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Comptroller of the Currency  
Administrator of National Banks

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## **Public Disclosure**

**March 30, 1998**

# **Community Reinvestment Act Performance Evaluation**

**First National Bank of Bangor  
Charter Number: 13202  
18th & Commercial Street  
P.O. Box 129  
Bangor, Wisconsin 54614**

**Office of the Comptroller of the Currency  
Milwaukee Field Office  
744 North Fourth 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 CRA performance of **First National Bank of Bangor** prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of **March 30, 1998**. 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.**

First National Bank of Bangor's (FNB) average loan-to-deposit ratio is reasonable at 76.15%. FNB extended a majority of loans within its assessment area in both 1996 and 1997. FNB's loan distribution to borrowers of different incomes and businesses of different sizes is good.

## Description of Institution

FNB had total assets of \$123 million as of December 31, 1997. FNB's loan portfolio totaled \$84 million as of December 31, 1997, or 68% of total assets. FNB's breakdown of its loan portfolio is as follows: \$38 million (46%) in commercial loans, \$21 million (25%) in mortgage loans, \$12 million (14%) in agriculture loans, \$7 million (8%) in consumer loans, and \$6 million (7%) in other loans. FNB's main focus is lending to rural borrowers. FNB has five branches in its assessment area, three of which are full-time, full-service offices. The remaining two offices are part-time offices open Monday, Wednesday, and Friday. There are no legal impediments that would hinder the bank from meeting the needs of its assessment area.

## Description of Assessment Area

FNB's assessment area consists of portions of La Crosse county, located in the La Crosse Metropolitan Statistical Area (MSA), and non-MSA census tracts surrounding La Crosse county. The city of La Crosse (census tracts 1-12) is not included in FNB's assessment area, as FNB focuses on lending to rural borrowers, as well as due to the number of competitors located in La Crosse. The non-MSA census tracts included in FNB's assessment area are tract 9604 in Jackson county, tracts 9502-9504 and 9509 in Monroe county, and tract 9606 in Vernon county. These census tracts are all middle-income tracts. The portion of FNB's assessment area consisting of the La Crosse MSA consists of nine middle-income census tracts, three upper-income census tracts, and one census tract with no income information available, as it is composed of vacant land. The non-MSA portion of FNB's assessment area consists of six middle-income census tracts. Income categories for these geographies are based on the 1990 US Census Median Family Income of \$33,226 for the La Crosse MSA and \$30,290 for the non-MSA census tracts. FNB's assessment area complies with the regulation and does not arbitrarily exclude any low- or moderate-income areas. The bank's branches are all located in La Crosse county.

FNB's assessment area population is 70,508, based on 1990 US Census data. The breakdown of families by income level in both FNB's MSA and non-MSA portions of its assessment area is as follows:

Tract Type	La Crosse MSA Area		Non-MSA Area		Total Assessment Area	
	# of Families	% of Families	# of Families	% of Families	# of Families	% of Families
Low-Income	1,697	13%	1,231	18%	2,928	15%
Moderate-Income	2,146	17%	1,378	21%	3,524	18%
Middle-Income	3,524	27%	1,856	28%	5,380	28%
Upper-Income	5,488	43%	2,218	33%	7,706	39%
TOTAL	12,855	100%	6,683	100%	19,538	100%

Source: 1990 Census Data, US Bureau of the Census

The income levels of individuals are based on information from the Department of Housing and Urban Development (HUD) and are updated annually. The 1997 HUD Updated Median Family Income is \$41,800 for the La Crosse MSA and \$39,600 for non-MSA areas in Wisconsin.

Based on 1990 US Census Data, there are 26,597 housing units in FNB's combined assessment area. Of this total, 73% are owner-occupied units, 22% are rental-occupied units, and 5% are vacant units. The median housing value for the La Crosse MSA is \$62,964 and \$46,323 for the non-MSA areas. The median age of the housing stock is 27 years for the La Crosse MSA and 38 for the non-MSA areas.

The local economy is stable with low unemployment. The main industry in the area is dairy farming. There are also a number of small businesses located in the assessment area, including manufacturing, retail, and service businesses. The majority of people living within FNB's assessment area commute to the city of La Crosse for employment. Major employers there are Gunderson Lutheran Hospital, St. Francis Hospital, Stroh's, and Trane Company.

## Conclusions with Respect to Performance Criteria

### Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio is reasonable at 76.15%. This is based on the bank's quarterly performance since its November 16, 1995 examination to December 31, 1997. The bank's loan-to-deposit ratio ranks eighth among the 22 banks in FNB's assessment area. The range of average loan-to-deposit ratios is 61% to 85%.

### Lending Within the Assessment Area

The number and dollar amount of loans extended within the bank's assessment area is reasonable. Our analysis of the bank's 1996 Home Mortgage Disclosure Act Loan Application Register (HMDA-LAR) indicates that 77% of the number of loans and 66% of the dollar amount of loans were extended within the bank's assessment area. Based on the bank's 1997 HMDA-LAR, 78% of the number of loans and 66% of the dollar amount of loans were extended within the bank's assessment area. Our review of a management report of commercial loans extended indicates that in 1996 and 1997, 91% and 86%, respectively, of commercial loans were extended within FNB's assessment area.

### Lending to Borrowers of Different Incomes and Businesses of Different Sizes

FNB's record of lending to borrowers of different income levels within the La Crosse MSA is good. Tables 2 and 3 reflect FNB's mortgage lending performance to borrowers of different incomes within the La Crosse MSA.

Table 2 - 1996 Loan Distribution in La Crosse MSA by Borrower Income						
	# Loans Extended	% Loans Extended	\$ Loans Extended	% Loans Extended	% of Population by Income Level	Ranges of Incomes in Income Category
Low-Income	14	11%	291	5%	13%	\$0 - 20,049
Moderate-Income	31	25%	1,008	17%	17%	\$20,050 - 32,079
Middle-Income	39	32%	1,741	28%	27%	\$32,080 - 49,119
Upper-Income	40	32%	3,099	50%	43%	> \$49,119
TOTALS	124	100%	6,139	100%	100%	

Source: 1996 HMDA-LAR

Table 3 - 1997 Loan Distribution in La Crosse MSA by Borrower Income						
	# Loans Extended	% Loans Extended	\$ Loans Extended	% Loans Extended	% of Population by Income Level	Ranges of Incomes in Income Category
Low-Income	16	12%	436	7%	13%	\$0 - 20,899
Moderate-Income	25	20%	903	15%	17%	\$20,900 - 33,439
Middle-Income	43	34%	2,411	39%	27%	\$33,440 - 50,159
Upper-Income	43	34%	2,457	39%	43%	> \$50,159
TOTALS	127	100%	6,207	100%	100%	

Source: 1997 HMDA-LAR

FNB's record of lending to borrowers of different income levels in non-MSA areas of its assessment area is good. Tables 4 and 5 reflect FNB's lending to non-MSA portions of its assessment area:

Table 4 - 1996 Loan Distribution in Non-MSA Portion of Assessment Area by Borrower Income						
	# Loans Extended	% Loans Extended	\$ Loans Extended	% Loans Extended	% of Population by Borrower Income	Ranges of Incomes in Income Category
Low-Income	14	11%	291	5%	18%	\$0 - 18,849
Moderate-Income	31	25%	1,008	16%	21%	\$18,850 - 30,159
Middle-Income	39	32%	1,741	28%	28%	30,160 - 45,239
Upper-Income	40	32%	3,099	51%	33%	> \$45,239
TOTALS	124	100%	6,139	100%	100%	

Source: 1996 HMDA-LAR

Table 5 - 1997 Loan Distribution in Non-MSA Portion of Assessment Area by Borrower Income						
	# Loans Extended	% Loans Extended	\$ Loans Extended	% Loans Extended	% of Population by Borrower Income	Ranges of Incomes in Income Category
Low-Income	29	16%	777	8%	18%	\$0 - 19,799
Moderate-Income	30	16%	1,091	11%	21%	\$19,800 - \$31,679
Middle-Income	56	31%	2,891	29%	28%	\$31,680 - 47,519
Upper-Income	65	36%	5,279	52%	33%	> \$47,519
NA*	2	1%	30	0%	0%	
TOTALS	182	100%	10,068	100%	100%	

\* NA = income information not available

Source: 1997 HMDA-LAR

FNB's lending to low- and moderate-income individuals compares favorably to the performance of other financial institutions who extended mortgage loans within FNB's assessment area. Based on 1996 HMDA information for all banks that originated loans in FNB's assessment area, the distribution of mortgage loans to all applicants by income level is as follows: 3% to low-income individuals, 9% to moderate-income individuals, 25% to middle-income individuals, and 57% to upper-income individuals. Income information was not available for 6% of the number of loans extended.

The bank 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	585	85%	\$5,962,000	23%
Original Amount \$100,000 - \$250,000	68	10%	\$7,425,000	29%
Original Amount \$250,000 - \$1 million	35	5%	\$12,198,000	48%

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	280	88%	\$7,404,000	65%
Original Amount \$100,000 - \$250,000	35	11%	\$3,165,000	28%
Original Amount 250,000 - \$500,000	3	1%	\$811,000	7%

These figures were derived from the bank's June 30, 1997 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.

### **Geographic Distribution of Loans**

An analysis of the geographic distribution of loans throughout FNB's assessment area would not provide meaningful information, as there are no low- or moderate-income census tracts in the assessment area.

### **Response to Customer Complaints and Compliance with Fair Lending Laws**

FNB has not received any customer complaints since our prior examination. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.