

# PUBLIC DISCLOSURE

March 9, 2009

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Viking State Bank & Trust  
RSSD# 2339964

321 W Water Street  
P.O. Box 429  
Decorah, Iowa 52101

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, IL 60604-1413

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 COMMUNITY REINVESTMENT ACT (CRA) RATING:** This institution's performance is rated **Outstanding**.

The bank received an **Outstanding** CRA rating at the previous evaluation conducted on January 26, 2004 by the Federal Deposit Insurance Corporation (FDIC). This is the first CRA evaluation conducted by this Reserve Bank.

Viking State Bank & Trust's overall CRA performance reflects excellent responsiveness in meeting the credit needs of the community. The loan-to-deposit (LTD) ratio was well above the bank's peer group as well as a majority of its local competitors. Lending in the assessment area is satisfactory as 83.6% of loans were originated to borrowers located in the assessment area. Loans are reasonably distributed throughout the entire assessment area. Lending to low- and moderate-income borrowers as well as to businesses and farms of different sizes is excellent when compared to area demographics. The bank offers a variety of loan programs that benefit low- and moderate-income borrowers as well as small businesses/farms. Responsiveness to community development needs is adequate and further supports an outstanding rating.

Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

## SCOPE OF EXAMINATION

Viking State Bank & Trust's CRA Performance was evaluated in the context of information about the institution and its assessment area, such as asset size, financial condition, competition, and economic and demographic characteristics. The scope of the evaluation was the five-year period following the previous CRA Public Evaluation dated January 26, 2004. The loan sample was taken from loans originated between November 1, 2006 and October 31, 2008. A sample of agricultural, commercial, 1-4 family residential real estate, and consumer loans was reviewed to determine performance within the designated assessment area. Viking State Bank & Trust was evaluated using the *Small Bank Examination Procedures* based on the following performance standards:

- ***Loan-to-Deposit (LTD) Ratio***– Performed a comparative analysis of the average loan-to-deposit ratios from March 31, 2004 to December 31, 2008 for the bank, its national peer group, and local competitors identified by the bank.
- ***Lending in the Assessment Area*** – Analyzed the percentage of commercial, agricultural, residential real estate, and consumer loans originated in the assessment area.
- ***Lending to Borrowers of Different Incomes and to Businesses and Farms of Different Sizes*** – Analyzed a sample of residential real estate, commercial, and agricultural loans to assess the loan distribution among borrowers of different income levels and to businesses and farms with different revenue levels. The June 30, 2008 Consolidated Report of Condition and Income was utilized for the distribution of small business and small farm loans.
- ***Geographic Distribution of Lending in the Assessment Area*** – Because the assessment area contains only middle-income geographies, only a limited analysis was performed to determine the dispersion of loans within the assessment area.
- ***Community Development*** – Community development activities including loans, investments, donations and services were reviewed.
- ***Response to Complaints*** – Neither Viking State Bank & Trust nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

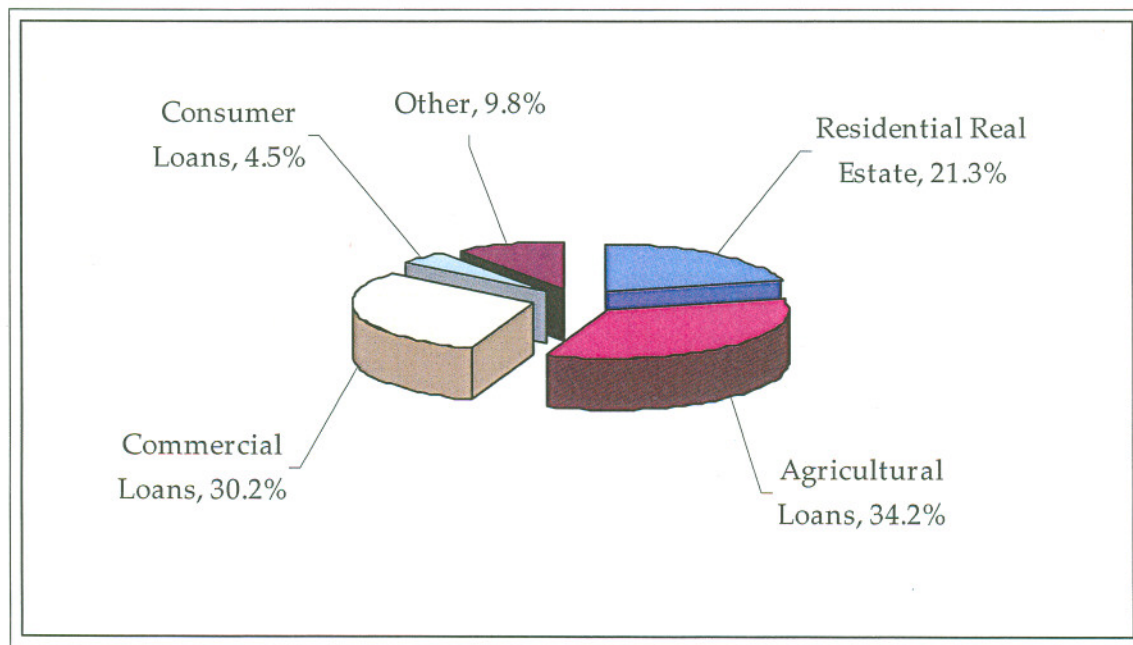
In addition to the above criteria, information obtained through discussions with two community representatives was considered in the overall evaluation.

## DESCRIPTION OF INSTITUTION

Viking State Bank & Trust is a wholly owned subsidiary of WFC, Inc., a two-bank holding company located in Waukon, Iowa. Both the main and branch office are located in Decorah, Iowa, which is approximately two hundred miles northeast of Des Moines, Iowa. Both locations have drive-up facilities with full-service automated teller machines (ATMs). Two cash-only ATM's are also located at Winneshiek Cooperative Association and Casey's General Store in Decorah. Standard credit and deposit products and services are offered at all locations. Customers may also conduct banking transactions through the institution's website: <http://www.vikingstatebank.com>.

As of the December 31, 2008 Uniform Bank Performance Report (UBPR), the bank had total assets of \$93.2 million. As noted in Exhibit #1, its primary lending focus is agricultural loans (including real estate and operating) followed closely by commercial lending (including real estate and operating). Residential real estate lending also comprises a measurable share of the loan portfolio as well.

**Exhibit#1 - Viking State Bank & Trust's Loan Portfolio Mix as of December 31, 2008**



The bank's peer group includes all insured commercial banks with assets between \$50 and \$100 million and located in a non-metropolitan area with two or fewer full service offices. Local competitors for loans and deposits as identified by the bank include: Citizens State Bank, Waukon, Iowa; Decorah Bank and Trust Company, Decorah, Iowa; Luana Savings Bank, Luana, Iowa; Northeast Security Bank, Sumner, Iowa; Security State Bank, New Hampton, Iowa and the branch office of Bank of the West, San Francisco, California located in Decorah, Iowa.

According to the June 30, 2008 FDIC Summary of Deposit Market Share Report, Viking State Bank & Trust had 16.0% of the aggregate deposits in Winneshiek County, ranking 2nd out of 10 financial institutions.

There are no apparent factors relating to the bank’s financial condition, size, products offered, prior performance, legal impediments, or local economic conditions that would prevent it from meeting the credit needs of the community.

**DESCRIPTION OF ASSESSMENT AREA**

Viking State Bank & Trust’s assessment area is comprised of Winneshiek County in its entirety and has not changed since the prior CRA evaluation; however, since 2005 it has been designated as an underserved area. The regulation states: *“A non-metropolitan, middle-income geography is designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs”.*

There are a total of five census tracts in Winneshiek County; all are identified as middle-income geographies. Refer to Appendix A for a map of the assessment area and Exhibit #2 for a listing of census tracts .

Exhibit #2	
Viking State Bank & Trust’s Assessment Area	
County	Tract / Income Level
	Middle
Winneshiek – 191	9501.00, 9502.00, 9503.00, 9504.00 and 9505.00

Source: 2000 Census Data, U.S. Census Bureau

**Population Changes**

According to the U.S. Census Bureau, as of July 1, 2007, the estimated population for Winneshiek County was 20,909. This number reflects an insignificant change in population from the 20,922 reported as of July 1, 2004. A community representative indicated that the county has an older and more stable population base.

**Income Characteristics**

Exhibit #3 compares the family income levels for the bank’s assessment area and Non-Metropolitan Iowa. In contrast to the 2000 data, the 2007 HUD-adjusted median family income for Winneshiek County is \$55,400 while the adjusted median family income for Non-Metropolitan Iowa is \$53,100. Based on the 2000 data and the 2007-HUD adjusted median family income, the assessment area appears to be in a slightly better economic position when compared to the statewide non-metropolitan areas.

Exhibit #3						
Distribution of Families by Income Level						
Location	Median Family Income (\$)	Percent of Families				Below Poverty Level
		Low	Moderate	Middle	Upper	
Assessment Area	45,935	13.6	18.3	27.5	40.6	5.1
Non-Metropolitan Iowa	43,887	16.4	19.5	26.3	37.8	6.4

Source: 2000 Census Data, U.S. Census Bureau

*Low-income is defined as less than 50% of median family income; moderate-income as 50% to less than 80% of median family income; middle-income as 80% to less than 120% of median family income; and upper-income as 120% or more of median family income.*

### Housing Characteristics and Affordability

Exhibit #4 compares the housing characteristics and affordability of the assessment area to Non-Metropolitan Iowa. The assessment area has 8,208 housing units of which 69.3% are owner-occupied, 24.9% are rental units, and 5.8% are vacant. The percentage of vacant units is slightly lower in the assessment area, while the percentage of rental units is slightly higher when compared to Non-Metropolitan Iowa. This can be attributed to Luther College, which is located in Decorah, Iowa, which has a total student enrollment of approximately 2,400.

Exhibit # 4							
Housing Characteristics							
Location	Total Housing Units (#)	Owner-Occupied Units (%)	Rental Units (%)	Vacant Units (%)	Median Age of Housing Stock	Median Housing Value (\$)	Affordability Ratio
Assessment Area	8,208	69.3	24.9	5.8	53	90,350	51
Non-Metropolitan Iowa	592,078	68.6	22.7	8.7	48	69,296	63

Source: 2000 Census Data, U.S. Census Bureau

*Affordability ratios, developed by dividing the median family income by the median housing value for a given area or groups of geographies, are helpful in comparing costs for different areas. An area with a high ratio generally has more affordable housing than an area with a low ratio.*

The affordability ratio is lower in the assessment area when compared to the Non-Metropolitan Iowa, indicating that housing is significantly less affordable in the assessment area. During discussions with community representatives and bank management they were not aware as to the reasons that median housing values were significantly higher in the assessment area when compared to Non-Metropolitan Iowa.

### Labor and Employment

Exhibit #5 reflects the largest employers in the assessment area. Agriculture is not reflected in any available employment statistics but it does play a considerable role in the economics of the assessment area. According to the *Iowa Workforce Development*, the largest private sectors in Winneshiek County were education and health services and manufacturing, representing 16.3% and 15.3% of the county's total covered employment, respectively. Community representatives stated that the local economy is stable with a diverse economic base.

Exhibit #5 Major Employers in the Assessment Area			
Company	Location	Employees (#)	Description
Northeast Iowa Community College	Winneshiek	1,200	Community College
Luther College	Winneshiek	550	Colleges and Universities
Fred Carlson Company Inc.	Winneshiek	546	Highway and Construction
Winneshiek Medical Center	Winneshiek	350	General Medical and Surgical Hospital
Fred Carlston Corporation	Winneshiek	326	Whole Construction/Mining Equipment
Reilly Construction Co. Inc.	Winneshiek	285	Highway and Street Construction

Source: Hoovers.com

According to Iowa Workforce Development, the January 2009 unemployment rates for Winneshiek County are significantly above the State of Iowa. Community representatives stated that seasonal work could account for the high unemployment rate. The community has several local construction companies which hire during the summer and lay off during the winter. Bank management indicated that one manufacturing company in Cresco (Featherlite) recently laid off 200 employees and another (Textron) cut down workdays to four days a week. The unemployment rate for the county has historically been above the state and national averages. Exhibit #6 shows the unemployment rates for Winneshiek County and State of Iowa.

Exhibit #6 Unemployment Statistics		
Location	January 2009 (%)	January 2008 (%)
Winneshiek County	8.0	6.0
State of Iowa	4.8	3.9

Source: Iowa Workforce Development



## Community Representatives

Information obtained through two community representatives was considered for this evaluation. The community representatives contacted serve the economic development and real estate sectors.

Representatives commented that local financial institutions are meeting the credit needs of the community. Furthermore, financial institutions are very active within the community by participating on various projects, and through employees serving on various boards within the community. A community representative mentioned Viking State Bank & Trust as a leader among local financial institutions in providing financing.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

*Performance standards for small banks consist of the following, as applicable: the bank's loan-to-deposit (LTD) ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income levels and farms and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the preceding standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.*

### Loan-to-Deposit (LTD) Ratio

*The average loan-to-deposit ratio, calculated from data contained in the Consolidated Reports of Condition, was evaluated giving consideration to the bank's capacity to lend, competitor and peers' loan-to-deposit ratios, as well as demographic factors, economic conditions and lending opportunities present in the assessment area.*

Viking State Bank & Trust's average LTD ratio is more than reasonable given the asset size, financial condition, and credit needs of the assessment area. The bank's average LTD ratio for the 20-quarters ending December 31, 2008 is 104.1%.

Exhibit #7 compares the bank's LTD ratios to its national peer group as well as a sample of local competitors. As depicted in the table below, Viking State Bank & Trust's LTD ratio is well above its national peer group and a majority of local competitors. Both local competitors with larger LTD ratios have more than double the asset size of Viking State Bank & Trust. Bank of the West, located in Decorah, Iowa, was not part of the analysis as it is a regional bank and its market is nationally-based.

Exhibit #7 Comparable Financial Institution/Peer Group Analysis		
Bank Name/City	Total Assets (000s) as of 12/31/08 (\$)	Average LTD Ratio (%)
Viking State Bank & Trust, Decorah, IA	\$93,228	104.1
<b>National Peer Group</b>	<b>N/A</b>	<b>71.2</b>
Citizens State Bank, Waukon, IA	67,107	112.6
Decorah Bank and Trust Company, Decorah, IA	332,534	79.3
Farmers and Merchants Savings Bank, Waukon, IA	100,610	103.8
Luana Savings Bank, Luana, IA	288,223	109.5
Northeast Security Bank, Sumner, IA	107,389	96.1
Security State Bank, New Hampton, IA	157,015	77.4

### Lending in the Assessment Area

*To assess the extent of lending within the assessment area, agricultural, commercial, consumer, and residential real estate loans were reviewed. The sample period for each loan product was November 1, 2006 through October 31, 2008. Information from the performance context, such as economic conditions present within the assessment area, loan demand, bank size, financial condition, branching network, and business strategies, was considered when evaluating the bank's performance.*

Lending in the assessment area is considered reasonable, as a large majority of the loans were originated within the area, reflecting an overall penetration ratio of 83.6%. The strongest performance under this criterion was agricultural loans (86.8%) with commercial loans representing the lowest penetration (81.6%). Exhibit #8 depicts the number and percentage of lending inside the assessment area by product.

Exhibit #8 Distribution of Loans in/out of Assessment Area (AA)			
Loan Type	Number of Loans		
	# in Sample	# in AA	% in AA
Residential Real Estate	142	118	83.1
Agricultural	976	847	86.8
Commercial	468	382	81.6
Consumer	1,388	1,140	82.1
Totals	2,974	2,488	83.6

## Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

*The distribution of loans among borrowers of different income levels was determined by reviewing agricultural, commercial, and residential real estate loans. The sample period for residential real estate loans was November 1, 2006 through October 31, 2008. The June 30, 2008 Consolidated Report of Condition and Income was utilized for the distribution of small farm and small business loans with different revenue levels. Information from the performance context, such as economic conditions present within the assessment area, demographics, loan demand, bank size, financial condition, branching network, and business strategies, were considered when evaluating the bank's performance.*

Given the demographics of and competition within the assessment area, the loan distribution across borrowers of different income levels and small farms and businesses reflects an excellent penetration among individuals of different income levels and businesses and farms of different sizes.

### **Residential Real Estate Loans**

Exhibit #9 depicts the distribution of residential real estate loans by income level. The bank originated 42.0% of its mortgage loans to low- and moderate-income families. This figure is well above the percentage of low- and moderate-income families (32.0%) living in the assessment area and is considered excellent.

The bank offers residential real estate loan programs with flexible underwriting standards that assist low- or moderate-income borrowers in becoming homeowners. Loan programs are offered through the Iowa Finance Authority (IFA) and USDA Guaranteed Rural Housing (GRH) loan program. IFA was established to assist low- and moderate-income families in the State of Iowa in obtaining loans for the purchase of a dwelling. IFA offers a variety of programs that address a continuum of housing needs including homeless assistance, multi-family rental assistance, and single-family home ownership. The bank originated 15 loans in the amount of \$1,677,198 through IFA between 2006 and 2008. GRH is designed to serve rural residents, who have a steady but low- to moderate-income, in obtaining adequate housing through conventional financing. These loans enable low- and moderate-income rural residents to acquire modestly priced housing. A total of 12 loans in the amount of \$1,116,898 were financed through GRH between 2006 and 2008. The bank also sells long-term, fixed-rate real estate loans on the secondary market, which provides additional financing options for borrowers, including low- and moderate-income individuals.

In 2008, Viking State Bank & Trust made an effort to reach out to the community by offering loans with a low interest rate of 3.0% for homes that were flooded in June of 2008. However, no loans were originated through this program due to flood funds made available through FEMA and the Decorah Chamber of Commerce. This further demonstrates the bank's commitment to the communities with which it serves and supports the comments made by a community representative that Viking State Bank & Trust is a leader in meeting the credit needs of the community.

<b>Exhibit #9</b>			
<b>Loan Distribution of Residential Real Estate Loans by Income Level</b>			
<b>Income Level</b>	<b>Number of Loans</b>		<b>Percentage of Families in Assessment Area</b>
	<b>Number</b>	<b>Percent</b>	
Low	5	10.0	13.6
Moderate	16	32.0	18.3
Middle	11	22.0	27.5
Upper	18	36.0	40.6
<b>Total</b>	<b>50</b>	<b>100.0</b>	<b>100.0</b>

Source: HUD's estimated 2007 median family income for Winneshiek County was used to determine the income level of the applicants.

### Small Business and Small Farm Loans

The distribution of commercial and agricultural loans reflects an excellent penetration among small businesses and farms, demonstrating a willingness to service the needs of these borrowers within the assessment area. The distribution, based on information from the Consolidated Report of Condition as of June 30, 2008, is shown in Exhibits #10 and #11, respectively.

#### *Small Business Loans*

<b>Exhibit #10</b>		
<b>Distribution of Small Business Loans</b>		
<b>Original Dollar Amount</b>	<b>Outstanding Number</b>	<b>Outstanding Dollar Amount (000's)</b>
<b>Loans Secured Non-Farm Nonresidential Properties</b>		
Less than or equal to \$100,000	34	\$ 1,439
Greater than \$100,000 through \$250,000	21	3,395
Greater than \$250,000 through \$1 million	15	6,125
<b>Total</b>	<b>70</b>	<b>\$ 10,959</b>
<b>Commercial and Industrial Loans</b>		
Less than or equal to \$100,000	270	\$6,073
Greater than \$100,000 through \$250,000	27	4,294
Greater than \$250,000 through \$1 million	8	2,393
<b>Total</b>	<b>305</b>	<b>\$ 12,760</b>
<b>Loans Secured Non-Farm Nonresidential Properties and Commercial and Industrial Loans</b>		
<b>Grand Totals</b>	<b>375</b>	<b>\$ 23,719</b>

As illustrated in Exhibit #10, originations in the \$100,000 or less category represent 81.1% of the number and 31.7% of the dollar amount of small business loans. Loans of this size are most favorable to small business customers as they help encourage economic development in the assessment area. According to the June 30, 2008 Consolidate Report of Condition, small business loans (defined as loans with original amounts of \$1 million or less) represent 100.0% of the dollar amount in the commercial and industrial loan portfolio.

The bank also offers small business loans through the Small Business Administration (SBA) and Linked Investments for Tomorrow (LIFT). SBA offers numerous guaranteed small business loan programs with flexible underwriting standards that benefit small businesses. LIFT provides loans to qualifying small businesses, which are fifty-one percent or more owned, operated, and actively managed by one or more women, minority persons, or persons with disabilities. Within the past year, one SBA loan and one LIFT loan were originated in the amounts of \$150,000 and \$5,050, respectively.

*Small Farm Loans*

<b>Exhibit #11</b>		
<b>Distribution of Small Farm Loans</b>		
<b>Original Dollar Amount</b>	<b>Outstanding Number</b>	<b>Outstanding Dollar Amount (000's)</b>
<b>Loans Secured by Farmland</b>		
Less than or equal to \$100,000	81	\$ 3,750
Greater than \$100,000 through \$250,000	43	6,984
Greater than \$250,000 through \$500,000	12	3,950
<b>Total</b>	<b>136</b>	<b>\$ 14,684</b>
<b>Loans to Finance Agricultural Production and Other Loans to Farmers</b>		
Less than or equal to \$100,000	548	\$ 9,046
Greater than \$100,000 through \$250,000	15	2,505
Greater than \$250,000 through \$500,000	2	958
<b>Total</b>	<b>565</b>	<b>\$ 12,509</b>
<b>Loans Secured by Farmland and Loans to Finance Agricultural Production and Other Loans to Farmers</b>		
<b>Grand totals</b>	<b>701</b>	<b>\$ 27,193</b>

As reflected in Exhibit #11 above, small farm loan originations in the \$100,000 or less category represent 89.7% of the number and 47.1% of the dollar amount of all small farm loans. Emphasis is placed on this category as these loans are most beneficial to small farms. According to the June 30, 2008 Consolidated Report of Condition, small farm loans (defined as loans with original amount of \$500,000 or less) represent 98.1% of the overall agricultural loan portfolio.

The bank also offers small farm loans through its relationship with the Farm Service Agency (FSA) and Iowa Agricultural Development Authority (IADA). FSA provides loans to family size farmers and ranchers who cannot obtain commercial credit from a bank, Farm Credit System institution, or other lender. FSA loans can be used to purchase land, livestock, equipment, feed, seed, and supplies as well as to construct buildings or make farm improvements. IADA provides financial assistance to Iowa's grain and livestock producers. The IADA loans also may be used to improve existing buildings or farmland. Currently the bank has two loans totaling \$215,000 originated through FSA and three loans totaling \$245,956 originated through IADA. Additionally, the bank supports local 4H and Future Farmers of America (FFA) in the area. Loans are extended to students

to finance livestock at one percent below the going interest rate. Senior management estimated that five to ten loans are extended per year in amounts between \$10,000 to \$25,000.

### Geographic Distribution of Loans

*The distribution of lending among geographies of different income levels within the assessment area, particularly those defined as moderate and low-income was reviewed. To assess the bank's performance agricultural, commercial, consumer and residential real estate loans were reviewed. The sample period for each loan product was November 1, 2006 through October 31, 2008. Demographic characteristics of census tracts, such as housing types and income level, were considered in the evaluation.*

The bank meets the standard for satisfactory performance under this criterion. Viking State Bank & Trust's assessment area is comprised of five middle-income geographies. The analysis reveals loans are reasonably dispersed throughout the entire assessment area as shown in Exhibit #12. Census tract 9505 had the lowest penetration within the assessment area. Senior management indicated that there are several institutions located within this census tract and people residing within this census tract would more than likely use a financial institution close to their home. Viking State Bank & Trust's main office is located in census tract 9502, while the branch office is located in 9504.

<b>Exhibit #12</b>		
<b>Geographic Distribution of Loans within the Assessment Area</b>		
<b>County</b>	<b>Census Tract</b>	<b>Number of Loans</b>
Winneshiek	9501.00	712
Winneshiek	9502.00	524
Winneshiek	9503.00	351
Winneshiek	9504.00	674
Winneshiek	9505.00	226
<b>Total Loans within the Assessment Area</b>		<b>2,487</b>

### Community Development

Community development loans, investments/donations, and services further support an overall outstanding rating. The bank has taken a pro-active role in various community development organizations throughout the assessment area and has made reasonable community development loans to help revitalize and stabilize the middle-income geographies identified as underserved in the assessment area.

#### *Community Development Loans*

Viking State Bank & Trust's level of lending demonstrates a strong responsiveness to the community development needs of the assessment area. Overall, eight qualified loans totaling \$482,140 were originated during the evaluation period. The loans are directly related to activities that revitalize or stabilize the assessment area by attracting new, or retaining existing, businesses or residents. Exhibit #13 summarizes the qualified community development loans submitted for this

evaluation period.

<b>Exhibit #13</b>			
<b>Qualified Community Development Loans</b>			
<b>Organization</b>	<b>Description of Lending Activity</b>	<b># of Loans</b>	<b>\$ Amount of Loan</b>
Dairy Facility	Funds used to purchase land and build a dairy facility and a building for classrooms	1	\$14,700
Decorah Chamber of Commerce	Funds created to provide assistance at reduced interest rates for retail and service businesses.	1	18,000
Medical Center	Funds used to update the hospital and the purchase of medical equipment.	2	100,440
Upper Explorer Land	Funds are used to promote jobs in Winneshiek County.	2	255,000
Decorah Jobs	Funds are used in locating and attracting new businesses to the area.	1	25,000
Care Facility	Funds were used for a van and for a commercial building	1	69,000
<b>Total Qualified</b>		<b>8</b>	<b>\$482,140</b>

#### *Investments/Donations*

Viking State Bank & Trust's level of community development investment/donations demonstrated a reasonable responsiveness to the needs of the assessment area. The bank has one on-going investment (\$208,091) in a general obligation bond with the City of Decorah for street improvements.

Additionally, community development donations totaling \$10,259 were made during the evaluation period. The most notable donation was for flood relief in the amount of \$6,500. A majority of the donations were to various local organizations including those that target or serve low- or moderate-income members of the community, school district and help to stabilize or revitalize the assessment area.

#### *Retail Services*

Retail services are considered to be readily assessable to all portions of the assessment area based on the number and locations of branches and ATMs, hours of operations, the nature and diversity of products and services offered, and the alternative systems available to customers to access the products and services.

The bank participates in the Privileged Status Program, which provides customers the opportunity to use the ATM's of other participating Privileged Status financial institutions without paying surcharge fees.

Alternative delivery systems also were reviewed as part of this evaluation. Viking State Bank & Trust maintains several alternative delivery systems including the following:

- Telephone Banking- Customer can obtain routine banking information by using a touch-tone phone including balance verification, loan information, and funds transfer.
- Internet Banking – Customers can utilize internet banking through the website address, [www.vikingstatebank.com](http://www.vikingstatebank.com), which allows access to account information, funds transfer, bill pay, stop payment processing, and general bank information.

#### *Community Development Services*

Viking State Bank & Trust and its employees are active within the communities in which the bank operates. The types of community development services performed respond to all aspects of community development and include serving on the board of organizations that promote the needs of local small businesses and agencies that provide assistance to low- and moderate-income families through a variety of programs/services. Notable examples of community development services also include the following:

- Decorah Small Business Revolving Fund
- FDIC Money Smart Program
- Small Business Development Class
- Community of Hope
- Winneshiek County Development
- Decorah Jobs
- Winneshiek Medical Foundation
- Rotary Club

Employees are also involved in various additional community organizations not discussed in this report. These services are not considered community development services by the Community Reinvestment Act, but they are nonetheless valuable to the communities throughout the assessment area.

#### **Complaints**

Neither the bank nor this Reserve Bank has received any CRA-related complaints.

#### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. A sample of the bank's lending activity was reviewed to determine whether loan policies and lending standards were in compliance with the fair lending laws and regulations, and that these are being consistently applied to all applicants. No evidence of prohibited discriminatory or other illegal credit practices was detected.



Appendix A  
Viking State Bank & Trust's  
Assessment Area

