



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 19, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Glenwood
Charter Number 15696**

**204 East Oak Street, P.O. Box 338
Glenwood City, Wisconsin 54013-0338**

Office of the Comptroller of the Currency

**Eau Claire Duty Station Office
P.O. Box 8187
Eau Claire, Wisconsin 54702-8187**

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 **First National Bank of Glenwood** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, between June 30, 1988, and April 19, 1996. 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 Outstanding Record of Meeting Community Credit Needs.

First National Bank of Glenwood has an excellent record of meeting the credit needs of small businesses, small farms and low/moderate income individuals in its assessment area.

The following table indicates the performance level of First National Bank of Glenwood with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL BANK OF GLENWOOD PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes	X		
Geographic Distribution of Loans	X		
Response to Complaints	No complaints were received since the prior CRA examination.		

DESCRIPTION OF INSTITUTION

First National Bank of Glenwood (FNB) is a \$17 million financial institution located in a small agricultural community in West Central Wisconsin. The main office is located in a moderate income area. The bank has no branch offices or automated teller machines. Glenwood Bancshares, Inc., a one bank holding company owns the bank. FNB offers a variety of conventional and government-sponsored loan products which are well-suited to community credit needs. Its \$12 million dollar loan portfolio is almost equally divided between business (32%), residential (29%) and agricultural (27%) loans. Consumer loans (12%) account for the balance of the portfolio. There are no financial, legal, or other factors which impede the bank's ability to meet its CRA obligations.

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area consists of three census tracts in eastern St. Croix County and two block numbering areas in northern Dunn County. The assessment area complies with regulatory requirements. St. Croix County is part of the Minneapolis/St. Paul metropolitan statistical area (MSA). Based on 1990 census data, two geographies in the assessment area are moderate income and three geographies are middle income. The population of the bank's assessment area is 21,387 and the median housing value is \$41,700. The Department of Housing and Urban Development's most recent (1995) estimate of median family income is \$51,000 for the Minneapolis/St. Paul MSA and \$35,900 for the State of Wisconsin nonmetropolitan areas.

The bank's assessment area is predominantly agricultural. The economy is characterized as stagnant, but stable. Dairy farming is the primary agribusiness. Much of the workforce commutes out of the area for employment. Due to its proximity to the Twin Cities (Minneapolis and St. Paul, Minnesota), St. Croix County has higher income, lower unemployment and faster population growth than regional (West Central Wisconsin), state or national averages. The county has a strong base of small to medium-sized manufacturing and service firms, and a growing retail sector. Economic prosperity and diversity, however, is concentrated in the western portion of the county. In Dunn County, government jobs are the major source of nonfarm employment due to a state university located in Menomonie. Dunn County similarly enjoys low unemployment levels due to the number of government sector jobs and an expanding manufacturing and service base.

Competition among financial institutions in the bank's assessment area is moderate. Until 1995, when Citizens State Bank of Woodville opened a branch facility, FNB was the only financial institution in Glenwood City. Other competitors include FNB of Baldwin, FNB of Hudson, Westconsin Credit Union, First Federal Savings Bank and FNB of Boyceville.

Community contacts conducted by regulators within the last two years include two community development representatives and a government official. Community credit needs include low income housing, small business and agricultural loans. Local financial institutions, including FNB, offer a variety of credit products to meet these needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

FNB’s loan to deposit ratio is good. Since the previous CRA examination (June 1988), the average quarterly loan to deposit ratio was 77%. This ratio is also 77% as of December 31, 1995, which compares favorably to similarly situated banks. Peer loan to deposit ratios and the bank’s percentile rankings for this date are:

National Peer	61%	(86th percentile)
Local Peer (all banks in the surrounding six county region)	70%	(88th percentile)
Custom Peer (all Wisconsin banks < \$50 million)	73%	(63rd percentile)

A substantial majority of loan originations is inside the assessment area. Bank management monitors the location of outstanding loans via townships. This is a reasonable proxy for the location of loan originations because FNB does not sell or purchase a significant volume of loans. Approximately 83% (by number) and 76% (by dollar volume) of loans are in townships encompassed by the bank’s assessment area.

The distribution of credit among borrowers and businesses of different income levels is excellent.

- o Commercial and agricultural loans: Based on our knowledge of the bank’s loan portfolio and management discussions, all commercial and agricultural loan customers in the bank’s assessment area (with two exceptions) are small businesses (defined as businesses and farms with revenues less than \$1 million).
- o Residential loans: Reports filed in 1994 under the Home Mortgage Disclosure Act (HMDA) show that a majority (60%) of the bank home loan originations in the MSA portion of the assessment area are to low and moderate income borrowers:

1994 Home Mortgage Originations in the MSA Portion of the Bank’s Assessment Area (Census Tracts 1206, 1207 & 1208)				
Borrower Income Characteristics	Bank		Market Aggregate	
	#	%	#	%
Low Income	4	12%	98	20%
Moderate Income	16	48%	157	33%
Middle Income	6	18%	140	28%
High Income	7	21%	83	17%
Not Available	0	0%	20	4%
Total	33	100%	498	100%

- o Consumer loans: Of 24 consumer loan originations sampled: 9 loans (38%) were to low income borrower; 7 loans (29%) were to moderate income borrowers; 7 loans (29%) were to middle income borrower; and 1 loan (4%) was to a high income borrowers.

Examiners also looked at loan size as a proxy of the bank's willingness to make loans to low/moderate income borrowers and small businesses. These numbers also support performance under this factor. Less than 5% of all outstanding notes exceed an origination amount of \$100,000. And less than 2% exceed an origination amount of \$500,000.

The geographic distribution of credit reflects very good dispersion throughout the assessment area. To reach this conclusion, we again relied on management reports that track the location of outstanding loans by township. Almost three-fourths of loans in the assessment area (73% by number and 71% by dollar volume) are in moderate income tracts. The remaining loans in the assessment area are in middle income tracts.

Examiners did not identify any instances of illegal discrimination or discouragement in the concurrent compliance review.