



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 6, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**American National Bank of Beaver Dam
Charter Number: 4602**

**115 Front Street
Beaver Dam, Wisconsin 53916**

**Office of the Comptroller of the Currency
744 North 4th Street, Suite 626
Milwaukee, Wisconsin 53203**

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 American National Bank of Beaver Dam prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of November 6, 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.

American National Bank of Beaver Dam's (ANB) average loan-to-deposit ratio is satisfactory at 60.31%. The bank's lending within its assessment area is strong as 98% of the volume and dollar amount of new mortgage loans were extended within the bank's assessment area. ANB's loan distribution to borrowers of different incomes is reasonable and distribution by geography is good.

DESCRIPTION OF INSTITUTION

American National Bank (ANB) had total assets of \$93 million, as of June 30, 1997. Loans comprise \$55 million (59%) of the bank's total assets. ANB's loan portfolio is broken down as follows: \$46 million in real estate loans (83%), \$4 million in commercial and agricultural loans (8%), and \$5 million in individual and other loans (9%). ANB's primary focus is residential lending. The bank has one branch that is located on the north side of Beaver Dam. The bank has no legal impediments that would hinder meeting the needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

ANB is located approximately 65 miles northwest of Milwaukee, Wisconsin. The bank's main office is located in downtown Beaver Dam. ANB's assessment area is composed of fifteen block numbering areas (9701, 9711, 9712, 9602-9612, 9618) and one census tract (418) in three counties that surround the city of Beaver Dam. The counties include: Dodge, Columbia, and Fond du Lac. Other cities located within the assessment area include: Burnett, Columbus, Fox Lake, Juneau, Lowell, Randolph, Reeseville, and Waupun. One block numbering area is considered high-income (9607 in Beaver Dam), with the rest of the areas being designated middle-income. ANB's assessment area complies with the regulation and does not arbitrarily exclude any low- or moderate-income areas. The median family income for the bank's assessment area is \$39,600 (based upon 1996 HUD data) and the median housing value is \$52,419 (based upon 1990 census data).

According to 1990 census data, the population of the bank's assessment area was 57,136. The population of Beaver Dam is approximately 15,000. The local economy is stable, with low unemployment and a steady population base. Major employers in the area are derived from the manufacturing industry, Kraft, The WEYCO Group, and the community hospital.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

ANB's average loan-to-deposit ratio is satisfactory. ANB's average loan-to-deposit ratio is 60.31%, based upon the bank's quarterly performance from its December 30, 1994 examination to June 30, 1997. The average range of loan-to-deposit ratios of the local peer group is 60.31% to 102.33%, with an average of 78.60%. ANB's local peer group (17 institutions) consists of all financial institutions with less than \$250 million in assets located in Dodge, Columbia, and Fond du Lac counties. As of September 30, 1997 the loan to deposit ratio was 69%. A factor that contributes to ANB's lower loan-to-deposit ratio when compared to peer averages is the volume of loans sold on the secondary market. Year-to-date 1997, the bank sold \$2.4 million in the secondary market. For 1996 and 1995, the bank sold \$2.3 million and \$700 thousand, respectively in the secondary market. Had the bank not sold these loans, its loan-to-deposit ratio would be higher.

The loan to deposit ratio has steadily increased from the prior examination as shown below:

TABLE 1											
Historical loan-to-deposit ratios for American National Bank of Beaver Dam											
Bank	1995				1996				1997		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
	53%	53%	54%	54%	57%	60%	62%	63%	66%	66%	69%

A substantial majority of ANB's lending is within its assessment area. A sample of 1-4 family residential mortgages was used in our analysis. One-to-four family residential loans comprise 83% of the bank's loan portfolio. Our analysis of fifty loans funded in 1997 indicates that 98% of the number of mortgages and 98% of the dollar amount of loans were originated within the bank's assessment area. Our sample represented 35% of 1-4 family residential loans made year-to-date as of August 30, 1997.

ANB originates loans throughout the majority of its assessment area. Based upon the sample of 1997 mortgage loans, there is good dispersion within the block numbering areas that comprise the bank's assessment area. Our analysis also indicates the following breakdown: thirty-six loans were extended in middle-income block numbering areas (72%), and 14 loans were extended in the one upper-income block numbering area (28%) within the bank's assessment area. The bank does not have any low- or moderate-income areas in the assessment area.

ANB has a reasonable distribution of loans to borrowers of different incomes as shown in the table below:

TABLE 2				
	Percentage of loans extended	% of \$ amount extended	% of population by income level	Ranges of incomes to be included in income group**
Low-income	6%	4%	12%	\$0 <\$19,800
Mod-income	18%	11%	19%	\$19,801 <\$31,680
Mid-income	22%	19%	28%	\$31,681 <\$47,520
High-income	54%	66%	41%	>\$47,521
TOTALS	100%	100%	100%	

** Based upon updated 1996 HUD data showing median family income of \$39,600

The figures on tables 3 and 4 are derived from the bank's June 30, 1997, Consolidated Reports of Condition. The majority of loans that ANB 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. The bank has reasonable penetration to businesses and farms of different sizes. The volume of small business and small farm lending represents a relatively small portion of the bank's entire loan portfolio.

The bank's small business loan portfolio of loans outstanding under \$1 million is broken down as follows:

TABLE 3				
	# Loans Extended	% of Total	\$ Loans Extended	% of Total
Original Amount Under \$100,000	39	90%	\$807,000	51%
Original Amount \$100,000 - \$250,000	2	5%	\$263,000	17%
Original Amount \$250,000 - \$1 million	2	5%	\$512,000	32%

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

TABLE 4				
	# Loans Extended	% of Total	\$ Loans Extended	% of Total
Original Amount Under \$100,000	14	100%	\$692,000	100%
Original Amount \$100,000 - \$250,000	0	0%	\$0	0%
Original Amount \$250,000 - \$500,000	0	0%	\$0	0%

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