

**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 - Northeast** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **January 21, 1997**. 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**.

The F&M Bank - Northeast generally promotes economic revitalization and growth consistent with its size, financial capacity, location, and the current economic conditions of its assessment area. The bank provides this support through origination of real estate, small farm, small business, and various consumer loans. The extent of the bank's activities is evidenced by its consistently higher than peer loan-to-deposit ratio. The majority of the bank's loan originations are within the assessment area. Loans to small businesses and small farms, as well as consumers of all income levels are prevalent. The geographic distribution of loans throughout the assessment area is reasonable. The examination revealed no patterns or practices intended to discriminate or discourage applications from any protected class. There were no CRA-related complaints received by the bank.

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

| SMALL INSTITUTION ASSESSMENT CRITERIA  | F&M BANK - APPLETON 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  |  |  |

| <b>SMALL INSTITUTION ASSESSMENT CRITERIA</b> | <b>F&amp;M BANK - APPLETON PERFORMANCE LEVELS</b>        |  |  |
|--|--|--|--|
| Geographic Distribution of Loans             | X  |  |  |
| Response to Complaints                       | No CRA-related complaints have been received by the bank |  |  |

**DESCRIPTION OF INSTITUTION**

F&M Bank-Northeast, with assets of \$259.3 million as of December 31, 1996 is a subsidiary of F&M Bancorporation, Inc., a multi-bank holding company, with total assets of \$ 1.1 billion as of December 31, 1996. This bank was examined under the new CRA small bank guidelines due to the fact that for year end 1995 the bank was below \$250.0 million in assets and the holding company was below \$1.0 billion in assets. The bank has eleven offices with locations in: Green Bay (2), Lena, Marinette (2), Oconto, Pulaski, Sobieski, Suamico, Suring, and Townsend. The bank offers depository services and a full array of loan products including consumer, mortgage, commercial and agricultural loans. The bank also participates in locally developed loan programs such as the WHEDA zero equity home improvement program, the Marinette Downtown Development Association Reinvestment loan program, and the Project Pulaski low-interest business loan program which make low cost funds available for local businesses.

The F&M Bank-Northeast is one of two financial institutions in Pulaski. There are no impediments limiting the bank's ability to meet the credit needs in its assessment area. The bank's primary competitors are as follows:

Green Bay - Bank One, Firstar Bank, North Shore Bank, M&I Bank Northeast  
Marinette - Bay Shore Credit Union, First Northern Savings Bank  
Oconto - Associated Bank Green Bay  
Pulaski - North Shore Bank  
Suring - N E W Credit Union

**DESCRIPTION OF ASSESSMENT AREA**

The Village of Pulaski, population approximately 2,500, is considered a bedroom community as it is located in Brown county approximately 15 miles northwest of Green Bay in Northeastern Wisconsin. Although in recent years Pulaski has experienced a decline in commerce, the community continues to grow in population. Most of Pulaski's residents are employed in Green Bay and regularly commute to the Green Bay area for shopping and other retail needs. Because Pulaski has become increasingly more integrated with Green Bay's economy, management considers the bank to be an extension of the Green Bay market area and is currently striving to improve its presence there. Currently, the bank maintains two branches in Green Bay, with one recently opening July 1996. Although management acknowledges that the Green Bay market area is competitive, with more than 20+ competing financial institutions, the stability of the economy coupled with low unemployment generates favorable opportunities for the bank to grow and increase its market share.

Manufacturing of metals and equipment constitutes a significant portion of Pulaski's industry. Large employers of community residents include Carver Boat Corporation (manufacturing, approximately 1,200-1,300), Industrial Engraving and Manufacturing (over 100+), and the Pulaski School District, which management indicated is well-regarded and a key reason why

Pulaski has attracted more residents.

The bank's assessment area includes the following census tracts within the Greenbay MSA, and block numbering areas (BNAs):

| <b><u>Brown County</u></b> | <b><u>Marinette County</u></b> | <b><u>Shawano County</u></b> | <b><u>Oconto County</u></b> |
|----------------------------|--------------------------------|------------------------------|-----------------------------|
| 3.01                       | 9613                           | 9811                         | 9902                        |
| 6                          | 9614                           |                              | 9906                        |
| 8                          | 9615.97                        |                              | 9907                        |
| 10                         |                                |                              | 9908                        |
| 12                         |                                |                              | 9910                        |
| 13                         |                                |                              | 9913                        |
| 202                        |                                |                              |                             |
| 203                        |                                |                              |                             |
| 207.01                     |                                |                              |                             |
| 208.00                     |                                |                              |                             |
| 213.01                     |                                |                              |                             |
| 213.02                     |                                |                              |                             |
| 213.03                     |                                |                              |                             |

All census tracts and all BNAs in the assessment area are middle-income with the exceptions of: 8 & 10 that are identified as low-income, 12, 208 & 9902 that are identified as moderate-income, and 213.02 which is identified as high-income.

The population of the bank's assessment area is 86,595 according to 1990 census data; Whites constitute 84,058 or 97.1% of the population of the assessment area. The bank's assessment area has experienced moderate growth since the previous census with the exception of Marinette County which has experienced rapid growth due to many new manufacturing job opportunities.

The median family income for the assessment area is \$45,127. There are 22,849 families in the assessment area of which 8,307 or 36.3% are low- or moderate-income. Also, there are 1,618 or 7.1% families below the poverty level.

There are 36,601 housing units in the assessment area, according to 1990 census data; owner-occupied units total 22,654 or 61.9%, rental units total 9,921 or 27.1%, with a remaining vacancy rate of 11.0%. The median housing value in the assessment area is \$73,495; the median age of the housing stock within the assessment area is 24 years with 32.4% of the housing units built before 1950. There are 9,516 multi-family housing units and 2,737 mobile homes in the assessment area.

The Wisconsin Department of Workforce Development reported that in December, 1996 the unemployment rate in Brown County was 2.4%, Marinette County was 5.0%, Shawano County was 3.6%, and in Oconto County the rate was 4.4%. The State of Wisconsin unemployment rate

at this time was 3.5%. The major employers in Pulaski are Carver Boat Corporation, New Harvest Foods Inc., Tarcon Inc., JW Industries, and Angelica Tile Inc., according to the Classified Directory of Wisconsin Manufactures. The top three industries in Brown County are Services (25%), Manufacturing (21%) and Retail Trade (18%).

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

The bank was examined for compliance with fair lending laws and regulations. No evidence of prohibited discriminatory credit practices were detected. Although Regulation B violations were detected during the examination these violations were an oversight by management and corrective action had already been performed by the bank prior to the writing of this report. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts.

**Loan-to-Deposit Ratio**

A review of the bank's December 31, 1996 Consolidated Report of Condition revealed a loan-to-deposit ratio of 91.78%. The distribution by loan type was as follows:

| LOAN TYPE                          | DOLLAR AMOUNT<br>OUTSTANDING (000's) | PERCENT OF TOTAL<br>LOANS |
|------------------------------------|--------------------------------------|---------------------------|
| REAL ESTATE                        | 10,939                               |                           |
| Construction                       | 76,304                               | 5.37%                     |
| Residential (1-4)                  | 8,134                                | 37.42%                    |
| Commercial                         | 12,209                               | 26.23%                    |
| Agricultural                       |                                      | 3.99%                     |
| Multi-family                       | 2,808                                | 5.99%                     |
| CONSUMER                           | 10,422                               |                           |
| Open-end Credit                    |                                      | 1.38%                     |
| All Other                          | 22,254                               | 5.11%                     |
| COMMERCIAL AND<br>INDUSTRIAL       | 4,957                                | 10.91%                    |
| AGRICULTURAL                       | 2,184                                | 2.43%                     |
| STATE AND POLITICAL<br>OBLIGATIONS | 204                                  | 1.07%                     |
| OTHER                              |                                      | 0.10%                     |

Based upon a comparison of the bank's loan distribution with information contained in the Call

Report dated December 31, 1995: Construction loans increased 81.08%, Commercial & Industrial loans increased 71.46%, Residential (1-4) loans increased 33.33%, and Agricultural loans increased 32.86%, while Agricultural real estate loans decreased 22.33%. Management attributes these changes to the following:

LOAN PRODUCT

MANAGEMENTS RESPONSES

\*Construction loans Two loans both over \$1mm were closed at the Allouez branch.

\*Commercial & Industrial Both the Allouez and the Pulaski branches have become very aggressive in this area of lending.

\*Residential (1-4 family) Loans totaling \$3.3mm that were to be sold in the secondary market were portfolioed instead.

\*Agricultural Both the Suring and the Lena branches have become very aggressive in this area of lending.

\*Agricultural Real Estate In the area around the Suamico office farmland is being sold off to developers to be subdivided into residential plots.

Overall, total loans increased 19.76% from 1995 to 1996 while assets grew 14.42% and deposits grew 11.60%.

A review of the bank's Consolidated Reports of Condition for the past six quarters beginning September 30, 1995, revealed an average loan-to-deposit ratio of 89.85%. The following chart illustrates the trend in the loan-to-deposit ratio since September 30, 1995.

| 9/30/95 | 12/31/95 | 3/31/96 | 6/30/96 | 9/30/96 | 12/31/96 |
|---------|----------|---------|---------|---------|----------|
| 87.22%  | 85.52%   | 90.76%  | 92.19%  | 91.61%  | 91.78%   |

By comparison, The North Shore Bank in Pulaski showed a loan-to-deposit ratio of 115.00% as of December 31, 1996. However, the F&M Bank sells a substantial amount of loans into the secondary markets that would not be reflected in the loan-to-deposit ratio. In 1995, these originations totaled \$2,594,258. In 1996, these originations totaled \$6,456,816.

According to the Uniform Bank Performance Report (UBPR), dated September 30, 1996, the bank's performance compared to peer is illustrated in the following chart.

| LOAN TYPE                | BANK AVERAGE LOAN MIX (%) | PEER AVERAGE LOAN MIX (%) |
|--------------------------|---------------------------|---------------------------|
| REAL ESTATE LOANS        |                           |                           |
| Construction/Development | 3.97                      | 4.70                      |
| 1 - 4 Family Residential | 37.93                     | 28.94                     |

|   |              |              |
|---|--------------|--------------|
| Home Equity   | 0.98         | 2.20         |
| Other Real Estate   | 38.16        | 25.89        |
| Farmland  | 4.90         | 0.47         |
| Multi-family  | 5.76         | 1.41         |
| Commercial  | 27.50        | 22.15        |
| <b>TOTAL REAL ESTATE LOANS</b>  | <b>80.06</b> | <b>65.47</b> |
| <b>LOANS TO INDIVIDUALS</b>   | <b>6.22</b>  | <b>11.07</b> |
| <b>CREDIT CARD LOANS</b>  | <b>0.35</b>  | <b>0.47</b>  |
| <b>COMMERCIAL &amp; INDUSTRIAL LOANS</b>  | <b>9.67</b>  | <b>16.70</b> |
| <b>AGRICULTURAL LOANS</b>   | <b>2.64</b>  | <b>0.25</b>  |
| <b>MUNICIPAL LOANS</b>  | <b>1.21</b>  | <b>0.20</b>  |
| <b>OTHER LOANS*</b>   | <b>0.20</b>  | <b>0.26</b>  |
| *Excludes Financial Institution Loans, Acceptances of Other Banks, Foreign Office Loans and Leases, and Lease Financing Receivables |              |              |

The UBPR chart shows that the bank exceeds its peer group in Total Real Estate Lending by 14.59%. This is accounted for in the categories of 1 - 4 Family Residential and Other Real Estate Loans. The loan-to-deposit ratio exceeds peers by 20.16% (90.63% vs 70.47%) and the loan-to-asset ratio exceeds peer by 17.22% (78.73% vs 61.51%).

The bank's consistently high average loan-to-deposit ratio is considered to exceed the standards for satisfactory performance, based upon the bank's size, financial condition, competition and credit needs in the assessment area.

**Loans in Assessment Area**

A review of the loan sample revealed the following geographic distribution:

| <b>LOAN TYPE</b>      | <b>TOTAL SAMPLED</b> | <b>WITHIN THE LOCAL DELINEATED COMMUNITY</b> | <b>PERCENT OF TOTAL</b> |
|-----------------------|----------------------|--|-------------------------|
| Real Estate Mortgages | 21                   | 12   | 57.14                   |
| Home Equity Lines     | 10                   | 8  | 80.00                   |
| Installment Loans     | 20                   | 15   | 75.00                   |
| Single Payment Loans  | 10                   | 7  | 70.00                   |

|                       |    |    |       |
|-----------------------|----|----|-------|
| Over-draft Protection | 10 | 8  | 80.00 |
| Commercial Loans      | 10 | 7  | 70.00 |
| Grand Totals          | 81 | 57 | 70.37 |

As the preceding chart illustrates, 70.37% of all loans sampled for the month of November, 1996, were within the bank's assessment area.

The bank geo-codes all of its originations and furnished the examiners with a specific sample of real estate, commercial, agricultural, and consumer loans (all except for o/d protection) for the six month period ending November 30, 1996. A review of this sample revealed that the bank originated a total of 1,234 loans of all types, of which 837 (67.83%) were identified as originated in the assessment area.

The results of this review are displayed in the following chart.

| LOAN TYPE                   | TOTAL        | WITHIN THE LOCAL<br>DELINEATED<br>COMMUNITY | PERCENT OF<br>TOTAL |
|-----------------------------|--------------|---|---------------------|
| COMMERCIAL- Agricultural    | 90           | 78  | 86.67%              |
| COMMERCIAL - Small Business | 272          | 177   | 65.07%              |
| CONSUMER - Real Estate      | 312          | 185   | 59.29%              |
| CONSUMER - All              | 560          | 397   | 70.89%              |
| <b>TOTAL LOANS</b>          | <b>1,234</b> | <b>837</b>                                  | <b>67.83%</b>       |

The review of the six-month loan sample indicates that a majority of the bank's loans are in the assessment area and this level of lending meets the standards for a satisfactory performance.

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

The bank collects income information on all its loan applications. The six month loan sample as of November 30, 1996, was analyzed to determine the banks level of lending to borrowers of different income levels. This analysis of real estate loans, commercial loans, agricultural loans, and all other consumer loans by income level for this period revealed the following distribution:

| Type | Low-income | Moderate -<br>income | Total loans Low-<br>Moderate income |
|------|------------|----------------------|-------------------------------------|
|      | # / %      | # / %                | # / %                               |



|                |             |             |              |
|----------------|-------------|-------------|--------------|
| Real Estate    | 4 / 2.16%   | 11 / 5.95%  | 15 / 8.11%   |
| Consumer - All | 49 / 12.34% | 57 / 14.36% | 106 / 26.70% |

The preceding chart shows that of all consumer and real estate loans made in the assessment area, 121 or 20.79% were to low- and moderate-income borrowers. The census data reveals that 36.36% of the families in the bank's assessment area have low/moderate income levels. However, 7.08% of the total families in the assessment area are below the poverty levels.

Small Business and Small Farm Loans

Annual revenue information was readily available for loans to small businesses and small farms. The following charts illustrate the bank's level of small business and small farm lending from the bank's June 30, 1995 and 1996 Call Reports.

| SMALL FARM/ SMALL BUSINESS LOAN AMOUNT ANALYSIS |            |                |                |                |
|---|------------|----------------|----------------|----------------|
| LOAN AMOUNTS<br>IN (000'S) FOR 6/30/95          | SMALL FARM |                | SMALL BUSINESS |                |
|   | #          | %total         | #              | %total         |
| \$100 or less                                   | 300        | 88.76%         | 958            | 93.10%         |
| \$100+ thru \$250                               | 34         | 10.06%         | 44             | 4.28%          |
| \$250+ thru \$1,000                             | 4          | 1.18%          | 26             | 2.52%          |
| <b>TOTALS</b>                                   | <b>338</b> | <b>100.00%</b> | <b>1,029</b>   | <b>100.00%</b> |

| SMALL FARM/ SMALL BUSINESS LOAN AMOUNT ANALYSIS |            |                |                |                |
|---|------------|----------------|----------------|----------------|
| LOAN AMOUNTS<br>IN (000'S) FOR 6/30/96          | SMALL FARM |                | SMALL BUSINESS |                |
|   | #          | %total         | #              | %total         |
| \$100 or less                                   | 142        | 85.03%         | 610            | 74.94%         |
| \$100+ thru \$250                               | 23         | 13.77%         | 117            | 14.37%         |
| \$250+ thru \$1,000                             | 2          | 1.20%          | 87             | 10.69%         |
| <b>TOTALS</b>                                   | <b>167</b> | <b>100.00%</b> | <b>814</b>     | <b>100.00%</b> |

The previous charts reveal that of all the loan amounts granted to small businesses and farms during these time frames the vast majority were for loans of \$250,000 or less. Further analysis of the call reports showed that for June 30, 1995, commercial related loans totaled \$85,518,000.

When compared to this total small business loans represents \$83,517,000 or 97.66%. Agricultural related loans totaled \$14,836,000 during this time. When compared to this total small farm loans represents \$14,030,000 or 94.57%. Similar analysis for the June 30, 1996, call report shows commercial related loans totaled \$69,852,000. When compared to this total small business loans represents \$64,771,000 or 92.73%. Agricultural related loans totaled \$14,146,000 during this time. When compared to this total small farm loans represents \$8,420,000 or 59.52%. Management attributes the decrease in agricultural related loans primarily to agricultural real estate loans. Agricultural real estate has decreased 22.33% for all of 1996. In the area around the Suamico office farmland is being sold off to developers to be subdivided into residential plots.

Additionally, within the six month sample a total of 272 commercial loans were made to small businesses and 90 agricultural loans were made to small farm operations. This further evidences the bank's commitment to the credit needs of small farm and small business owners.

Further review of the banks lending indicates that very large commercial request can be granted through participations with sister banks within the F&M Bancorporation organization. The participations for 1995 were 23 loans totaling \$23,868,583. The participations for 1996 were 14 loans totaling \$7,505,811.

**HMDA ANALYSIS**

The bank does collect applicant income information on mortgage loans for HMDA purposes. However, approximately 62% of the population living in the banks assessment area is in the Green Bay MSA market. Therefore, of the 53,617 population residing in the banks market segment in the Green Bay MSA, low/moderate income individuals represent 8,945 or 16.68% of this segment. According to 1995 HMDA data, 13 of the 42 (30.95%) originations were from individuals with low/mod income. In dollar terms this represents \$635,000 of the \$2,531,000 or 25.09% of the total HMDA reportable loans in the Green Bay MSA market for 1995.

The following chart summarizes the bank's activity in government sponsored loan programs which also support borrowers of low/moderate income.

| PROGRAM    | OUTSTANDING |               | SINCE JANUARY 1995 |            |
|------------|-------------|---------------|--------------------|------------|
|            | NUMBER      | DOLLAR AMOUNT | NUMBER             | AMOUNT     |
| SBA        | 9           | 1,501,370     | 9                  | 1,501,370  |
| WHEDA/home | 23          | 1,246,967     | 23                 | 1,246,967  |
| WHEDA/crop | 3           | 86,000        | 3                  | 86,000     |
| FNMA       | 424         | 31,893,519    | 424                | 31,893,519 |

Based upon the six month sampling techniques applied to real estate and all consumer loans, the small farm and small business analysis of the June 30, 1995 and 1996 Call Report information;

along with review of the HMDA data the bank exceeds the standards for a satisfactory performance of lending to borrowers of different incomes and businesses of different sizes.

**Geographic Distribution of Loans**

A review of the 6 month loan sample as of November 30, 1996 revealed the following geographic distribution of loans made within the assessment area:

| <b>CENSUS TRACT/BNA</b> | <b>LOANS # / %</b> | <b>LOANS \$ / %</b> |
|-------------------------|--------------------|---------------------|
| Brown County            |                    |                     |
| 3.01                    | 3 / 0.36%          | 293,219 / 1.33%     |
| 6                       | 4 / 0.48%          | 451,635 / 2.05%     |
| 8                       | 11 / 1.31%         | 444,949 / 2.02%     |
| 10                      | 13 / 1.55%         | 250,198 / 1.13%     |
| 12                      | 3 / 0.36%          | 585,000 / 2.65%     |
| 13                      | 12 / 1.43%         | 881,766 / 3.99%     |
| 202                     | 76 / 9.08%         | 1,749,987 / 7.93%   |
| 203                     | 83 / 9.92%         | 2,109,679 / 9.56%   |
| 207.01                  | 22 / 2.63%         | 1,869,806 / 8.47%   |
| 208.00                  | 7 / 0.84%          | 101,870 / 0.46%     |
| 213.01                  | 1 / 0.12%          | 5,000 / 0.02%       |
| 213.02                  | 28 / 3.35%         | 1,153,790 / 5.23%   |
| 213.03                  | 10 / 1.19%         | 332,413 / 1.51%     |
| Marinette County        |                    |                     |
| 9613                    | 19 / 2.27%         | 427,415 / 1.94%     |
| 9614                    | 30 / 3.58%         | 1,038,965 / 4.71%   |
| 9615.97                 | 0 / 0.00%          | 0 / 0.00%           |
| Shawano County          |                    |                     |
| 9811                    | 77 / 9.20%         | 1,880,111 / 8.52%   |
| Oconto County           |                    |                     |

|              |              |                    |
|--------------|--------------|--------------------|
| 9902         | 35 / 4.18%   | 723,734 / 3.28%    |
| 9906         | 59 / 7.05%   | 1,122,753 / 5.09%  |
| 9907         | 29 / 3.46%   | 588,009 / 2.65%    |
| 9908         | 47 / 5.62%   | 770,332 / 3.48%    |
| 9910         | 98 / 11.71%  | 1,909,117 / 8.64%  |
| 9913         | 170 / 20.31% | 3,388,569 / 15.34% |
| <b>TOTAL</b> | <b>837</b>   | <b>22,078,317</b>  |

The previous chart shows that the bank had a 96% coverage level of loans to number of census tracts and BNAs in its assessment area. The only census tract or BNA in the bank's assessment area that did not include a loan over the six month loan sample period was BNA # 9615.97. According to the 1990 census this BNA is considered middle income, has a population of 4,280 and contains 1,176 owner-occupied households. Management states that some obstacles for lending opportunities in this area are the following: Bay Area Medical Center, Luther Nursing Home, Luther Manor Retirement Center, University of Wisconsin-Marinette Center, and the Northeast Wisconsin Technical College. Owner-occupied households consist mainly of retired professional people that may have limited borrowing needs. In addition, census tract # 213.01 received limited loan activity over the six month loan sample, 1 loan for \$5,000. According to the 1990 census this census tract is considered middle income, has a population of 3,881 and contains 1,124 owner-occupied households. The bank opened a branch in this census tract on July 1, 1996, and possibly has not had sufficient time to develop loans. However, the 1995 HMDA information showed that the bank made 1 conventional mortgage for \$86,000 in this census tract.

The previously mentioned chart further illustrates that of the total number of loans in the assessment area, 69 or 8.24%, were in low/mod income areas. Also, of the total dollars lent in the assessment area, \$2,105,751 or 9.54%, were in low/mod income areas. This level of lending is in line with census data that shows that low/mod income areas represent 11.15% of the population in the bank's assessment area.

Further analysis of the loans within the assessment area for the six month sample revealed the following distribution by number and dollar compared to what percentage of the assessment area falls within this category.

LOAN DISTRIBUTION BY CENSUS TRACT & BNA INCOME

|                       | <u># / %</u> | <u>\$ / %</u>     | <u>Assessment Area</u> | % of  |
|-----------------------|--------------|-------------------|------------------------|-------|
| LOW-INCOME AREAS      | 24 / 2.86%   | 695,147 / 3.15%   | 3.15%                  | 3.49% |
| MODERATE-INCOME AREAS | 45 / 5.38%   | 1,410,604 / 6.39% | 6.39%                  | 7.66% |

MIDDLE-INCOME AREAS      740 / 88.41%      18,818,776 / 85.23%      78.54%

HIGH-INCOME AREAS              28 / 3.35%              1,153,790 / 5.23%              10.31%

This lending distribution closely mirrors the composition of the assessment area and illustrates that the bank is not only providing loans throughout its assessment area but is providing loans in low/moderate income areas as well.

**HMDA ANALYSIS**

Management does collect census tract information on mortgage loans for HMDA purposes and of the 13 census tracts the bank reports in its market 10 (76.92%) had activity for 1995.

The census tracts that had no HMDA reportable loans in them were #s 6, 207.01 and 213.03.

According to the 1990 census these tracts are all considered middle income areas. Census tract # 213.03 contains 511 owner-occupied households which could limit the banks opportunities to make HMDA type loans there. Also, the bank did not have a real estate lender in this area until it opened a branch on July 1, 1996, in census tract # 213.01. This is also true for census tract #s 207.01 and 6. The six month sample did show that the bank made 10 loans for \$332,413 in census tract # 213.03. Additionally, in census tract # 207.01 the bank made 22 loans for \$1,869,806 and in census tract # 6 the bank made 4 loans for \$ 451,635 during the six month sample.

The 1995 HMDA data further revealed that the bank's low/mod income tracts represents 4 of 13 (30.77%) of all the banks census tracts in the Green Bay MSA market. Originations from low/mod-income census tracts represent 12 of 42 (25.57%) of all the banks HMDA originations in 1995. In terms of dollars the lending in low/mod census tracts was \$805,000 of the total \$2,495,000 (32.26%) HMDA loans for 1995 originated in the Green Bay MSA market. The breakdown of the 12 loans in low/mod census tracts were as follows:

| <u>Census Tract</u> | <u># of Loans</u> | <u>\$ Amount</u> |
|---------------------|-------------------|------------------|
| # 8.00              | 5                 | 317,000          |
| # 10.00             | 1                 | 52,000           |
| # 12.00             | 5                 | 362,000          |
| # 208               | 1                 | 74,000           |

The bank's lending penetration is throughout its assessment area and there is no evidence of irregular lending patterns. Geographic distribution throughout the assessment area is considered reasonable and exceeds the standards for a satisfactory performance.

**Response to Complaints**

No complaints were received by the institution regarding its CRA performance since the bank has become a state member bank.

