

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 the **Bank of Oakfield, Oakfield, Wisconsin** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **January 6, 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.

This rating is supported by the bank's high level of lending within its assessment area, its excellent record of lending to borrowers of different income levels within the assessment area, and the adequate loan-to-deposit ratio. No discriminatory lending practices or practices which would intend to discourage loan applicants were detected during the examination. Further, no complaints were received by the institution regarding its CRA performance since the previous examination.

The following table indicates the performance of **Bank of Oakfield, Oakfield, Wisconsin** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	BANK OF OAKFIELD 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 CRA-related complaints were received since the previous examination.		

DESCRIPTION OF BANK OF OAKFIELD

Bank of Oakfield, with total assets of \$28 million as of September 30, 1996, is a locally owned bank and is the only financial institution in Oakfield, Wisconsin. The bank has a drive-up facility, and recently acquired a small full-service branch in Van Dyne, Wisconsin. The bank offers consumer, commercial and agricultural real estate loans, single payment and installment consumer loans, consumer lines of credit, agricultural operating loans, and commercial loan products. The three largest consumer products offered by the bank are 1-4 family real estate loans, agricultural loans, and secured and unsecured installment loans.

DESCRIPTION OF BANK OF OAKFIELD’S ASSESSMENT AREA

Oakfield, Wisconsin is located in Fond du Lac County, approximately 60 miles northwest of Milwaukee and 8 miles southwest of the City of Fond du Lac. The bank has chosen Fond du Lac County as its assessment area. Fond du Lac County encompasses the Townships of Oakfield, Ripon, Fairwater, Brandon, Rosendale, Eden, Byron, Campbellsport, Van Dyne, Pickett, Eldorado, Lamartine, St. Cloud, Mt. Calvary, and the cities of Fond du Lac and North Fond du Lac. There are 22 census tracts in the bank’s assessment area, of which one is moderate-income, 14 are middle-income and seven are upper-income; there are no low-income census tracts in the assessment area. According to the 1990 census, the median family income is \$30,290. According to the census data, Fond du Lac County has 23,929 families, of which 27.76% have low- and moderate-income levels, and 2.3% of the families are minorities. The Village of Oakfield has 1,003 residents, of which 0.4% are minorities.

Farming (primarily green peas, wheat, sweet corn, and soy beans) and dairy farming are the primary agricultural enterprises in Fond du Lac County. Major employers in the assessment area are the following:

Major Employers in Fond du Lac County		
Name	Product	Number of Employees
Mercury Marine	Marine Motors	3,700
Giddings and Lewis, Inc.	Machine Tools	3,600
Speed Queen Company	Laundry Equipment	1,600
Wells Manufacturing Company	Automotive emission products	850
Fond du Lac School District	Education	770
Admanco, Incorporated	Textile screen printing	400
J.F. Ahern Co.	Mechanical contractor	350

Major Employers in Fond du Lac County		
Name	Product	Number of Employees
Brenner Tank, Incorporated	Stainless steel tanks	350
Ripon Community Printers	Commercial printing	315
Ripon Foods, Incorporated	Cookies	300
Stella Foods	Cheese and condensed whey	300

According to the 1990 Census data, the per capita income for the Village of Oakfield is \$11,282, compared to \$19,140 for Fond du Lac County. In 1990, the median value of a house in the Village of Oakfield was \$49,600, and the number of owner-occupied housing units was 789 (78.7%), compared to 21.3% renter-occupied.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The institution is in compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act.

Loan-to-Deposit Ratio Analysis

The following chart illustrates changes in the loan-to-deposit ratios for the bank and its competitors over the seven most recent quarters.

Bank Name	Average	03/95	06/95	09/95	12/95	03/96	06/96	09/96
Bank of Oakfield	66.73%	79.19%	74.91%	75.82%	58.47%	58.07%	63.33%	57.33%
Theresa State Bank	79.54%	74.57%	84.67%	78.57%	69.40%	78.02%	85.48%	85.86%
National Bank of Waupun	74.98%	74.32%	73.78%	72.61%	73.99%	75.58%	77.12%	77.44%

The chart reveals that the bank’s current ratio is significantly below its local competitors’ loan-to-deposit ratio. There has been a significant decline in the loan-to-deposit ratio since September 30, 1995. This decline in the loan-to-deposit ratio, evident since December 1995, is attributed to two factors: an increase in deposits resulting from the acquisition of a branch office located in Van Dyne, Wisconsin in the fourth quarter of 1995; and the influx of insurance claim funds to cover damages created by the July 18, 1996 tornado that devastated a portion of the Village of Oakfield. From September, 1995 to December, 1995, deposits increased by \$5.5 million, while loans increased by \$334,000. From June, 1996 to September, 1996, deposits increased by \$3.3 million, while loans increased by \$612,000. Since the tornado, insurance funds have remained on deposit while residents decide how to use the funds.

The bank’s loan-to-deposit ratio meets the standards for satisfactory performance, given the bank’s size, location, community demand for financial services, and the circumstances affecting the bank over the past year.

Lending in the Assessment Area

The bank’s distribution of loans, by type, on September 30, 1996 was as follows:

LOAN TYPE	DOLLAR AMOUNT OUTSTANDING (\$000's)	PERCENT OF TOTAL LOANS (%)
REAL ESTATE		
Construction	0	0
Residential (1-4)	5,102	34.84
Commercial	992	6.78
Agricultural	1,496	10.22
Multi-family	0	0
CONSUMER		
Open-end Credit	0	0
All Other	2,249	15.36
COMMERCIAL AND INDUSTRIAL	936	6.39
AGRICULTURAL	3,472	23.71
STATE AND POLITICAL OBLIGATIONS	375	2.56
OTHER	20	0.14

Based upon a comparison of the bank's loan distribution within the three largest categories with information contained in the previous report of examination (data from March 31, 1995 Consolidated Report of Condition), loans secured by 1-4 family real estate increased by \$1,097,000 but showed no change in percentage. Agricultural lending increased by \$1,155,000 and consumer lending increased by \$337,000; however, both products declined as a percentage of the portfolio. Overall, total loans increased by \$3,021,000 or 26% since the previous examination.

A review of the examination loan sample and a six-month sample of consumer real estate loans and consumer installment loans revealed that a substantial majority (77%) of the bank’s lending activity over the most recent six months is within the assessment area. The loans are distributed as follows:

LOAN TYPE	TOTAL SAMPLED	WITHIN THE ASSESSMENT AREA	PERCENT OF TOTAL
Real Estate Loans	53	44	83.02
Consumer Installment Loans	112	89	79.46
Other Loans Sampled	48	31	64.58
TOTAL	213	165	77.46

The bank’s level of lending within its assessment area is considered to exceed the standards for satisfactory performance.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

An analysis of loans made within the bank’s assessment area revealed the following distribution of loans to families of various income levels:

LOAN TYPE	LOW-INCOME	MODERATE-INCOME	MIDDLE-INCOME	UPPER-INCOME
Real Estate	1	4	9	14
Consumer Installment	11	20	23	33

Thirty-six or 31.3% of the 115 loans were made to low- and moderate-income families in the assessment area. With 27.76% of the families in the county designated as low- or moderate-income, the bank’s level of lending to low- and moderate-income families exceeds the standards for satisfactory performance.

A sample of five commercial and five agricultural loans revealed that all ten loans were to small businesses (gross annual revenue less than \$1 million) and small farms (gross annual revenue less than \$500 thousand).

The bank’s record of lending to borrowers of different incomes and businesses of different sizes is considered to be outstanding.

Geographic Distribution of Loans

An analysis of the loans within the bank’s assessment area revealed no loans in the only moderate-income census tract in the assessment area. The lack of lending in the moderate-income area is not a concern, as the single moderate-income census tract is in the center of the City of Fond du Lac which is the central business district. It is the least populated census tract in the county, and is 12 miles from the bank. It is acceptable that a rural, agricultural bank may not have made loans in this census tract within the last six months. The bank’s record of lending in low- or moderate-income census tracts is considered insignificant in relation to the demographics of the assessment area.

Response to Complaints

No complaints were received by the Bank of Oakfield regarding its CRA performance since the previous examination.