



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**November 9, 2009**

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

The American National Bank of Beaver Dam  
Charter Number 4602

115 Front Street  
Beaver Dam, WI 53916

Office of the Comptroller of the Currency  
Milwaukee Field Office  
1200 N. Mayfair Rd., Suite 200  
Wauwatosa, WI 53226

**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 loan-to-deposit ratio is reasonable given the bank's size and financial condition, and the credit needs of its Assessment Areas.
- The bank originates a substantial majority of its loans inside its Assessment Areas.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

**SCOPE OF EXAMINATION**

We evaluated American National Bank of Beaver Dam's (ANB Beaver Dam) Community Reinvestment Act (CRA) performance under the Small Bank Lending Tests. Data from the bank's primary loan products, small business loans and home mortgage loans, was used to evaluate the bank's lending performance.

The evaluation covered the period from the date of the previous CRA examination, April 7, 2003, to November 9, 2009. The Lending Test evaluated small business and home mortgage loans from January 1, 2007 to October 15, 2009. To evaluate small businesses and home mortgage loans, we used data from the bank's loan trial balance as well as a random sample of loans for each of the bank's three assessment areas. The most recent demographic data available was also obtained.

Our analysis included a full-scope evaluation of the bank's Beaver Dam assessment area. Limited-scope evaluations were performed for the bank's Fond du Lac and Madison assessment areas.

**DESCRIPTION OF INSTITUTION**

ANB Beaver Dam is a \$115 million bank with its main office located in downtown Beaver Dam, Wisconsin, a middle-income census tract (CT). The bank is wholly owned by Ambanc Financial Services, a two-bank holding company also headquartered in Beaver Dam, Wisconsin. The bank operates three full service branches in the following locations: north-side of Beaver Dam in a middle-income CT, Beaver Dam Wal-Mart in a middle-income CT, and Helenville, Wisconsin, in an upper-income CT. The bank also operates three ATMs at its branch locations. Two are available 24 hours, and the other one is available during Wal-Mart's business hours. ATMs are non-deposit taking. The bank opened four Wal-Mart branches in 2004, located in Beaver Dam, Fond du Lac, Appleton, and Oshkosh. The Fond du Lac, Appleton, and Oshkosh branches were sold in 2008.

The bank offers traditional community bank products and services and has a loan portfolio representing 74% of total assets. The bank is primarily a commercial and residential real estate lender, with a loan portfolio that consists of (by dollar) 37% commercial loans, 60% residential real estate loans, 2% consumer loans, and 1% agricultural loans. Financial information is as of June 30, 2009.

The bank's business strategy has been to serve the credit and depository needs of its local community.

There are no financial, legal, or other impediments that would hinder the bank's ability to help meet the credit needs of its assessment areas. The previous CRA evaluation dated April 7, 2003 also resulted in a Satisfactory rating.

## **DESCRIPTION OF ASSESSMENT AREAS**

ANB Beaver Dam has three assessment areas. The Beaver Dam assessment area, which is a non-MSA assessment area, represents the majority of the bank's deposit and lending activity. This assessment area was selected for a full-scope review. The Fond du Lac and Madison assessment areas (both MSAs) were selected for limited-scope reviews. The assessment areas comply with regulatory requirements and do not arbitrarily exclude any low- or moderate-income geographies.

Competition from other financial institutions is strong. The bank's competitors include large multi-state banks, community banks, and credit unions. In total deposits, ANB Beaver Dam's market share of 2.42% ranks thirteenth among competing FDIC-insured institutions. This is using FDIC market share data as of June 30, 2009. The balance of the market share is divided among 43 other institutions. Market share for these institutions ranges from 0.01% to 11.45%.

### ***Beaver Dam Assessment Area***

The Beaver Dam assessment area consists of 54 census tracts, including all of Dodge, Jefferson, and Walworth Counties. The majority of the bank's lending takes place in this area. The bank has three branches and one loan production office in this assessment area.

According to 2000 census data, the total population this assessment area is 253,677, which is comprised of 65,807 families. Income levels for these families are as follows: 7,600 low-income families (11%), 10,494 moderate-income families (16%), 16,897 middle-income families (26%), and 30,816 upper-income families (47%). The percentage of households in the assessment area below the poverty level is 6.35%. The 2000 U.S. Census estimated median family income (MFI) is \$53,957. The 2009 updated Department of Housing and Urban Development (HUD) MFI is \$58,500. The unemployment rate for September 2009 in the state of Wisconsin was 7.7%. The unemployment rates during the same period for Dodge, Jefferson, and Walworth Counties were 8.4%, 8.0%, and 7.7%, respectively. These figures are not seasonally adjusted.

In conducting this evaluation of the bank's performance, we contacted a representative of the Beaver Dam Chamber of Commerce. The individual stated that local financial institutions are meeting the credit needs of the community.

### ***Fond du Lac Assessment Area***

This assessment area consists of two middle-income census tracts in the southern portion of the Fond du Lac County MSA. The bank selected this area due to lending in the adjacent county. The bank had a Wal-Mart branch located in this assessment area, but it was sold in 2008.

According to 2000 census data, the total population of this assessment area is 11,464, which is comprised of 3,236 families. Income levels for these families are as follows: 389 low-income families (12%), 595 moderate-income families (18%), 1,036 middle-income families (32%), and 1,216 upper-income families (38%). The percentage of households in the assessment area below the poverty level is 3.45%. The 2000 U.S. Census estimated MFI is \$55,718. The 2009 updated HUD MFI is \$65,600. The unemployment rate for September 2009 for Fond du Lac County was 7.8%.

### ***Madison Assessment Area***

This assessment area consists of one moderate-income census tract and two middle-income census tracts in the western portion of Columbia County, part of the Madison MSA. The bank selected this area due to lending in the adjacent county. The bank has no branches in this area.

According to 2000 census data, the total population of this assessment area is 11,619, which is comprised of 3,183 families. Income levels for these families are as follows: 604 low-income families (19%), 875 moderate-income families (28%), 1,025 middle-income families (32%), and 679 upper-income families (21%). The percentage of households in the assessment area below the poverty level is 7.19%. The 2000 U.S. Census estimated MFI is \$51,461. The 2009 updated HUD MFI is \$80,000. The unemployment rate for September 2009 for Columbia County is 7.8%.

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

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

The bank's loan-to-deposit ratio is reasonable given its size and financial condition, and the credit needs of its community. The average quarterly loan-to-deposit ratio for the bank since the last performance evaluation was 81.58%, which ranks thirteenth in a peer group of nineteen other similarly situated banks. ANB Beaver Dam ranks eleventh in the peer group in average assets at \$115 million. The other banks had average assets from \$46 million to \$270 million. The average loan-to-deposit ratios for these banks ranged from 52% to 99% over the same period.

### **Lending in Assessment Area**

ANB Beaver Dam originates a substantial majority of its loans to borrowers located within its assessment areas. A review of the bank's primary loan products shows that 94% by number and 94% by dollar volume of loans were made to businesses and individuals located within the bank's assessment areas.

<b>Lending in the Assessment Areas</b>										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Real Estate Mortgages	32	91%	3	9%	35	\$2,192	85%	\$339	15%	\$2,591
Commercial Loans	29	97%	1	3%	30	\$4,827	99%	\$46	1%	\$4,873
<b>Totals</b>	<b>61</b>	<b>94%</b>	<b>4</b>	<b>6%</b>	<b>65</b>	<b>\$7,019</b>	<b>94%</b>	<b>\$445</b>	<b>6%</b>	<b>\$7,464</b>

Source: Sample of bank records (verified by examiners)

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

The distribution of borrowers reflects reasonable penetration among individuals of different incomes and businesses of different sizes.

As shown in the following table, the distribution of loans to businesses of different revenue sizes is reasonable. The number of loans to businesses with revenues under \$1 million exceeds the assessment area (AA) demographics.

<b>Borrower Distribution of Business Loans</b>				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	60%	5%	35%	100%
% of Bank Loans in AA by #	76%	24%	0%	100%
% of Bank Loans in AA by \$	50%	50%	0%	100%

Source: Sample of 29 bank records (verified by examiners) and U.S Census Demographic Data

The distribution of home mortgages to borrowers of various income levels is also reasonable. The bank’s percentage of loans to low- and moderate-income borrowers exceeds the assessment area demographics. Consideration is also given to the percentage of households living below the poverty level (6%).

<b>Borrower Distribution of Residential Real Estate Mortgage Loans</b>									
Borrower Income Level	Low		Moderate		Middle		Upper		Unavailable
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	
% of Total	11%	13%	16%	28%	26%	34%	47%	22%	3%

Source: Sample of 32 bank records (verified by examiners) and U.S Census Demographic Data. Income information was not available for 1 loan in the sample.

### **Geographic Distribution of Loans**

There are no low- or moderate- income tracts in the full-scope assessment area. Therefore, an analysis of the geographic distribution of the bank's loans within the assessment area would not provide meaningful information.

### **Conclusions for Assessment Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, performance in the Fond du Lac and Madison assessment areas is consistent with the bank's overall performance. The bank's lending performance was comparable in these areas. Consideration was given to such factors as location of the bank's branches, competition, and the bank's business strategy.

### **Responses to Complaints**

No complaints have been received by the bank or OCC relating to the bank's CRA performance since the previous 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.