



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

May 22, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Eagle River
Charter #12124
Box 1209
Eagle River, Wisconsin 54521

Office of the Comptroller of the Currency
Iron Mountain Duty Station
P.O. Box 666
Iron Mountain, Michigan 49801

NOTE: 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.

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 operation 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 Community Reinvestment Act (CRA) performance of the **First National Bank of Eagle River** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **May 22, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory** record of meeting community credit needs.

The First National Bank of Eagle River has a satisfactory record of originating loans to individuals of different income levels and to businesses of all sizes. The loan-to-deposit ratio is reasonable and a majority of loans are to borrowers located in the assessment area.

DESCRIPTION OF INSTITUTION

The First National Bank of Eagle River is an \$82 million bank with its main office located in downtown Eagle River, Wisconsin, a moderate-income block numbering area (BNA). The bank has two full service branches, both located in middle-income BNAs. In addition, the bank also maintains a 24 hour ATM at the main office and an ATM at the St. Germain branch which is accessible during business hours. The bank is an independently owned community bank.

The bank offers traditional community bank services with a loan portfolio representing 69% of total assets. The loan portfolio is broken down as follows: 20% in commercial loans, 6% in consumer loans, and 74% in residential mortgages. There are no financial, legal, or other impediments which would hinder the bank's ability to help meet credit needs within its assessment area.

DESCRIPTION OF ONEIDA AND VILAS COUNTIES

The assessment area includes all of Vilas and Oneida counties and a portion of both Iron and Forest counties. The assessment area is comprised of one low, ten moderate, and fourteen middle-income BNAs. The one low-income BNA and eight of the moderate-income BNAs are located in Vilas County. The remaining two moderate-income BNAs are located in Iron County and in Forest County. Oneida County is comprised entirely of middle-income BNAs. The assessment area meets the regulatory criteria and does not arbitrarily exclude low- and moderate-income geographies.

The population of the assessment area, according to the 1990 census, is 36,773. Income levels of these 10,856 families are as follows: low-income - 23%; moderate-income - 25%; middle-income - 24%; and upper-income - 28%. The HUD median family income for non-metropolitan areas in Wisconsin was \$39,600 in 1996.

The local economy is healthy and stable with improving employment trends. The economy is supported primarily by tourism and logging.

Competition is strong in the local market with three other banks and one credit union in Eagle River. Two other banks are located in St. Germain. Competition from non-bank providers continues to grow.

A community contact was conducted with a local realtor. He commented favorably on this bank's performance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The loan-to-deposit ratio averaged 76% over the past twelve quarters. The average loan-to-deposit ratios of four other banks of similar size located in the assessment area ranged from 81% to 90% over the same period.

Lending in the Assessment Area:

A majority of loans are in the assessment area as shown by the following table:

Percent of Outstanding Loans in the Assessment Area	Dollar Amount of Loans	Number of Loans
Commercial Loans	94%	96%
Residential Real Estate Loans	72%	67%
Consumer Loans	91%	93%
Total Loans	83%	74%

A comparison of zip code and BNA boundaries indicated they are roughly comparable. Due to this, the locations of the above customers were determined using their zip code as a proxy for the BNA address. The above analysis of loans represents the entire loan portfolio and provides an accurate representation of the bank's lending practices within the assessment area.

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

The bank does a satisfactory job of lending to borrowers of different incomes and to businesses of different sizes. Commercial borrowers have a wide diversity of gross revenue levels ranging from a few thousand to several million dollars. A random sample of 34 commercial customer files indicates the following breakdown of annual revenues:

Annual Revenue	<\$100M	\$101M - \$500M	\$501M - \$1MM	>\$1MM
# of Loans	9	18	3	4
Percent	26%	53%	9%	12%

As indicated above, a majority of the bank's commercial loans are made to small businesses having less than \$1 million in annual revenue.

The following table is an analysis of 73 loan files containing income information for the borrower. The files were from those reviewed during our examination of the bank's compliance with consumer laws and regulations. These files were for secured consumer loans and residential real estate mortgage products. These customers were randomly selected from all consumer loans originated since October 31, 1996.

Family Income Level of Borrower	Low-Income	Moderate-Income	Middle-Income	Upper-Income
# of Loans	22	14	21	16
Percent of Loans	30%	19%	29%	22%
Percent of Families in Assessment Area	23%	25%	24%	28%

As indicated by the above table, the percentage of loans made to low- and moderate-income borrowers is comparable to the actual percent of these families located in the assessment area.

Geographic Distribution of Loans:

Our analysis of a sample of the loan portfolio also indicates there is a reasonable geographic distribution of customers throughout the assessment area. The locations of the loan customers were determined using their home address and plat books for Vilas and Oneida counties.

The following table is an analysis of the 117 loan files reviewed during our examination of the bank's compliance with consumer laws and regulations. These files were for secured consumer loans and residential real estate mortgage products. Customers were randomly selected from all consumer loans originated since October 31, 1996.

Income Level of BNA	Percent Located in Low-Income BNA's	Percent Located in Moderate-Income BNA's	Percent Located in Middle-Income BNA's
Loan Customers	0%	45%	55%
Number of Families in the Assessment Area	5%	32%	63%

Our sample showed no loan customers in five of the moderate-income BNAs and the one low-income BNA. These BNAs are located on the outer edges of the bank's assessment area. In addition, the bank does not have any branches in close proximity to these BNAs and residents of the BNAs have easy access to other nearby financial institutions.

A larger percentage of loans are made to customers located in the remaining moderate-income BNAs than the percentage of families that live there.

Other:

No violations were found during our review of the bank's compliance with antidiscrimination laws and regulations.