



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 31, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Baraboo National Bank
Charter #14397
101 Third Ave.
Baraboo, Wisconsin 53913**

**Office of the Comptroller of the Currency
Milwaukee Duty Station
615 East Michigan Avenue, Suite 205
Milwaukee, Wisconsin 53202**

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 **The Baraboo National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 31, 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.

The Baraboo National Bank has a good record of originating loans to individuals of different income levels and to businesses of all sizes. The loan-to-deposit ratio is strong and a large majority of loans are to borrower's located in the assessment area.

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

Small Institution Assessment Criteria	The Baraboo National Bank 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 examination.		

DESCRIPTION OF INSTITUTION :

The Baraboo National Bank (BNB) is a \$173.5 million bank with the main office located in downtown Baraboo, Wisconsin. The bank has four branch offices located on the east and west sides of Baraboo and in the towns of Rock Springs and Lake Delton. There are automated teller machines (ATMs) at the Baraboo-West office, the Baraboo-East office, and the downtown driveup facility. In addition, the bank operates ATMs at the Kwik Trip convenience store in Baraboo, Darrow's Country Market, Baraboo Amoco, and the Ho-Chunk Casino, located north of Baraboo. No offices have opened or closed since our last examination which was June 27, 1994.

The bank offers traditional community bank services. The primary focus is on commercial and residential lending. The loan portfolio represents 75% of total assets and is comprised of: 47% commercial loans; 24% residential first mortgage loans; 21% consumer loans; and 8% agricultural related loans. In addition, the bank services another \$53.6 million in residential real estate loans which it originated and sold on the secondary market.

The bank is owned by Baraboo Bancorp located in Baraboo, Wisconsin. This \$251 million bank holding company also owns the State Bank of Viroqua in Vernon County and the Green Lake State Bank in Green Lake County.

There are no legal impediments that would hinder The Baraboo National Bank from meeting the needs of its assessment area.

The last public evaluation was issued by the Office of the Comptroller of the Currency on June 27, 1994. At that time, the bank's performance under CRA was rated: Satisfactory record of meeting community credit needs.

DESCRIPTION OF ASSESSMENT AREA:

The bank's defined assessment area is composed of ten Block Numbering Areas (BNA) located in the counties of Sauk, Adams, Columbia, and Juneau. This area includes the cities of Baraboo, Wisconsin Dells, Lake Delton, Rock Springs, North Freedom, Merrimac, Lyndon Station, Reedsburg, and Briggsville. All ten BNAs are defined as middle-income tracts by the 1990 census. No part of the assessment area is a metropolitan statistical area (MSA) and the state non-MSA median family income for 1996 is \$37,700. BNB's assessment area complies with the regulation and does not arbitrarily exclude any low or moderate income areas.

The population according to the 1990 census is 42,865. Income levels of these 11,954 families are as follows: low-income - 16%; moderate-income -19%; middle-income-26%; and upper-income 39%. The median family income in a non-metropolitan area in Wisconsin was \$30,801, per 1990 census data. The 1996 population of the assessment area is estimated at 46,600.

The local economy is good with improving trends in both employment and income levels. Unemployment levels are very low at just 3%. Primary industries in the area are tourism, gaming, manufacturing, service and farming. The major employers in the area are: the HoChunk Casino, County of Sauk, Grede Foundries, Inc., Flambeau Plastics Company, Lands' End, Baraboo Sysco Foods, and Perry Graphics.

Competition from other financial institutions is strong with 6 other full-service financial institutions and 1 credit union headquartered in BNB's assessment area.

During our review we spoke with local economic development contacts. These individuals identified affordable housing and start-up business loans as two credit needs within the area. These individuals noted the aggressive and competitive lending by area institutions and the subsequent benefits to the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio:

The loan-to-deposit ratio averaged a strong 84% over the eight quarters since our last examination. The average loan-to-deposit ratios of the six other state and national banks in BNB’s assessment area range from 56% to 85%, with only one other bank having a higher average ratio than BNB. The bank originates home purchase and home refinancing loans which are sold on the secondary mortgage market. As of this assessment date, the bank continued to service \$53,600,000 in home mortgages which it had originated and placed.

Lending in the Assessment Area:

A large majority of loans are in the assessment area as shown by the following table:

Percent of Outstanding Loans in the Assessment Area	Dollar Amount of Loans	Number of Loans
Commercial Loans	87%	90%
Residential Real Estate Loans	83%	87%
Consumer Loans	86%	83%
Agricultural	75%	82%

The above ratios were compiled based on all loans originated in 1995 and for the first nine of months of 1996.

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

A significant majority of the bank’s commercial loans are made to small businesses having less than \$1 million in annual revenue. A review of commercial loans originated in a random month during the past year revealed the following breakdown of annual revenues.

Annual Revenue of Business	Less than \$100,000	\$100,000 to \$500,000	\$500,001 to \$1,000,000	Greater than \$1,000,000
Number of Loans	11	19	3	8
% of Loans Made	27%	46%	7%	20%

During October of 1994, the U.S. Small Business Administration (SBA) named the BNB as one of the leading banks in the state for lending to small businesses. In determining which

banks are the most active in small business lending, the SBA defined small business lending as commercial loans less than \$250,000.

The following table is per an analysis of a review of consumer and residential real estate loans made during a random month. The Wisconsin non-metropolitan median family income amount for 1996 is \$37,700. Income levels as defined by the Community Reinvestment Act regulation call for the following stratification: Low-income - less than 50 percent of area median income (<\$18,849); Moderate-income - 50 to 79 percent (\$18,850 to \$29,783); Middle-income - 80 to 119 percent (\$30,160 to 45,239); and upper-income - 120 percent or more of area median income (>\$45,240)

Family Income Level of Borrower(s)	Low-Income	Moderate-Income	Middle and Upper Income
# of Loans	31	55	159
Percent of loans	13%	22%	65%
Percent of Families in Assessment Area (as of 1990 census)	16%	19%	65%

The bank's farm loan portfolio is broken down as follows:

	# Loans Extended	% of Total	\$ Loans Extended	% of Total
Loan Balance less than \$100,000	91	94%	\$1,453,000	59%
Loan Balance \$100,000 - \$250,000	5	5%	\$738,000	30%
Loan Balance greater than \$250,000	1	1%	\$2,448,000	11%

Geographic Distribution of Loans:

Our analysis of the loan portfolio indicates there is a good geographic distribution of customers throughout the assessment area. Because all BNAs in the assessment area have been identified as "middle-income", an analysis of loans to low- and moderate-income families by BNA was not completed.

Response to Complaints:

There have been no complaints made to the bank concerning BNB's performance with regard to CRA.

Other:

No violations were found during our review of the bank's compliance with anti-discrimination laws and regulations.