

PUBLIC DISCLOSURE

January 30, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Peoples State Bank
18569
1905 West Stewart Avenue
Wausau, Wisconsin 54401

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office
300 South Riverside Plaza – Suite 1700
Chicago, Illinois 60606

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 RATING

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

Peoples State Bank has a satisfactory record of meeting the credit needs of its assessment areas, reflective of its resources, economic constraints, and competition from other area financial institutions and credit unions. This rating is substantiated by the results of the Lending Test and Community Development Test, both of which are summarized below:

The Lending Test is rated: Satisfactory.

- **Loan-to-Deposit Ratio:** The loan-to-deposit ratio is reasonable given the institution's size and financial condition, as well as the credit needs of those residing and conducting business in the assessment areas.
- **Assessment Area Concentration:** A substantial majority of small business and home mortgage loans have been originated within the assessment areas.
- **Borrower Distribution:** Loans are reasonably distributed among borrowers of different income levels and businesses of different sizes.
- **Geographic Distribution:** The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment areas.
- **Consumer Complaints:** The bank has not received any CRA-related complaints since the previous evaluation regarding its lending activities. Therefore, this component was not evaluated.

The Community Development Test is rated: Satisfactory.

Community development activities, including community development loans, qualified investments and community development services, demonstrates adequate responsiveness to needs within the assessment areas considering the opportunities for such activities, as well as the bank's financial capacity and resources.

- Community Services: During 2015 and 2016, Peoples State Bank extended three commercial loans to an entity providing enhanced wireless communication services to residents in the Non-MSA assessment area.
- Restaurant Development: During 2014, Peoples State Bank extended \$672,000 to a commercial borrower for the acquisition and renovation of a vacant restaurant that is currently operating as a Milwaukee Burger restaurant in Wausau.

Peoples State Bank has also originated 12 community development loans totaling approximately \$22 million outside of its designated assessment areas. These loans were originated from the loan production office in Milwaukee, Wisconsin in response to TIF opportunities, as part of the SBA 504 Loan Program and in response to credit requests that have facilitated economic development through the creation of jobs.

Community Development Investments

The level of qualified investments reflects an adequate responsiveness to the community development needs of the assessment areas. As of the date of this CRA Performance Evaluation, outstanding community development investments represent .8 percent of total investments, a decline from 2.3 percent of total investments during the prior CRA Performance Evaluation. New investments have been limited to a nominal amount of donations made to non-profit organizations within the assessment areas.

Qualified Investments												
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization Projects		TOTAL	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
2013	1	1	1	1	3	2	0	0	0	0	5	4
2014	2	1	0	0	1	3	0	0	0	0	3	4
2015	1	1	1	*	2	3	0	0	0	0	4	4
2016	2	2	0	0	3	5	0	0	0	0	5	7
TOTAL	6	5	2	1	9	13	0	0	0	0	17	19

*Source: Bank Records; * - less than \$500*

As noted in the chart above, the majority of the bank's donations have been made to organizations that that promote economic development, such as the Vilas County Economic Development Corporation, the Oneida County Economic Development Corporation, and Centergy (an organization formerly known as the Central Wisconsin Area Economic Development Council).

In addition to these donations, Peoples State Bank also maintains the following community development investments that were purchased prior to the date of the previous CRA Performance Evaluation:

- City of Eagle River – In 2012, Peoples State Bank purchased a general obligation bond for \$315,000 from the City of Eagle River, which is located in a rural and underserved geography in Vilas County.
- Solomon Hess SBA Loan Fund - In 2013, the bank purchased a \$950,000 Solomon Hess SBA Loan Fund, an investment funded by community development loans guaranteed by the Small Business Administration.

In general, the bank’s qualified investments are not complex or innovative; however, minimal investment opportunities, combined with intense competition from other financial institutions, have limited the bank’s ability to acquire additional community development investments.

Community Development Services

Directors and employees of Peoples State Bank provide numerous community development services throughout the assessment areas.

Community Development Services						
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization Projects	TOTAL
	#	#	#	#	#	#
2014	3	7	12	0	0	22
2015	3	6	11	0	0	20
2016	2	8	10	0	0	20
TOTAL	8	21	33	0	0	62

Source: Bank Records

The majority of the bank’s community development services promote the economic development of communities within both assessment areas. Bank employees serve as Board members for Chambers of Commerce in Eagle River, Three Lakes, Rhinelander, and Wausau; for economic development corporations in Marathon, Oneida and Vilas County; and for the Oneida County Revolving Loan Fund. Other organizations that benefit from the contributions and efforts of bank employees include the Northwoods Alliance for Temporary Housing, the Get Smart Wausau Coalition (for financial literacy), and numerous food pantries located in the MSA and Non-MSA assessment areas.