



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 30, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Baldwin
Charter Number 10106**

**990 Main Street
Baldwin, WI 54002**

**Office of the Comptroller of the Currency
Eau Claire Duty Station**

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 Baldwin** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, between March 4, 1994, and July 30, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

INSTITUTION'S CRA RATING: This institution is rated *Satisfactory Record of Meeting Community Credit Needs*.

The First National Bank of Baldwin has a strong loan to deposit ratio and a good record of residential lending to low and moderate income individuals.

The following table indicates the performance level of **The First National Bank of Baldwin** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	THE FIRST NATIONAL BANK OF BALDWIN 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		X	
Response to Complaints	No complaints were received since the prior CRA examination.		

DESCRIPTION OF INSTITUTION

The First National Bank of Baldwin (FNB) is a \$72 million financial institution located in a rural community in West Central Wisconsin. The main office and limited service branch (all services except for loans) are located in a moderate income area. Both offices have automated teller machines. FNB offers a variety of conventional and government-sponsored loan products well suited to community credit needs. Its \$52 million loan portfolio consists primarily of commercial (46%), residential (24%), and agricultural (21%) loans. Consumer loans (9%) account for the balance of the portfolio. There are no financial, legal, or other factors which impede FNB's ability to meet its CRA obligations.

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area consists of all of St. Croix County except for the northwest corner of the county. St. Croix County is part of the Minneapolis/St. Paul metropolitan statistical area (MSA). The assessment area includes nine census tracts and complies with regulatory requirements. Based on 1990 census data, two geographies in the assessment area are moderate income, six are middle income, and one is upper income. The moderate income geographies are located in the eastern one-third of the county. The Department of Housing and Urban Development's 1996 estimate of median family income for the Minneapolis/St. Paul MSA is \$54,600. Of the 11,823 families in the assessment area, 18% are low income, 20% are moderate income, 28% are middle income, and 34% are upper income.

St. Croix County is among the fastest growing counties in the state. Based on 1990 census data, the county's population is 50,251. This represents nearly a 50% increase in the population since 1970. The growth is mainly attributable to the county's closeness to Minneapolis and St. Paul (Twin Cities). Population growth has led to an increase in housing values. The county's median housing value of \$74,400 is the highest in West Central Wisconsin. Between 1980 and 1990, the median housing value increased 36%.

St. Croix County's economy is strong and diverse due to its proximity to the Twin Cities area. However, economic disparities exist within the county. The economy in the western half of the county is prosperous, diversified, and expanding while the eastern-most portion of the county is predominantly agricultural and economically stagnant. The manufacturing and wholesale/retail trade industries employ approximately half of the area's workforce. The county has a strong base of small to medium-sized manufacturing companies. Personal incomes in St. Croix County are among the highest in the state and unemployment is below regional, state, and national averages. Much of the population commutes to the Twin Cities for employment.

Competition among financial institutions in the assessment area is moderate. Approximately 16 banks, savings institutions, and credit unions operate in St. Croix County. Community contacts conducted by regulators within the last several years include two government officials and one community development agency. Community credit needs include affordable housing and small business loans. Local financial institutions, including FNB, offer a variety of credit products to meet these needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

FNB's loan to deposit ratio is strong. Since the previous CRA examination in March 1994, the bank's average quarterly loan to deposit ratio is 79%. The average quarterly loan to deposit ratio of seven similarly situated banks ranged from 68% to 84% during the same period. Similarly situated banks are defined as all banks similar in size located in a surrounding five county area. FNB's loan to deposit ratio does not include \$11 million of residential loans sold on the secondary market since the prior CRA examination.

FNB originates a substantial majority of loans within its assessment area. Management monitors the location of outstanding loans inside the assessment area, including residential loans sold on the secondary market, by township or village. This is a reasonable proxy for the location of loan originations because FNB purchases and sells a negligible amount of loans (other than the previously mentioned residential loans sold on the secondary market). Approximately 83% of outstanding loans by number and original balance are inside the assessment area.

The geographic distribution of credit reflects a reasonable dispersion of credit throughout the assessment area. Approximately 70% of outstanding loans by number and original balance are located in the two moderate income geographies. FNB's level of lending in other portions of the assessment area is consistent with the distance from the bank's offices and the location of competing financial institutions.

The distribution of credit among borrowers of different income and revenue levels is good. We sampled 31 commercial and agricultural loans inside the assessment area; of which, 25 or 81% were to small businesses. Nearly half of the loans sampled were to businesses with revenues less than \$250 thousand. Small businesses are defined as non-farm businesses with revenues less than \$1 million and farms with revenues less than \$500 thousand.

Home Mortgage Disclosure Act data supports FNB's willingness to lend to individuals of different income levels. Home mortgage lending to low and moderate income individuals during 1996 exceeds the demographics of the area as demonstrated by the following table.

1996 Home Mortgage Originations in the Assessment Area			
Borrower Income Characteristic	Assessment Area Demographics	FNB - Baldwin	
		Number	Percent
Low	18%	17	12%
Moderate	20%	47	35%
Middle	28%	43	32%
Upper	34%	28	21%
Total	100%	135	100%

Examiners did not identify any instances of illegal discrimination or discouragement in the concurrent fair lending review.