

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 operations 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 **Calumet County Bank, Brillion, Wisconsin** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **July 30, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION-S RATING: This institution is rated Satisfactory.

The bank's lending activity promotes economic growth, consistent with its size, financial capacity, location, and assessment area's current economic conditions. The bank's loan-to-deposit ratio evidences these efforts. The bank's lending is concentrated in real estate loans, with significant activity also noted in commercial and agricultural lending. The majority of the bank's loans are within its assessment area and are reasonably distributed among applicants of different income levels and businesses of different sizes. The board of directors and senior management are advised to review the comments under each performance criterion.

The following table indicates the performance level of **Calumet County Bank, Brillion, Wisconsin** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	CALUMET COUNTY 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	Analysis not meaningful.		
Response to Complaints	No complaints were received since the previous examination.		

DESCRIPTION OF INSTITUTION

Calumet County Bank, with approximately \$42 million in assets as of June 30, 1996, is located in Brillion, Wisconsin. Although the bank does not operate any branches, it maintains an automated teller machine (ATM) on premises that is accessible 24 hours a day. The bank's primary competitors include Best Advantage Credit Union (Brillion), F & M Bank (Hilbert, Potter, Forest Junction), the Reedsville Branch of M & I Bank Northeast (Green Bay), and the Brillion Branch of First Northern Savings Bank (Green Bay).

The bank is primarily a consumer and commercial lender, with approximately 46% of its loan portfolio consisting of consumer obligations, and 30% of its portfolio consisting of commercial obligations. The bank also invests heavily in agricultural obligations, as demonstrated by its 20% loan portfolio share. Included in the bank's wide assortment of lending products are mortgage loans, including mortgage loans through the Wisconsin Housing and Economic Development (WHEDA), First Time Home Buyer Program, mobile home loans, home equity lines of credit, and personal reserve account (PRA) lines of credit.

DESCRIPTION OF ASSESSMENT AREA

Calumet County Bank is located in Brillion, Wisconsin, approximately 20 miles west of Lake Michigan, and approximately 20 miles east of Appleton. Since the previous examination, the bank has changed its assessment area in order to meet the requirements of the new CRA. The bank's assessment area consists of two whole census tracts (201.00 and 202.00), both of which are located in the Appleton-Oshkosh-Neenah Metropolitan Statistical Area (MSA).

According to the 1990 U.S. Census, the assessment area has a population of 8,352. Neither census tract encompassed in the assessment area is designated as a low-income or a moderate-income area, nor does either census tract have a high concentration of minority residents. According to the Department of Housing and Urban Development (HUD), the adjusted median family income for the bank's assessment area is \$41,172. Low-income families represent approximately 14.9% of all families and moderate-income families represent approximately 22.3% of all families in the assessment area. Minority residents make up approximately 1.2% of the population.

The housing stock in the assessment area is 78.4% owner-occupied with 84.9% consisting of one-to-four unit family residences. Mobile homes represent 10.2% of the total housing stock. The median housing age is 32 years and the median housing value is \$53,616.

Along with a strong agricultural economic base, the Brillion area is home to three large manufacturing firms: Brillion Iron Works, Inc. employs 1,000 people in making iron castings for farm equipment; Ariens Co. employs 700 people building snow throwers and riding mowers; and Professional Plating, Inc. employs 100 people electroplating and coating metal alloys. According to the Wisconsin Department of Labor, unemployment in Calumet County was 2.5%, which

compared favorably to the statewide average of 3.5% for May of 1996.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act.

Loan-to-Deposit Ratio Analysis

The bank's average quarterly loan-to-deposit ratio since the previous examination is 69.85%. According to the March 31, 1996 Uniform Bank Performance Report (UBPR), the bank's loan-to-deposit ratio exceeded its peer average of 63.41%.

In order to assess the bank's standing with local competition, a loan-to-deposit ratio analysis was conducted with three area banks. The following chart represents a loan-to-deposit ratio comparison to area competitors, according to the *McFadden American Financial Directory*:

Loan-to-Deposit Ratio (LTD) of Calumet County Bank's Immediate Competition						
Bank Name	Main Office Location	Competitive Branch(s)	Asset Size (in thousands)	LTD Ratio Fall 1995	LTD Ratio Spring 1996	Average
F & M Bank	Hilbert	Hilbert, Potter & Forest Jct.	\$28,428	72.55%	72.34%	72.44%
M & I Bank Northeast	Green Bay	Reedsville	\$573,309	87.44%	76.43%	81.93%
First Northern Savings Bank	Green Bay	Brillion	\$553,512	113.72%	113.48%	113.60%
Calumet County Bank			\$41,703			69.25%

Management stated that local competition has been strong due to pressure exerted by larger bank holding companies with offices in the area. The bank's loan policy dictates that the loan-to-deposit ratio shall not exceed 72%. Considering the bank's financial condition, strong local competition and lending opportunities available in the assessment area, the institution's loan-to-deposit ratio meets the standards for satisfactory performance.

Lending in Assessment Area

In order to determine the bank's lending performance within its assessment area, an examination sample of loans was reviewed:

EXAMINATION LOAN SAMPLE ANALYSIS			
Loan Type	Total Sampled	Within the Assessment Area	Percent of Total
Real Estate	10	7	70
Direct Installment	15	11	73.33
Indirect Installment	9	2	22.22
Overdraft Protection	10	7	70
Single Payment	10	8	80
Commercial	20	16	80
Total Approved Loans	74	51	68.92

In addition to the examination loan sample, an analysis of the bank's two most active consumer loan products, consumer installment secured loans and consumer loans secured by real estate, for the period of January through June 1996 were also reviewed:

CALUMET COUNTY BANK'S LOAN ORIGINATION ANALYSIS JANUARY - JUNE 1996			
Loan Type	Total in Period	Within the Assessment Area	Percent of Total
Consumer secured	122	91	74.59
Real Estate Secured	45	36	80.0
Total Approved Loans	167	127	76.05

As the preceding charts illustrate, a majority of the sampled loans are within the bank's assessment area. In addition, a review of the bank's 1995 Home Mortgage Disclosure Act (HMDA) data and preliminary 1996 LAR revealed that 68.12% of 1995 reportable loans, and 70.59% of 1996 preliminary reportable loans were made within the assessment area. This performance meets the standards for satisfactory performance.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

In order to determine the distribution of loans among borrowers of different income levels, the bank's 1995 HMDA data, preliminary 1996 LAR data, and the examination loan sample were reviewed (see the following chart). In addition, a sample of consumer installment secured loans, and consumer purpose loans secured by real estate were also reviewed for the period January

1996 to June 1996.

PERCENTAGE OF LOANS SAMPLED TO LOW- OR MODERATE-INCOME BORROWERS		
	TYPE OF BORROWER	
Type of Loan Sample	Low-Income	Moderate-Income
1995 HMDA-Reportable Loans	8.7%	7.25%
1996 (through June) HMDA-Reportable Loans	none	17.65%

As the preceding chart illustrates, less than 20% of all HMDA-reportable loans in 1995 and through June of 1996 were to low- or moderate-income borrowers. Discussions with management revealed that housing values in Brillion have increased due to the fact that Brillion serves as a bedroom community for residents commuting to nearby larger communities for employment. This may negatively affect the affordability of homes for low- or moderate-income families.

Because the bank does not regularly collect borrower income information on the types of loans sampled below, a proxy of monthly loan payment amount was compared to the different median income-based categories to approximate the bank's loan penetration to low- or moderate- income borrowers. A proxy of 10% (the front-end servicing ratio) was used in the analysis.

PERCENTAGE OF LOANS SAMPLED AFFORDABLE TO LOW AND MODERATE INCOME BORROWERS, BY PROXY		
	TYPE OF BORROWER	
Type of Loan Proxied	Low-Income	Moderate-Income
Consumer Purpose Secured Loans	32.65%	30.61%

The preceding chart illustrates that approximately 63% of sampled loans are affordable to either low- or moderate-income borrowers, based on loan payment amount.

Nine farm loans and 11 business loans made in June 1996 were reviewed. All nine (100%) of the farm loans were made to small farms (less than \$500,000 in annual revenue). Ten of the 11 (90.91%) business loans were made to small businesses (less than \$1,000,000 in annual revenue).

The analysis of the bank's lending to borrowers of different income levels and businesses of different sizes revealed that the bank exceeds the standards for satisfactory performance based on the population distribution and the affordability of homes in the assessment area.

Geographic Distribution of Loans

The bank's assessment area consists of two census tracts contained within the Appleton-Oshkosh-Neenah MSA. There are no designated low- or moderate-income geographies located within the assessment area. Because there are no low- or moderate-income geographies contained within the assessment area, in which lending activity could be analyzed, this criterion is not rated.

Response to Substantiated Complaints

No CRA-related complaints were received by the institution since the previous examination.