



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 6, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Niagara
Charter #11051
900 Roosevelt Rd.
Niagara, Wisconsin 54151

Office of the Comptroller of the Currency
Iron Mountain Field Office
P.O. Box 666
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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 **First National Bank of Niagara** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **April 6, 1998**. 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 Niagara has a satisfactory record of originating loans to individuals of different income levels and 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 Niagara is a \$42 million bank with its main office located in Niagara, Wisconsin, a moderate-income block number area (BNA). The bank has two full service branches, both located in middle-income BNAs. 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: 24% in commercial loans, 28% in consumer loans, and 48% 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 ASSESSMENT AREA

The assessment area includes the northern territory of Marinette County, Wisconsin, all of Florence County, Wisconsin, and all of Dickinson County, Michigan. The assessment area is comprised of four moderate-income BNAs and one middle-income BNA in Marinette County, two middle-income BNAs in Florence County, and six middle-income BNAs and one upper-income BNA located in Dickinson County. 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 41,083. Income levels of these 11,631 families are as follows: low-income - 19%; moderate-income - 20%; middle-income - 23%; and upper-income - 78%. The HUD median family income for non-metropolitan areas in Wisconsin and Michigan in 1997 were \$39,600 and \$35,500, respectively.

The local economy is healthy and stable with improving employment trends. Unemployment generally runs above state and national averages, but the local rate is among the lowest in the region. The economy is primarily dependent on the timber industry (paper mills, wood fiber processing, independent logging operations). Tourism is secondary.

Competition in the local market is considered strong. A number of other commercial and savings banks, mortgage companies, and credit unions compete for business.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio:

The loan-to-deposit ratio is reasonable and averaged 79% over the past twelve quarters. The average loan-to-deposit ratios of five other banks located in the assessment area ranged 65% to 76% 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	100%	100%
Residential Real Estate Loans	100%	100%
Consumer Loans	87%	86%

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 a sampling of consumer loans, real estate mortgage loans, and commercial loans originated from September 30, 1997 through March 31, 1998. Overall, the sampling procedures completed are a fair 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 \$3 million. A random sample of commercial customer files indicates the following breakdown of annual revenues:

Annual Revenue	<\$100M	\$101M - \$500M	\$501M - \$1MM	>\$1MM
# of Loans	11	3	4	1
Percent	58%	16%	21%	5%

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 based on an analysis of 99 loan files containing income information for the borrower. The loans were from those consumer instalment and residential real estate customers sampled during our examination of the bank's compliance with consumer laws and regulations. The customers were randomly selected from loans originated since September 30, 1997.

Family Income Level of Borrower	Low-Income	Moderate-Income	Middle-Income	Upper-Income
# of Loans	17	20	26	36
Percent of Loans	17%	20%	26%	37%
Percent of Families in Assessment Area	19%	20%	23%	38%

As indicated by the above table, the percentage of loans made to low- moderate-income borrowers is comparable to 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 Marinette, Florence, and Dickinson counties.

The following table is based on an analysis of the same consumer loans used for the borrower income level analysis discussed above. These customers were randomly selected from all loans originated since September 30, 1997.

Income Level of BNA	Percent Located in Moderate-Income BNAs	Percent Located in Middle-Income BNAs	Percent Located in Upper-Income BNAs
Loans Made in BNA	13%	85%	2%
Population in the Assessment Area	16%	75%	9%

Our sample showed no loans made in two of the middle-income BNAs located in the northern sector of Dickinson County, Michigan. However, in January 1998, the bank opened a new branch in Spread Eagle, Wisconsin which borders these BNAs and it is management's intent to attract customers from these areas. Also, residents of these BNAs have easy access to other nearby financial institutions in the area.

Other:

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