



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# **INTERMEDIATE SMALL BANK**

## **PUBLIC DISCLOSURE**

May 31, 2016

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

The Stephenson National Bank and Trust  
Charter Number 4137

1820 Hall Avenue  
Marinette, WI 54143

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Milwaukee Field Office  
1200 North Mayfair Road, Suite 200  
Wauwatosa, WI 53226

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.

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

**The Lending Test is rated Satisfactory.**

**The Community Development Test is rated Satisfactory.**

The major factors supporting the institution's rating include:

- The loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and credit needs of the assessment areas.
- A substantial majority of loan originations are made within the bank's assessment areas.
- The borrower distribution of loans reflects reasonable penetration among borrowers of different incomes. The borrower distribution of loans reflects reasonable penetration among businesses of different sizes.
- The geographic distribution of home mortgage loans reflects excellent dispersion among geographies. The geographic distribution of business loans reflects reasonable dispersion among geographies.
- The bank's community development performance through community development loans, qualified investments, and services demonstrates adequate responsiveness to community development needs in the assessment areas.

## **Scope of Examination**

We evaluated Stephenson National Bank & Trust's (SNBT) Community Reinvestment Act (CRA) performance under the Intermediate Small Bank Lending and Community Development Tests. SNBT was previously evaluated under Small Bank procedures. We reviewed data for the bank's primary loan products, home mortgage loans and small business loans, to evaluate the bank's lending performance.

The evaluation period covers the period since the date of the previous CRA examination, June 17, 2013, through May 31, 2016. The Lending Test evaluated loans originated between January 1, 2014 and December 31, 2015. The Community Development Test covered community development loans, investments, and services during the entire evaluation period.

The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). Prior to conducting this evaluation, the HMDA data was tested and found to be reliable. Therefore, reported HMDA data was used in our evaluation of residential real estate lending. To evaluate small business lending, we used both data from the bank's loan trial balance as well as random samples of business loans for each of the bank's assessment areas. We obtained the most recent demographic data available.

Conclusions were based on residential real estate and commercial business loan performance in the Marinette County assessment area in Wisconsin and the Menominee assessment area in Michigan. Conclusions were based on analysis of residential real estate and commercial loans as these products represent a majority of the bank's lending activities.

We reviewed the bank's community development loans, investments, and services based on information provided by the bank. We took into account those that met the regulatory definition for community development in our analysis of the Community Development Test.

## **Description of Institution**

SNBT is a \$462 million financial institution headquartered in Marinette, WI. The main office is located in a middle-income census tract (CT). SNBT is an interstate bank with operations in Wisconsin and Michigan.

The bank is wholly owned by Stephenson National Bancorp, a one-bank holding company also located in Marinette, WI with approximately \$469 million in total assets as of December 31, 2015.

During the evaluation period, SNBT acquired one bank in Wisconsin. Bank North was acquired in October 2014 and resulted in the addition of four branches from the merger, with only two of those locations expanding the geographic market (Crivitz and Pembine, WI).

The bank offers traditional community bank products and services and is primarily a commercial lender. Total loans represent 73 percent of total assets as of March 31, 2016. By dollar volume, the loan portfolio consists of commercial loans (69 percent), residential real estate loans (29 percent), consumer loans (2 percent), and agricultural loans (less than 1 percent). Tier 1 capital totaled \$44 million. All financial information is as of March 31, 2016.

The bank's business strategy has been to serve the credit and depository needs of its local community. The bank offers commercial and residential products.

There are no legal or financial factors impeding the bank's ability to help meet the credit needs in its assessment areas. SNBT was evaluated as a small bank and received a "Satisfactory" rating at its prior CRA examination dated June 17, 2013.

## **Selection of Areas for Full-Scope Review**

Our analysis included a full-scope evaluation for the bank's Marinette, WI assessment area (AA), which represents the majority of the bank's lending and customer deposits. Since the bank has a branch located in Menominee, MI, this AA was evaluated under full-scope procedures. A limited scope evaluation was performed for the Oconto County

AA, which is part of the Green Bay, WI Metropolitan Statistical Area (MSA), where there is a relatively lower volume of lending and deposits.

## Ratings

The institution's overall rating is based on results from the state of Wisconsin. Within this state, the Marinette County AA received the most weight. This area represents a majority of the institution's lending and customer deposits.

The institution's CRA rating takes into account the ratings in different states by considering:

- The significance of the bank's activities in each state compared with the bank's overall activities.
- The lending opportunities in each state.
- The importance of the bank in providing loans to each state area, particularly in light of the number of other institutions and the extent of their activities in each state.
- Demographic and economic conditions in each state.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each "State Rating" section for details regarding how the areas were weighted in arriving at the respective ratings.

## Conclusions with Respect to Performance Criteria

### Loan-to-Deposit Ratio

SNBT's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and credit needs of the community. The average quarterly loan-to-deposit ratio for the bank since the last CRA examination was 92.33 percent, which ranks first in a peer group of five other banks. The peer group consists of banks with assets ranging from \$68 million up to \$199 million. SNBT has the largest asset size within the peer group. The average loan-to-deposit ratio for the five banks located in the assessment areas over the same time period ranged from 56.01 percent up to 75.96 percent.

### Lending in Assessment Area

SNBT originates a substantial majority of its loans to borrowers and businesses within its AAs. A review of the primary loan products shows that 91.97 percent by number and 81.87 percent by dollar volume of loans were made to businesses and individuals located within the bank's AAs.

Lending in the Assessment Areas										
Type of Loan	Number of Loans				Dollars of Loans (000's)					
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
RE - Home Purchase	250	89.29%	30	10.71%	280	\$25,252	80.88%	\$5,971	19.12%	\$31,223
RE - Home Refinance	307	95.05%	16	4.95%	323	\$35,974	94.13%	\$2,243	5.87%	\$38,217
RE - Home Improvement	38	95.00%	2	5.00%	40	\$9,508	98.02%	\$192	1.98%	\$9,700
Commercial Wisconsin	27	96.43%	1	3.57%	28	\$3,958	95.19%	\$200	4.81%	\$4,158
Commercial Oconto Co	20	83.33%	4	16.67%	24	\$1,036	10.74%	\$8,611	89.26%	\$9,647
Commercial Michigan	22	81.48%	5	18.52%	27	\$4,632	88.89%	\$579	11.11%	\$5,211
Totals	664	91.97%	58	8.03%	722	\$80,360	81.87%	\$17,796	18.13%	\$98,156

Source: 2014-2015 HMDA data and sample of bank records (verified by examiners)

## 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.

## State Rating

### State of Wisconsin

**CRA Rating for the state of Wisconsin is Satisfactory.**

**The Lending Test is rated Satisfactory.**

**The Community Development Test is rated Satisfactory.**

The major factors supporting the institution's rating include:

- The borrower distribution of home mortgage loans reflects reasonable penetration among borrowers of different incomes. The borrower distribution of business loans reflects reasonable penetration among businesses of different sizes.
- The geographic distribution of home mortgage loans reflects excellent dispersion among geographies in the Marinette, WI assessment area. The geographic distribution of business loans reflects reasonable dispersion among geographies in the Marinette, WI assessment area.
- The bank's community development performance through community development loans, qualified investments, and services demonstrates adequate responsiveness to community development needs in the assessment areas.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN WISCONSIN

SNBT has designated two assessment areas in the state of Wisconsin. The Marinette AA consists of all of Marinette County and is in a non-MSA. The Oconto County AA consists of the southeastern corner of Oconto County, which is part of the Green Bay MSA. There are six branches, with one branch being located in a moderate-income CT, and six Automated Teller Machines (ATMs) in the state of Wisconsin.

### Wisconsin Non-MSA – Marinette County

The assessment area is comprised of 12 CTs, of which zero are low-income, four (33.34 percent) are moderate-income, seven (58.33 percent) are middle-income, and one (8.33 percent) is upper-income.

The total population of the AA is 41,749, which is comprised of 12,173 families. The number of families at each income level is as follows: 2,772 low-income families (22.77 percent), 2,624 moderate-income families (21.56 percent), 2,655 middle-income families (21.81 percent), and 4,122 upper-income families (33.86 percent). The average median family income is \$50,903, and the HUD 2015 updated MSA median family income is \$61,500. The percentage of families below the poverty level is 9.85 percent. Owner-occupied units comprise 49.06 percent of total housing units. Based on 2015 demographic data, the total number of businesses with reported revenues in this AA was 2,434. Of these businesses, 1,810 (74.36 percent) had gross

revenues of less than \$1 million, 146 (6.00 percent) had gross revenues of \$1 million or over, and 478 (19.64 percent) had revenues not reported.

According to the Bureau of Labor Statistics, the unemployment rate as of March 2016 for Marinette County was 6.9 percent. This is higher than Wisconsin's unemployment rate of 5.0 percent.

The local economy is characterized as stable. There has been steady growth over the years with the manufacturing industry providing the most job opportunities. Major employers include Marinette Marine Corp, Karl Schmidt Unisa Inc., Waupaca Foundry, and Bay Area Medical Center.

Competition among financial institutions is strong. The bank's competitors include local and regional banks, multi-state banks, and credit unions. In total deposits, SNBT, with a deposit market share of 27.36 percent, ranks first out of all FDIC-insured institutions located within the bank's AA. This is based upon FDIC market share data as of June 30, 2015. The balance of the market share is divided among 11 other FDIC-insured institutions with market shares ranging from a high of 15.22 percent down to a low of 0.64 percent.

In conducting this assessment of the bank's performance, we contacted a representative from a local economic development corporation. The contact stated that local financial institutions are meeting the credit needs of the community. The contact stated that there is always a need for more operating capital for smaller manufacturing businesses in the area.

#### Oconto County, partial Green Bay MSA

The AA is comprised of seven CTs, of which zero are low-income, two (28.57 percent) are moderate-income, five (71.43 percent) are middle-income, and zero are upper-income. Given the bank's size and branching network, it could not reasonably serve all of the Green Bay MSA.

The total population of the AA is 29,858, which is comprised of 9,049 families. The number of families at each income level is as follows: 2,097 low-income families (23.17 percent), 1,777 moderate-income families (19.64 percent), 2,181 middle-income families (24.10 percent), and 2,994 upper-income families (33.09 percent). The average median family income is \$59,342, and the HUD 2015 updated MSA median family income is \$68,500. The percentage of families below the poverty level is 8.61 percent. Owner-occupied units comprise 72.49 percent of total housing units. Based on 2015 demographic data, the total number of businesses with reported revenues in this AA was 1,954. Of these businesses, 1,655 (84.70 percent) had gross revenues of less than \$1 million, 76 (3.89 percent) had gross revenues of \$1 million or over, and 223 (11.41 percent) had revenues not reported.

According to the Bureau of Labor Statistics, the unemployment rate as of March 2016 for Oconto County was 6.0 percent. This is higher than Wisconsin's unemployment rate of 5.0 percent.

The local economy is characterized as stable. There is continued employment growth occurring in the manufacturing, trade, transportation, and utilities sector. Major employment sectors include natural resources, construction, and manufacturing. Major employers include Community Memorial Hospital, Saputo Cheese, KCS International, and Diversified Woodcrafts.

## **SCOPE OF EVALUATION IN WISCONSIN**

We selected the Marinette County, Wisconsin AA for the full-scope review. Full-scope reviews consider performance context, quantitative, and qualitative factors. The AA selected for the full-scope review was chosen because it represents a significant portion of the institution's deposit base and lending business in Wisconsin. The Oconto County AA in Wisconsin was analyzed using limited-scope procedures. Limited-scope procedures consider quantitative factors only.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WISCONSIN**

### **LENDING TEST**

The bank's performance under the lending test in the Marinette County AA is rated Satisfactory.

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

The overall distribution of borrowers within the AAs reflects reasonable penetration among individuals of different income levels and reasonable penetration among businesses of different sizes.

The borrower distribution for residential real estate loans within the AA reflects reasonable penetration. The bank originated 9.77 percent of mortgage loans to low-income families, which is less than the demographics that shows 22.77 percent of families are low-income. The bank originated 24.61 percent of mortgage loans to moderate-income families, which exceeds the demographics that shows 21.56 percent of families are moderate-income. We considered this performance reasonable with the low-income borrowing below the demographics and moderate-income borrowing slightly above the demographics.

Borrower Distribution of Residential Real Estate in Marinette, WI 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	22.77%	9.77%	21.56%	24.61%	21.81%	22.27%	33.86%	40.63%	2.73%

Source: 2014-2015 HMDA data (verified by examiners) and 2010 U.S. census demographic data.

The borrower distribution for business loans within the AA reflects reasonable penetration. Our random sample shows the bank originated 74.07 percent of loans by number and 76.92 percent of loans by dollar amount, to businesses with \$1 million in revenues or less. This is similar to with the demographics, which shows 74.36 percent of AA businesses with revenues less than or equal to \$1 million.

Borrower Distribution to Businesses in Marinette, WI AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	74.36%	6.00%	19.64%	100.00%
% of Bank Loans in AA by #	74.07%	25.93%	0.00%	100.00%
% of Bank Loans in AA by \$	76.92%	23.08%	0.00%	100.00%

Source: Sample of bank records (verified by examiners) and Dunn & Bradstreet Business Demographic Data

Based on the limited scope review of Oconto County, the bank's performance under the borrower distribution among individuals of different income levels and businesses of different sizes is not inconsistent with the bank's overall performance. The borrower distribution for residential real estate loans made to moderate-income borrowers reflects excellent penetration. The borrower distribution for business loans within the AA reflects excellent penetration.

## Geographic Distribution of Loans

The overall geographic distribution of business and residential loans reflects reasonable dispersion throughout the bank's AA.

The geographic distribution of home mortgage loans in the AA reflects excellent dispersion. The percent of moderate-income owner occupied housing is 34.70 percent, while the bank made 35.16 percent of its loans in moderate-income CTs.

Geographic Distribution of Residential Real Estate in Marinette, WI AA								
CT 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 Total	0.00%	0.00%	34.70%	35.16%	57.46%	51.56%	7.84%	13.28%

Source: 2014-2015 HMDA data (verified by examiners) and 2010 U.S. census demographic data.

Based on our random sample selected, the geographic distribution of business loans in the AA reflects reasonable dispersion. The percent of AA businesses in moderate-income CTs is 25.68 percent. The bank made 18.52 percent of its loans to these businesses.

Geographic Distribution of Commercial Loans in Marinette, WI AA								
CT Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	0.00%	0.00%	25.68%	18.52%	68.73%	74.07%	5.59%	7.41%

Source: Sample of bank records (verified by examiners) and Dunn & Bradstreet Business Demographic Data

Based on limited scope review of Oconto County, the bank's performance under the geographic distribution of home mortgages and business loans is not inconsistent with the bank's overall performance. The geographic distribution of home mortgage loans in the AA reflects excellent dispersion. The geographic distribution of business loans in the AA reflects excellent dispersion

## Responses to Complaints

The institution has not received any CRA-related complaints since the last examination.

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in the state of Wisconsin is rated Satisfactory. Community development performance through community development loans, qualified investments, and services demonstrates adequate responsiveness to community development needs in the AA.

### **Number and Amount of Community Development Loans**

SNBT has an adequate level of community development loans. The bank made three community development loans, totaling \$115,000.

One loan was to an economic development organization in the amount of \$100,000 to purchase property to construct a center to provide much needed skilled workforce training and job creation in the region, specifically for maritime-based companies and other compatible businesses.

One loan was funded in the amount of \$10,000 to a local organization to provide capital for a program. The program is based on home visits with low-income clients. Assistance is provided to pay for utilities or car expenses.

One loan was funded in the amount of \$5,000 as an increase to an existing line of credit to an affordable housing organization. The funds will pay property taxes on behalf of the organization's homeowners, who are low-income individuals and families.

Small Business Administration (SBA) loans are available in the Wisconsin AAs for businesses that may not qualify for conventional loan terms. Under the SBA program, the bank originated 17 small business loans totaling \$3 million. These loans would have already been reported under the small business lending test.

Community development lending in the limited scope area is considered poor. No community development loans were originated in Oconto County during the evaluation period. This market is very saturated with larger financial institutions that are able to participate in larger community development initiatives, with small institutions not being able to compete.

### **Number and Amount of Qualified Investments**

The level of qualified community development investments is adequate.

The bank's qualified investments included donations to 16 organizations totaling \$97,426. These donations supported social services for low- and moderate-income individuals, including a free clinic, food pantries, domestic abuse shelters, and homeless shelters.

Based on limited scope reviews, the institution's performance under qualified investments is not inconsistent with the institution's overall performance. Several of the organizations in Marinette County also serve Oconto County and were included in the totals above.

### **Extent to Which the Bank Provides Community Development Services**

The bank provides an adequate level of community development services through its branches, products, and activities with local organizations that support many

undertakings directly benefiting low- and moderate-income individuals. The bank has two branches in Wisconsin located in a moderate-income CT. The bank offers a full range of consumer and commercial banking products and services at all branches.

SNBT employees are involved in a variety of community development services that reflect adequate responsiveness to the communities' needs. Many of the bank's employees are involved with organizations that promote economic development, or provide services for low- and moderate-income individuals.

Although not a comprehensive list, some of the community development services include:

One member of Senior Management serves as Chairman for an economic development corporation. This organization promotes industrial and business development in Marinette County through a revolving loan fund.

Three employees serve an organization that offers free health services or discounted health services to those who qualify. One employee served as Treasurer of the organization, one employee served as a board member, and one employee served as Director.

One employee served as a member of the Home Owner Selection Committee for an affordable housing organization in Marinette County.

### **Responsiveness to Community Development Needs**

SNBT's performance in this area, with consideration given to available opportunities, reflects adequate responsiveness to community needs.

## State Rating

### State of Michigan

**CRA Rating for the state of Michigan is Satisfactory.**

**The Lending Test is rated Satisfactory.**

**The Community Development Test is rated Satisfactory.**

The major factors supporting the institution's rating include:

- The borrower distribution of home mortgage loans reflects reasonable penetration among borrowers of different incomes. The borrower distribution of business loans reflects excellent penetration among businesses of different sizes.
- The bank's community development performance through community development loans, qualified investments, and services demonstrates adequate responsiveness to community development needs in the assessment area.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN MICHIGAN

SNBT has designated one AA in the state of Michigan. The non-MSA AA includes six CTs in Menominee County, Michigan, of which all are middle-income. There is one branch and one Automated Teller Machine (ATM) in the state of Michigan.

The total population of the AA is 20,508, which is comprised of 6,318 families. The number of families at each income level is as follows: 1,009 low-income families (15.97 percent), 1,285 moderate-income families (20.34 percent), 1,752 middle-income families (27.73 percent), and 2,272 upper-income families (35.96 percent). The average median family income is \$50,297, and the HUD 2015 updated MSA median family income is \$54,700. The percentage of families below the poverty level is 8.01 percent. Owner-occupied units comprise 63.54 percent of total housing units. Based on 2015 demographic data, the total number of businesses with reported revenues in this AA was 936. Of these businesses, 706 (75.43 percent) had gross revenues of less than \$1 million, 51 (5.45 percent) had gross revenues of \$1 million or over, and 179 (19.21 percent) had revenues not reported.

According to the Bureau of Labor Statistics, the unemployment rate as of March 2016 for Menominee County was 5.2 percent. This is almost in line with Michigan's unemployment rate of 5.1 percent.

The local economy is characterized as stable. There is a strong and diverse manufacturing base in the City of Menominee, which takes advantage of the port facilities of the Menominee River. Major employers include Marinette Marine Corp., Bay Area Medical Center, Lloyd Flanders Industries, LE Jones Co., and Menominee Paper.

Competition among financial institutions is strong. The bank's competitors include multi-state banks and credit unions. In total deposits, SNBT, with a deposit market share of 21.68 percent, ranks second out of all FDIC-insured institutions located within the bank's AA. This is based upon FDIC market share data as of June 30, 2015. The balance of the market share is divided among five other FDIC-insured institutions with market shares ranging from a high of 31.30 percent down to a low of 3.81 percent.

In conducting this assessment of the bank's performance, we contacted a representative from a local economic development corporation. The contact stated that local financial institutions are meeting the credit needs of the community.

## **SCOPE OF EVALUATION IN MICHIGAN**

The Menominee, MI AA was selected for a full scope review. This is the only AA in Michigan.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MICHIGAN**

### **LENDING TEST**

The bank's performance under the lending test in the state of Michigan is rated Satisfactory.

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

The overall distribution of borrowers within the AA reflects reasonable penetration among individuals of different income levels and excellent penetration among businesses of different sizes.

The borrower distribution for residential real estate loans within the AA reflects reasonable penetration. The bank originated 5.34 percent of mortgage loans to low-income families and 23.66 percent to moderate-income families. The bank's lending to low-income borrowers is less than the demographics, while the lending to moderate-income borrowers exceeds the demographics. We considered the bank's performance reasonable given their lending exceeds the demographics for moderate-income borrowers.

Borrower Distribution of Residential Real Estate in Menominee, MI AA									
Borrower Income Level	Low		Moderate		Middle		Upper		
	% 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 Total	15.97%	5.34%	20.34%	23.66%	27.73%	24.43%	35.96%	38.93%	7.64%

Source: 2014-2015 HMDA data (verified by examiners) and 2010 U.S. census demographic data.

The borrower distribution for business loans within the AA reflects excellent penetration. Our random sample shows the bank originated 77.27 percent of loans by number and 69.59 percent of loans by dollar to businesses with \$1 million in revenues or less. This exceeds the demographics, which shows 75.43 percent of AA businesses with revenues less than or equal to \$1 million.

Borrower Distribution to Businesses in Menominee County, Michigan				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	75.43%	5.45%	19.12%	100.00%
% of Bank Loans in AA by #	77.27%	22.73%	0.00%	100.00%
% of Bank Loans in AA by \$	69.59%	30.41%	0.00%	100.00%

Source: Sample of bank records (verified by examiners) and Dunn & Bradstreet Business Demographic Data

## Geographic Distribution of Loans

There are no low- or moderate-income CTs located in Menominee, MI; therefore, a geographic distribution analysis would not provide meaningful information.

## Responses to Complaints

The institution has not received any CRA-related complaints since the last examination.

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the Michigan AA is rated Satisfactory. The bank's community development performance through community development loans, qualified investments, and services demonstrates adequate responsiveness to community development needs in the AA.

### **Number and Amount of Community Development Loans**

SNBT has an adequate level of community development loans. The bank made one community development loan, totaling \$320,000.

The bank originated this \$320,000 loan to assist a homeless shelter purchase and renovate a former church. The new shelter will serve men, women, and families that are homeless in Menominee, MI.

Small Business Administration (SBA) loans are available in the AA for businesses that may not qualify for conventional loan terms. Under the SBA program, the bank originated three small business loans totaling \$70,000. These loans would have already been reported under the small business lending test.

### **Number and Amount of Qualified Investments**

The level of qualified community development investments is adequate.

The bank's qualified investments included donations to six organizations, totaling \$39,580. These donations supported social services for low- and moderate-income individuals and small business development.

### **Extent to Which the Bank Provides Community Development Services**

The bank provides an adequate level of community development services through its branches, products, and activities with local organizations that support many undertakings directly benefiting low- and moderate-income individuals. The bank offers a full range of consumer and commercial banking products and services at the Menominee, MI branch.

SNBT employees are also involved in a variety of community development services that reflect adequate responsiveness to the communities' needs. Many of the bank's employees are involved with organizations that promote economic development, or provide services for low- and moderate-income individuals.

Although not a comprehensive list, some of the community development services include:

One employee serves as President for a Business Development Corporation. This organization provides economic development services to small businesses and start-up businesses to the area.

One employee served as an audit committee member for a community foundation. This organization provides support to families in the form of gas cards, food pantries, and assistance for rent and utilities.

### **Responsiveness to Community Development Needs**

SNBT's performance in this area, with consideration given to available opportunities, reflects adequate responsiveness to community needs.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliated activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: January 1, 2014 to December 31, 2015 Community Development Test: June 17, 2013 to May 31, 2016	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Stephenson National Bank and Trust Marinette, Wisconsin		
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NA		
<b>List of AAs and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b><u>Wisconsin</u></b>	Full Scope	All of Marinette County
	Limited Scope	Oconto County, Portion of Green Bay, WI MSA
<b><u>Michigan</u></b>		
Non MSA	Full Scope	All of Menominee County

## **Appendix B: Summary of Multistate Metropolitan Area and State Ratings**