

Public Disclosure

March 6, 1998

Community Reinvestment Act Performance Evaluation

**The First National Bank & Trust Company of Baraboo
Charter Number: 14060**

**502 Oak Street
Baraboo, Wisconsin 53913**

Office of the Comptroller of the Currency

**744 North 4th Street, Suite #626
Milwaukee, Wisconsin 53203**

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 CRA performance of The First National Bank & Trust Company of Baraboo prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of March 6, 1998. 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 **Satisfactory**.

The First National Bank & Trust Company of Baraboo's (FNB&T) average loan-to-deposit ratio is satisfactory at 59.1%. A majority of the bank's loans are made within its assessment area. FNB&T has a reasonable distribution of loans to borrowers of different income levels and businesses of different sizes.

DESCRIPTION OF INSTITUTION

The First National Bank and Trust Company of Baraboo (FNB&T) has total assets of \$88.9 million as of December 31, 1997. Loans comprise \$49.3 million, or 55.4% of the bank's total assets. FNB&T's loan portfolio is broken down as follows: \$27.8 million (56%) in residential-related loans; \$17.3 million (35%) in commercial loans; \$3.8 million (8%) in consumer loans; and, \$372 thousand (1%) in other loans. The bank also operates a drive-up branch facility located at 710 Broadway in downtown Baraboo. The branch is not a full-service facility but does have an automated teller machine (ATM). FNB&T also operates one other proprietary ATM located at 818 8th Street. The bank has no legal impediments that would hinder meeting the needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

FNB&T is located in Sauk County approximately 50 miles northwest of Madison, Wisconsin. The bank's main office is located in downtown Baraboo. FNB&T's assessment area consists of twelve contiguous block numbering areas (BNA) surrounding the bank in Sauk and Columbia Counties¹. According to 1990 census data, all twelve BNA's are middle-income areas. FNB&T's assessment area complies with the regulation and does not arbitrarily exclude any low- or moderate-income areas. Based on 1997 Housing and Urban Development (HUD) data, the median family income level for the bank's assessment area is \$39,600. The assessment area's median housing value is \$55,138 based on 1990 census data.

The total population of the assessment area is 52,704, based on 1990 census data. The population consists of 14,338 families, of which 2,053 (14.3%) are low-income; 2,763 (19.3%) moderate-income; 3,890 (27.1%) middle-income; and, 5,633 (39.3%) upper-income. The local economy is stable and unemployment is fairly low at 3.5%. Major employers in Baraboo include Flambeau Plastics Company, Baraboo Sysco Foods and Perry Graphic Company.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio:

FNB&T has a reasonable loan-to-deposit (LTD) ratio. FNB&T's average LTD ratio is 59.1%, based on the bank's quarterly performance from our December 31, 1994 evaluation through December 31, 1997. The range of LTD averages of FNB&T's local peer group is 70.53% to 89.46% with an overall average of 78.3%. FNB&T's local peer group consists of all banks with total assets less than \$250 million in Sauk and Columbia counties and includes 12 banks. A factor that contributes to FNB&T's loan-to-deposit ratio when compared to peer averages is the volume of loans sold on the secondary market. The dollar amount of loans sold in the secondary market in 1997 and 1996 totaled \$8.6 million and \$7.5 million respectively. Had the bank not sold these loans, its LTD ratio would be significantly higher.

¹ Block numbering areas in Sauk County: 9501-9507, 9509 and 9510
Block numbering areas in Columbia County: 9704-9706

Lending in Assessment Area:

A majority of the bank's loans are made in its assessment area. This conclusion is based on a sample of fifty 1-4 family purchase mortgage loans that were originated in 1997. Our analysis indicates that 84% of the number of loans and 81% of the dollar amount of these loans were originated in the bank's assessment area. Our sample represented approximately 54% of the number of purchase money mortgage loans originated in 1997 and 53% of the dollar amount originated in 1997.

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

FNB&T distribution of loans to borrowers of different income levels is reasonable. The distribution of loans to borrowers of different income levels, based on a sample of 43 residential mortgage loans originated in 1997, is illustrated in TABLE 1 below:

| TABLE 1 | | | | |
|-----------------|------------------------------|-----------------------------|---------------------------------|--|
| | Percentage of loans extended | % of dollar amount extended | % of population by income level | Ranges of incomes to be included in income group * |
| Low-income | 7% | 4% | 14.3% | \$0<\$19,800 |
| Moderate-income | 19% | 13% | 19.3% | \$19,801<\$31,680 |
| Middle-income | 32% | 30% | 27.1% | \$31,681<\$47,520 |
| Upper-income | 42% | 53% | 39.3% | >\$47,520 |
| TOTALS | 100% | 100% | 100% | |

* Based on 1997 HUD data indicating median family income of \$39,600.

In addition to the above, the bank also refinanced a Housing and Urban Development approved 17-unit rental complex for elderly and low- to moderate-income individuals. FNB&T's loan for this complex totaled \$473,000.

The bank also developed a reverse mortgage product in 1997. Prospective borrowers are required to receive counseling prior to the funding of this type of loan. One reverse mortgage loan has been originated through February of 1998 in an amount up to \$81,687.

The bank extends loans of different sizes to small businesses. TABLE 2 represents business loans of \$1 million or less originated by the bank in 1997:

| TABLE 2 | | | | |
|---------------------------------------|-----------------------|------------|------------------------------|------------|
| | # of Loans Originated | % of Total | \$ (000's) of Loans Extended | % of Total |
| Original Amount Under \$100,000 | 59 | 68% | \$2,294 | 24% |
| Original Amount \$100,000-\$250,000 | 18 | 21% | \$2,866 | 31% |
| Original Amount \$250,000-\$1 million | 10 | 11% | \$4,240 | 45% |

The figures from TABLE 2 were taken from an FNB&T management report. The majority of loans extended to businesses are small loans with original amounts under \$100,000. This is a reasonable proxy for small business lending as loans under \$100,000 are typically extended to smaller businesses. The bank has a reasonable distribution of loans to small businesses. FNB&T is not an active agricultural lender. Agricultural demand is met by the specialized lenders in the area.

Geographic Distribution of Loans

All twelve of FNB&T's BNA's are middle-income areas. An assessment of the geographic distribution of the bank's loans would not provide any meaningful analysis.

Response to Consumer Complaints and Compliance with Fair Lending Laws and Regulations

No consumer complaints were received since the prior examination. No violations of the substantive provisions of the anti-discrimination laws and regulations were identified.