<b>57.5</b>	<b>\$2,445</b>	<b>62.1</b>	<b>31</b>	<b>42.5</b>	<b>\$1,490</b>	<b>37.9</b>
Small Farm	61	62.2	\$6,732	56.8	37	37.8	\$5,126	43.2
<b>Total Small Farm related</b>	<b>61</b>	<b>62.2</b>	<b>\$6,732</b>	<b>56.8</b>	<b>37</b>	<b>37.8</b>	<b>\$5,126</b>	<b>43.2</b>
<b>TOTAL LOANS</b>	<b>139</b>	<b>62.9</b>	<b>\$12,442</b>	<b>61.6</b>	<b>82</b>	<b>37.1</b>	<b>\$7,742</b>	<b>38.4</b>

### Geographic Distribution of Loans

The assessment area is comprised only of middle- and upper-income census tracts; therefore, a meaningful analysis could not be performed. The dispersion of the loans in the assessment area was reviewed to determine if the bank is sufficiently serving the census tracts included in the assessment area. Examiners determined that there were no conspicuous unexplained gaps in contiguous census tracts.

## Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

Maquoketa State Bank's distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes is reasonable given the demographics of the bank's assessment area.

### Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. In 2024, Maquoketa State Bank originated 13.9 percent of its home mortgage loans to low-income borrowers, which is below the percentage of low-income families in the assessment area (18.4 percent). The bank originated 16.7 percent of its home mortgage loans to moderate-income borrowers. This performance is comparable to the percentage of moderate-income families within the assessment area (18.0 percent). The bank originated 30.6 percent of its home mortgage loans to middle-income borrowers, which is above the proportion of middle-income families within the assessment area at 20.7 percent. Additionally, the bank originated 25.0 percent of its home mortgage loans to upper-income borrowers, which is below the percentage of upper-income families in the assessment area at 42.8 percent. Finally, the bank originated 13.9 percent of its home mortgage loans to individuals of unknown-income.

The following table presents Maquoketa State Bank's borrower distribution of home mortgage loans in 2024.

Distribution of 2024 Residential Lending By Borrower Income Level					
Assessment Area: IA Non MSA					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	%	\$(000)	%	
Low	5	13.9	299	9.2	18.4
Moderate	6	16.7	607	18.6	18.0
Middle	11	30.6	1,129	34.6	20.7
Upper	9	25.0	720	22.1	42.8
Unknown	5	13.9	510	15.6	0.0
Total	36	100.0	3,265	100.0	100.0
Source: 2024 FFIEC Census Data					
2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

### Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. A sample of small business loans originated in 2024 was reviewed, of which 83.3 percent by number were to businesses with gross revenues of \$1 million or less. This is below the percentage of small businesses in the assessment area, at 91.4 percent. Of loans originated to businesses with revenues of \$1 million or less, 94.3 percent were in amounts of \$100,000 or less. Loans in amounts of \$100,000 or less are generally considered most beneficial for small businesses, demonstrating the bank's ability to meet the credit needs of small businesses.

The following table presents Maquoketa State Bank's borrower distribution of small business loans in 2024.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses					
Assessment Area: IA Non MSA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	35	83.3	1,848	75.6	91.4
Over \$1 Million	0	0.0	0	0.0	6.9
Revenue Unknown	7	16.7	598	24.4	1.7
Total	42	100.0	2,445	100.0	100.0
By Loan Size					
\$100,000 or Less	39	92.9	1,645	67.3	
\$100,001 - \$250,000	2	4.8	450	18.4	
\$250,001 - \$1 Million	1	2.4	350	14.3	
Total	42	100.0	2,445	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	33	94.3	1,398	75.6	
\$100,001 - \$250,000	2	5.7	450	24.4	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	35	100.0	2,063	100.0	
Source: 2024 FFIEC Census Data 2024 Dori & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

### Small Farm Loans

Small farm lending reflects reasonable penetration among farms of different revenue sizes. A sample of small farm loans originated in 2024 was reviewed, of which 96.7 percent by number were to farms with gross revenues of \$1 million or less. This is slightly below the percentage of small farms in the assessment area, at 99.2 percent. Of the loans originated to farms with gross

revenues of \$1 million or less, 61.0 percent of the bank's small farm loans were in amounts of \$100,000 or less. Loans in amounts of \$100,000 or less are generally considered most beneficial for small farms, demonstrating the bank's ability to meet the credit needs of small farms.

The following table presents Maquoketa State Bank's borrower distribution of small farm loans in 2024.

Distribution of 2024 Small Farm Lending By Revenue Size of Farms					
Assessment Area: IA Non MSA					
	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
By Revenue					
\$1 Million or Less	59	96.7	6,704	99.6	99.2
Over \$1 Million	0	0.0	0	0.0	0.8
Revenue Unknown	2	3.3	28	0.4	0.0
Total	61	100.0	6,732	100.0	100.0
By Loan Size					
\$100,000 or Less	38	62.3	1,486	22.1	
\$100,001 - \$250,000	18	29.5	3,110	46.2	
\$250,001 - \$500,000	5	8.2	2,136	31.7	
Total	61	100.0	6,732	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	36	61.0	1,458	21.7	
\$100,001 - \$250,000	18	30.5	3,110	46.4	
\$250,001 - \$500,000	5	8.5	2,136	31.9	
Total	59	100.0	6,704	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

## Response to Complaints

Maquoketa State Bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

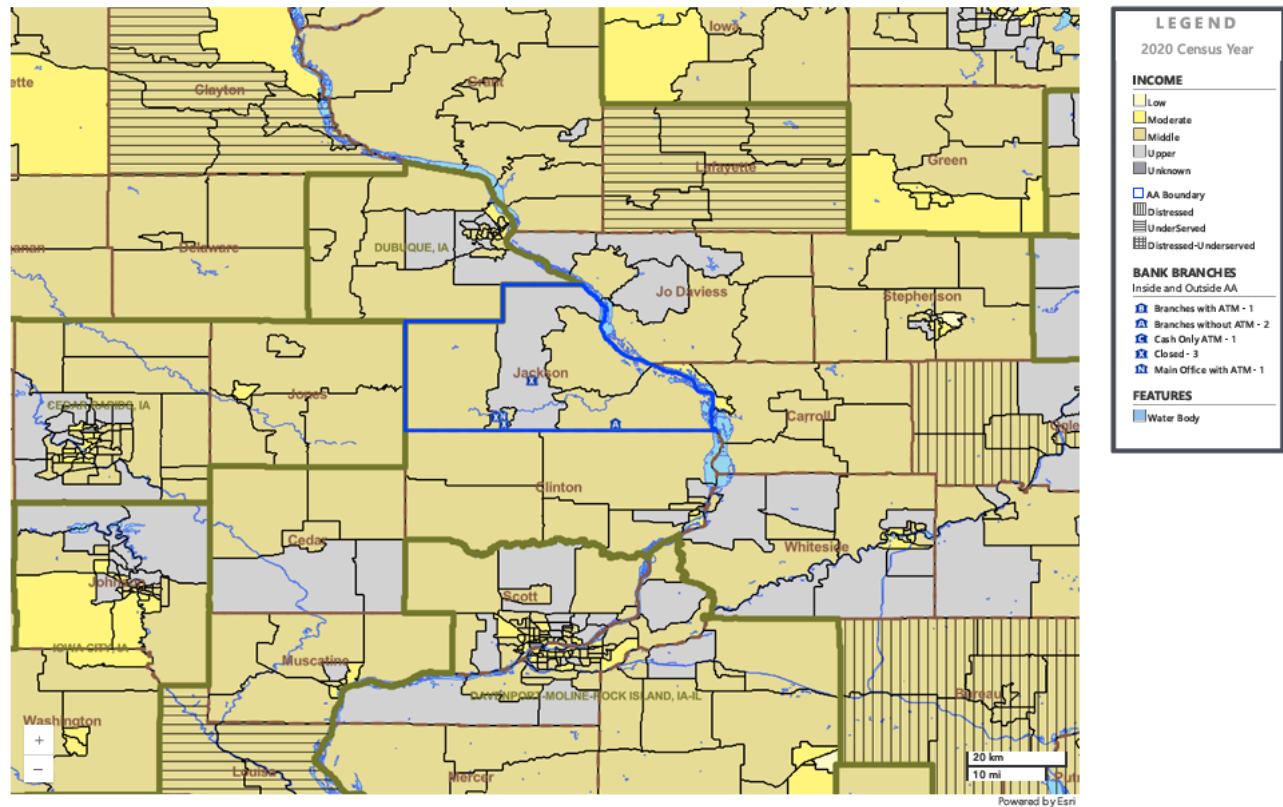
## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.



## APPENDIX A – Map of Assessment Area

**Maquoketa State Bank 683449**  
IA Non MSA



## APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Loan-to-deposit: March 31, 2022, to March 31, 2025 Lending Test: home mortgage, small business, and small farm loans: January 1, 2024, to December 31, 2024		
FINANCIAL INSTITUTION	PRODUCTS REVIEWED		
Maquoketa State Bank	Home Mortgage Loans Small Business Loans Small Farm Loans		
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
N/A	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Jackson County, Iowa (Non-MSA Iowa)	Full Scope	N/A	N/A

## APPENDIX C – Glossary

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Affordability ratio:** To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

**Aggregate lending:** The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

**American Community Survey Data (ACS):** The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.<sup>2</sup>

**Area Median Income (AMI):** AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment area:** Assessment area means a geographic area delineated in accordance with section 228.41

**Automated teller machine (ATM):** An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

**Bank:** Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

---

<sup>2</sup> Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

**Branch:** Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

**Census tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Combined Statistical Area (CSAs):** Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide nonmetropolitan median income figure.

**Community Development:** The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

**Community Development Loan:** A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
  - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
  - b. Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

**Community Development Service:** A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

**Consumer loan:** 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 of loans: motor vehicle, credit card, other consumer secured loan, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement not secured.

**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, which is further classified into "male householder" (a family with a male household and no wife present) or "female householder" (a family with a female householder and no husband present).

**Fair market rent:** Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

**Full review:** Performance under the Lending, Investment and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

**Geography:** A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act:** The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

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

**Income Level:** Income level means:

- 1) Low-income – an 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 census tract;
- 2) Moderate-income – an 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 percent and less than 80 percent in the case of a census tract;

- 3) Middle-income – an 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 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

*Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).*

**Limited-purpose bank:** This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

**Limited review:** Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

**Loan location:** Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

**Loan production office:** This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

**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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area:** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan area:** This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

**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:** This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

**Small Bank:** This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

*Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.*

**Small Business Loan:** This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.



**Small Farm:** This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand 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.

**Wholesale Bank:** This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).