



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 2, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Park Falls
Charter #10489
P.O. Box 250
Park Falls, Wisconsin 54552

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 Park Falls** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **July 2, 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 **Outstanding** record of meeting community credit needs.

The First National Bank of Park Falls has a solid record of originating loans to individuals of different income levels and to businesses of all sizes. A significant majority of loans are to borrowers located within the assessment area. The bank is a leader in the community in working with small businesses and helping create new jobs.

DESCRIPTION OF INSTITUTION

The First National Bank is a \$60 million bank with its main office located in downtown Park Falls, Wisconsin, a middle-income Block Numbering Area (BNA). The bank has one full service branch, located in Phillips, Wisconsin, a middle-income BNA. In addition, the bank also maintains three ATMs, with two in Park Falls and one in Winter, Wisconsin. The bank is owned by the Park Falls Agency a one-bank holding company located in Park Falls, Wisconsin. No offices have opened or closed since our last CRA examination which was dated June 28, 1994.

The bank offers traditional community bank services with a loan portfolio representing 66% of total assets. The loan portfolio is broken down as follows: 58% in commercial loans, 4% in consumer loans, and 38% 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 PRICE, ASHLAND, IRON AND SAWYER COUNTIES

The assessment area includes all of Price county and portions of Ashland, Iron and Sawyer counties. The assessment area is comprised of seven middle- and three moderate-income BNAs. Price County is comprised of seven middle-income BNAs. The remaining three moderate income BNAs are located one each in the other three counties. 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 20,487. Income levels of these 5,742 families are as follows: low-income - 23%; moderate-income - 22%; middle-income - 26%; and upper-income - 29%. The HUD median family income for non-metropolitan areas in Wisconsin was \$39,600 in 1996.

The local economy is healthy and stable with a low unemployment level. The economy is supported primarily by the paper industry and tourism.

Competition is strong in the local market. Two branches of a regional bank holding company, several independent community banks, and several credit unions and savings and loans are located in the bank's assessment area.

Community contacts were conducted with two city government officials and a member of the local industrial development corporation. Their comments were positive concerning this bank's responsiveness to the credit needs of the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The loan-to-deposit ratio averaged 73% over the past twelve quarters. The average loan-to-deposit ratios of three other banks of similar size located in the assessment area ranged from 69% to 76% over the same period. Only one of these banks had a higher average ratio than The First National Bank of Park Falls.

Lending in the Assessment Area:

A large 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	95%	92%
Residential Real Estate Loans	96%	95%
Consumer Loans	89%	93%

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 good 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 26 customer files, for commercial loans originated since our previous evaluation, indicates the following breakdown of annual revenues.

Annual Revenue	<\$100M	\$101M - \$500M	\$501M - \$1MM	>\$1MM
# of Loans	10	11	3	2
Percent	38%	42%	12%	8%

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

The following table is per an analysis of the 96 loan files reviewed during our examination of the bank's compliance with consumer laws and regulations. These files were for secured consumer loans and also 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	27	23	23	23
Percent of Loans	28%	24%	24%	24%
Percent of Families in Assessment Area	23%	22%	26%	29%

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

Geographic Distribution of Loans:

Our analysis of the loan portfolio also indicates there is a reasonable geographic distribution of customers throughout the assessment area. Zip codes were used as a proxy for the BNA address as discussed in the “Lending in the Assessment Area” section of this report.

Income Level of BNA	Percent Located in Moderate-Income BNAs	Percent Located in Middle-Income BNAs
Loan Customers	25%	75%
Number of Families in the Assessment Area	24%	76%

The percentage of loan customers in moderate income BNAs is comparable to the number of families in those BNAs.

Investments and Services

- The First National Bank of Park Falls was instrumental in securing financing for \$1.5 million in industrial revenue bonds to refinance the Pleasant View Nursing Home Project in Phillips, Wisconsin. A portion of the project is an apartment complex which is for lower income elderly people who require minimum supervision.
- The First National Bank of Park Falls is taking a lead role in the commercial spec building project in the Park Falls Industrial Park. Bank management have been instrumental in securing other investors in the project. The bank itself has committed to lend \$50,000 at zero interest to complete the project. This project is intended to make available a commercial building for new business which would in turn create new jobs.

Other:

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