



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**January 20, 2009**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Bangor  
Charter Number 13202

1800 Commercial Street  
Bangor, WI 54614-0000

Office of the Comptroller of the Currency

MINNEAPOLIS SOUTH  
222 South Ninth Street Suite 800  
Minneapolis, MN 55402

**NOTE:** This document is an evaluation of this 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. 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.

## **INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

### **The major factors that support this rating include:**

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.
- A majority of loan originations are made within the bank's assessment area.
- The borrower distribution of loans reflects reasonable penetration among businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the bank's assessment areas.

## **SCOPE OF EXAMINATION**

We evaluated The First National Bank of Bangor's (FNB Bangor) Community Reinvestment Act (CRA) performance for the period beginning October 6, 2003 through September 30, 2008. To determine the bank's lending performance, we evaluated commercial loans, the bank's primary product as determined based on dollar and number volume of originations for the period beginning January 1, 2006 and ending September 30, 2008. We selected a random sample of 20 loans to evaluate lending within the assessment area, lending to businesses of different sizes, and geographic distribution. We used 2000 census information and 2007 Business Geo-demographic data for demographic comparison purposes.

## **DESCRIPTION OF INSTITUTION**

FNB Bangor is a \$179 million bank as of September 30, 2008. FNB Bangor's main office is located in Bangor, WI with two full-service branches located in Holmen and West Salem, WI. The bank has two limited-hour branches located in Mindoro and La Crosse, WI. The limited-hour branches offer the full line of deposit and loan products, but are only open Monday, Wednesday, and Friday. The limited-hour branches do not have a full time loan officer on staff which results in limited lending activity from those branches. The bank does not operate any automated teller machines (ATMs).

FNB Bangor provides traditional banking services, including loans for commercial, residential real estate, agricultural, and consumer purposes. According to its September 30, 2008 Report of Condition, outstanding loans by dollar volume totaled: commercial (57%), residential real estate (26%), agricultural (12%), and consumer (5%). On that date, the bank's dollar volume of net loans and leases was \$128 million and the net loan-to-deposit ratio was 91.13%.

FNB Bangor is 89.73% owned by the Bosshard Banco Holding Company located in La Crosse, WI. The remaining shares are owned by the Leonard & Charlotte Hoffman Rev. Trust (2.2%), the Bosshard family (1.73%), and other individual shareholders (6.34%). The holding company also owns Intercity State Bank in Schofield, WI. The holding company had

total assets of \$319 million as of September 30, 2008.

FNB Bangor received a “Satisfactory” rating at its October 6, 2003 CRA examination. There are no legal or financial circumstances impeding the bank’s ability to meet the needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

FNB Bangor’s assessment area includes all of La Crosse County. The La Crosse County AA consists of 25 census tracts (CTs). Three CTs are upper-income, eighteen CTs are middle-income, and four CTs are moderate-income. The AA does not arbitrarily exclude any low- or moderate-income CTs. The population of the AA was 107,120 according to the 2000 U.S. Census Data. The U.S. Department of Housing and Urban Development (HUD) estimated median family income (MFI) for the La Crosse WI-MN MSA for 2008 was \$63,400. Economic conditions in the AA are stable. Major employers include Gunderson Lutheran Medical Center, Franciscan Skemp Medical Center, Trane, CenturyTel, La Crosse School District, and the University of WI – La Crosse. Unemployment in the AA stood at 3.7% in September 2008, which is below the rates for both the State of WI (4.4%) and the U.S. (6.0%) on that date. The 2000 U.S. Census Data indicated that 10.41% of households were below the poverty level in the AA.

There is reasonable competition from other financial institutions in the La Crosse County AA. On June 30, 2008, 14 financial institutions offered banking services in the La Crosse County AA. FNB ranked 5<sup>th</sup> in deposit market share, with 8.17% of the market share, based on June 2008 deposit information obtained from the Federal Deposit Insurance Corporation.

Our community contact indicated that local banks are active in the community. Most local banks offer a wide range of products and services. The contact stated that the banks are meeting the area’s primary credit needs. However, she stated that one local need is financing for working capital lines of credit. The recent economic downturn has made it more difficult for businesses to obtain working capital.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

The loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and local credit needs. The bank’s quarterly average loan-to-deposit ratio for the 23 quarters since the previous CRA examination is 87.58%. Similarly-situated banks have quarterly average loan-to-deposit ratios ranging from 81.56% to 88.03% over the same time frame. These banks have a presence in the AA with total assets between \$86 million and \$346 million.

Institution	Asset Size as of 9/30/2008	Average Loan-to-Deposit Ratio 1Q03 to 3Q08
River Bank	\$334 million	88.03%
<b>FNB Bangor</b>	<b>\$179 million</b>	<b>87.58%</b>
Merchants Bank NA	\$86 million	85.78%
Coulee Bank	\$155 million	84.79%
State Bank Financial	\$346 million	81.56%

### Lending in Assessment Area

FNB Bangor originated a majority of its loans to borrowers within its defined assessment areas. Based on a sample of 20 loans originated from 2006 to 2008, 80% by number and 89% by dollar volume were made to businesses within the bank's AA.

### Lending to Businesses of Different Sizes

The distribution of loans reflects reasonable penetration of businesses of different sizes.

### Commercial Loans

The distribution of commercial loans reflects reasonable penetration among loans to businesses by loan size. Sixty-five percent of the loans sampled did not have business revenue information available, so our conclusion is based primarily on proxy by loan size. A majority of these loans were less than or equal to \$100,000. Typically, it would be small businesses that borrow smaller loan amounts.

Loan Size	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$25,000	8	40%	\$118,455	6.68%
\$25,001 - \$100,000	7	35%	\$446,629	25.19%
\$100,001 - \$250,000	4	20%	\$808,260	45.58%
\$250,001 - \$500,000	1	5%	\$400,000	22.56%
Over \$500,000	0	0%	\$0	0%

\*Source: Loan sample.

### Geographic Distribution of Loans

The distribution of loans reflects a reasonable dispersion throughout the bank's AA. There were no conspicuous gaps identified within the bank's AA.

## Commercial Loans

The bank's geographic distribution of commercial loans reflects a reasonable dispersion throughout CTs of different income levels. Based on a sample of 20 commercial loans, FNB Bangor's loans to borrowers located in moderate-income CTs were slightly below community demographics. This is a result of the bank's branch locations.

The moderate-income CTs are located in downtown La Crosse, WI and the La Crosse branch is located in a rural area east of the City limits. In addition, this branch is only open part-time and does not have a full time loan officer, which results in limited lending activity from that branch. There were no low-income CTs in the AA. The following table details the bank's performance compared to community demographics.

Geographic Distribution of Commercial Loans In La Crosse County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	0%	0%	21%	5%	68%	80%	11%	15%

\*Source: 2007 Business Geo-Demographic Data

## Responses to Complaints

The bank has not received any complaints regarding its CRA performance since the last evaluation.

## Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.