



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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## PUBLIC DISCLOSURE

April 25, 2011

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Baraboo National Bank  
Charter Number: 14397  
101 3<sup>rd</sup> Avenue  
Baraboo, WI 53931

Office of the Comptroller of the Currency  
Milwaukee Field Office  
1200 North Mayfair Road, Suite 200  
Wauwatosa, WI 53226

**NOTE:** This document is an evaluation of this 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. 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.

**INSTITUTION'S CRA RATING: This institution is rated Outstanding.**

**The Lending Test is rated: Outstanding.**

**The Community Development Test is rated: Satisfactory.**

The major factors supporting the institution's rating include:

- The loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and credit needs of the assessment areas.
- A substantial majority of loan originations are made within the bank's assessment areas.
- Borrower distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects excellent dispersion among geographies of different income levels.
- The bank's community development performance through community development loans, qualified investments, and services demonstrates adequate responsiveness to community development needs in the assessment areas.

## **Scope of Examination**

We evaluated Baraboo National Bank's Community Reinvestment Act (CRA) performance under the Intermediate Small Bank Lending and Community Development Tests. In evaluating the bank's lending performance, we reviewed data for the bank's primary loan products: small business loans and home mortgage loans.

The evaluation covers the period from the date of the previous CRA examination, August 9, 2007 through April 25, 2011. The Lending Test evaluated home mortgage and small business lending from January 1, 2008 through December 31, 2010. The Community Development Test covered community development loans, investments, and services during the entire evaluation period. Prior to conducting this evaluation, we tested the accuracy of the bank's Home Mortgage Disclosure Act (HMDA) data for 2008, 2009, and 2010. We found the data to be accurate and therefore used all reported HMDA data to complete the analysis. To evaluate small business lending, we used both data from bank reports as well as a random sample of business loans.

Our analysis included a full-scope evaluation of the bank's Baraboo, Northwoods, and Columbia County assessment areas, which represent the large majority of the bank's lending and customer deposits. Sixteen of the bank's branches are located in these assessment areas. A limited scope evaluation was performed for the Fond du Lac and Oshkosh/Neenah Metropolitan Statistical Areas (MSAs), where there is limited lending activity and only one branch location.

The analysis of the Lending Test was performed using the most recent available demographic

data. Conclusions were based on home mortgage loans and small business loans in the Baraboo, Northwoods, and Columbia County assessment areas. More weight was given to small business loans than home mortgage loans as this product represents a majority of the bank's lending activity.

We reviewed the bank's community development loans, investments, and services based on information provided by the bank. We took into account those that met the regulatory definition for community development in our analysis of the Community Development Test.

## **Description of Institution**

The Baraboo National Bank (Baraboo NB) is a \$789 million financial institution headquartered in Baraboo, Wisconsin, in a moderate-income census tract. In addition to the main office in Baraboo, the bank operates sixteen full service branches. The bank's branches located in Portage, Elcho, and Viroqua, WI are in moderate-income census tracts. The bank also operates full service branches in Baraboo, Rock Springs, Lake Delton, Wonewoc, Reedsburg, Rhinelander, Minocqua, Green Lake, and Fond du Lac, WI, all located in middle-income census tracts. In 2008, the bank acquired three branches in Green Lake, Fond du Lac, and Minocqua, WI. In 2009, the bank acquired two branches in Viroqua, WI. In addition to the branch locations, Baraboo NB operates 26 automated teller machines, with four located in moderate-income census tracts.

Baraboo NB is a wholly owned subsidiary of Baraboo Bancorportion, Inc, which has total assets of \$790 million as of December 31, 2010.

The bank offers traditional community bank products and services and is primarily a commercial and home mortgage lender. Net loans represent 80% of total assets as of December 31, 2010. By dollar volume, the loan portfolio consists of commercial loans (69%), residential real estate loans (24%), consumer loans (4%), agricultural loans (2%), and other loans (1%). Tier 1 capital totaled \$68 million as of December 31, 2010.

The bank's business strategy has historically been to operate with a community bank orientation while offering a wide range of products. The bank's primary market niche is commercial lending. This is evident by the fact that more than 50% of the bank's loan portfolio consists of commercial loans. The bank's strategy is particularly focused on lending to small businesses. In addition to offering a wide array of commercial loan products, Baraboo NB offers several home mortgage and consumer products. The bank offers internet and telephone banking as well as trust and investment services.

There are no legal or financial factors impeding the bank's ability to help meet the credit needs in its assessment areas. Baraboo NB was evaluated as an Intermediate Small Bank and received an "Outstanding" rating at its prior CRA examination dated April 9, 2007.

## Description of Assessment Areas

Baraboo NB has five assessment areas. The bank's Baraboo assessment area includes Sauk, Juneau, Richland, Monroe, Adams, Wood, Marquette, Green Lake, Jackson, Crawford, and Vernon Counties. The bank's Northwoods assessment area includes Oneida, Langelade, Menominee, Shawano, Forest, Lincoln, Price, and Vilas Counties. The bank's Columbia County MSA includes all of Columbia County. The bank's Fond du Lac County assessment area lies in the Fond du Lac MSA. The bank's Winnebago County assessment area lies in the Oshkosh/Neenah MSA. The assessment areas comply with regulatory requirements and do not arbitrarily exclude any low- or moderate-income geographies.

### Area Receiving Full-Scope Review

#### Baraboo Assessment Area

The Baraboo assessment area includes eighty-four census tracts. Of these tracts, twelve are designated as moderate-income (14%), sixty-nine middle-income (82%), and three upper-income (4%). No census tracts are designated as low-income. Three census tracts in Adams County and four census tracts in Marquette County are designated underserved due to their remote rural location. Thirteen census tracts in Wood County are designated distressed due to population loss.

Based on 2000 census data, the Baraboo assessment area has a population of 331,898. The 2010 weighted average Housing and Urban Development (HUD) updated median family income is \$56,200. Owner-occupied housing represents 64% of housing stock. There are 11,628 households, or 9% of total households, below the poverty level. The local economy is stable, although showing signs of improvement. Tourism within the Wisconsin Dells area has increased with families vacationing closer to home. Major industries include manufacturing, health care, retail services, and tourism. U.S. Department of Labor statistics show the following county unemployment rates (not seasonally adjusted) as of February 2011: Adams 12.9%, Crawford 11.2%, Green Lake 10.6%, Jackson 10.5%, Juneau 11.3%, Marquette 11.4%, Monroe 7.9%, Richland 8.4%, Sauk 9.3%, Vernon 8.3% and Wood 9.1%. The state unemployment rate is 8.5%.

Competition is strong in this assessment area with 58 FDIC-insured financial institutions having offices in the area. Competition includes offices of large national and regional banking companies as well as smaller financial institutions. Baraboo NB has the second largest deposit market share with 8.45% in this assessment area. The largest bank accounts for 8.87% of the market share.

In conducting this assessment, we contacted a representative of a local community organization. The individual stated that financial institutions are meeting the credit needs of the community.

#### Northwoods Assessment Area

The Northwoods assessment area includes fifty-four census tracts. Of these tracts, seven are designated as moderate-income (13%) and forty-seven are middle-income (87%). No census

tracts are identified as low-income or upper-income.

Based on 2000 census data, the Northwoods assessment area has a population of 179,262. The 2010 weighted average HUD updated median family income is \$58,600. Owner-occupied housing represents 51% of housing stock. There are 6,671 households, or 9% of total households, below the poverty level. The local economy is characterized as depressed. Employment in the area is centered in industries related to educational services, manufacturing, healthcare services and tourism. U.S. Department of Labor statistics report the following county unemployment rates (not seasonally adjusted) as of February 2011: Forest 11.8%, Langlade 10.8%, Lincoln 11.8%, Menominee 13.8%, Oneida 12%, Price 9.6%, Shawano 10%, and Vilas 13.3%. Each county exceeds the state unemployment rate of 8.5%.

Competition is also strong in the Northwoods assessment area with twenty-nine FDIC-insured financial institutions having offices in the area. Competition includes offices of large national and regional banking companies as well as smaller community financial institutions. Two large banks dominate the deposit market in this area with 36% of the market share. Baraboo NB is ranked twelfth with 2.54% of the deposit market share.

#### Columbia County/Madison MSA

The Columbia County assessment area includes twelve census tracts located in the Columbia County/Madison MSA. Of these tracts, four are designated as moderate-income (33%) and eight are middle-income (67%). No census tracts are identified as low-income or upper-income.

Based on 2000 census data, the Columbia County assessment area has a population of 52,468. The 2010 weighted average HUD updated median family income is \$80,000. Owner-occupied housing represents 67% of housing stock. There are 1,204 households, or 6% of total households, below the poverty level. The local economy is characterized as improving. Major employers in the area include plastic and rubber manufacturing, healthcare services, and educational services. U.S. Department of Labor statistics shows the Columbia County unemployment rate (not seasonally adjusted) as of February 2011 as 9%, just above the state unemployment rate of 8.5%.

Competition is strong in this assessment area with twelve FDIC-insured financial institutions having offices in the area. Competition includes offices of large national and regional banking companies as well as smaller community financial institutions. Two state banks and one large bank dominate the deposit market in this area with 64% of the market share. Baraboo NB is ranked seventh with 4.32% of the deposit market share.

#### **Areas Receiving Limited Scope Review**

##### Fond du Lac MSA

The Fond du Lac assessment area includes twenty census tracts located in the Fond du Lac, WI MSA. Of these tracts, nineteen are designated as middle-income (95%) and one is upper-income (5%). No census tracts are identified as low-income or moderate-income.

Based on 2000 census data, the Fond du Lac assessment area has a population of 97,296. The

2010 weighted average HUD updated median family income is \$66,000. Owner-occupied housing represents 69% of housing stock. There are 2,194 households, or 6% of total households, below the poverty level. The local economy is characterized as slowly improving. Major employers in the area include marine and machinery manufacturing, food manufacturing, healthcare services, and educational services. U.S. Department of Labor statistics report the Fond du Lac County unemployment rate (not seasonally adjusted) as of February 2011 as 8.3%, just under the state unemployment rate of 8.5%.

Oshkosh/Neenah MSA

Oshkosh/Neenah assessment area includes thirty-eight census tracts located in the Oshkosh/Neenah MSA. Of these tracts, four are designated as moderate-income (11%), thirty are middle-income (79%), and four are upper-income (10%). No census tracts are identified as low-income.

Based on 2000 census data, the Oshkosh/Neenah assessment area has a population of 156,763. The 2010 weighted average HUD updated median family income is \$68,400. Owner-occupied housing represents 64% of housing stock. There are 4,117 households, or 7% of total households, below the poverty level. The local economy is characterized as slowly recovering. Major employers in the area include paper manufacturing, transportation equipment manufacturing, health and education services. U.S. Department of Labor statistics shows the Winnebago County unemployment rate (not seasonally adjusted) as of February 2011 as 7.3%, below the state unemployment rate of 8.5%.

**Conclusions with Respect to Performance Tests**

**LENDING TEST**

The bank’s performance under the lending test is Outstanding.

**Loan-to-Deposit Ratio**

Baraboo NB’s loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and credit needs of the community. The average quarterly loan-to-deposit ratio for the bank since the last CRA examination was 92%, which ranks sixth in a peer group of nineteen other banks. The peer group consists of banks with assets ranging from \$106 million up to \$404 million. The average loan-to-deposit ratio for the nineteen banks located in the assessment areas over the same time period ranged from 60% to 101%.

**Lending in Assessment Area**

Baraboo NB originates a substantial majority of its loans to borrowers within the assessment areas. A review of the bank’s primary loan products shows that 95% by number and 92% by dollar amount were originated to businesses and individuals located within the bank’s assessment areas as shown in the following table.

Lending in the Assessment Area										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgages	3,014	94.60	172	5.40	3,186	\$345,083	92.15	\$29,387	7.85	\$374,470
Commercial Loans	102	98.08	2	1.92	104	\$10,939	97.82	\$243	2.18	\$11,182
Totals	3,116	94.71	174	5.29	3,290	\$356,022	92.32	\$29,630	7.68	\$385,652

Source: Home Mortgage Disclosure Act Data and bank records (verified by examiners)

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

The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

#### Baraboo Assessment Area

Baraboo NB’s distribution of home mortgage loans to low- and moderate-income borrowers in the Baraboo assessment area is reasonable. The bank originated 7.55% of its mortgage loans to low-income borrowers and 17.71% to moderate-income borrowers. This is slightly less than the demographics shown in the table below. Our evaluation gives consideration to the percentage of households living below the poverty level. Generally, families living below the poverty level are unable to afford home ownership through conventional financing.

Borrower Distribution of Home Mortgage Loans in the Baraboo AA									
Borrower Income Level	Low		Moderate		Middle		Upper		Unavailable
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans
% of Total	17.71%	7.55%	20.40%	17.71%	26.76%	26.65%	35.14%	43.36%	4.73%

Source: Home Mortgage Disclosure Act Data and U.S. Census Demographic Data

Borrower distribution of business loans in the Baraboo assessment area shows reasonable penetration. The percentage of business loans originated by the bank to small businesses (those with revenues of \$1 million or less) is slightly below the demographics. By number, the percentage of small business loans originated is 70.59%. By dollar, the percentage of small business loans originated is 47.16%.

<b>Borrower Distribution to Businesses in the Baraboo AA</b>				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	80.08%	3.66%	16.26%	100.00%
% of Bank Loans in AA by #	70.59%	29.41%	0.00%	100.00%
% of Bank Loans in AA by \$	47.16%	52.84%	0.00%	100.00%

Source: Small Business Loan Data (verified by examiners) and U.S. Census Demographic Data

Northwoods Assessment Area

Baraboo NB’s distribution of home mortgage loans to low- and moderate-income borrowers in the Northwoods assessment area is reasonable. The bank originated 7.95% of its mortgage loans to low-income borrowers and 22.31% to moderate-income borrowers. This is somewhat less than the demographics in the table below. Again, our evaluation gives consideration to the percentage of households living below the poverty level.

<b>Borrower Distribution of Home Mortgage Loans in the Northwoods AA</b>									
Borrower Income Level	Low		Moderate		Middle		Upper		Unavailable
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans
% of Total	19.94%	7.95%	20.98%	22.31%	26.11%	25.13%	32.97%	42.30%	2.31%

Source: Home Mortgage Disclosure Act Data and U.S. Census Demographic Data

Borrower distribution of business loans in the Northwoods assessment area shows reasonable penetration. The percentage of business loans originated by the bank to small businesses (those with revenues of \$1 million or less) is comparable to the demographic data. By number, the percentage of small business loans originated is 76.47%. By dollar, the percentage of small business loans originated is 57.93%.

<b>Borrower Distribution to Businesses in the Northwoods AA</b>				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	80.94%	3.08%	15.98%	100.00%
% of Bank Loans in AA by #	76.47%	23.53%	0.00%	100.00%
% of Bank Loans in AA by \$	57.93%	42.07%	0.00%	100.00%

Source: Small Business Loan Data (verified by examiners) and U.S. Census Demographic Data

Columbia County Assessment Area

Baraboo NB’s distribution of home mortgage loans to low- and moderate-income borrowers in the Columbia County assessment area is reasonable. The bank originated 12.97% of its mortgage loans to low-income borrowers and 24.68% to moderate-income borrowers.



<b>Borrower Distribution of Home Mortgage Loans in the Columbia County AA</b>									
Borrower Income Level	Low		Moderate		Middle		Upper		Unavailable
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans
% of Total	18.87%	12.97%	25.68%	24.68%	31.15%	28.80%	24.30%	28.16%	5.39%

Source: Home Mortgage Disclosure Act Data and U.S. Census Demographic Data

Borrower distribution of business loans in the Columbia County assessment area shows reasonable penetration. The percentage of business loans originated by the bank to small businesses (those with revenues of \$1 million or less) is somewhat less than the demographics. By number, the percentage of small business loans originated is 62.50%. By dollar, the percentage of small business loans originated is 58.40%.

<b>Borrower Distribution to Businesses in the Columbia County AA</b>				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	79.39%	3.71%	16.90%	100.00%
% of Bank Loans in AA by #	62.50%	37.50%	0.00%	100.00%
% of Bank Loans in AA by \$	58.40%	41.60%	0.00%	100.00%

Source: Small Business Loan Data (verified by examiners) and U.S. Census Demographic Data

Based on our limited scope review of the Fond du Lac and Oshkosh/Neenah assessment areas, the bank’s performance under the borrower distribution is consistent with the bank’s overall performance.

**Geographic Distribution of Loans**

The geographic distribution of loans reflects excellent dispersion among geographies of different income levels.

Baraboo Assessment Area

The geographic distribution of home mortgage loans in the Baraboo assessment area shows reasonable dispersion among geographies of different income levels. As shown in the following table, the bank originated 8.77% of its home mortgage loans in the moderate-income census tract.

Geographic Distribution of Home Mortgage Loans in the Baraboo AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
% of Total	0.00%	0.00%	12.69%	8.77%	83.01%	91.23%	4.30%	0.00%

Source: Home Mortgage Disclosure Act Data and U.S. Census Demographic Data

The geographic distribution of business loans in the Baraboo assessment area indicates excellent dispersion throughout the bank’s assessment area. As shown in the table on the following page, the bank originated 13.73% of its business loans in the moderate-income census tract. This exceeds the demographic data, which shows 12.51% of assessment area businesses are located in that tract.

Geographic Distribution of Business Loans in the Baraboo AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	0.00%	0.00%	12.51%	13.73%	84.54%	86.27%	2.95%	0.00%

Source: Small Business Loan Data (verified by examiners) and U.S. Census Demographic Data

Northwoods Assessment Area

The geographic distribution of home mortgage loans in the Northwoods assessment area reflects excellent dispersion among geographies of different income levels. As shown in the following table, the bank originated 23.59% of its home mortgage loans in the moderate-income census tract, which exceeds the demographic comparator.

Geographic Distribution of Home Mortgage Loans in the Northwoods AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
% of Total	0.00%	0.00%	12.78%	23.59%	87.22%	76.41%	0.00%	0.00%

Source: Home Mortgage Disclosure Act Data and U.S. Census Demographic Data

The geographic distribution of business loans in the Northwoods assessment area shows excellent dispersion throughout the bank’s assessment area. As indicated in the table below, the bank originated 23.53% of its business loans in the moderate-income census tract. This exceeds the demographic data, which shows 12.72% of assessment area businesses are located in that tract.

<b>Geographic Distribution of Business Loans in the Northwoods AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	0.00%	0.00%	12.72%	23.53%	87.28%	76.47%	0.00%	0.00%

Source: Small Business Loan Data (verified by examiners) and U.S. Census Demographic Data

Columbia County Assessment Area

The geographic distribution of home mortgage loans in the Columbia County assessment area shows excellent dispersion among geographies of different income levels. As shown in the following table, the bank originated 35.44% of its home mortgage loans in the moderate-income census tract, which exceeds the demographic comparator.

<b>Geographic Distribution of Home Mortgage Loans in the Columbia County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
% of Total	0.00%	0.00%	33.78%	35.44%	66.22%	64.56%	0.00%	0.00%

Source: Home Mortgage Disclosure Act Data and U.S. Census Demographic Data

The geographic distribution of business loans in the Columbia County assessment area shows excellent dispersion throughout the bank’s assessment area. As shown in the following table, the bank originated 62.50% of its business loans in the moderate-income census tract. This exceeds the demographic data, which shows 35.38% of assessment area businesses are located in that tract.

Geographic Distribution of Business Loans in the Columbia County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	0.00%	0.00%	35.38%	62.50%	64.62%	37.50%	0.00%	0.00%

Source: Small Business Loan Data (verified by examiners) and U.S. Census Demographic Data

Based on our limited scope review of the Oshkosh/Neenah assessment area, the bank’s performance under the geographic distribution is consistent with the bank’s overall performance. The Fond du Lac assessment area did not have any low- or moderate-income census tracts; therefore an analysis would not provide meaningful information.

**Responses to Complaints**

The bank has not received any complaints regarding its CRA performance since the last CRA examination.

**COMMUNITY DEVELOPMENT TEST**

The bank’s performance under the Community Development Test is rated Satisfactory. Community development performance through community development loans, qualified investments, and services demonstrates adequate responsiveness to community development needs in the assessment areas.

**Number and Amount of Community Development Loans**

Baraboo NB originated three community development loans totaling \$232,500 during the evaluation period. One loan totaling \$32,500 was made to an economic development association to assist with the acquisition and maintenance of an industrial building. The building will be used as an enterprise center for existing and new businesses in the manufacturing, distribution and processing of local foods, creating approximately 80 jobs. The bank made two loans totaling \$200,000 to a non-profit organization that provides housing-related community services, training and employment services to disadvantaged individuals and offers financial and down payment assistance. These two loans were used to finance construction of an affordable housing project in Columbia County, in a moderate-income census tract. At the previous CRA exam, the bank had loans totaling \$861,000 to this organization which were recently renewed.

The bank holds a line of credit for Habitat for Humanity in the amount of \$5,000. This line is renewed every year for each new home construction. This is an interest free line of credit repaid each year by the new home owner before it is renewed again.

Small Business Administration (SBA) loans are available in the assessment areas for businesses that may not qualify for conventional loan terms. Under the SBA program, Baraboo NB originated ten small business loans totaling \$10 million. In addition, Green Lake State Bank originated ten SBA loans totaling \$6 million prior to being merged with Baraboo NB. These loans are reported under the small business lending test.

Although not included as community development loans, Baraboo NB also participates in the following loan programs that target or primarily benefit low- and moderate-income individuals. These loans are included under the Lending Test discussed earlier.

U.S. Department of Agriculture (USDA) Guaranteed Rural Housing (GRH) Development is a loan program used to help low-income individuals and households purchase homes in rural areas. There are household income requirements and properties must be located in an eligible rural area as defined by the USDA. Baraboo NB utilized over \$1 million in GRH funds for home purchases in 2010. The bank received certification as a Silver Million Dollar Lender. Under this program, the bank made 42 loans totaling \$4.3 million.

Downpayment Plus through Wisconsin Partnership for Housing Development provides subsidies up to \$6,000 per household. This may be used as a down payment, for closing cost assistance, home buyer counseling costs and/or rehabilitation costs. Household income may not exceed 80% of the area median income. These programs are for low- and moderate-income borrowers with pre-purchase counseling required. Under this program, there were two grants made totaling \$9,000.

Freddie Mac programs offer a number of affordable housing loans. These programs help low-income individuals purchase a home. Freddie Mac provides low rates, low down payment requirements, and first time home buyer counseling. Under the Freddie Mac affordable housing program, the bank made 17 loans totaling \$2 million. Under the Freddie Mac first time home buyer program, the bank made 90 loans totaling \$10 million.

Baraboo NB's performance in this area, with consideration given to available opportunities, reflects adequate responsiveness to the communities' needs.

### **Number and Amount of Qualified Investments**

The level of qualified community development investments reflects adequate responsiveness to the communities' needs.

During the evaluation period, Baraboo NB made qualified investments, in the form of donations, totaling \$17,050 to twenty-five organizations. These donations supported job skills training for low- and moderate-income individuals, small business development activities, and social service organizations that provide services benefiting low- and moderate-income families.

The bank approved a participation of \$340,000 with four other financial institutions to fund the Midwestern Disaster Area Bond totaling \$1,700,000. The bond provided partial financing for the industrial building mentioned previously.

## **Extent to Which the Bank Provides Community Development Services**

The bank provides an adequate level of community development services through its branches and products. Baraboo NB offers a full range of consumer and commercial banking products and services at a majority of its branches. Four branches are located in moderate-income census tract. The bank participates in a variety of economic development and affordable housing finance programs, such as the SBA 504 loan program, the USDA Rural Development Loan program, and other flexible financing programs. These programs either promote economic development by helping small businesses expand and create jobs, or they provide financing and other support, such as lower down payments for low- and moderate-income individuals to purchase homes.

Baraboo NB employees are involved in a variety of community development services that reflect adequate responsiveness to the communities' needs. Many of the bank's employees are involved with organizations that promote economic development or provide services for low- and moderate-income individuals. Some examples of community development services include:

A bank employee serves on a Revolving Loan Fund/Housing Committee in Columbia County. The employee serves as the banking industry representative. This expertise and leadership guides the committee in fulfilling its many roles.

A bank employee serves as a committee member on a Revolving Loan Fund in Oneida County. The financing program provides loans to existing and new businesses located in Oneida County. At least 51% of jobs are made available to low- and moderate-income individuals.

A bank employee serves as a voting member of a Revolving Loan Fund in Sauk County. As of March 2011, the committee dispersed over \$4 million in grants to Sauk County small businesses that were devastated by the floods of 2008. This committee also approves funds for expansion and job creation. This program has funded over \$200,000 in revolving loans. In addition, this committee handles the Community Development Block Grant Housing Program. This program is for energy efficient improvements to homes owned by low- to moderate-income and elderly individuals. This program has granted over \$95,000 in 2011.

This same bank employee also is a board member of a Community Foundation in Sauk County. The foundation has funded programs that include a dental care mobile dental lab and a free clinic. In addition to being a board member, the employee also serves on the investment committee which makes investment decisions for the fund that the Foundation manages.

A bank employee serves as a board member of an economic development corporation in Green Lake County. This development corporation administers grants and loans for the purpose of economic development in Green Lake County. The corporation promotes industrial/economic development as well as job creation.

A bank employee is a board member of an economic development association in Vernon County. The association was instrumental in acquiring a former industrial building that was renovated to develop a food enterprise center in partnership with the City of Viroqua. The association

provides grants and assistance to small businesses and facilitates an inventors and entrepreneurs club. The association has provided assistance to more than ninety businesses through site visits, one-on-one counseling, and connecting businesses to resources.

### **Responsiveness to Community Development Needs**

Given available opportunities, the bank's performance in meeting community development needs reflects adequate responsiveness to the needs of its communities.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.