

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 operations 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 **F & M Bank - Portage County, Stevens Point, Wisconsin** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **November 18, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION-S RATING: This institution is rated Outstanding.

F & M Bank - Portage County's overall performance rating is supported by a more than adequate loan-to-deposit ratio and a substantial percentage of loans originated within its assessment area. Further support is evidenced by the bank's strong penetration among borrowers of various income levels and businesses of different sizes within the assessment area. The bank generally promotes economic revitalization and growth, consistent with its size, financial capacity, location, and current economic conditions. These efforts are primarily accomplished through the origination of agricultural, small business, consumer, and real estate loans. There are no low-income or moderate-income geographies in the bank's assessment area and no CRA-related complaints have been received by the institution since the bank became a member of the Federal Reserve System.

The following table indicates the performance level of **F & M Bank - Portage County** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	F&M BANK - PORTAGE COUNTY 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	There are no low or moderate income geographies within the assessment area.		
Response to Complaints	No complaints have been received since the bank became a member of the Federal Reserve System.		

DESCRIPTION OF INSTITUTION

F&M Bank - Portage County, with total assets of \$62.7 million as of September 30, 1996, is a member of the F&M Bancorporation, a multi-bank holding company with approximately \$944 million in assets as of December 31, 1995. The bank's main office is located in Stevens Point, Wisconsin, which is approximately 100 miles directly north of Madison, Wisconsin and its branch office is located in Amherst Junction, Wisconsin, approximately 15 miles east of the main office. Both the bank and branch accept loan applications, and automatic teller machine (ATM) services are available at the main office.

One-to-four family residential lending comprises the majority (38.69%) of the bank's loan portfolio. Significant activity is also noted in commercial and industrial loans (24.72%) and farmland real estate loans (11.87%). Consumer lending, including credit cards, accounts for 5.08% of the bank's loan portfolio.

The bank's primary competitors include: Bank One, Stevens Point; Community First Bank (main office in Rosholt, WI); M&I Midstate Bank, Stevens Point; First Financial Bank, Stevens Point; Point Soo Credit Union, Stevens Point; and the Portage County Bank, Stevens Point (main office in Almond, WI).

F&M Bank - Portage County receives additional competition from Anchor Bank, S.S.B. (Madison), First Financial Bank (Stevens Point), and Community First Bank (Rosholt, with a branch in Stevens Point).

DESCRIPTION OF THE BANK-S ASSESSMENT AREA

The bank has defined its assessment area as the thirteen contiguous block numbering areas (BNAs), 9601-9613, in Portage County. According to 1990 census data, 61,405 persons reside in the county. Eleven of the BNAs that comprise the assessment area are middle income areas; the other two (9605 and 9607) are upper income areas. Low income families represent 13.2% of all families in the assessment area while moderate income families represent 16.2%. Minorities comprise 2.5% of the assessment area population, with those of Asian decent accounting for 1.2%. One of the community contacts mentioned that the number of Southeast Asian (Hmong) residents is growing and estimated their population to currently be about 3,000.

The median family income for the assessment area is \$34,928. The housing stock of the assessment area is 65.4% owner-occupied, with 80.8% consisting of one-to-four family residences. The median housing age in the assessment area is 36 years, compared to the non-metro state median housing age of 29 years. According to 1990 U.S. Census data, the median housing value in the assessment area is \$58,630 compared to community contact estimates of \$90,000.

Major employers in Portage County include: Consolidated Papers, Inc., (paper products, employs

1,200); Sentry Insurance, (insurance, employs 1,900); the University of Wisconsin -Stevens Point, (education, employs 1,350); and Copps Corporation (grocery stores and distributor, employs 630). The county also has a significant agricultural sector and, according to a community contact, produces 7% of the nation's potato crop. According to the State of Wisconsin Department of Labor, the Portage County unemployment rate for September was 2.5% compared to 2.7% for the State of Wisconsin during the same period.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

A review of loans and denied credit applications revealed that the bank is in compliance with the substantive provisions of anti-discrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No prohibited discriminatory lending practices, or policies intended to discourage loan applicants were detected during the examination.

LOAN-TO-DEPOSIT RATIO

Using the bank's Consolidated Reports of Condition, a six-quarter review of the bank's loan-to-deposit ratio was performed. The bank's average quarterly loan-to-deposit ratio is 82.17%. According to the September 30, 1996 Uniform Bank Performance Report (UBPR), the loan-to-deposit ratio of the bank's peer group is 70.25%. A more specific comparison analysis of the bank's immediate competition was performed. The following chart shows the loan-to-deposit ratios of the bank and its primary competitors based on their September 30, 1996 consolidated reports of condition:

LOAN-TO-DEPOSIT RATIO (LTD) ANALYSIS			
Bank Name	Main office location	Asset Size* (\$000s)	LTD Ratio
Bank One, N.A.	Stevens Point, WI	\$181,087	97.88%
F&M Bank - Portage County	Stevens Point, WI	\$62,684	85.37%
Portage County Bank	Almond, WI	\$38,201	81.17%
M&I Mid-State Bank	Stevens Point, WI	\$504,048	76.03%

The bank's strong loan-to-deposit ratio exceeds the standards for satisfactory performance.

LENDING IN ASSESSMENT AREA

In order to determine the bank's lending performance within its assessment area, loan originations during the six month period between April and September of 1996 were reviewed.

Loan Type	Total number in sample	Number within the assessment area	Percent of Total
Commercial	99	91	92%
Agriculture	35	33	94%
Single Payment	76	69	91%
Installment	122	114	93%
Real Estate	92	84	91%
Other Loans*	33	31	94%
Total	457	422	92%
*Other loans consist of agricultural real estate, and personal and home equity lines of credit.			

As the preceding chart illustrates, approximately 92% of the bank's originations (during the six-month period) are within its assessment area. Significant percentages (at least 90%) are noted for each loan product and demonstrate the bank is serving the credit needs of the assessment area. The bank's performance in this category exceeds the standards for satisfactory performance.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND BUSINESSES OF DIFFERENT SIZES

The bank prepared a report detailing the number of consumer loans originated during the review period. Consumer real estate loans were classified by income level codes; these codes were based on a median family income figure of \$41,700. Bank management stated that the \$41,700 figure is HUD's revised (1/96) median family income for the assessment area. The bank regularly collects income information on single payment and installment borrowers, therefore, a sample of these loans originated during the period April 1996 to September 1996 was included in the analysis. The assessment area's median family income of \$34,928 was used in the analysis of these two products. The consumer loan review revealed the following distribution, by income level:

Loan Type	Number of loans sampled	Low Income Number of Loans	Moderate Income Number of Loans
Real Estate	92	6	33
Installment & Single Payment	61	24	24
Totals (Percentage)	153	30 (20%)	57 (37%)

As the preceding chart illustrates, 39 of 92 (42%) real estate loans and 48 of 61 (79%) installment and single payment loans were made to low income and moderate income borrowers.

An analysis of the bank's lending to small businesses and small farms was also performed to assess the bank's lending performance, by income, under this criterion. The bank prepared a report that listed business (commercial) and farm (agriculture) loans originated during the six month period from April 1996 through September 1996. Of the 99 commercial loans reviewed, 88 (88.9%) were made to small businesses (defined as those with annual revenues of \$1 million or less). Of the 35 agricultural loans reviewed, 31 (88.6%) were made to small farms (defined as those with annual revenues of \$500,000 or less).

The distribution of loans to borrowers reflects a more than reasonable penetration of individuals of different income levels, and businesses and farms of different sizes. The bank's small business and farm lending is consistent with its size and the nature of the assessment area. Comments received from community representatives indicate that they are satisfied with the services provided by the bank. The bank's lending to borrowers of different income levels and businesses of different sizes exceeds the standards for satisfactory performance.

GEOGRAPHIC DISTRIBUTION OF LOANS

There are no low income or moderate income geographies located within the assessment area; therefore, this criterion is not rated.

RESPONSE TO SUBSTANTIATED COMPLAINTS

No CRA-related complaints have been received by the institution since the bank became a member of the Federal Reserve System.