



## **PUBLIC DISCLOSURE**

September 21, 1998

## **PERFORMANCE EVALUATION**

Charter Number: 4639

Wisconsin Rapids, WI 54495-8000

Iron Mountain Duty Station

Iron Mountain, Michigan 49801

This evaluation is not, nor should it be construed as, an assessment of the not represent an analysis, conclusion or opinion of the federal financial institution.

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Wood County National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **September 21, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory Record of Meeting Community Credit Needs**.

The Wood County National Bank has a satisfactory record of originating loans to individuals of different income levels and small businesses. The loan-to-deposit ratio is reasonable and a majority of loans are to borrowers located in the assessment area.

## DESCRIPTION OF INSTITUTION

The Wood County National Bank (WCNB) is a \$207 million bank with its main office located at 181 Second Street, Wisconsin Rapids. In addition to the main office, the bank has two full service branches, one located at 2651 Eighth Street South, Wisconsin Rapids, and the other located at 1900 Plover Road, Plover, Wisconsin. The bank also operates a limited service branch located at 4510 Kellner Road in Wisconsin Rapids which offers general services including various deposit products and check cashing. Furthermore, the bank operates four automated teller machines. The bank is an affiliate of WCN Bancorp, Inc., a bank holding company.

WCNB offers traditional community bank services with a loan portfolio representing 63% of total assets. The loan portfolio consists of commercial loans (68%), residential related mortgage loans (23%), and consumer loans (9%). There are no financial, legal, or other impediments which would hinder the bank's ability to help meet credit needs within its assessment area.

## DESCRIPTION OF ASSESSMENT AREA

WCNB's assessment area consists of (21) twenty-one block numbering areas (BNAs) located in Wood (9 BNAs), Portage (11 BNAs), and Adams (1 BNA) Counties. Seventeen of the BNAs are middle-income areas, which are defined as 80-119% of the 1990 State of Wisconsin's non-metropolitan median family income of \$32,290. Wood and Portage Counties each have two upper-income areas, which are defined as 120% or more of the 1990 median family income of \$32,290. There are no low- or moderate-income BNAs in the bank's assessment area.

Based on 1990 census data, the population of the assessment area is 96,652. The population consists of 24,838 families of which 3,316 (13%) are low-income; 3,902 (16%) moderate-income; 5,695 (23%) middle-income, and 11,927 (48%) upper-income. Based on 1998 Housing

and Urban Development (HUD) data, the median family income level in the assessment area is \$41,800. The weighted average median housing value in the assessment area is \$54,059.

The local economy is healthy with stable employment trends. According to the Department of Workforce Development (DWD) in Wisconsin, the August 1998 unemployment rate for Wood County was 3.8%, Portage County 3.5%, and Adams County 3.3%. These rates are slightly above the State of Wisconsin unemployment rate of 2.9% for the same period.

The local economy is primarily dependent on the timber industry (paper mills, wood fiber processing), and agriculture. Tourism is secondary. Some of the major employers in the bank's assessment area include Consolidated Papers, Inc., Georgia-Pacific Corporation, various cranberry growing and processing operations, schools, and the Riverview Hospital.

Competition in the local market is considered strong. There are fifteen other commercial banks and seven credit unions located in the area.

The bank's assessment area meets the requirements of the Community Reinvestment Act (CRA) and does not arbitrarily exclude low- or moderate-income geographies.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

**Loan-to Deposit Ratio:**

WCNB's loan-to-deposit ratio is satisfactory and averaged 76% over the past ten quarters. The average loan-to-deposit ratio of WCNB's local peer group ranged from 67% to 123% over the same period. The overall average loan-to-deposit ratio for this group of banks is 80%. WCNB's local peer group for this analysis consists of fifteen similar banks with total assets less than \$250 million which are located in Wood, Portage, and Adams Counties. WCNB sold approximately \$36 million of loans in the secondary market since the bank's previous CRA examination. Had the bank not sold these loans, its loan-to-deposit ratio would be higher.

**Lending in the Assessment Area:**

A majority of WCNB's loans are within its assessment area. This conclusion is based upon a sample of twenty-five commercial loans, fifty residential 1-4 family real estate loans, and twenty-five secured consumer loans originated or refinanced by the bank from January 1, 1998, through August 31, 1998. Customer location was determined using city and street address and the 1993 Census Tract Atlas of Wisconsin. The results of our sample are illustrated in Table 1.

**Table 1**

% of Loan Outstanding in Assessment Area	# In	%	\$ * In	%	# Out	%	\$* Out	%
Commercial Loans	23	92%	859	85%	2	8%	151	15%
Residential Real Estate Loans	43	86%	2,629	84%	7	14%	503	16%
Consumer Secured Loans	21	84%	206	82%	4	16%	46	18%
Totals	87		3,694		13		700	

\* Dollar amount in Thousands

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

The bank’s record of lending to borrowers of different incomes and to small businesses is satisfactory.

A sample of commercial customer files indicates that a majority of the bank’s commercial loans are made to small businesses having less than \$1 million in annual revenues. Commercial borrowers have a wide diversity of gross annual revenue levels ranging from a few thousand to \$4 million. Table 2 reflects the results of this sampling.

**Table 2**

Annual Revenue	<\$100M	\$101M - \$500M	\$501M - \$1MM	>\$1MM
# of Loans	2	10	5	6
% of Loans	9%	43%	22%	26%
*\$Loans	169	210	164	316
% of Loans	20%	24%	19%	37%

\* Dollar amount in thousands

Table 3 represents an analysis of 64 loans files containing borrower income information. The sample included secured consumer loans and residential real estate mortgage loans originated since January 1, 1998.

The table indicates that the number of loans made to low- and moderate-income borrowers is comparably proportionate to the number of these families located in the assessment area.

**Table 3**

Income Category	# Loans Extended	% Loans Extended	*\$ Loans	% of \$ Extended	# Families	%** Families	Income Range***
Low-Income	8	13%	106	4%	3,316	13%	<\$20,900
Moderate-Income	8	13%	225	8%	3,902	16%	\$20,901-\$33,440
Middle-Income	19	30%	697	25%	5,695	23%	\$33,441-\$50,160
Upper-Income	29	44%	1,808	63%	11,927	48%	\$50,161 & Above
Totals	64	100%	2,836	100%	24,838	100%	

\* Dollar amounts in thousands

\*\* Based on 1990 census data

\*\*\* Based on 1998 HUD median family income in the assessment area of \$41,800

**Geographic Distribution of Loans:**

Our analysis of the loan portfolio indicated that there is a reasonable geographic distribution of loans throughout the assessment area. Since WCNB's assessment area only includes middle and upper-income BNAs, additional distribution analysis would not provide meaningful information.

**Response to Consumer Complaints and Compliance with Fair Lending Laws and Regulations**

The bank has received no CRA-related complaints since its last CRA examination. No violations of the substantive provisions of anti-discrimination laws and regulations were identified.