



PUBLIC DISCLOSURE

March 28, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank in Tigerton
Charter Number 14150

Cedar and Ash Streets
Tigerton, WI 54486

Office of the Comptroller of the Currency

High Pointe on Mayfair
1200 North Mayfair Road
Suite 200
Wauwatosa, WI 53226-3282

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 Lending Test is rated Satisfactory.

The major factors supporting the institution's rating include:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs of the assessment areas.
- A majority of loan originations are made within the bank's assessment area (AA).
- The borrower distribution of home mortgage loans reflects excellent penetration among borrowers of different incomes. The borrower distribution of consumer loans reflects excellent penetration among borrowers of different income levels.
- The geographic distribution of home mortgage loans reflects reasonable dispersion among geographies in the bank's assessment area. The geographic distribution of consumer loans reflects reasonable dispersion among geographies in the bank's assessment area.

Scope of Examination

We evaluated the First National Bank in Tigerton's (FNB Tigerton) Community Reinvestment Act (CRA) performance under the Small Bank Lending and Community Development Tests. In evaluating the bank's lending performance, we reviewed data for the bank's primary loan products, which are consumer and residential real estate loans.

The evaluation period covers the period since the date of the previous CRA exam, January 21, 2010, through March 28, 2016. The Lending Test evaluated loans originated between January 1, 2014 and December 31, 2015.

We selected a sample of residential mortgage loans and consumer loans from bank generated reports in order to assess the bank's lending performance. We reviewed the bank's consumer portfolio instead of the commercial portfolio, which represents a greater percentage by dollar amount, due to the very low number of commercial loans originated. New and refinanced commercial relationships, excluding land development loans, totaled less than 10 relationships and would not have represented a sufficient sample size.

The analysis of the Lending Test was performed using the most recent available demographic data. Conclusions were based on residential real estate and consumer loan performance in the bank's assessment area. Conclusions were based on analysis of residential real estate and consumer loans because these products represent the majority of the bank's lending activities by quantity of loans.

DESCRIPTION OF INSTITUTION

FNB Tigerton is a \$21 million bank with its main office located in Tigerton, Wisconsin, a middle income census tract (CT). The bank is wholly owned by Tigerton Bancorporation Inc., a one bank holding company. The bank consists of the main office in Tigerton and a branch in Bowler, WI. The main location is located in a middle income CT; the Bowler branch is in a moderate income CT. All financial information is as of December 31, 2015.

The bank's business strategy is to serve the credit and depository needs of their local community. The bank offers a variety of traditional products and services including commercial, real estate, and consumer loans and various deposit and financial products. As of December 31, 2015, the loan portfolio represented 51.01 percent of total assets. The bank's primary loan product is home mortgage loans; the bank also offers consumer, commercial, and agricultural loans. By dollar volume, the loan portfolio consists of residential real estate loans (61.87 percent), commercial loans (24.90 percent), consumer loans (4.49 percent), agricultural loans (6.23 percent), and other loans (2.51 percent).

There are no legal or financial impediments limiting the bank's ability to meet the credit needs of the AA. FNB Tigerton's last CRA evaluation was dated January 21, 2010, using Small Bank procedures. The bank received a "Satisfactory" rating.

DESCRIPTION OF ASSESSMENT AREA

The bank's AA includes four CTs located in central Wisconsin. The AA does not lie within a metropolitan statistical area (MSA). The AA consists of three middle income CTs (75 percent) and one moderate income CT (25 percent). The AA includes only the western half of Shawano County, WI. Given the bank's asset size, available resources, and limited branch locations, the designation of the entire Shawano County would be too large for the bank to reasonably serve. The AA complies with regulatory requirements and does not arbitrarily exclude any low- or moderate-income geographies.

According to 2010 census data, the total population of the bank's AA is 16,343, which is comprised of 4,506 families. Income levels for these families are as follows: 1,004 low-income families (22.3 percent), 1,028 moderate-income families (22.8 percent), 1,063 middle-income families (23.6 percent), and 1,411 upper-income families (31.3 percent). The 2010 U.S. Census estimated median family income (MFI) is \$50,352 for the bank's AA. The 2014 and 2015 updated Department of Housing and Urban Development (HUD) estimated MFIs are \$60,600 and \$61,500, respectively. In addition, 13.7 percent of AA households have incomes that fall below the poverty level. Based on 2015 demographic data, the AA has 669 non-farm businesses. Of these businesses, 523 (78.2 percent) had revenues less than or equal to \$1 million, 46 (6.9 percent) had revenues greater than \$1 million, and 100 (14.9 percent) did not report revenue.

President Robbins sees the local economy improving due to the rebound of one of the area's largest businesses, Tigerton Lumber. During the financial crisis, Tigerton Lumber's sales slowed, which caused a ripple effect throughout the market. The effect has reversed in the past few years, which has allowed the local economy to improve and real estate sales to resume. The financial crisis did not have a significant impact on home values, but it significantly slowed real estate sales. Since the previous CRA Performance Evaluation (January 2010), Shawano County unemployment has fallen from 12.3 percent to 4.2 percent (as of November 2015). This trend correlates highly with the Wisconsin state unemployment rate, which fell from 10.1 percent to 4.2 percent in the same period.

In assessing the bank's CRA performance, we contacted a member of Tigerton Main Street, Inc. to determine the community's profile and the performance of local financial institutions. The contact stated that local financial institutions are meeting the credit needs of the community.

Competition in the area is relatively strong; FNB Tigerton is one of the smallest institutions serving the AA. The bank's competitors include credit unions, branches of multi-state banks, and other community banks. According to June 30, 2015 FDIC market share data, FNB Tigerton has total deposits of \$17.6 million, with a market share of 4.23 percent. The bank is the second smallest and ranks eighth out of all FDIC insured institutions with at least one branch in the assessment area. The balance of the market share is divided among eight other institutions with market shares ranging from 3.53 percent to 29.07 percent.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

The bank's LTD ratio is reasonable given the bank's size, financial condition, and the credit needs of the community. The bank's quarterly LTD ratio averaged 62.39 percent over the 24 quarters from March 31, 2010 to December 31, 2015. The bank ranks third in a peer group which includes four similarly situated banks, with peer bank LTD ratios ranging from 38.85 percent to 75.26 percent in the specified time period. The banks in this peer group have total assets ranging from \$21 million to \$281 million; FNB Tigerton is the smallest bank in this group.

Lending in Assessment Area

The bank originates a majority of its loans to borrowers and businesses within its AA. A random sample of the bank's primary loan products shows that 86.05 percent of total loans by number and 91.96 percent of total loans by dollar amount were originated within the AA.

Lending in Assessment Area										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
RE - Home Purchase	4	100.00%	0	0.00%	4	\$439	100.00%	\$0	0.00%	\$439
RE - Home Refinance	14	87.50%	2	12.50%	16	\$825	88.87%	\$103	11.13%	\$929
RE - Home Improvement	3	100.00%	0	0.00%	3	\$104	100.00%	\$0	0.00%	\$104
Consumer Loans	16	80.00%	4	20.00%	20	\$193	85.31%	\$33	14.69%	\$226
Totals	37	86.05%	6	13.95%	43	\$1,561	91.96%	\$137	8.04%	\$1,697

Source: Sample of 43 bank records from 2014 and 2015 (verified by examiners).

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

The overall distribution of borrowers reflects excellent penetration among individuals of different income levels for residential and consumer loan products. The random sample for this review included the bank’s primary loan products, which are residential real estate loans and consumer loans.

The bank’s borrower distribution of residential real estate loans from 2014 to 2015 within the AA shows excellent penetration. Low- to moderate-income families represent 45.09 percent of total families within the AA. The bank originated 47.62 percent of its residential real estate loans to these individuals. The bank’s lending exceeded the percentages for both low and moderate income families.

Borrower Distribution of Residential Real Estate Loans in AA									
Borrower Income Level	Low		Moderate		Middle		Upper		Unavailable
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans
% of Total	22.28%	23.81%	22.81%	23.81%	23.60%	19.05%	31.31%	33.33%	0.00%

Source: Sample of 21 bank records from 2014 and 2015 (verified by examiners) and U.S. Census Demographic Data.

The bank’s borrower distribution for consumer loan products within the AA from 2014 to 2015 shows excellent penetration. Low to moderate income households make up 42.34 percent of households in the bank’s AA. The bank exceeded the demographic data, originating 50.00 percent of their consumer loans to low and moderate income individuals within the AA.

Borrower Distribution of Consumer Loans in AA									
Borrower Income Level	Low		Moderate		Middle		Upper		Unavailable
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of Number of Loans
% of Total	25.45%	31.25%	16.89%	18.75%	21.11%	31.25%	36.55%	18.75%	0.00%

Source: Sample of 16 bank records from 2014 and 2015 (verified by examiners) and U.S. Census demographic data.

Geographic Distribution of Loans

The overall geographic distribution of loans reflects reasonable dispersion throughout the bank’s AA. The random sample for this review included the bank’s primary loan products, which are residential real estate loans and consumer loans.

Based on 2014 and 2015 data, the geographic distribution of residential real estate loans within the bank’s AA reflects reasonable dispersion. The random loan sample shows that 9.52 percent of the bank’s loans are located in moderate-income CTs. This is below the demographic data, which shows that 23.91 percent of the AA’s owner-occupied housing is located in moderate-income CTs. The bank’s sole moderate income CT has a high level of families with income below the poverty line, with 12.53 percent of families below the poverty line. These families would generally not qualify for conventional mortgage loans. The CT also contains a portion of a Native American reservation, and roughly 31 percent of the tract’s population is made up of Native Americans. The majority of reservation land is held in trust by the Federal Bureau of Indian Affairs (BIA), and the bank cannot take a mortgage against this property. Additionally, the Stockbridge-Munsee Community offers tribal members loans funded through the tribe; further reducing the bank’s lending opportunities in the area. Because of these factors, we found the relatively low lending in the moderate-income tract to be reasonable.

Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
% of Real Estate Loans	0.00%	0.00%	23.91%	9.52%	76.09%	90.48%	0.00%	0.00%

Source: Sample of 21 bank records from 2014 and 2015 (verified by examiners) and U.S. Census Demographic Data.

The geographic distribution of consumer loans for 2014 and 2015 within the bank’s AA reflects reasonable dispersion. The random loan sample shows that 12.50 percent of the bank’s consumer loans are located in the moderate-income CT. This is less than the demographic data, which shows that 23.91 percent of the AA’s households are located in moderate-income CTs. Taking into consideration the factors noted above, as well as competition in the area from other institutions, and the Stockbridge-Munsee

Community’s tribal member lending program, we found the bank’s consumer lending in the moderate income CT to be reasonable.

Geographic Distribution of Consumer Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
% of Total	0%	0.00%	24.27%	12.50%	75.73%	87.50%	0.00%	0.00%

Source: Sample of 16 bank records from 2014 and 2015 (verified by examiners) and U.S. Census demographic data.

Responses to Complaints

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

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), in determining a national bank’s (bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.