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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

October 8, 1996

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

**Citizens Bank, N.A.  
Charter Number 21289**

**129 East Division Street  
Shawano, WI 54166**

**Office of the Comptroller of the Currency  
Eau Claire Duty Station  
1310 West Clairemont Avenue, Suite 100  
P.O. Box 8187  
Eau Claire, WI 54702-8187**

**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 **Citizens Bank, N. A.** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, between May 21, 1992, and October 8, 1996. The bank had a Satisfactory Record of Meeting Community Credit Needs at the 1992 CRA examination. 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:** Based on our current analysis, this institution is rated Satisfactory Record of Meeting Community Credit Needs. .

The bank is rated Satisfactory based on the bank's strong record of lending to businesses of different revenue levels and good loan to deposit ratio.

The following table indicates the performance level of Citizens Bank, N.A. with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	Citizens Bank, N.A. PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different sizes	X		
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior CRA examination		

## DESCRIPTION OF INSTITUTION

Citizens Bank, N.A. (CB) is a \$163 million financial institution headquartered in east central Wisconsin. In addition to the main office, the bank has five branch offices. The main office and East branch are located in the City of Shawano in a middle income geography. Another branch located in Embarrass serves the southern portion of the Shawano market and is also in a middle income geography. The three remaining branches are situated in Appleton, Ripon and Greenwood. CB opened or acquired these branches during 1994. Information on these branches is shown in the following table.

Category	Recent Branch Additions		
	Appleton	Greenwood	Ripon
Total Loans	\$4,634 <sup>1</sup>	\$12,959	\$1,677
Total Deposits	\$4,045	\$20,985	\$7,095
Total Assets	\$4,562	\$24,282	\$8,021
Geography Located In	Middle Income	Middle Income	Upper Income

CB offers a range of conventional and government-sponsored loan products reasonably suited to community credit needs. Its \$108 million loan portfolio consists primarily of residential (43%) and commercial (42%) loans. Agricultural (8%) and consumer (7%) loans account for the remainder of the portfolio. A majority of CB's new loans are originated at offices serving the Shawano market. There are no financial, legal, or other factors which impede the bank's ability to meet its CRA obligations.

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<sup>1</sup> Dollar figures in tables throughout this report are in 000's.

## DESCRIPTION OF ASSESSMENT AREAS

Due to the distance between the main office and the Appleton, Greenwood and Ripon branches, CB has four assessment areas. The assessment areas comply with regulatory requirements. The following two tables highlight relevant demographic information for each assessment area. Unless otherwise noted, the information is based on 1990 census data.

Assessment Area Demographic Information					
	Shawano AA <sup>2</sup>	Appleton AA	Greenwood AA	Ripon AA	Combined AA
Median Family Income	\$37,700 <sup>3</sup>	\$45,700 <sup>4</sup>	\$37,700	\$37,700	Not Available
Number of Families	11,178	13,342	4,994	4,095	33,609
Low Income Families	21%	15%	21%	13%	17%
Moderate Income Families	19%	18%	22%	17%	19%
Middle Income Families	28%	31%	27%	27%	29%
Upper Income Families	32%	36%	30%	43%	35%
Median Housing Value	\$46,900	\$65,950	\$36,500	\$55,150	Not Available
Total Population	41,005	48,886	19,146	15,452	124,489

The low and moderate income geographies in the next table are located near the outer limits of each applicable assessment area.

Block Numbering Area and Census Tract Information for Assessment Areas						
Type of Geography	Shawano AA	Appleton AA	Greenwood AA	Ripon AA	Combined AA	
					Total	Percent
Low Income	1	0	0	0	1	3%
Moderate Income	0	1	1	0	2	6%
Middle Income	11	11	4	3	29	88%
Upper Income	0	0	0	1	1	3%
Total	12	12	5	4	33	100%

Community contacts conducted by regulators within the past two years in the assessment areas disclosed no adverse information. Contacts included representatives of community economic development and housing authority organizations, and individuals engaged in

<sup>2</sup> AA = assessment area in tables throughout this report.

<sup>3</sup> Department of Housing and Urban Developments 1996 estimate for the State of Wisconsin non-metropolitan areas. This is also the median family income estimate for the Greenwood and Ripon assessment areas.

<sup>4</sup> Department of Housing and Urban Development's 1996 estimate for the Appleton-Oshkosh-Neenah metropolitan statistical area.

private business. Community credit needs were relatively uniform throughout the assessment areas. Credit needs included small business, affordable housing and home improvement loans. Local financial institutions, including CB, offer a variety of credit products to meet these needs.

### **ADDITIONAL INFORMATION ON THE SHAWANO ASSESSMENT AREA**

The Shawano assessment area consists of 12 block numbering areas and includes the eastern two-thirds of Shawano County, all of Menomonie County and a portion of Waupaca County. Menomonie County is comprised of one block numbering area and is the only geography designated as low income in the assessment area. The Menomonie Indian Reservation covers virtually all of Menomonie County. The majority of land in the county is held in trust for the benefit of the Menomonie Indian Reservation.

Although small, the local economy is stable and expanding. A diversified industrial base includes manufacturers in paper making products, textiles, wood products, iron works, agriculture and food processing. Proximity to Native American casinos and the Fox River Valley produces a continuous flow of tourists. Major industrial employers include 3-D Manufacturing, 21st Century Genetics, Aarrow Electric, AMPI-Morning Glory Farms, Hotz Manufacturing, Shawano Paper Mills and Vlastic Foods.

Competition among financial institutions in the assessment area is moderate. M&I Bank of Shawano is the bank's primary competitor for commercial and residential loans. Security Bank and First Northern Savings Bank also compete for a share of the local residential market.

### **ADDITIONAL INFORMATION ON THE APPLETON ASSESSMENT AREA**

The Appleton assessment area consists of 12 census tracts and includes portions of Outagamie, Winnebago and Calumet Counties. The assessment area is part of the Appleton-Oshkosh-Neenah Metropolitan Statistical Area.

The local economy is strong, diverse and growing. The three county metropolitan statistical area is ranked the 45th largest manufacturing center in the country. The area is home to the highest concentration of papermaking facilities in the world. Local employment in the paper industry accounts for 33% of all manufacturing employment. In addition to the paper industry, companies engaged in plastics, printing and graphic arts, machinery, metals and electronics flourish in the area while competing in local, national and world markets. The area is also a major center for retail trade and service industries. Retail development and sales have soared due to the growth of the Fox River Mall and major downtown redevelopments in area communities. Since the area's workforce is highly educated, the professional services industry is a rapidly growing segment of the local economy.

Competition among financial institutions in the area is strong. Primary competition for loans include M&I Fox Valley, Firststar Bank, Bank One, Associated Bank of Neenah, F&M of Appleton and TCF Savings Bank. Fox Cities Savings Bank, Security Bank SSB, Kimberly Credit Union and Kim-Central Credit Union of Neenah also compete for residential loans.

#### **ADDITIONAL INFORMATION ON THE GREENWOOD ASSESSMENT AREA**

The Greenwood assessment area consists of five block numbering areas and includes most of Clark County.

The area economy is stagnant, but stable. Although declining, the agricultural industry drives the local economy. Historically, the value of farm products sold in the county rank near the top 10% of all counties in the state. Although limited, the manufacturing sector represents a growing segment of the county's economy. Retail and wholesale trade, service, and government industries are also key components of the local economy. Major industrial employers in the area include Weather Shield Manufacturing, Abbyland Processing, Nelson Division and Grassland Dairy Products.

Competition among financial institutions in the assessment area is moderate. CB's primary lending competitors include M&I Central State Bank and the State Bank of Withee. First Financial Bank provides additional competition for mortgage loans.

#### **ADDITIONAL INFORMATION ON THE RIPON ASSESSMENT AREA**

The Ripon assessment area consists four block number areas and includes portions of Fond du Lac and Green Lake Counties.

The local economy is stable and diverse. The manufacturing, retail and wholesale, services and government sectors are key components in the local economy. Major employers in the area include Speed Queen, Ripon Foods, ADMANCO and Ripon Community Printers.

Competition among financial institutions in the assessment area is moderate. CB's primary loan competitors are M & I Central State Bank and Oshkosh Savings Bank.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

CB's loan to deposit ratio is good. The bank's average quarterly loan to deposit ratio since our previous CRA examination (May 1992) was 83%. This compares favorably to the average quarterly loan to deposit ratios of area, local and custom peer banks during the same period as shown in the following table:

Peer Description	Loan to Deposit Ratio	Range Within Peer	Number of Banks CB Exceeded
Area Peer <sup>5</sup>	75%	21% - 98%	34
Local Peer <sup>6</sup>	66%	56% - 81%	6
Custom Peer <sup>7</sup>	74%	68% - 85%	4

The majority of loan originations are within CB's assessment areas. Management monitors and reports outstanding loan locations by block numbering area or census tract. We verified the accuracy of these reports. An outstanding loan report by location is a reasonable proxy for the location of loan originations because CB does not buy or sell a significant volume of loans. We also sampled 212 residential and 74 commercial loan originations since January 1995 to complete our analysis. The next table demonstrates the volume of CB's lending in its assessment areas.

Lending Within Assessment Areas		
Type of Analysis	Percentage	
	Number	Dollar
All Outstanding Loans	80%	76%
Residential Loan Sample	86%	84%
Commercial Loan Sample	92%	94%

The geographic distribution of credit reflects adequate dispersion throughout the assessment areas. CB's performance in this category is consistent with the assessment area's income demographics, distance from the bank's offices and the location of competing financial institutions. The results from our sample of residential and commercial loans within the assessment areas are illustrated in the table on the following page.

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<sup>5</sup> 46 banks in a surrounding nine county area.

<sup>6</sup> Six banks in Shawano County.

<sup>7</sup> Five banks in Wisconsin similar in size and loan mix.



Geographic Distribution of Residential and Commercial Loans Sample										
Geography Characteristic	Shawano AA		Appleton AA		Greenwood AA		Ripon AA		Combined AA	
	Number	Dollar	Number	Dollar	Number	Dollar	Number	Dollar	Number	Dollar
Low Income	4%	3%	-	-	-	-	-	-	3%	3%
Moderate Income	-	-	11%	4%	5%	4%	-	-	2%	1%
Middle Income	96%	97%	89%	96%	95%	96%	100%	100%	95%	96%
Upper Income	-	-	-	-	-	-	-	-	-	-
Sample Totals	175	\$9,994	18	\$635	44	\$948	13	\$416	250	\$11,993

The distribution of credit among businesses of different revenues is good. We sampled 68 commercial loans within the assessment area and found that over 75% of commercial loans were to businesses with revenues less than \$500 thousand.

Distribution of Credit by Business Revenue Levels										
Business Revenue Characteristic (M = 000's)	Shawano AA		Appleton AA		Greenwood AA		Ripon AA		Combined AA	
	Number	Dollar	Number	Dollar	Number	Dollar	Number	Dollar	Number	Dollar
< \$100M	18%	12%	60%	60%	40%	27%	75%	68%	29%	15%
\$100M - \$250M	23%	12%	20%	20%	47%	52%	-	-	27%	15%
\$250M - \$500M	30%	22%	20%	25%	-	-	-	-	21%	20%
\$500M - \$1MM	9%	10%	-	-	7%	5%	-	-	7%	9%
> \$1MM	20%	44%	-	-	6%	16%	25%	32%	16%	41%
Sample Totals	44	\$4,215	5	\$101	15	\$379	4	\$63	68	\$4,758

The distribution of credit by borrower income levels is reasonable. We sampled 182 residential loans and determined that CB's record of lending in this performance category is consistent with the income demographics of families in the assessment areas.

Distribution of Credit by Borrower Income Levels										
Borrower Characteristic	Shawano AA		Appleton AA		Greenwood AA		Ripon AA		Combined AA	
	Number	Dollar	Number	Dollar	Number	Dollar	Number	Dollar	Number	Dollar
Low Income	8%	8%	8%	2%	14%	15%	13%	9%	9%	3%
Moderate Income	31%	31%	38%	44%	17%	13%	13%	3%	29%	23%
Middle Income	28%	28%	23%	18%	41%	39%	12%	19%	29%	26%
Upper Income	43%	33%	31%	36%	28%	33%	62%	68%	33%	48%
Sample Totals	132	\$5,816	13	\$534	29	\$566	8	\$319	182	\$7,235

We also viewed loan size as a proxy for CB's willingness to lend to low and moderate income borrowers and small businesses of varying revenues. The results of this analysis also support CB's performance in this category. About 73% of the bank's residential loans by number originated at balances less than \$50 thousand. And approximately 88% of commercial loans originated at balances less than \$100 thousand.

We did not identify any instances of illegal discrimination or discouragement of credit during the concurrent compliance review.