



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 7, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Stephenson National Bank & Trust Company
Charter #4137
1920 Hall Avenue
Marinette, Wisconsin 54143

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 **Stephenson National Bank & Trust Company** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **November 7, 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 **Satisfactory** record of meeting community credit needs.

Stephenson National Bank & Trust Company has a good record of originating loans to individuals of different income levels and to businesses of all sizes. The loan-to-deposit ratio is good and a majority of loans are to borrowers located in the assessment area. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.

DESCRIPTION OF INSTITUTION

Stephenson National Bank & Trust Company is a \$113 million bank with its main office located in downtown Marinette, Wisconsin, a middle-income block numbering area (BNA). In addition, the bank maintains ATMs at Angeli's Market in Marinette and the River Cities Truck Stop in Marinette. A new ATM is currently being installed at the Mobil Gas Station on Shore Drive in Marinette. There are also plans to open a new branch at Angeli's Market in Menominee, Michigan in the first quarter of 1998 and to install two ATMs at locations in Menominee during 1998. No offices have opened or closed since our last CRA examination which was dated November 7, 1994. The bank is an independently owned community bank.

The bank offers traditional community bank services along with trust services. The loan portfolio represents 70% of total assets and is broken down as follows: 65% in commercial loans, 11% in consumer loans, and 24% 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 MARINETTE, MENOMINEE AND OCONTO COUNTIES

The assessment area includes the southeastern half of Marinette county, Wisconsin, the southeastern corner of Oconto county, Wisconsin and the southern half of Menominee county, Michigan. The assessment area is comprised of three moderate-, fourteen middle-, and one upper-income BNAs. One of the moderate-income BNAs is located in Menominee county and two of the moderate-income BNAs are located in Marinette 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 61,301. Income levels of these 16,874 families are as follows: low-income - 21%; moderate-income - 19%; middle-income - 25%; and upper-income - 35%. The HUD estimated median family income for non-metropolitan areas in Wisconsin and Michigan is \$39,600 and \$35,500, respectively, in 1997.

The local economy is healthy with low unemployment. The economy is supported primarily by manufacturing and service industries.

Competition is strong in the local market with three independent community banks, numerous branches of out-of-area banks and bank holding companies and eight credit unions. Competition from non-bank providers continues to grow.

A community contact was conducted with a representative of an area business development organization. He commented favorably concerning this bank's performance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The loan-to-deposit ratio is more than reasonable averaging 77% over the past twelve quarters. The average loan-to-deposit ratios of four other banks of similar size located in the assessment area ranged from 57% to 67% 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	95%	96%
Residential Real Estate Loans	79%	88%
Consumer Loans	96%	95%

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 loans made in 1997 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 61 commercial customer files indicates the following breakdown of annual revenues.

Annual Revenue	<\$100M	\$101M - \$500M	\$501M - \$1MM	>\$1MM
# of Customers	29	24	1	7
Percent	48%	39%	2%	11%

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 83 loan files containing income information for the borrower. The files were from those reviewed during our examination of the bank's compliance with consumer laws and regulations. The sampled included secured consumer loans and residential real estate mortgage products. These customers were randomly selected from all consumer loans originated year-to-date 1997.

Family Income Level of Borrower	Low-Income	Moderate-Income	Middle-Income	Upper-Income
# of Loans	33	23	16	11
Percent of Loans	40%	28%	19%	13%
Percent of Families in Assessment Area	21%	19%	25%	35%

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

Geographic Distribution of Loans:

Our analysis of new loans made year-to-date 1997 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.

The following table is based on an analysis of new loans originated year-to-date 1997. These include consumer, residential real estate mortgage products and commercial loans.

Income Level of BNA	Percent Located in Moderate-Income BNAs	Percent Located in Middle-/Upper-Income BNAs
Percent of Loan Customers	13%	87%
Percent of Families in the Assessment Area	12%	88%

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

Other:

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