



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**March 22, 2004**

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

**First National Bank in Tigerton  
Charter Number 14150**

**140 Cedar Street  
Tigerton, WI 54486**

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

**NOTE: 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.**

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

- The bank has a good distribution of loans to individuals of different income levels.
- The loan-to-deposit ratio is reasonable.
- A majority of loans are originated inside the bank's assessment area.
- The geographic distribution of loans reflects an adequate dispersion throughout the assessment area.

## **DESCRIPTION OF INSTITUTION**

The First National Bank in Tigerton (FNB-Tigerton) is a \$19 million community bank with \$2 million in tier one capital. The bank's only office is located in Tigerton, WI in a middle-income census tract (CT). A 24-hour cash dispensing only ATM is at this location. The bank is 100% owned by Tigerton Bancorporation, a one-bank holding company with \$21 million in assets located in Tigerton, WI. All financial information is as of December 31, 2003.

The bank offers traditional community bank products and services and is primarily a residential real estate and consumer lender. As of December 31, 2003, the net loan portfolio represented 49% of total assets. The loan portfolio in dollar amount is broken down as follows: 78% residential real estate, 14% commercial, and 8% consumer loans.

There are no financial, legal or other impediments which would hinder the bank's ability to help meet the credit needs of its assessment area. The previous CRA evaluation dated August 9, 1999, resulted in a satisfactory rating.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank's assessment area (AA) includes four CTs located in central Wisconsin. This area includes the western half of Shawano County. The AA is comprised of four middle-income (100%) CTs. The AA is considered legal and appropriate. It consists of only whole CTs and does not arbitrarily exclude any low- or moderate-income geographies.

According to 2000 census data, the total population of the bank's AA is 16,439, which is comprised of 4,475 families and 6,175 households. The number of families in each income level is as follows: 878 low-income families (20%), 947 moderate-income families (21%), 1,234 middle-income families (27%), and 1,416 upper-income families (32%). Of the low-income families, 298 (34%) are below the poverty level. The breakdown of households by income level is as follows: 1,424 low-income households (23%), 1,161 moderate-income households (19%), 1,392 middle-income households (23%), and 2,198 upper-income households (35%). Of the low-income households, 593 (42%) are below the poverty level. The HUD updated median family income for nonmetropolitan areas in Wisconsin was \$52,000 in 2003 and \$50,800 in 2002. These figures are used in the borrower income distribution test. The 2000 census median family income for nonmetropolitan areas in Wisconsin is \$47,360. This figure is used in the geographic distribution test to determine income levels of the CTs. The median housing value within the AA is \$78,337, with 70% of the total housing units being owner-occupied.

The local economy is characterized as slow but stable. Manufacturing, logging, and service are the primary economic activities in the area. Major employers in the area include: Tigerton Lumber Company, School District of Tigerton, and Mohican North Star Casino. According to the Wisconsin Department of Workforce Development, the unemployment rate for Shawano County was 6.0% in January 2004. This is in line with the overall state unemployment rate, which was also 6.0% for the same time period.

Competition among financial institutions in FNB-Tigerton's AA is considered healthy. Competitors include: a branch of one large multi-state bank and branches of four Wisconsin community state banks. In total deposits, FNB-Tigerton, with a market share of 13%, ranks third out of all FDIC-insured institutions with at least one branch located in the bank's AA. This is using FDIC market share data as of June 30, 2003. The balance of the market share is divided among five institutions with market shares ranging from 35% down to 4%.

In conducting this assessment of the bank's performance, we contacted a representative from a local real estate agency. The contact stated that local financial institutions are meeting the credit needs of the community and had only favorable comments concerning the bank's performance.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

The bank's loan-to-deposit ratio is satisfactory given its size, financial condition, and credit needs of the community. The average quarterly loan-to-deposit ratio for the bank since the last examination is 64%, which ranks second in a peer group of four similarly situated banks. The peer group consists of banks chartered in Shawano County. The bank has the smallest level of average assets of these banks at \$18 million. The other banks' average assets ranged from \$19 million to \$88 million. The average loan-to-deposit ratios for the similarly situated banks ranged from 44% to 89%, over the same time period.

### **Lending in Assessment Area**

The bank originates a majority of its loans inside the assessment area. This conclusion is based on an analysis of the original dollar amount and number of all commercial, residential real estate and consumer loans originated or refinanced by the bank between January 1, 2002 and March 1, 2004. A comparison of zip code and CT boundaries indicated they are similar; therefore, the location of borrowers with loans in the selected time period was determined using their zip codes as a proxy for the CT address. A report sorted by zip code and loan type was generated to complete the analysis. The following table illustrates the level of lending inside the bank's assessment area:

<b>Penetration of Lending Inside the Bank's Assessment Area January 2002 – March 2004 Loan Originations</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 Loans	84%	81%
Residential Real Estate Mortgages	85%	80%
Consumer Loans	85%	76%
Total	85%	80%

### **Lending to Borrowers of Different Incomes**

The bank's lending practices represent an excellent penetration among individuals of different income levels, including low- and moderate-income borrowers. The bank's primary loan products were used in our sample and are depicted in the following tables. The following table is based on an analysis of 30 consumer loans randomly selected from all consumer loans originated between January 1, 2002 and March 1, 2004 to borrowers located in the bank's AA and containing income information.

<b>Lending Distribution Based on Income Level of Consumer Loan Borrowers January 2002 – March 2004 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 Households in each Income Category (Census information)</b>
Low	43%	29%	23%
Moderate	37%	48%	19%
Middle	17%	14%	22%
Upper	3%	9%	36%
Totals	100%	100%	100%

As depicted in the above table, both the number and dollar amount of consumer loans made to low- and moderate-income borrowers was well above the income characteristics of the assessment area.

The following table is based on an analysis of 30 residential real estate mortgage loans containing income information for the borrower. These customers are located within the bank's assessment area and were randomly selected from all residential real estate mortgages originated between January 1, 2002 and March 1, 2004.

<b>Lending Distribution Based on Income Level of Residential First Lien Real Estate Borrowers January 2002 – March 2004 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	27%	16%	21%
Moderate	27%	28%	20%
Middle	30%	19%	27%
Upper	16%	37%	32%
Totals	100%	100%	100%

Similar to the results from the consumer loan sample analysis, the number and dollar amount of residential real estate loans made to low- and moderate-income borrowers was above the income characteristics of the assessment area.

### **Geographic Distribution of Loans**

As discussed in the description of assessment area section, the bank's assessment area consists of only middle-income CTs. Because there are no low- or moderate-income CTs in the assessment area, a geographic distribution analysis would not provide meaningful results. We performed a limited analysis that revealed a reasonable distribution of loans throughout the assessment area. According to 2000 census data and bank management, low- and moderate-income families are not concentrated in any one particular area. These families are dispersed throughout the assessment area, in neighborhoods with middle- and upper-income families.

### **Responses to Complaints**

No complaints have been received by the bank or OCC relating to the bank's CRA performance since the previous evaluation.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of illegal discrimination or other illegal credit practices.