



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 22, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Time Federal Savings Bank
Charter Number 703235

675 E. Broadway Avenue
Medford, WI 54451-1750

Office of the Comptroller of the Currency
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.

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Major factors supporting this institutions rating include:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs of the community.
- The majority of loan originations are made within the bank's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The bank's community development performance through community development loans, qualified investments, and retail services demonstrates reasonable responsiveness to community development needs in the assessment areas.

Scope of Examination

We evaluated Time Federal Savings Bank's (Time Federal) Community Reinvestment Act (CRA) performance under the Intermediate Small Bank Lending and Community Development tests. In evaluating the bank's lending performance, we reviewed data for the bank's primary loan product which is home mortgage loans.

The evaluation period covers the period since the date of the previous CRA examination, March 15, 2010 to October 22, 2012. The Lending Test evaluated loans originated between January 1, 2010 and December 31, 2011. The Community Development Test covered community development loans, investments, and services during the entire evaluation period. Prior to conducting this evaluation, we tested the accuracy of the bank's Home Mortgage Disclosure Act (HMDA) data for 2010 and 2011. We found the data to be accurate; therefore, we used all reported HMDA data for both years in our evaluation of home mortgage lending. Additionally, we obtained aggregate HMDA peer group data for the Lending Test. We reviewed the bank's community development loans, investments, and services based on information provided by the bank. We only considered those that met the regulatory definition of community development in the Community Development Test.

Description of Institution

Time Federal is a federally chartered mutual savings institution whose main office is located in Medford, Wisconsin. As of June 30, 2012, assets totaled approximately \$616 million. Time Federal operates four branches in Wisconsin located in Phillips, Marshfield, Owen, and Wausau. The Medford, Phillips, Marshfield, and Owen offices have walk-in and drive-up facilities. The Medford and Wausau offices also have automated teller machines (ATMs).

The bank offers traditional community bank products and services and is primarily a residential real estate lender. As of June 30, 2012, the bank has a total loan portfolio of \$377 million, representing 61 percent of total assets. By dollar volume, the loan portfolio consists primarily of residential real estate loans (99 percent) and business loans (1 percent).

Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage	\$372,983	99.0%	60.5%
Nonresidential Mortgage	1,525	0.4%	0.2%
Commercial Nonmortgage	935	0.3%	0.2%
Consumer	1,459	0.3%	0.2%
Total	\$376,902	100.0%	61.1%

There are no legal or financial constraints limiting the bank's ability to meet community credit needs. The bank received a "Needs to Improve" rating at the last CRA examination dated March 15, 2010.

Description of Assessment Areas

Time Federal has designated two areas in the State of Wisconsin as its assessment areas. We selected both assessment areas for full scope reviews. One area consists of the Wausau Metropolitan Statistical Area (MSA), which is made up of the entire county of Marathon. The second area consists of Clark, Price, Taylor, and Wood counties, which are not in a MSA. Since the majority of lending and deposit activity occurs in the Wausau MSA, it received more weight in our analysis. The assessment areas meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income areas.

Other financial institutions provide strong competition throughout the bank's two assessment areas. Thirty-six other banks serve the five counties the bank operates in. As of June 30, 2012, the bank had a deposit market share of 8.68 percent, ranking third.

Wausau MSA

Twenty-seven census tracts comprise this assessment area: none are low-income, six (22 percent) are moderate-income, 18 (67 percent) are middle-income, and three (11 percent) are upper-income. Marathon County has a population of 125,834 based on 2000 census data. The average median family income is \$53,077, and the updated 2011 HUD estimated median family income is \$68,200. The percentage of area households that have incomes below the poverty level is 6.41 percent. Owner-occupied units comprise 72 percent of total housing units. Marathon County's annual unemployment rate decreased to 7.6 percent in 2011 from 9 percent in 2010. The unemployment rate slightly exceeded the state average of 7.5 percent in 2011.

Table 2 - Demographic Data (Based on 2000 U.S. Census Data*)	
Demographic Data	2000 Census
Population	125,834
Total Families	34,084
1-4 Family Units	43,684
Multi-family Units	4,184
% Owner-Occupied Units	71.7%
% Rental-Occupied Units	23.0%
% Vacant Housing Units	5.3%
HUD Estimated Median Family Income	\$68,200

Major employers in Marathon County include Aspirus Wausau Hospital, Marathon Cheese Corporation, and Wausau Paper Mill. The area economy is further supported by traditional manufacturing and the healthcare industry.

Non-MSA

Thirty-seven census tracts comprise this assessment area: none are low-income, one (3 percent) is moderate-income, 33 (89 percent) are middle-income, and three (8 percent) are upper-income. This assessment area has a population of 144,614 based on 2000 census data. The average median family income is \$47,063, and the updated 2011 HUD estimated median family income is \$59,100. The percentage of area households that have incomes below the poverty level is 8.62 percent. Owner-occupied units comprise 69 percent of total housing units. The 2011 unemployment rate for Clark County was 8 percent, Price County - 8 percent, Taylor County - 8.8 percent, and Wood County - 7.7 percent. The unemployment rates for these counties each exceeded the state average of 7.5 percent in 2011.

Table 3 - Demographic Data (Based on 2000 U.S. Census Data*)	
Demographic Data	2000 Census
Population	144,614
Total Families	39,211
1-4 Family Units	53,732
Multi-family Units	4,280
% Owner-Occupied Units	68.7%
% Rental-Occupied Units	20.1%
% Vacant Housing Units	11.2%
HUD Estimated Median Family Income	\$59,100

According to the FFIEC 2011 list of middle-income nonmetropolitan distressed and underserved geographies, all of Price County is designated as underserved due to their remote rural location. All of Taylor County is designated as distressed due to population loss. For Wood County, 13 of the 17 census tracts are designated as distressed due to population loss.

Major employers in this assessment area include Weathershield Windows, Nestle Pizza, Marathon Cheese, and Memorial Health Center. The area economy is further supported by traditional manufacturing, dairy product wholesalers, and healthcare.

During this evaluation, we contacted a representative from a local development foundation. Overall, the representative indicated that local financial institutions are satisfactorily meeting credit needs within the community.

Conclusions with Respect to Performance Tests

LENDING TEST

Time Federal’s performance under the Lending Test is rated Satisfactory.

Loan-to-Deposit Ratio

Time Federal’s loan-to-deposit (LTD) ratio is reasonable given the bank’s size and financial condition, as well as the credit needs of the assessment areas. The bank’s quarterly LTD averaged 72 percent over the last 10 quarters. The peer group consists of banks with assets ranging from \$31 million to \$462 million. The average loan-to-deposit ratio for the 24 banks located in the assessment areas over the same period ranged from 60 percent to 97 percent.

Lending in Assessment Areas

Time Federal originates a majority of its loans to borrowers within its assessment areas. The bank granted 2,415 HMDA loans totaling \$249 million during the review period.

Table 4 shows the number and dollar amount of mortgage loans originated inside and outside the bank’s assessment area. Approximately 84 percent by number and 80 percent by dollar volume were made to individuals located within the bank’s assessment areas.

Table 4 - Lending in the Assessment Area (Dollars in thousands)					
Period By Year	In Assessment Area		Outside Assessment Area		Total HMDA Loans
	#	%	#	%	#
2010	1,124	84.2%	211	15.8%	1,335
2011	898	83.1%	182	16.9%	1,080
Total	2,022	83.7%	393	16.3%	2,415
	\$ Amt	%	\$ Amt	%	\$ Amt
2010	110,881	79.8%	28,120	20.2%	139,001
2011	87,463	79.5%	22,600	20.5%	110,063
Total	\$198,344	79.6%	\$50,720	20.4%	\$249,064

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

The distribution of borrowers reflects poor penetration among individuals of different income levels. Because of the volume of loans the bank originates without collecting updated income information (income reported on the HMDA LAR as NA), we were unable to determine if these loans were made to low- or moderate-income borrowers. These loans are reported in the following tables as “Income NA.”

Wausau MSA

Table 5 shows the bank’s distribution of loans by number and dollar among borrowers of different income levels for the years 2010 and 2011 in the Wausau MSA. The results were compared to the 2010 HMDA aggregate data for lenders making loans in this MSA. By number, the bank originated 4 percent of its loans to low-income borrowers and 10 percent to moderate-income borrowers.

Table 5 - Distribution of Residential Mortgage Loans							
By Borrower Income Level in the Assessment Area (Dollars in thousands)							
Borrower Income Level	2010		2011		Review Period 1/1/2010 – 12/31/2011		Aggregate 2010
By Number	#	%	#	%	#	%	% by #
Low	16	3.0%	22	5.2%	38	4.0%	8.8%
Moderate	57	10.8%	37	8.7%	94	9.9%	20.8%
Middle	66	12.5%	53	12.4%	119	12.5%	26.9%
Upper	84	16.0%	84	19.7%	168	17.6%	34.6%
Income NA	304	57.7%	230	54.0%	534	56.0%	8.9%
Total	527	100.0%	426	100.0%	953	100.0%	100.0%
By \$ Amount	\$	%	\$	%	\$	%	% by \$
Low	\$1,299	2.2%	\$1,349	2.9%	\$2,648	2.5%	5.0%
Moderate	5,081	8.6%	3,055	6.5%	8,136	7.7%	15.0%
Middle	6,643	11.2%	6,365	13.5%	13,008	12.2%	23.8%
Upper	13,000	22.0%	11,755	25.0%	24,755	23.3%	44.2%
Income NA	33,200	56.0%	24,487	52.1%	57,687	54.3%	12.0%
Total	\$59,223	100.0%	\$47,011	100.0%	\$106,234	100.0%	100.0%

Non-MSA

Table 6 shows the bank’s distribution of loans by number and dollar among borrowers of different income levels for the years 2010 and 2011 in the Non-MSA assessment area. The results were compared to the 2010 HMDA aggregate data for lenders making loans in this area. By number, the bank originated 3 percent of its loans to low-income borrowers and 6 percent to moderate-income families.

Table 6 - Distribution of Residential Mortgage Loans By Borrower Income Level in the Assessment Area (Dollars in thousands)							
Borrower Income Level	2010		2011		Review Period 1/1/2010 – 12/31/2011		Aggregate 2010
	#	%	#	%	#	%	% by #
By Number							
Low	23	3.9%	12	2.5%	35	3.3%	10.3%
Moderate	30	5.0%	37	7.9%	67	6.3%	19.7%
Middle	69	11.6%	42	8.9%	111	10.4%	27.9%
Upper	77	12.9%	68	14.4%	145	13.6%	35.0%
Income NA	398	66.6%	313	66.3%	711	66.4%	7.1%
Total	597	100.0%	472	100.0%	1,069	100.0%	100.0%
By \$ Amount	\$	%	\$	%	\$	%	% by \$
Low	\$1,328	2.6%	\$690	1.7%	\$2,018	2.2%	5.7%
Moderate	2,023	4.0%	3,329	8.2%	5,352	5.8%	14.3%
Middle	5,893	11.4%	3,721	9.2%	9,614	10.4%	24.2%
Upper	9,265	17.9%	9,383	23.2%	18,648	20.3%	43.4%
Income NA	33,149	64.1%	23,329	57.7%	56,478	61.3%	12.4%
Total	\$51,658	100.0%	\$40,452	100.0%	\$92,110	100.0%	100.0%

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.

Wausau MSA

Table 7 shows the bank’s distribution of loans by geography income level of the Wausau MSA. The results were compared to the 2010 HMDA aggregate data for lenders making loans in this MSA. By number, the bank originated 11 percent of its loans in moderate-income census tracts. There are no low-income census tracts in this area.

Table 7 - Distribution of Residential Mortgage Loans By Geography Income Level in the Assessment Area (Dollars in thousands)							
Geography Income Level	2010		2011		Review Period 1/1/2010– 12/31/2011		Aggregate 2010
	#	%	#	%	#	%	% by #
By Number							
Moderate	56	10.6%	44	10.3%	100	10.5%	10.1%
Middle	352	66.8%	279	65.5%	631	66.2%	69.2%
Upper	119	22.6%	103	24.2%	222	23.3%	20.7%
Total	527	100.0%	426	100.0%	953	100.0%	100.0%
By \$ Amount	\$	%	\$	%	\$	%	% by \$
Moderate	4,283	7.2%	3,544	7.5%	7,827	7.4%	8.3%
Middle	40,238	68.0%	31,070	66.1%	71,308	67.1%	67.3%
Upper	14,702	24.8%	12,397	26.4%	27,099	25.5%	24.4%
Total	\$59,233	100.0%	\$47,011	100.0%	\$106,234	100.0%	100.0%

Non-MSA

Table 8 shows the bank’s distribution of loans by geography income level of the Non-MSA. The results were compared to the 2010 HMDA aggregate data for lenders making loans in this area. The bank originated no loans in the one moderate-income census tract in this assessment area. Consideration is given to the fact that the bank’s only branch is located approximately 35 miles from the moderate-income census tract and there is low lending overall in this area. Borrowers are more likely to seek a closer financial institution.

Table 8 - Distribution of Residential Mortgage Loans By Geography Income Level in the Assessment Area (Dollars in thousands)							
Geography Income Level	2010		2011		Review Period 1/1/2010– 12/31/2011		Aggregate 2010
By Number	#	%	#	%	#	%	% by #
Moderate	0	0.0%	0	0.0%	0	0.0%	1.7%
Middle	535	89.6%	426	90.3%	961	89.9%	83.2%
Upper	62	10.4%	46	9.7%	108	10.1%	15.1%
Total	597	100.0%	472	100.0%	1,069	100.0%	100.0%
By \$ Amount	\$	%	\$	%	\$	%	% by \$
Moderate	0	0.0%	0	0.0%	0	0.0%	1.8%
Middle	45,868	88.8%	35,510	87.8%	81,378	88.4%	81.2%
Upper	5,790	11.2%	4,942	12.2%	10,732	11.6%	17.0%
Total	\$51,658	100.0%	\$40,452	100.0%	\$92,110	100.0%	100.0%

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

Time Federal’s performance under the community development test is rated Satisfactory. Community development performance through community development loans, qualified investments, and services demonstrates adequate responsiveness to community development needs in the assessment areas.

Number and Amount of Community Development Loans

Time Federal has an adequate level of community development lending. The bank originated three community development loans totaling \$736,714, including:

Two loans totaling \$340,200 that were made to municipalities located in Price County. Price County has been designated as an underserved geography. One loan had a purpose of repairing and constructing a new sanitary sewer system and the other included upgrades to technology and disaster recovery services. This funding serves residents, including low-and moderate-income residents, and qualifies by meeting essential community needs.

The bank renewed a loan in the amount of \$396,514 to a nonprofit development corporation, for a 40-unit affordable housing project in Medford. The bank made the loan through the Affordable Housing Program of the Federal Home Loan Bank.

Number and Amount of Qualified Investments

Time Federal provides an adequate level of community development investments.

The bank purchased several bonds during the evaluation period from municipalities located in the bank's assessment area. Three of these bonds are considered to revitalize and stabilize distressed non-metropolitan middle-income geographies (Wood and Taylor Counties). The total for these three bonds was \$1.2 million. Two of the bonds were to fund new sewer systems. The new sewer systems would serve residents, including low- and moderate-income residents, and qualify by meeting essential community needs. The other bond funded a water treatment facility, which serves residents, including low- and moderate-income residents and also qualifies by meeting essential community needs.

The bank's qualified investments included donations to organizations totaling \$46,050. Many of these organizations directly benefit low- and moderate-income individuals through their program services.

The bank made a charitable contribution of property to a nonprofit organization that provides affordable housing. A home was donated to the organization for use in Wausau, WI. The home had an appraised value of \$70,000.

Another home was donated to the same organization for use in Merrill, WI. The home appraised at \$18,000. Merrill is located in Lincoln County and not in the bank's assessment area. Merrill is in close proximity to Medford and Wausau offices and has been one of the bank's stronger non-assessment area markets.

Extent to Which the Bank Provides Community Development Services

Time Federal provides an adequate level of community development services. Retail and lending services are accessible to individuals of different income levels. The bank's Wausau branch is located in a moderate-income census tract. Three of the bank's offices, Medford, Phillips, and Marshfield, are located in distressed and underserved middle-income geographies.

During the evaluation period, Time Federal employees provided technical assistance and financial expertise to community development organizations. These organizations address assessment area needs for affordable housing, economic development, and social services to low- and moderate-income individuals.

A senior vice president is a board member of a local economic development revolving loan fund. The fund provides an alternate source of financing for eligible businesses wishing to expand or locate in the City of Medford.

A vice president at the bank is a board member as well as treasurer of the executive committee of a local Economic Development Corporation. As a member of the board and treasurer, the employee assists with planning and analysis to retain and attract employers, housing, retail businesses, and tourism. This employee is also a member of the local revolving loan fund for Clark County. The loan fund is a source of funding for commercial and industrial projects that promote economic growth, recruitment, expansion, and retention of business and industry. The same employee is the founder and chair of the Economic Development Committee (EDC) for a local village. The goal of the EDC is to retain and attract more employment opportunities and housing development in the village.

A loan officer is a board member for a nonprofit organization that provides housing for low- and moderate-income families in Wausau. The officer provides financial counseling and collection services for the organization.

A loan officer is a volunteer for a nonprofit organization whose purpose is to educate and inspire young people to succeed in the global economy. The volunteer visits classrooms five times a year and leads discussions on the basics of money, jobs, and how communities function.

Responsiveness to Community Development Needs

Given available opportunities, the bank's performance in meeting community development needs reflects adequate responsiveness to the needs of its communities.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C. F. R. 25.28(c), or 12 C. F. R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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