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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

February 4, 1997

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Peshtigo National Bank  
Charter #5658  
250 French Street  
Peshtigo, Wisconsin 54157**

**Office of the Comptroller of the Currency  
Iron Mountain Duty Station  
P.O. Box 666  
Iron Mountain, Michigan 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 CRA performance of **Peshtigo National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 4, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

**Institution's CRA Rating:** This institution is rated **Satisfactory** record of meeting community credit needs.

Peshtigo National Bank has a good record of originating loans to individuals of different income levels and to businesses of all sizes. The loan-to-deposit ratio is reasonable and a large majority of loans are to borrowers located in the assessment area.

The following table indicates the performance level of Peshtigo National Bank with respect to each of the five performance criteria.

Small Institution Assessment Criteria	Peshtigo National Bank 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 evaluation		

## **DESCRIPTION OF INSTITUTION**

Peshtigo National Bank is a \$39 million bank with the main office located in downtown Peshtigo, Wisconsin, a middle-income Block Numbering Area (BNA). There are no bank branches. The bank is owned by Peshtigo National Bancorporation, a one-bank holding company located in Peshtigo, Wisconsin.

The bank offers traditional community bank services with a loan portfolio representing 64% of total assets. The loan portfolio is 38% commercial, 13% consumer and 49% residential mortgages. There are no financial, legal, or other impediments which would hinder the bank's ability to help meet credit needs of its assessment area.

## **DESCRIPTION OF MARINETTE AND OCONTO COUNTIES**

The assessment area includes the southern portion of Marinette County and the northeastern corner of Oconto County and is comprised of 1 upper-, 8 middle- and 1 moderate-income BNA's. The moderate-income BNA is located in Marinette County on the outer edge of the bank's assessment area. The assessment area meets the regulatory criteria and does not arbitrarily exclude low- and moderate-income geographies.

The assessment area population according to the 1990 census is 35,205. Income levels of these 9,563 families are as follows: low-income - 22%; moderate-income - 19%; middle-income - 25%; and upper-income - 34%. The HUD median family income in a non-metropolitan area in Wisconsin was \$35,900 in 1995 and \$37,700 in 1996.

The local economy has been improving and continues to grow. The Peshtigo Industrial Park has contributed to the growth. The primary economic activities in the area are small manufacturing companies, paper mills, and commercial and industrial support services. Most employers pay competitive wages and there is a good demand for skilled and unskilled workers.

Competition is strong in the local market with branches from two larger banks and a credit union located in Peshtigo. Several other banks, a branch of a bank owned by a multi-state holding company and four credit unions all vie for business in the Marinette area.

A community contact was conducted with a local government official, who had only favorable comments concerning the bank's performance.

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

The loan-to-deposit ratio averaged 62% since the December 31, 1993 examination. The average loan-to-deposit ratios of the three other similar sized banks located in the assessment area range from 56% to 75% over the same period, with two banks having a higher average ratio than Peshtigo National Bank.

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

A large majority of loans are in the assessment area as shown by the following table:

<b>Percent of Outstanding Loans in the Assessment Area</b>	<b>Dollar Amount of Loans</b>	<b>Number of Loans</b>
Commercial Loans	97%	95%
Residential Real Estate Loans	87%	89%
Consumer Loans	94%	91%

The above analysis of loans represents loans made or renewed by the bank during 1996. The analysis does not include all loans in the bank's portfolio but provides an accurate representation of the bank's lending practices within the assessment area.

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

The bank does a good job of lending to borrowers of different incomes and to businesses of different sizes. Commercial borrowers have a wide diversity of gross revenue levels ranging from a few thousand to several million dollars. A random sample of 40 commercial customer files indicates the following breakdown of annual revenues.

<b>Annual Revenue</b>	<b>&lt;\$100M</b>	<b>\$100M - \$500M</b>	<b>\$501M - \$1MM</b>	<b>&gt;\$1MM</b>
# of Loans	12	14	6	8
Percent	30%	35%	15%	20%

As indicated above, a majority of the bank's commercial loans are made to small businesses having less than \$1 million in annual revenue.

The following table is based on an analysis of the 63 loan files reviewed during our examination of the bank's compliance with consumer laws and regulations. These files were for unsecured and secured consumer loans and also residential real estate mortgage products. These customers were randomly selected from all consumer loans originated since September 30, 1996.

<b>Family Income Level of Borrower</b>	<b>Low-Income</b>	<b>Moderate-Income</b>	<b>Middle-Income</b>	<b>Upper-Income</b>
# of Loans	21	24	10	8
Percent of Loans	33%	38%	16%	13%

Family Income Level of Borrower	Low-Income	Moderate-Income	Middle-Income	Upper-Income
Percent of Families in Assessment Area	22%	19%	25%	34%

As indicated by the above table, the percentages of loans made to low- and moderate-income borrowers are significantly larger than the actual percent of these families located in the assessment area.

### **Geographic Distribution of Loans:**

Our analysis of the loan portfolio indicates there is a reasonable geographic distribution of customers throughout the assessment area.

Income Level of BNA	Percent Located in Moderate-Income BNA	Percent Located in Middle-Income BNA's	Percent Located in Upper-Income BNA
Loan Customers	4%	77%	19%
Number of Families in the Assessment Area	7%	86%	7%

A smaller percentage of loans are made to borrowers located in the moderate-income BNA and the middle-income BNA's than the percentage of families that live there. The percentage of borrowers in the upper-income BNA significantly exceeds the percentage of families that live there.

The moderate-income BNA is located on the outer edge of the bank's assessment area. Banks in Crivitz and Wausaukee are more accessible for the consumer in that BNA. The percentage of loan customers in the moderate-income BNA is reasonable based on its location.

The upper-income BNA borders the Peshtigo city limits and is very close to this bank's office. Comparing the upper-income BNA ratios with the ratios of the middle-income BNA in which the bank office is located shows similar results. Loan customers in that middle-income BNA represent 47% of the total while the number of families represent 13%. Based on this, the level of loans made in the upper-income BNA is considered reasonable.

### **Other:**

No violations were found during our review of the bank's compliance with antidiscrimination laws and regulations.