



## **PUBLIC DISCLOSURE**

July 05, 2016

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

American National Bank - Fox Cities  
Charter Number: 22553

2200 N. Richmond Street  
Appleton, WI 54911-1948

Office of the Comptroller of the Currency  
Chicago – Schaumburg Field Office

1700 East Golf Road, Suite 800  
Schaumburg, IL 60173

**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, financial condition, and credit needs of the assessment area (AA).
- A majority of originated loans are within the AA.
- The distribution of lending among borrowers of different income levels is reasonable.

**SCOPE OF EXAMINATION**

This Community Reinvestment Act (CRA) evaluation assessed American National Bank – Fox Cities' ("ANB Fox Cities" or "bank") CRA performance using the Small Bank performance standards. This evaluation covered the period from the date of the previous CRA examination, July 30, 2010, through July 5, 2016.

The primary evaluation is performed under the lending test, which evaluates the bank's record of meeting the credit needs of its AA through lending activities. The review period for the lending analysis is January 1, 2014 through December 31, 2015. The lending analysis includes a sample from the bank's primary lending products. Based on the loan portfolio composition and loan originations, we determined the bank's primary products to be small business loans and residential real estate loans and included these in the evaluation.

We placed increased emphasis on our analysis of small business loans as compared to residential real estate loans, as the bank's lending is primarily concentrated in this area. The residential real estate loan sample included all Home Mortgage Disclosure Act (HMDA) reportable loan originations in the AA in 2014 and 2015. The small business analysis was based on a sample of 30 small business loans (24 of which were made inside the bank's AA). We also obtained and analyzed the most recent demographic data available (2010 U.S. Census, Dunn and Bradstreet data as of June 2015, etc.).

This examination included a determination of the accuracy of the bank's 2014 and 2015 HMDA Loan Application Registers (LARs). We verified the accuracy of the LARs by reviewing a representative sample of 60 HMDA loans reported during the evaluation period. We identified no material errors in the sampled HMDA data. Based on our review, we determined the HMDA data to be reliable for use in assessing the bank's CRA performance.

We used quarterly financial data since the last CRA evaluation to assess the loan-to-deposit (LTD) ratio. The average spanned 24 quarters dating from June 30, 2010 through March 31, 2016.

We used the deposit information reported to the Federal Deposit Insurance Corporation (FDIC) as of June 30, 2015 to determine the bank's deposit market share and deposit market ranking within its AA.

## DESCRIPTION OF INSTITUTION

ANB Fox Cities is headquartered in Appleton, Wisconsin and had total assets of \$254 million as of March 31, 2016. ANB Fox Cities has only one location, its headquarters, and is wholly owned by American National Bancorp, a one-bank holding company also located in Appleton. The bank owns and operates one 24-hour automated teller machine (ATM) located on the bank's premises. No branches have been opened or closed since the last CRA evaluation. There have not been any significant changes to ANB Fox Cities' corporate structure, including merger or acquisition activities, since the last CRA evaluation.

The bank offers traditional community bank products and services and, as of March 31, 2016, reported total loans and leases of approximately \$183.3 million, representing 72 percent of total assets. Refer to the table below for details on the bank's loan portfolio composition.

<b>ANB Fox Cities' Loans By Category</b>	<b>\$ (000s)</b>	<b>Percent</b>
Commercial (including commercial real estate, multifamily residential and construction loans)	164,334	89.63
Residential Mortgages (including Home Equity Lines of Credit)	14,191	7.74
Other Loans	3,218	1.76
Agriculture (farmland loans)	854	0.47
Consumer Loans	755	0.42
<b>Total Loans &amp; Leases</b>	<b>183,352</b>	<b>100</b>

Source: Call Report as of March 31, 2016 (Schedule RC-C Part I – Loans and Leases)

ANB Fox Cities' strategic focus is to serve its local community as an independent small bank with a focus on the small business market. Since the previous CRA evaluation, the bank hired a new Chief Lending Officer with expertise in commercial lending.

The previous CRA evaluation, dated July 10, 2010, resulted in a Satisfactory rating using the Small Bank performance standards. There are no legal or financial impediments to ANB Fox Cities' ability to meet the credit needs of its AA.

## DESCRIPTION OF ASSESSMENT AREA

ANB Fox Cities has one AA, comprised of all of the Appleton Metropolitan Statistical Area (MSA). The AA contains all 51 census tracts (CTs) of both Outagamie and Calumet Counties in East Central Wisconsin. The MSA includes all of Outagamie and Calumet Counties. The AA complies with regulatory requirements and does not arbitrarily exclude any low- or moderate-income geographies.

According to 2010 census data, the total population of the bank's AA is 225,666, which includes 60,294 families. Income levels for these families are as follows: 16.54 percent low-income families, 19.20 percent moderate-income families, 26.18 percent middle-income families, and 38.07 percent upper-income families. The level of families in the AA below the poverty level is 5.28 percent. The 2015 updated Federal Financial Institution Examination Council (FFIEC) median family income (MFI) is \$77,100. The median housing value is \$157,275.

Currently, the local economy for the AA is characterized as improving. The local economy is concentrated with manufacturing companies, with the finance and healthcare industries still in recovery. Average unemployment for the area is low and compares favorably to the State of Wisconsin average. The preliminary unemployment rates for May 2016 in Outagamie and Calumet Counties were 3.4 percent and 3.1 percent, respectively. Comparatively, the preliminary unemployment rate for the State of Wisconsin was 4.2 percent.

Competition from other financial institutions is strong. The bank's competitors include large multi-state banks, community banks, and local credit unions. According to the FDIC market share data as of June 30, 2015, ANB Fox Cities ranks fourth among competing FDIC insured institutions with a 5.74 percent market share. The balance of the market share is divided among thirty other institutions. Market share for these institutions ranges from 24.42 percent down to 0.05 percent. It is noted that credit unions in particular represent strong competition in the bank's market, but are not represented in the FDIC Deposit Market Share Report as they are not federally insured financial institutions.

In conducting this evaluation of the bank's CRA performance, we contacted a community representative from a local non-profit organization. According to this representative, there is a need to increase affordable housing-related lending, as the community has a high need for affordable housing development. The individual stated that local financial institutions are meeting the credit needs of the community and are helpful, making great efforts in participating in and contributing to the community. According to the community representative, both banks and local credit unions are willing to assist in providing credit to low-income individuals, although credit unions are more tolerant in helping extend credit to these individuals. A second community contact provided by the FDIC echoed these sentiments, indicating that local financial institutions are highly engaged in the community and that the community has an increased need for affordable housing.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

**ANB Fox Cities' CRA performance in meeting the lending needs of its AA is Satisfactory.**

**The loan-to-deposit (LTD) ratio is reasonable. A majority of the bank's loan activity is inside its AA. The borrower distribution reflects reasonable penetration. The geographic distribution reflects poor dispersion.**

### Loan-to-Deposit Ratio

The bank's LTD ratio is reasonable given its size, financial condition, and the credit needs of the AA. We calculated the LTD ratio based on the average of 24 quarters of financial data from June 30, 2010 through March 31, 2016. The average quarterly loan-to-deposit ratio for the bank was 88.27 percent, ranking fifth in a peer group of six other similarly situated banks in the AA. Peer asset sizes ranged from \$91 million to \$254 million. The average quarterly LTD ratios for these banks ranged from 67 percent to 99 percent over the same period.

### Lending in Assessment Area

ANB Fox Cities originated a majority of its loans to borrowers located inside its AA during the evaluation period. We included all HMDA loans originated between January 1, 2014 and December 31, 2015, and a sample of 30 small business loans. The bank originated 66.35 percent by number and 63.19 percent by dollar volume of loans within its AA. This percentage is reasonable and meets CRA performance standards. Refer to Table 1 below for additional details.

Table 1 - Lending in the AA										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	67	70.53	28	29.47	95	11,902	70.98	4,866	29.00	16,768
Home Refinance	47	56.63	36	43.37	83	7,707	56.82	5,858	43.18	13,565
Small Business Loans	24	80.00	6	20.00	30	1,664	49.91	1,670	50.09	3,334
Total	138	66.35	70	33.65	208	21,273	63.19	12,394	36.81	33,667

Source: HMDA Data (2014 & 2015) and sample of 30 Small Business Loans (verified by examiners)

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

**The bank’s distribution of lending among borrowers of different income levels and businesses of different sizes reflects reasonable penetration.**

We did not analyze the bank’s performance in home improvement lending as the volume of home improvement loans originated was not large enough to perform a meaningful analysis. The bank extended only three home improvement loans during the evaluation period. We placed more weight on small business lending as the bank’s lending is primarily concentrated in small business lending.

Residential Lending:

ANB Fox Cities’ distribution of residential real estate loan products (home purchase and home refinance) demonstrates poor penetration among borrowers of different income levels.

The bank’s home purchase lending to low-income borrowers is poor, as the percentage of bank loans made to low-income borrowers is lower than the percentage of low-income borrowers. Home purchase lending to moderate-income borrowers is reasonable as the percentage of bank loans to moderate-income borrowers is lower than the percentage of moderate-income borrowers.

The bank’s home refinance lending in the AA to low-income borrowers reflects reasonable performance as the percentage of bank loans to low-income borrowers is near the percentage of low-income borrowers. The bank’s home refinance lending to moderate-income borrowers is poor as the percentage of loans to moderate-income borrowers is lower than the percentage of moderate income borrowers.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in the AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Type of Loan	% 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
Home Purchase	16.54%	2.17%	19.20%	15.22%	26.18%	15.22%	38.07%	67.39%
Home Refinance	16.54%	15.00%	19.20%	7.50%	26.18%	22.50%	38.07%	55.00%

Source: U.S. Census Data (2010) and HMDA data (2014 and 2015)

Small Business Lending:

ANB Fox Cities’ distribution of small businesses loans within the AA reflects excellent penetration.

We analyzed small loans to businesses using loan size as a proxy as we could not verify small business revenue because the bank does not gather this information. The distribution of small loans to businesses in the AA by loan size is excellent as all of the bank’s loans to businesses are small loans to businesses in amounts of \$250,000 or less. Of these small loans to businesses, the majority of loans originated were in the amount of \$100,000 or less. Of the 24 small business loans from our sample that were originated inside the bank’s AA, 20, or 83 percent, were of an amount between \$0 and \$100,000, and 4, or 17 percent, were of an amount between \$100,001 and \$250,000.

<b>Table 2B - Borrower Distribution of Loans to Businesses by Loan Size in the AA</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 to \$100,000	20	83.33%	\$1,060	63.70%
\$100,001 to \$250,000	4	16.67%	\$604	36.30%
\$250,001 to \$500,000	0	0.00%	0	0.00%
\$500,001 to \$1,000,000	0	0.00%	0	0.00%
Over \$1,000,000	0	0.00%	0	0.00%

Source: Sample of 24 Small Business Loans in the AA (verified by examiners)

**Geographic Distribution of Loans**

**The geographic distribution of loans reflects poor dispersion among geographies of different income levels as there are few demographically distinct geographies in the bank’s AA.**

We did not identify evidence of unreasonable exclusion from lending within any low- and moderate-income census tracts (CTs). There were no unexplained lending gaps within the bank’s AA.

Residential Lending:

The geographic distribution of home mortgage loans represents poor dispersion among different income geographies. However, there are no low-income CTs in the bank’s AA. Home purchase loans in moderate-income CTs reflects poor dispersion. The bank originated no home purchase loans in moderate-income CTs during the evaluation period, compared to 6.20 percent of AA owner-occupied housing lying in moderate-income CTs. Strong market competition, coupled with the significant number of

occupied rental units and vacant housing units in moderate-income CTs, significantly reduces opportunities to lend in these CTs. Vacant units represent 15.98 percent, occupied rental units represent 13.00 percent, and owner occupied housing units (OOHUs) represent only 6.20 percent of total housing units located in moderate-income CTs. In addition, ANB Fox Cities' ranks 24<sup>th</sup> of 242 lenders in its AA in home mortgage lending market share. The top two lenders, according to the 2015 FFEIC peer mortgage data market share report, were large local credit unions.

The bank's home refinance lending in moderate-income CTs reflects reasonable dispersion. The bank originated 4.26 percent of home refinance loans in moderate-income CTs during the evaluation period, lower than the 6.20 percent of AA owner-occupied housing located in moderate-income CTs. Refer to Table 3 below for further details.

Table 3- Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Type of Loan	% of AA OOHUs	% of Number of Loans	% of AA OOHUs	% of Number of Loans	% of AA OOHUs	% of Number of Loans	% of AA OOHUs	% of Number of Loans
Home Purchase	0.00%	0.00%	6.20%	0.00%	75.79%	80.60%	18.01%	19.40%
Home Refinance	0.00%	0.00%	6.20%	4.26%	75.79%	70.21%	18.01%	25.53%

Source: U.S. Census Demographic Data (2010) and HMDA data (2014 and 2015)

Small Business Lending:

The geographic distribution of small loans to businesses reflects poor dispersion among CTs of various income levels. There are no low-income CTs in the AA. The bank's volume of small loans to businesses in moderate-income CTs is significantly lower than the percentage of businesses in moderate-income CTs. Please refer to Table 3A below for details.

Table 3A - Geographic Distribution of Small Business Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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
% of Total	0.00%	0.00%	7.84%	4.17%	76.47%	79.17%	15.69%	16.67%

Source: U.S. Census Data (2010) and sample of 24 business loans in the AA (verified by examiners)

## **Responses to Complaints**

ANB Fox Cities did not receive any CRA-related complaints during the evaluation period. The Office of the Comptroller of the Currency (OCC) did not receive any CRA-related complaints regarding ANB Fox Cities either during the evaluation period.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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