



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 03, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in Viroqua
Charter Number 14058**

**101 South Main Street
Viroqua, WI 54665**

**Comptroller of the Currency
Minneapolis South Field Office
1310 West Clairemont Avenue Suite 100
Eau Claire, WI 54702**

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.

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INSTITUTION'S CRA RATING

This institution is rated Outstanding.

- Average loan-to-deposit ratio is reasonable.
- A substantial majority of loans are in the bank's assessment area.
- First National Bank in Viroqua has an excellent distribution of credit among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.

DESCRIPTION OF INSTITUTION

First National Bank in Viroqua (FNB) is an \$84 million institution located in Viroqua, Wisconsin, a city of approximately 4,300 people located 35 miles southeast of La Crosse, Wisconsin.

Firsnabanco, Inc., a two-bank holding company, located in Viroqua, Wisconsin, owns First National Bank in Viroqua and Citizens State Bank, Trempealeau, Wisconsin. As of March 31, 2002, Firsnabanco, Inc. had total consolidated assets equaling \$111 million. The bank does not have any affiliate relationships that impact the bank's CRA performance.

FNB's main office is in Viroqua with full service branches located in Sparta and Viola, Wisconsin. All offices are located in middle-income tracts. The bank has two full-service ATMs, one located at a gas station in Viroqua and the other in the lobby of the Sparta branch. A cash-dispensing only ATM is also located at a convenience store in Viola. The Sparta branch has been acquired since the last CRA examination.

The bank offers telephone banking to its customers. The telephone banking service provides the customers with 24-hour access to deposit and loan account information. It also allows the customer to make transfers between accounts, including making loan payments.

FNB offers a wide range of loan and deposit products well suited to the community's needs. The bank's primary lending focus is farm, commercial, and residential real estate. As of March 31, 2002, the bank's \$65 million loan portfolio consisted of 29.14% agricultural loans, 27.93% commercial loans, 26.65% residential real estate, 9.76% consumer and 6.52% other lending. In 2001, the bank sold \$11.5 million in residential real estate loans to the secondary market. As of March 31, 2002, net loans made up 76.63% of total assets.

There are no financial, legal or other factors that impede FNB's ability to meet its CRA obligations. The bank's last CRA rating was a "Satisfactory Record of Meeting Community Credit Needs" dated November 14, 1997.

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area (AA) includes all block numbering areas (BNA) in Vernon County (#9601-9607), all of Monroe County (#9501-9509), the northern part of Richland County (#9701 and 9702) and the northern part of Crawford County (#9801-9802). The AA complies with regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

Key demographic information for this AA, using 1990 census data, includes four moderate-income tracts (20%) and sixteen middle-income tracts (80%). The 1990 non-metropolitan areas of Wisconsin median family income was \$30,290. Based on the Department of Housing and Urban Development's 2002 estimate, the median family income is \$50,800 for non-metropolitan areas in Wisconsin.

The 2000 census information pursuant to the U.S. Census Bureau indicates the population of Vernon County at 28,056 (main bank), Monroe County population at 40,899 (Sparta branch) and Richland County at 17,924 (Viola branch). The combined population of these counties per the 1990 census was 79,771, representing an increase of 9% in 2000.

The number of families in FNB's AA living below poverty level is above the state average. According to 1999 information from the U.S. Bureau of the Census, 5.6% of the families in the State of Wisconsin are below the poverty level. In Vernon County the percentage of families below the poverty level is 9% and the percentage is 8.4% in Monroe County. Only portions of Richland and Crawford Counties are included in FNB's Assessment Area, but those percentages are each 7.2% for those entire counties. These levels can be attributed partly to the declining agricultural economy, which plays an important role in these rural counties.

Unemployment levels in the AA tend to be higher than the state average by 1%, but are still less than the national average. Dairy farming is the primary agribusiness. Based on 2000 census information, Wisconsin's farming, fishing and forestry occupations make up 0.9% of the population. Combining the counties included in FNB's AA, the average is 2.8% of the population involved in farming. Likewise, the agriculture industry is at 2.8% statewide and averages 10.15% between the four counties included in FNB's AA.

The area also has good employment opportunities. The largest employers are Nelson Industries, Vernon County Memorial Hospital, Bethel Home, Walmart, and Vernon County Rehabilitation Center. Approximately 10% of the residents of Vernon County commute to the La Crosse County area for employment.

Bank competition in the area is healthy. There are 25 financial institutions with a presence in FNB's AA. These organizations are of varied sizes and offer a wide range of banking products. In addition to traditional financial institutions, credit unions are aggressively marketing financial products in the area. According to 1990 Census Information, FNB ranked second in deposit market share at 7% of its defined assessment area. The June 30, 2001 deposit information from the Federal Deposit Insurance Corporation indicates FNB is ranked fourth in deposit market share in Vernon and Monroe Counties with 7.83% of the deposits.

The home ownership percentages for both counties, which are entirely included in the bank's

AA area, are above the state level of 68.4%. Vernon County home ownership is at 79.1% and Monroe County is at 73.7%. In addition, although only portions of Richland and Crawford Counties are in the bank's assessment area, the home ownership percentages for those entire counties are 74.2% and 76.8%, respectively. We contacted a community development organization that indicated that there is a need in the area for moderate and middle-income rental units. She also indicated a need for affordable housing in the area and stated that it is difficult to recruit new persons to the area because of the lack of housing opportunities.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the bank's size, financial condition and local credit needs. The bank's quarterly average loan-to-deposit ratio for the 18 quarters since the previous CRA exam is 73.56%. Similarly situated banks have quarterly average loan-to-deposit ratios ranging from 63.54% to 91.48% over the same time frame. Similarly situated banks include the banks with a presence in FNB's AA with total assets between \$63 and \$129 million.

Institution	Assets (as of 3/31/02)	Average Loan-to-Deposit Ratio 4Q97 – 1Q02
UNION NATIONAL BANK AND TRUST, Sparta, WI	\$ 79 million	63.54
FARMERS STATE BANK, Hillsboro, WI	\$ 61 million	69.52
FIRST BANK, Tomah, WI	\$ 63 million	72.18
ROYAL BANK, Elroy, WI	\$ 120 million	72.84
FIRST NATIONAL BANK, Viroqua, WI	\$ 84 million	73.56
STATE BANK, Viroqua, WI	\$ 67 million	75.99
FORTRESS BANK, Westby, WI	\$ 100 million	89.61
FARMERS & MERCHANTS BANK, Tomah, WI	\$ 129 million	91.48

Lending in Assessment Area

Based on a file sample of commercial, farm, and residential real estate loans, the bank originates a substantial majority of those loans within their AA. The table below shows the percentages of loans by number and dollar that were originated within the bank's AA based on a random sample of each loan type.

Penetration of Lending Inside the Bank's Assessment Area		
	% of Total Number of Loans Inside the Assessment Area	% of Total Dollar Amount of Loans Inside the Assessment Area
Commercial Loans	95%	97%
Agricultural Loans	90%	92%
Residential Real Estate Loans	95%	89%

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

FNB in Viroqua has an excellent distribution of credit among individuals of different income levels and businesses of different sizes.

Commercial borrowers have a wide diversity of gross revenue levels ranging from a few thousand to several million dollars. A random sample of 20 commercial and 20 farm loan files indicates the following breakdown of annual revenues.

Lending Distribution Based on Revenue Size of Business/Farm		
Revenue Size of Businesses/Farms	Bank Lending Distribution by Number of Loans	Percentages of Businesses in each Revenue category (per 2001 Dunn & Bradstreet)
Commercial < 1 million sales	90%	94%
Farm < 1 million sales	100%	99%
Commercial > 1 million sales	10%	6%
Farm > 1 million sales	0%	1%

The following chart compares the actual percent of families based on income level located within the assessment area to those loans made by the bank from the selected loan sample.

Lending Distribution Based on Income Level of Residential Real Estate Borrowers		
Borrower Income Level	Bank Lending Distribution by Number of Loans	Percentage of Families in each Income Category (per 1990 Census Information)
Low (\$0 - \$25,400)	20%	21%
Moderate (\$25,401 - \$40,640)	35%	21%
Middle (\$40,641 - \$60,960)	45%	26%
Upper (\$60,961 and over)	0%	32%

Geographic Distribution of Loans

The geographic distribution of loans reflects excellent dispersion throughout the AA.

Although the main bank and both full-service branches are located in middle-income BNAs, the sample of loans selected (agricultural, commercial, residential real estate) indicated, by number, that, in aggregate, 23% of those loans had been made in moderate-income BNAs. The following

table indicates the percentages of commercial, farm and families located within each AA category, compared to the loans made by the bank, determined by the random sample of selected loans.

Geographic Distribution of Loans				
BNA Income % in AA	Low 0%	Moderate 20%	Middle 80%	Upper 0%
Commercial Loans by BNA (1)	0%	9%	91%	0%
FNB Commercial Loans	0%	15%	85%	0%
Farm Loans by BNA (1)	0%	13%	87%	0%
FNB Agricultural Loans	0%	40%	60%	0%
% of Families by Income Level of Tract (2)	0%	15%	85%	0%
FNB Residential Real Estate Loans	0%	15%	85%	0%

(1) 2000 Dunn & Bradstreet data (2) 1990 Census data

Responses to Complaints

FNB has not received any complaints about its performance in helping meet assessment area credit needs during this evaluation period.

Fair Lending Review

An analysis of the most recent public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1997.