

PUBLIC DISCLOSURE

July 17, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Berlin
Charter Number: 4620

140 West Huron Street
Berlin, Wisconsin 54923

Office of the Comptroller of the Currency
Milwaukee Duty Station
615 East Michigan Avenue, Suite 205
Milwaukee, Wisconsin 53202

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 Berlin prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of July 17, 1996. 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 the community credit needs.

First National Bank of Berlin's (FNBB) loan-to-deposit ratio is good at 83.45%. The bank's lending within its assessment area is high, as 96% of new loans extended in 1996 were extended to customers in the bank's assessment area. FNBB's loan distribution to borrowers of different incomes is reasonable, and distribution by geography is good.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	First National Bank of Berlin 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 examination.		

DESCRIPTION OF INSTITUTION:

First National Bank of Berlin (FNBB) had total assets of \$63 million as of June 30, 1996. Loans comprise \$41.5 million (67%) of the bank's total assets. FNBB's loan portfolio is broken down as follows: \$21 million (50%) in mortgage loans, \$13 million (31%) in commercial loans, \$5 million (12%) in individual and other loans, \$459 thousand (1%) in construction loans, and \$2.5 million (6%) in agriculture loans. FNBB's primary lending focus is on residential loans and small business loans. The bank has no branches and there are no legal impediments that would hinder meeting the needs of its assessment area.

The last public evaluation was issued by the Office of the Comptroller of the Currency on September 28, 1992. The bank was rated: Satisfactory record of meeting community credit needs.

DESCRIPTION OF ASSESSMENT AREA:

FNBB's assessment area is composed of sixteen Block Numbering Areas (BNA) located in five counties surrounding and including the city of Berlin. These counties include Fond du Lac, Green Lake, Marquette, Waushara, and Winnebago. Winnebago county is located within the Appleton-Oshkosh-Neenah Metropolitan Statistical Area (MSA). The remainder of the counties in the assessment area are located in non-MSA areas, with the bank's office in Green Lake county. Fifteen of sixteen BNAs are considered middle-income BNAs, with the other (located in Fond du Lac county) considered high-income. The State Non-MSA median family income is \$30,290, based on 1990 Census Data. The median family income of the Appleton-Oshkosh-Neenah MSA is \$37,202, based on 1990 Census Data. FNBB's assessment area complies with the regulation and does not arbitrarily exclude any low- or moderate-income areas.

According to 1990 Census Data, the population of the bank's assessment area is stable at 51,277. The assessment area's primary industry is clothing manufacturing, especially leather and fur products. Major employers in the area include the Berlin Memorial Hospital and Nursing Home, LandMark USA, and the Berlin Foundry. The local economy is stable, with low unemployment.

One identified credit need is the need for additional rental units in the area, including multi-family housing, as identified by the bank and community contacts made in the area. The opportunities for this type of project have been limited, until recently. According to President Thomas Ries, the City of Berlin lacked guidelines indicating which infrastructure costs were the responsibility of the developers and which costs the city would fund. This had dissuaded developers from beginning projects in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

FNBB has a good loan-to-deposit ratio among its peer group. FNBB's average loan-to-deposit ratio is 78.33%, based on the bank's quarterly performance from December 31, 1992 to June 30, 1996. Loan-to-deposit information was gathered on all banks of similar asset size within FNBB's assessment area. FNBB's average loan-to-deposit ratio as of June 30, 1996 was fifth of fifteen peer banks, with the average ratio being 74.12%. The highest loan-to-deposit ratio of the fifteen banks was 85.29%, and the lowest loan to deposit ratio was 58.04%. The bank's loan-to-deposit ratio on December 31, 1992 was 67.71% and increased to 83.45% over 14 quarters ending June 30, 1996.

The majority of FNBB's lending is within its assessment area. The bank's analysis of all new loans extended to date in 1996 showed that 96% of consumer and business loans were extended within its assessment area. Our sample of 20 residential real estate loans extended in 1996 supported that figure, as 100% of the mortgage loans sampled were within the bank's assessment area.

FNBB's geo-coding of its real estate loans indicates that loans have been extended to all segments of its assessment area. Our residential real estate loan sample review supported this, as loans were extended to a majority of BNAs in the assessment area. BNAs with lesser penetration lie on the outer perimeter of the bank's assessment area where other financial institutions are located. Based on our loan sample review, we noted that all 20 loans were extended to middle-income BNAs. This is consistent with the income characteristics of the assessment area, as 94% of the BNAs are middle-income.

FNBB has a reasonable distribution of loans to borrowers of different incomes. Through our residential real estate loan sample review, we noted one loan (5%) extended to low-income individuals, five (25%) to moderate-income individuals, nine (45%) to middle-income individuals, and five (25%) to upper-income individuals. Our sample indicated that loan dollars were extended to the following individuals: 3% to low-income individuals, 18% to moderate-income individuals, 38% to middle-income individuals, and 41% to upper-income individuals. 1990 Census information indicates that 19% of families in the bank's assessment area are low-income, 23% are moderate-income, 29% are middle-income, and 29% are upper-income.

The bank has participated with the City of Berlin Wisconsin Development Fund Program in extending loans to low- and moderate-income individuals to purchase homes. The bank extended four loans totaling \$85,168 in 1992 and 1993. The City of Berlin was not awarded this grant after 1993.

The bank also extends loans of different sizes to small businesses and small farms. The bank's small business loan portfolio of loans under \$1 million is broken down as follows:

	# Loans Extended	% of Total	\$ Loans Extended	% of Total
Original Amount Under \$100,000	223	85%	\$3,797,000	33%
Original Amount \$100,000 - \$250,000	28	11%	\$3,783,000	33%
Original Amount \$250,000 - \$1 million	12	4%	\$3,747,000	33%

The bank's small farm loan portfolio of loans under \$500,000 is broken down as follows:

	# Loans Extended	% of Total	\$ Loans Extended	% of Total
Original Amount Under \$100,000	119	95%	\$1,424,000	56%
Original Amount \$100,000 - \$250,000	5	4%	\$765,000	30%
Original Amount 250,000 - \$500,000	1	1%	\$346,000	14%

These figures were derived from the bank's June 30, 1996 Consolidated Reports of Condition. The majority of loans extended to businesses and farms are small loans with original amounts under \$100,000. This is a proxy analysis for small business and small farm lending, as loans under \$100,000 are typically extended to smaller businesses and farms.

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.