



## **PUBLIC DISCLOSURE**

**August 9, 1999**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank in Tigerton  
140 Cedar Street  
Tigerton, WI 54486**

**Charter # 14150**

**Office of the Comptroller of the Currency  
Iron Mountain Field Office  
P.O. Box 666  
Iron Mountain, MI 49801**

**NOTE: 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.**

## 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 the First National Bank in Tigerton, prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of August 9, 1999. 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**.

- o The bank has a reasonable distribution of lending to businesses of different sizes given the demographics of the assessment area.
- o A majority of its loans are originated inside the assessment area.
- o There is a reasonable distribution of loans to individuals of different income levels, including low- and moderate-income levels.
- o The loan-to-deposit ratio is reasonable.

### **DESCRIPTION OF INSTITUTION:**

The First National Bank in Tigerton is a \$16 million institution with one office which is located at 140 Cedar Street, Tigerton, Wisconsin, in a middle-income block numbering area (BNA). The bank also operates one ATM which is located at the main office. No offices have been opened or closed since our last CRA examination, dated July 17, 1996. The previous CRA examination resulted in a satisfactory rating.

The bank offers traditional community bank services with a loan portfolio representing 54% of total assets as of June 30, 1999. FNB is primarily a residential real estate lender. The loan portfolio consists of 76% residential real estate mortgages, 14% commercial loans and 10% consumer loans. The bank is 94% owned by Tigerton Bancorporation, Inc., a one bank holding company. There are no legal or financial impediments limiting the bank's ability to meet community credit needs.

## **DESCRIPTION OF THE ASSESSMENT AREA:**

The assessment area consists of four middle-income BNAs located in northeastern Wisconsin and covers the western half of Shawano County. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

The population of the assessment area is 15,375, based on 1990 census data. The median family income from the 1990 census is \$30,290. The updated Housing and Urban Development (HUD) 1999 median family income for non-metropolitan areas is \$44,400. A breakdown of family income levels in the assessment area shows 22% as low-income (895 families), 24% as moderate-income (1,002 families), 26% as middle-income (1,097 families) and 28% as upper-income (1,155 families). The median housing value within the assessment area is \$38,138, with 65% of the housing being owner occupied.

The local economy is relatively stable, with unemployment levels that are slightly above the state average. The unemployment rate for the month of June 1999 (the most recent information available) was 3.1% for the state of Wisconsin and 3.3% for Shawano County. The primary economic activities in the area are manufacturing, service, and logging. Major employers include the Tigerton Lumber Company, Mohican North Star Casino, School District of Tigerton, Four Wheel Drive, Marion Plywood, and the Tigerton affiliate of the Shawano Clinic.

Competition among financial institutions in the assessment area is strong with several other banks and branches of out of area banks located in the bank's assessment area.

In conducting this assessment of the bank's performance, we contacted a local resident involved with developing Tigerton's main street. This discussion did not indicate the existence of unmet credit needs in the community.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### **Loan-to-Deposit Ratio Analysis:**

The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition and lending opportunities within its assessment area. First National Bank in Tigerton's average quarterly loan-to-deposit ratio from June 1996 through March 1999 is 59%. This compares to an average quarterly loan-to-deposit ratio of 63% for five similarly situated banks in Shawano County with total assets under \$250 million. These five banks had average loan-to-deposit ratios ranging from 51% to 79% over the same time period.

### **Lending in the Assessment Area:**

First National Bank in Tigerton originates a majority of its loans inside its assessment area. This conclusion is based on the original dollar amount and number of a sample of 20

commercial loans and 34 residential real estate mortgage loans originated or refinanced by the bank over the last 19 months. Customer location was determined using street address, city, and zip codes which were plotted on plat maps and assessment area BNA maps. The following table illustrates the level of lending inside the bank's assessment area:

<b>Penetration of Lending Inside the Bank's Assessment Area</b>		
	<b>% of Total Number of Loans Inside the Assessment Area</b>	<b>% of Total Dollar Amount of Loans Inside the Assessment Area</b>
Commercial & Agricultural Loans	90%	62%
Residential Real Estate Mortgages	82%	77%
Total	85%	73%

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

The bank does a satisfactory job of lending to borrowers of different income levels and to businesses of different sizes. Commercial borrowers have a wide diversity of gross revenue levels ranging from a few thousand to just over one million dollars. A sample of 20 commercial customer files indicates the following breakdown of annual revenues:

<b>Lending Distribution Based on Revenue Size of Businesses</b>		
<b>Revenue Size of Businesses Sampled \$(000's)</b>	<b>Bank Lending Distribution by Number of Loans</b>	<b>Percentage of Businesses in each Revenue Category (census information)</b>
< \$100	35%	92%
\$100 - \$500	35%	
\$500 - \$1,000	5%	
> \$1,000	5%	8%
Revenue not reported	20%	N/A
Totals	100%	100%

The following table is based on an analysis of 34 residential real estate loan files containing income information for the borrower. The files were from those reviewed during our examination of the bank's compliance with consumer laws and regulations. Customers were randomly selected from all residential real estate mortgages originated since January 1998.

<b>Lending Distribution Based on Income Level of Residential Real Estate Borrowers January 1998 - August 1999 Loan Originations</b>			
<b>Borrower Income Level</b>	<b>Bank Lending Distribution by Number of Loans</b>	<b>Bank Lending Distribution by Dollar Value of Loans</b>	<b>Percentage of Families in each Income Category (census information)</b>
Low	11%	7%	22%
Moderate	24%	23%	24%
Middle	24%	24%	26%
Upper	17%	26%	28%
Income not reported	24%	20%	N/A
Totals	100%	100%	100%

As indicated by the above table, 35% of the number and 30% of the dollar value of loans were made to low- and moderate-income borrowers. This represents a reasonable distribution of lending to borrowers of different income levels.

**Geographic Distribution of Loans:**

An analysis of the geographic distribution of credit by income levels was not performed since all four BNAs comprising the assessment area are designated as middle income areas.

**Response to CRA Related Complaints:**

The bank has not received any CRA related complaints since the previous evaluation.

**Compliance with Antidiscrimination Laws:**

First National Bank in Tigerton is in compliance with applicable antidiscrimination laws and regulations. The OCC conducted a fair lending examination concurrently with its CRA examination. We reviewed 29 residential real estate mortgages to compare loan terms. No evidence of disparate treatment was identified.