



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 13, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**National Bank of Boyceville
Charter Number 14801**

**P.O. Box 156, 701 Hwy 79
Boyceville, Wisconsin 54725-0156**

Office of the Comptroller of the Currency

**Eau Claire Duty Station Office
P.O. Box 8187
Eau Claire, Wisconsin 54702-8187**

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 **National Bank of Boyceville** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, between September 30, 1994, and January 13, 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.

National Bank of Boyceville (NBB) has a very good distribution of credit among businesses of different sizes and individuals of different income levels. A majority of its loans are in the assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	NATIONAL BANK OF BOYCEVILLE 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	Not a meaningful analysis given the homogeneity of the bank's assessment area.		
Response to Complaints	No complaints were received since the prior CRA examination.		

DESCRIPTION OF INSTITUTION

National Bank of Boyceville (NBB) is a \$19 million community bank located in a small agricultural community in Western Wisconsin. The main office has a drive up facility. The bank has no branch offices or automated teller machines. NBB is independently owned, but is affiliated with WRZ Bankshares Inc. through common ownership. NBB offers a variety of conventional and some government-sponsored loan products. The bank's local market primarily consists of family-owned dairy farms and small businesses. Its \$10 million loan portfolio is divided between commercial (39%), agricultural (23%), residential (25%) and consumer (13%) loans. There are no financial, legal or other factors which impede the bank's ability to meet its CRA obligations.

DESCRIPTION OF ASSESSMENT AREA

NBB's assessment area is Dunn County, Wisconsin. The assessment area complies with regulatory requirements. There are eight block numbering areas in the county, all of which are middle income geographies. Dunn County's population is 37,343. Almost 40% of the county's residents are students (preprimary school through college). The county's largest municipality and county seat is the City of Menomonie with a population of 14,152. Other municipalities in Dunn County are very small and agriculturally orientated. The Village of Boyceville (population 955) is a rural community located 11 miles northwest of Menomonie.

The overall economy of Dunn County is diversified and growing. Between 1990 and 1996, employment increased 21% (from 13,365 to 16,225). The largest employment sectors are wholesale/retail trade (29%) and government (25%). Industrial expansion, including a new Wal-Mart Distribution Center in Menomonie, has significantly increased wholesale/retail employment in recent years. Government comprises a large portion of the employment base due to the University of Wisconsin-Stout in Menomonie. Manufacturing (15%), services (12%) and agriculture (12%) are also important employment sectors. The county's largest manufacturers are 3M, Hunt Wesson Inc. and Cardinal FG. The percentage employed in the agricultural sector exceeds regional, state and national percentages. Dairy farming is the predominant agribusiness.

The Village of Boyceville's local economy is depressed. Small family-owned dairy farms are struggling to compete against larger, more profitable operations. The weak farm economy, coupled with an increasing number of residents who commute to Menomonie (or outside the county) for employment, makes it difficult for small businesses to remain viable in Boyceville. The Wisconsin Housing & Economic Development Authority targets the Village of Boyceville as an economically distressed area based on median income, unemployment levels, population changes and property values within the municipality. NBB is the only financial institution in Boyceville, although there are approximately 10 institutions within a 25 mile radius.

In recent years, Dunn County's unemployment rates have been lower than regional, state or national averages. This is due, in part, to the stability of the University of Wisconsin-Stout and the county's large agricultural sector. Income levels are also lower than regional, state and national averages due to the large student population. Of the 8,443 families in Dunn County, approximately 18% are low income, 20% are moderate income, 24% are middle income and 38% are upper income. The Department of Housing and Urban Development's most recent (1996) estimate of median family income is \$37,700 for Wisconsin's nonmetropolitan areas.

Community contacts conducted by regulators within the last two years include a government official and an economic development agency. Community credit needs include affordable housing (including rental property), housing rehabilitation and small business loans. Local financial institutions, including NBB, offer a variety of credit products to meet these needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

NBB's loan to deposit ratio is reasonable. Since September 1994, the bank's average quarterly loan to deposit ratio is 64%. The averages for similarly situated banks¹ over the same period range from 34% to 88%.

NBB originates a majority of its loans inside its assessment area. Bank management tracks the location of loans by zip code. As of October 23, 1996, approximately 72% (by both dollar volume and number) of outstanding loans are inside the assessment area. Outstanding loans are a reasonable proxy for loan originations as NBB does not sell or purchase very many loans. We also took a sample of loan originations within the last six months to evaluate bank performance. Of 45 consumer instalment loans sampled, 71% (by number) are inside the assessment area. Of 10 residential real estate loans sampled, 90% (by number) are inside the assessment area.

The distribution of credit among borrowers and businesses of different income levels is very good. Based on our knowledge of the bank's loan portfolio and management discussions, all but 3 commercial customers in the bank's assessment area are small businesses.² We also looked at loan size as a proxy of the bank's willingness to make loans to small businesses. Over 97% of outstanding commercial loans have origination amounts less than \$100,000.

Bank lending to low and moderate income individuals significantly exceeds the demographics of the assessment area. The table on the next page details the income distribution of the consumer loans we sampled inside the bank's assessment area.

¹ Defined as national or state chartered banks located in Wisconsin with total assets less than \$30 million .

² Defined as businesses and farms with revenues less than \$1 million.

INCOME DISTRIBUTION OF CONSUMER LOANS SAMPLED IN ASSESSMENT AREA					
Borrower Income Characteristics	Area Demographics	Residential Loan Sample		Other Consumer Loan Sample	
	%	#	%	#	%
Low Income	18.2%	1	11.1%	13	40.6%
Moderate Income	19.7%	3	33.3%	10	31.3%
Middle Income	24.4%	3	33.3%	2	6.3%
Upper Income	37.7%	2	22.2%	4	12.5%
Unknown	0%	0	---	3	9.4%
Total	100%	9	100%	32	100%

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