



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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## PUBLIC DISCLOSURE

September 3, 2013

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank and Trust Company

Charter Number: 2725

345 E. Grand Avenue  
Beloit, WI 53511

Office of the Comptroller of the Currency

Chicago - Schaumburg Field Office

1700 East Golf Road, Suite 800  
Schaumburg, IL 60173

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.**

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

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

The major factors that support The First National Bank and Trust Company's rating include:

- The bank made a substantial majority of loans within its assessment areas (AAs).
- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs of its AAs.
- Borrower distribution of loans reflects excellent penetration among individuals of different income levels and businesses of different sizes within the bank's AAs.
- Geographic distribution of loans reflects excellent dispersion throughout census tracts of different income levels within the bank's AAs.
- The bank's community development performance demonstrates adequate responsiveness to the community development needs of its combined AAs through community development loans, investments, and services.

## **Scope of Evaluation**

This evaluation assesses The First National Bank and Trust Company's (FNBT's) record of meeting the credit needs of the community it serves, consistent with the provisions set forth in the Community Reinvestment Act (CRA). We used Intermediate Small Bank examination procedures, which evaluate the bank's CRA performance under a lending test and a community development (CD) test. The lending test assesses the bank's record of meeting the credit needs of its AA through lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and CD services. No affiliate or subsidiary activity was considered in this review.

The lending performance analysis is based on all loans originated or purchased from January 1, 2010 through December 31, 2012. Additionally, we considered CD loans, investments, and services from July 6, 2010, the date of the last CRA evaluation, through September 3, 2013. Because this evaluation period covers two different sets of census information (i.e. year 2000 census results for the 2010 and 2011 loan data and year 2010 census results for the 2012 loan data), this evaluation will show the analysis using both sets of data when discussing the bank's performance under the lending test.

FNBT is a community bank focused primarily on commercial and residential lending activities. The bank's primary loan products are commercial and residential real estate loans based on the percentage and dollar amount of loans originated during the evaluation period, which is in line with the bank's business strategy. As part of this evaluation, we conducted a data integrity review of the bank's home mortgage loan products by sampling 180 loans to verify the accuracy of the reportable data required by the Home Mortgage Disclosure Act (HMDA). HMDA reportable loans consist of home purchase, home improvement, and home refinance loans (collectively referred to as "home mortgage loans"). We also reviewed a sample of 120 commercial loans, as the bank does not report small business loans for CRA purposes. Overall, we deemed the data reliable, as there were no significant errors.

This evaluation includes a review of the bank's three AAs, which consist of Rock County in the Janesville Metropolitan Statistical Area (MSA); Lafayette, Green, and Walworth Counties in the WI Non-MSA; and Winnebago County in the Rockford MSA. Annual deposit information, as reported to the Federal Deposit Insurance Corporation (FDIC), was used to determine the bank's deposit market share and market presence within its AAs. The most recent FDIC deposit information available is as of June 30, 2012.

## Description of Institution

FNBT had \$828 million in total assets as of June 30, 2013. This multi-state nationally chartered institution is a wholly owned subsidiary of Centre I Bancorp, Incorporation. Centre I Bancorp, Inc. is a one-bank holding company headquartered in Beloit, Wisconsin with total assets of \$830 million as of June 30, 2013.

FNBT operates 12 full service branches, with nine locations in the State of Wisconsin and three in the State of Illinois. The main office is located in Beloit, Wisconsin, approximately three blocks from the Illinois border and serves both the Illinois and Wisconsin markets. Other Wisconsin bank locations include three additional offices in Beloit, one in Clinton, and one each in Janesville, Monroe, Argyle, and Darien. Bank locations in Illinois include one in each of the villages of Rockton, Roscoe, and Winnebago. In 2012, FNBT closed one office in Clinton, Wisconsin. The bank has 15 Automated Teller Machines (ATMs), one at each of the 12 office locations, and three free standing ATMs. Additionally, FNBT participates in the Allpoint ATM Network, offering 37,000 surcharge free ATMs nationwide.

The bank offers numerous loan products including commercial, commercial real estate (CRE), small business, consumer, home improvement, home equity lines of credit, agricultural, and various home purchase loan products. FNBT recently added mobile banking to its product offerings to increase the availability and convenience of banking services to its customer base. Lending efforts are primarily concentrated in commercial real estate and residential lending.

FNBT's primary loan products are CRE loans, commercial loans, and residential mortgages. The bank's loan portfolio totals approximately \$572 million and represents 69% of total assets as of June 30, 2013. Please refer to the table below for details on the loan portfolio mix.

<b>Table 1 - Loans (Outstanding Balance) By Category</b>	<b>\$(000's)</b>	<b>Percent</b>
CRE Loans (including Construction & Development and Multi-family Loans)	261,905	45.78
Residential Mortgages (1 <sup>st</sup> lien)	123,193	21.53
Residential Mortgages (2 <sup>nd</sup> lien)	10,925	1.91
Home equity Lines of Credit (HELOCs)	34,868	6.09
Commercial & Industrial Loans	70,892	12.39
Agricultural Loans (including Farmland)	39,993	6.99
Consumer Loans	11,650	2.04
Other Loans	18,716	3.27
<b>Total Net Loans and Leases</b>	<b>572,142</b>	<b>100.00</b>

Source: Figures reported in the bank's Report of Condition and Income ("Call Report") for the period-ending June 30, 2013.

There are no legal, financial, or other factors that would hinder the bank's ability to help meet the credit needs in its AAs. FNBT received an "Outstanding" rating at its prior CRA evaluation performed as of July 6, 2010.

## Selection of Areas for Full-Scope Review

The WI MSA AA (Rock AA) and the IL MSA AA (Winnebago AA) received full scope reviews, while the WI Non-MSA AA received a limited scope review. The Rock AA received the most weight, as the majority of the bank's branches and deposits are located within this AA. Refer to the "Scope" section under each State Rating section for details regarding how the AAs were selected and reviewed. The last evaluation, at which the bank's AAs received a full scope review, was the prior CRA exam dated July 6, 2010.

## Description of Assessment Areas

FNBT's combined AA is divided into two AAs in Wisconsin and one in Illinois. The WI MSA AA consists of all of Rock County in the Janesville MSA ("Rock AA"), while the WI Non-MSA AA consists of all of Green, Lafayette, and Walworth Counties. The Illinois MSA AA consists of all of Winnebago County in the Rockford MSA ("Winnebago AA"). The majority of the bank's loan and deposit base is originated in the Rock AA. The main branch is located three blocks from the IL border in Beloit, WI within a moderate-income census tract (CT). The Madison Branch, also located in Beloit, is also within a moderate-income CT.

The 2010 census resulted in significant CT income designation changes within FNBT's combined AAs, particularly in the Rock and Winnebago AAs. CT income designation changes increased the overall number of low-income CTs in the Rock and Winnebago AAs. Although the overall number of CTs increased in the WI Non-MSA AA, no CT income designation changes occurred.

Based on the 2000 census data, FNBT's identified combined AAs consisted of 139 CTs. The Rock AA consisted of all of Rock County (36 CTs), while the Wisconsin Non-MSA AA consisted of all of Green, Lafayette, and Walworth Counties (27 CTs). The Winnebago AA consisted of all of Winnebago County (76 CTs) in the Rockford MSA.

Based on the 2010 census data, FNBT's identified combined AAs consist of 150 CTs. The Wisconsin MSA AA (Rock AA) consists of all of Rock County (38 CTs) in the Janesville MSA, while the Wisconsin Non-MSA AA consists of all of Green, Lafayette, and Walworth Counties (35 CTs). The IL MSA AA (Winnebago AA) consists of all of Winnebago County (77 CTs) in the Rockford MSA.

Each AA consists only of whole CTs, does not reflect illegal discrimination, and does not arbitrarily exclude any low- or moderate-income areas, taking into account the bank's size, branching structure, and financial condition. The combined AAs contain 14 low- and 30 moderate-income CTs for a total of 44 low- or moderate-income ("LMI") CTs. The Rock AA contains seven of the bank's 12 branches and consists of 12 LMI CTs (four low- and eight moderate-income). The WI Non-MSA AA contains three of the bank's branches and consists of no LMI CTs, but five middle-income underserved CTs. The Winnebago AA contains three of the bank's 12 branches and consists of 32 LMI CTs (10 low-income and 22 moderate-income).

During this evaluation, we updated the bank's AAs to include complete counties. This update included two of the low-income and four of the moderate-income CTs in the Rock AA, and 48 CTs located in an identified irregularly shaped gap containing low- and moderate-income CTs in the Winnebago AA, which the bank did not previously include in its AA. Of the 48 CTs within the gap, 21 are moderate-income tracts, and 10 are low-income tracts. FNBT lends to CTs

within this gap and beyond. The closest moderate-income tract in the gap is adjacent to and only five miles from the upper-income CT in which the Winnebago Branch (the closest of FNBT's three Winnebago County branches) is located. The 10 low-income CTs are located in downtown Rockford, approximately seven miles from the bank's nearest branch (Winnebago branch). It is noted that there are 18 different financial institutions with offices in the Rockford downtown area that compete with FNBT's closest Winnebago County branch.

Competition among financial institutions in the combined AAs is strong. FNBT competes with several large national and regional banks. According to the most recent FDIC Deposit Market Share Report as of June 30, 2012, FNBT ranks 5<sup>th</sup> out of 52 institutions in the combined AA market and holds 6.94% of the market share.

During this evaluation, two local organizations were contacted to assess the credit and CD needs within the bank's AAs. One of the contacts is an organization that primarily serves the Beloit area, while the other organization serves both the Rock and Winnebago AAs. The community contacts indicated that the greatest economic need in Beloit and the surrounding areas is job development as the unemployment rate and number of households living below the poverty level in both the Illinois and Wisconsin AAs of the bank remain extremely high. Affordable housing is available; however, continued underemployment and unemployment prevents many borrowers from being able to take advantage of low rates and credit opportunities. The community contacts stated that the financial institutions in the area do an excellent job of working to meet CD needs. An identified CD need across all of the bank's AAs is job creation, which is achievable primarily through economic development through small business and farm lending and economic revitalization efforts.

## **Rock AA**

The updated census resulted in an increase of two CTs in the Rock AA as well as an increase in the number of low-income CTs. Four previously moderate-income CTs became low-income CTs, and six previously middle-income CTs became moderate-income. We adjusted the AA during this evaluation to include all of Rock County, including two low-income and four moderate-income CTs. This AA complies with the requirements of CRA. Refer to Tables 2A below for details on the geo demographic information of the Rock AA for both census periods.

The 2011 average unemployment rate in Rock County was 9.5%, statistically higher than the state of Wisconsin's 2011 average unemployment rate of 7.5%. Based on 2011 demographic data, 7.22% of Rock County households lived below the poverty level. While the 2012 average unemployment rate in Rock County improved to 8.4%, it remained statistically higher than the state of Wisconsin's 2012 average unemployment rate of 6.9%. Based on 2012 demographic data, 11.45% of Rock County households live below the poverty level, a dramatic increase from 2011 statistics.

Major towns in the Rock AA are Janesville, Beloit, Edgerton, Milton, Evansville, and Brodhead. The majority of the businesses in the AA are small businesses in the services and retail industries, with approximately 81% of the businesses having less than 50 employees and 68% of businesses having one to four employees. Major employers are Mercy Health System, Beloit Health System, Rock County Government, and Blackhawk Technical College. Based on the 2012 business demographic data, Rock County's major industries are services, retail trade, and construction.

Table 2A – Rock County Demographic Information Using 2000 Census Data					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	36	0	22.22	63.89	13.89
Population by Geography	152,307	0	19.07	60.23	20.70
Owner-Occupied Housing by Geography	41,710	0	13.85	64.93	21.22
Businesses by Geography	13,256	0	16.30	58.65	25.04
Farms by Geography	725	0	3.59	75.45	20.97
Family Distribution by Income Level	40,670	15.96	20.02	26.44	37.57
		<b>≤\$ 1,000,000 # / (%)</b>	<b>&gt;\$ 1,000,000 # / (%)</b>	<b>Unavailable / Unknown</b>	
Businesses by Revenue		8,660 (69.1%)	358 (2.9%)	3,513 (28%)	
Census Median Family Income (MFI)		\$53,241	Households Below Poverty Level	7.22%	
HUD - Adjusted MFI		\$64,500	Households	58,674	
Median Housing Value		\$100,984	Rock County Average 2011 Unemployment Rate	9.5%*	

Source: 2011 Geo Demographic Information using 2000 U.S. Census \*U.S. Bureau of Labor Statistics

Table 2A – Rock County Demographic Information Using 2010 Census Data					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	38	10.53	21.05	50.00	18.42
Population by Geography	160,331	7.98	17.27	51.83	22.92
Owner-Occupied Housing by Geography	46,005	4.55	15.66	55.87	23.92
Businesses by Geography	12,592	7.49	18.48	47.48	26.54
Farms by Geography	716	1.68	5.17	70.25	22.91
Family Distribution by Income Level	42,852	19.66	18.49	22.32	39.53
		<b>≤\$ 1,000,000 # / (%)</b>	<b>&gt;\$ 1,000,000 # / (%)</b>	<b>Unavailable / Unknown</b>	
Businesses by Revenue		8,624 (72.6%)	461 (3.9%)	2,791(23.5%)	
Census Median Family Income (MFI)		\$61,165	Households Below the Poverty Level	11.45%	
HUD - Adjusted MFI		\$65,400	Households	62,598	
Median Housing Value		\$138,205	Rock County Avg. 2012 Unemployment Rate	8.4%*	

Source: 2012 Geo Demographic Information using 2010 U.S. Census \*U.S. Bureau of Labor Statistics

The Rock AA holds a majority of the deposits and branches for the FNBT. Based on the June 30, 2012 FDIC Deposit Market Share Report, Rock County contains 19 banks in FNBT's market, of which FNBT ranks 2<sup>nd</sup>, capturing 14.77% of the market share.

### Wisconsin Non-MSA AA

As a result of the updated census data, the WI Non-MSA AA gained eight additional CTs but resulted in no CT income designations changes. The number of middle-income underserved geographies (five) remained stable and made up 18.5% of overall CTs and 14% of overall CTs

per 2000 and 2010 census data respectively. We adjusted the AA during this evaluation to include all of Green, Lafayette, and Walworth Counties. This AA complies with the requirements of CRA. Refer to Tables 2A below for details on the geo demographic information of the Wisconsin Non-MSA AA for both census periods.

The 2011 combined average unemployment rate for Green, Lafayette, and Walworth Counties was 7.06%, just under the state of Wisconsin’s 2011 average unemployment rate of 7.5%. Based on 2011 demographic data, 7.54% of WI Non-MSA AA households lived below the poverty level. The 2012 combined average unemployment rate in the WI Non-MSA AA improved to 6.43%, remaining in line with the state of Wisconsin’s 2012 average unemployment rate of 6.9%. Although unemployment rates improved slightly, and the AA contains no low- or moderate-income CTs, based on 2012 demographic data, 11.16% of the WI Non-MSA AA households live below the poverty level, a dramatic increase from 2011 statistics.

Major towns in the WI Non MSA AA are Argyle, Albany, Darien, Darlington, Monroe, and Whitewater. The majority of the businesses in the AA are small businesses in the services, retail, and agriculture industries, with approximately 86% of the businesses having less than 50 employees and 71% of businesses having one to four employees. Major employers are Colony Brands, Monroe Clinic Grand Geneva LLC, University of Wisconsin Whitewater, and Lactalis USA Inc. Per 2012 business demographic data, the WI Non MSA AA’s major industries are services, retail trade, and agriculture.

Lafayette County is designated as a Wisconsin Community Development Zone (CDZ) and contains five underserved middle-income CTs. The CDZ program offers tax credits through the Wisconsin Department of Commerce for new, full time jobs created, or for a portion of environmental remediation costs to qualified business entities.

<b>Table 2A – WI Non MSA Demographic Information Using 2000 Census Data</b>					
	<b>#</b>	<b>% Low</b>	<b>% Moderate</b>	<b>% Middle</b>	<b>% Upper</b>
Geographies (Census Tracts)	27	0	0	74.07	25.93
Population by Geography	143,54	0	0	69.47	30.53
Owner-Occupied Housing by Geography	38,399	0	0	65.78	34.22
Businesses by Geography	12,631	0	0	72.63	27.37
Farms by Geography	1,475	0	0	74.71	25.29
Family Distribution by Income Level	37,052	12.89	16.75	24.76	45.60
		<b>≤ \$ 1,000,000 # / (%)</b>	<b>&gt; \$ 1,000,000 # / (%)</b>	<b>Unavailable / Unknown</b>	
Businesses by Revenue		9,231 (73.1%)	447 (3.5%)	2,953 (23.4%)	
Census Median Family Income (MFI)		\$46,680	Households Below the Poverty Level	7.54%	
HUD - Adjusted MFI		\$59,100	Households	53,960	
Median Housing Value		\$120,591	WI Non-MSA Avg. 2011 Unemployment Rate	7.07%*	

Source: 2011 Geo Demographic Information using 2000 U.S. Census \*U.S. Bureau of Labor Statistics (average of unemployment rates for Green County, Lafayette County, and Walworth County)



Table 2A – WI Non MSA Demographic Information Using 2010 Census Data					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	35	0	0	68.57	31.43
Population by Geography	155,906	0	0	64.50	35.50
Owner-Occupied Housing by Geography	44,289	0	0	56.99	65.49
Businesses by Geography	12,128	0	0	68.60	31.40
Farms by Geography	1,460	0	0	66.78	33.22
Family Distribution by Income Level	40,695	13.94	16.66	22.78	46.63
		≤\$ 1,000,000 #/ (%)	>\$ 1,000,000 #/ (%)	Unavailable / Unknown	
Businesses by Revenue		9,255 (76.3%)	528 (4.4%)	2,345 (19.3%)	
Census Median Family Income (MFI)		\$57,384	Households Below the Poverty Level	11.16%	
HUD - Adjusted MFI		\$59,900	Households	60,156	
Median Housing Value		\$185,942	WI Non-MSA Avg. 2012 Unemployment Rate	6.43%*	

Source: 2012 Geo Demographic Information using 2010 U.S. Census \*U.S. Bureau of Labor Statistics (average of unemployment rates for Green County, Lafayette County, and Walworth County)

According to the June 30, 2012 FDIC Deposit Market Share Report for the WI Non MSA AA, the WI Non-MSA AA contains 29 banks in FNBT's market, of which FNBT ranks 3<sup>rd</sup>, capturing 5.87% of the market share.

## Winnebago AA

The main impact of the updated census data on this AA was in the CT income designations, ultimately increasing the number of low-income CTs due to the recent recession. As a result of the 2010 census, the Winnebago AA now consists of 77 CTs. Although the overall number of CTs increased by just one, six previously moderate-income CTs became low-income, and eight previously middle-income CTs became moderate-income. Additionally, the 2010 census added a CT with an "N/A" income designation. We adjusted the AA during this evaluation to include all of Winnebago County, including 10 low-income and 21 moderate-income CTs. This AA complies with the requirements of CRA. Refer to Tables 2A below for details on the geo demographic information of the Winnebago AA for both census periods.

Unemployment in this AA is high. The 2011 average unemployment rate in Winnebago County was 12.6%, drastically higher than the state of IL with a state unemployment rate of 9.7%. Based on 2011 demographics, 9.28% of Winnebago County households lived below the poverty level. The 2012 average unemployment rate in Winnebago County improved to 11.4%, but remained statistically higher than the state of IL with a state unemployment rate of 8.9%. While unemployment has improved, based on 2012 demographics, 14.14% of Winnebago County households live below the poverty level, a dramatic increase from 2011 statistics.

Major towns in the Winnebago AA are Loves Park, Machesney Park, Roscoe, Rockton and Rockford, which is the County Seat. The majority of the businesses in the AA are small businesses in the services and retail industries, with approximately 83% of the businesses having less than 50 employees and 66 percent of businesses having one to four employees. Major employers are Rockford School District, Walmart Stores, Swedish American Health

Systems, and Rockford Health Systems. Based on the 2012 business demographic data, Winnebago County's major industries are services, retail trade, and construction.

<b>Table 2A – Winnebago County Demographic Information Using 2000 Census Data</b>					
	<b>#</b>	<b>% Low</b>	<b>% Moderate</b>	<b>% Middle</b>	<b>% Upper</b>
Geographies (Census Tracts)	76	5.26	26.32	48.68	19.74
Population by Geography	278,418	4.28	22.43	51.50	21.79
Owner-Occupied Housing by Geography	75,667	1.61	17.05	56.27	25.07
Businesses by Geography	22,470	3.75	16.00	51.67	28.58
Farms by Geography	784	0.26	9.44	52.93	37.37
Family Distribution by Income Level	73,999	19.09	19.24	24.25	37.43
		<b>≤\$ 1,000,000 # / (%)</b>	<b>&gt;\$ 1,000,000 # / (%)</b>	<b>Unavailable / Unknown</b>	
Businesses by Revenue		15,266 (67.9%)	879 (3.9%)	6,325 (28.2%)	
Census Median Family Income (MFI)		\$53,128	Households Below the Poverty Level	9.28%	
HUD - Adjusted MFI		\$63,400	Households	107,966	
Median Housing Value		\$90,301	Winnebago County Avg. 2011 Unemployment Rate	12.6%*	

Source: 2011 Geo Demographic Information using 2000 U.S. Census \*U.S. Bureau of Labor Statistics

<b>Table 2A – Winnebago County Demographic Information Using 2010 Census Data</b>					
	<b>#</b>	<b>% Low</b>	<b>% Moderate</b>	<b>% Middle</b>	<b>% Upper</b>
Geographies (Census Tracts)	77	12.99	28.57	36.36	20.78
Population by Geography	295,266	9.74	24.57	41.95	23.74
Owner-Occupied Housing by Geography	78,845	4.75	20.52	46.11	28.62
Businesses by Geography	21,531	7.74	20.69	43.67	27.35
Farms by Geography	781	1.79	15.49	50.45	32.01
Family Distribution by Income Level	75,014	22.55	18.05	21.56	37.84
		<b>≤\$ 1,000,000 # / (%)</b>	<b>&gt;\$ 1,000,000 # / (%)</b>	<b>Unavailable / Unknown</b>	
Businesses by Revenue		15,547 (72.2%)	1,111(5.2%)	4,873 (22.6%)	
Census Median Family Income (MFI)		\$61,291	Households Below the Poverty Level	14.14%	
HUD - Adjusted MFI		\$64,300	Households	112,466	
Median Housing Value		\$126,369	Winnebago County Avg. 2012 Unemployment Rate	11.4%*	

Source: 2012 Geo Demographic Information using 2010 U.S. Census \*U.S. Bureau of Labor Statistics

Competition in the Winnebago AA is stronger than that in the Rock and WI Non-MSA AAs as FNBT competes with large regional and national banks in the Winnebago AA. According to the FDIC Deposit Market Share Report as of June 30, 2012, FNBT ranks 11<sup>th</sup> out of 23 institutions in the Winnebago County IL market and holds 4.16% of the deposit market share. The top five ranking deposit market share holders in FNBT 's Winnebago market are Alpine Bank & Trust Co., BMO Harris N.A., JPMorgan Chase Bank N.A., Associated Bank N.A., and Riverside Community Bank. Together, these five institutions hold 60.67% of the deposit market share for FNBT's Winnebago AA.

## Conclusions with Respect to Performance Criteria

### The lending test is rated: Outstanding

FNBT does an excellent job of meeting the lending needs of its AAs. We placed more weight on performance in the Rock AA, as it holds the majority of the bank's branches as well as loans and deposits.

### Loan-to-Deposit Ratio

FNBT's average quarterly loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and AA credit needs. The quarterly average LTD since the last CRA evaluation is 73%, which was obtained from Uniform Bank Performance Report (UBPR) data and calculated using data covering 13 quarters beginning as of June 30, 2010. The most current LTD ratio is 83% (as of June 30, 2013). FNBT's local peer group consists of five banks within its market area that were of similar size. Comparing FNBT to similarly situated banks within its combined AAs, the average LTD of its peers ranges from 64% to 101%. FNBT's average LTD ratio is slightly under the peer average LTD ratio of 76%.

FNBT is located in a highly competitive market composed of 52 state and national institutions and holds 6.94% of the deposit market share as of June 30, 2012. The top deposit market shareholders are large national banks with asset sizes over \$1 billion. The largest bank (Alpine Bank) next to FNBT in this evaluation's custom peer group holds only 7.19% of the market share with total assets of \$1.1 billion at 2Q13 and has a lower average LTD of 63.83%.

### Lending in Assessment Area

During both the 2000 and 2010 census review periods, FNBT extended a substantial majority of its loans inside its AAs. We performed our analysis by evaluating a total of 2,362 loans consisting of 2,242 reported HMDA loans and 120 small business loans originated during the review period (years 2010 through 2012). We evaluated 2010-2011 loan data using 2000 census data and 2012 loan data using 2010 census data.

The bank originated approximately 91% by total number and 82% by total dollar volume of loans to borrowers located within its AAs per the 2000 census data. The bank originated approximately 90% by total number and 81% by total dollar volume of loans to borrowers located within its AAs per the 2010 census data. Refer to the tables that follow for further details.

Table 1 - Lending in AAs - Census Year 2000										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	17	85	3	15	20	1,336	83	269	17	1,605
Total Home Loans	1,379	91	141	9%	1,520	136,380	82	29,547	18	165,927
Totals	1,396	91%	144	9%	1,540	137,716	82%	29,816	18%	167,532

Source: FNBT's 2010-2011 HMDA reported data and sample of 20 commercial loans reviewed

<b>Table 1 - Lending in AAs - Census Year 2010</b>										
<b>Loan Type</b>	<b>Number of Loans</b>					<b>Dollars of Loans</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Commercial	17	85	3	15	20	1283	66	675	34	1,958
Total Home Loans	863	90	96	10	959	88,173	82	19,999	18	108,172
Totals	880	90%	99	10%	979	89,456	81%	20,674	19%	110,130

Source: FNBT's 2012 HMDA reported data and sample of 20 commercial loans reviewed

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

Lending to borrowers of different incomes and businesses of different sizes reflects excellent penetration. Borrower distribution of small loans to businesses and borrowers of different income levels reflects excellent penetration within the bank's AAs in both Wisconsin and Illinois under the 2000 and 2010 census data.

### **Geographic Distribution of Loans**

Geographic distribution of loans throughout CTs of different income levels reflects excellent dispersion. Geographic distribution of home mortgage and small loans to businesses reflects excellent dispersion throughout CTs of different income levels within FNBT's Wisconsin and Illinois MSA AAs based on both the 2000 and 2010 census data.

Based on the 2000 census data, there were 139 total CTs in the bank's combined AAs. Of the CTs in the combined AA, there were four low-income and 28 moderate-income CTs. Per the 2010 census data, there were 150 total CTs in the bank's combined AA with 14 low-income and 30 moderate-income tracts.

## **Community Development Test**

CD lending in both Wisconsin and Illinois had a positive effect on overall CRA performance. Combined qualified investments and loans total \$3,569,210.

### **Number and amount of community development loans**

During the evaluation period, FNBT extended 12 CD loans in both Wisconsin and Illinois totaling \$3,520,500.

### **Number and amount of qualified investments**

Qualified investments to organizations totaled \$48,710. Two of these organizations provide community services to low- and moderate-income individuals in both Wisconsin and Illinois.

### **Extent to which the bank provides community development services**

FNBT provides an excellent level of qualified services, benefiting its immediate AAs. During the evaluation period, 22 bank officers or employees provided financial and technical expertise to 17 different organizations that provide services that benefit the bank's combined AAs. Three of these organizations provide services to both the Rock and Winnebago AAs. Examples of some of these services include economic revitalization, job creation, food donation, consumer and financial education, affordable housing, and advocacy services to low- and moderate-income individuals.

Retail services are accessible to individuals of different income levels. Branches exist throughout Wisconsin and Illinois. Two of the bank's 12 branches are located in moderate-income CTs, and one branch is located in an underserved middle-income CT. The bank has 15 24 hour ATMs; one at each branch, in addition to three free standing ATMs. The bank also participates in the Allpoint ATM network, providing 37,000 ATMs nationwide. All branches offer low cost banking such as free Everyday Checking, free Four Seasons Savings, and free cash checking. The bank also offers free mobile banking, internet banking and tele-banking to all customers, providing electronic transfer and bill pay capabilities.

FNBT provides an excellent level of services to its communities, including hosting first time home buyers workshops, teaching financial literacy, and participating in affordable housing programs offered by the Wisconsin Housing and Economic Development Authority (WHEDA), the USDA Guaranteed Rural Housing Loan Program, and the FHLB Downpayment Plus Program. FNBT is also a Farm Service Agency (FSA) Preferred Lender.

### **Responses to Complaints**

FNBT did not receive any written complaints regarding its performance in helping to meet the credit needs in its AAs during the evaluation period.

## **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.

## State Rating

### State of Wisconsin

#### CRA Rating for Wisconsin: Outstanding

The Lending test is rated: Outstanding

The Community development test is rated: Satisfactory

The major factors that support this rating include:

- Borrower distribution of small loans to businesses and borrowers of different income levels reflects excellent penetration.
- Geographic distribution of small loans to businesses and loans to borrowers throughout CTs of various income levels reflects excellent dispersion.
- The bank made a significant number of its small loans to businesses to middle-income underserved CTs. Economic development and job creation through small business lending is an identified CD need.
- CD lending, investments, and services demonstrate adequate responsiveness to the CD needs of the bank's AAs. Seven of the bank's CD loans are FSA loans and satisfy an identified CD need. Moreover, two of these FSA loans are to underserved middle income CTs.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN WISCONSIN

The bank operates nine full service branches in Wisconsin: four are located in Beloit, one in Clinton, and one each in Darien, Janesville, Monroe, and Argyle. According to the 2000 census data, there were a total of 63 CTs in the Wisconsin AA with no low-income tracts, 8 (13%) moderate-income tracts, 43 (68%) middle-income tracts, and 12 (19%) upper-income tracts. According to the 2010 census data, there were a total of 73 CTs in the Wisconsin AA with 4 low-income tracts (5%), 8 (11%) moderate-income tracts, 43 (59%) middle-income tracts, and 18 (25%) upper-income tracts. Both the main and Madison Street offices in Beloit are located in moderate-income tracts, while the Argyle branch is located in a middle-income underserved tract. Twelve ATMs are available, one at each of the nine branch locations, and three free standing ATMs. All branch ATMs allow 24-hour access. The bank also participates in the Allpoint ATM network, offering 37,000 ATMs nationwide. Our assessment included a full scope review of the Wisconsin MSA AA, as the majority of the bank's deposit and lending operations stem from this area, and a limited scope review of the Wisconsin Non-MSA AA.

### SCOPE OF EVALUATION IN WISCONSIN

We selected the Rock AA for a full scope review and the Wisconsin Non-MSA AA for a limited scope review. We based the ratings for this evaluation primarily on the bank's performance in the Rock AA, as the bulk of the bank's branches, deposit, and lending activity occur there.

# CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WISCONSIN

## Conclusions About Performance Criteria

### Rock AA – Full Scope Review

#### Lending Test

The overall borrower distribution in the Rock AA reflects excellent penetration.  
The overall geographic distribution in the Rock AA reflects excellent dispersion.

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

FNBT's overall distribution of small loans to businesses and to individuals of various income levels reflects excellent penetration. We analyzed small loans to businesses using loan size as a proxy as we could not verify small business revenue. The overall borrower distribution of small loans to businesses and to borrowers of different income within the Rock AA reflects excellent penetration based on the 2000 and 2010 census data.

#### Small Business Loans

FNBT's record of lending small loans to businesses within the Rock AA reflects reasonable penetration, as the majority of small business loans are in the amounts of \$100 thousand or less and is near the percentage of small businesses in the AA for both census periods. Refer to the tables that follow for details.

Table 2A - Borrower Distribution of Loans to Businesses in Rock AA - 2000 Census Data				
Business Revenues (or Sales)	≤\$ 1,000,000	>\$ 1,000,000	Unavailable / Unknown	Total
% of AA Businesses	69.11%	2.86%	28.03%	100.00%

Source: 2011 Geo Demographics

Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in Rock AA - 2000 Census Data	
Loan Size	Percent of Number
\$0 - \$100,000	65%
\$100,001 - \$250,000	25%
\$250,001 - \$1,000,000	10%

Source: Sample of 20 commercial loans reviewed

Table 2A - Borrower Distribution of Loans to Businesses in Rock AA - 2010 Census Data				
Business Revenues (or Sales)	≤\$ 1,000,000	>\$ 1,000,000	Unavailable / Unknown	Total
% of AA Businesses	72.62%	3.88%	23.50%	100.00%

Source: 2012 Geo Demographics

Loan Size	Percent of Number
\$0 - \$100,000	65%
\$100,001 - \$250,000	30%
\$250,001 - \$1,000,000	5%

Source: Sample of 20 commercial loans reviewed

### Home Mortgages

Distribution of home mortgage loans to borrowers of various income levels in the Rock AA reflects excellent penetration based on the 2000 census data. The percentage of home improvement loans to low- and moderate- income borrowers exceeds the percentage of low- and moderate-income families. For both home purchase and home refinance loans, the percentage of loans to moderate-income borrowers exceeds the family demographic, while the percentage of loans to low-income borrowers is near the demographic. Refer to the table that follows for further details.

Borrower Income	Low		Moderate		Middle		Upper	
	% 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
Home Purchase	15.96	14.62	20.02	32.31	26.44	26.15	337.57	26.92
Home Improvement	15.96	23.64	20.02	30.91	26.44	21.82	37.57	23.64
Home Refinance	15.96	15.01	20.02	22.79	26.44	28.95	37.57	33.24

Source: 2010-2011 FNBT HMDA reported data.

Distribution of home mortgages to borrowers of various income levels in the Rock AA reflects excellent penetration based on the 2010 census data. The percentage of home improvement loans to low- and moderate-income borrowers exceeds the percentage of low- and moderate-income families. For home purchase loans, the percentage of loans to low-income borrowers is near the demographic, while the percentage of loans to moderate-income borrowers exceeds the family demographic. For home refinance loans, the percentage of loans to low-income borrowers is lower than the family demographic, reflecting poor penetration. However, the percentage of loans to moderate-income borrowers exceeds the family demographic and supports an overall reasonable penetration for home refinance lending. Refer to the table that follows for further details.

Borrower Income	Low		Moderate		Middle		Upper	
	% 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
Home Purchase	18.40	16.00	18.72	28.00	25.41	24.00	37.47	32.00
Home Improvement	18.40	30.30	18.72	45.45	25.41	3.03	37.47	21.21
Home Refinance	18.40	10.33	18.72	24.38	25.41	26.45	37.47	38.84

Source: Source: 2012 FNBT HMDA reported data.



## Lending to Census Tracts of different Income Levels Geographic Distribution of Loans

The overall geographic distribution of loans in the Rock AA reflects excellent dispersion throughout CTs of different income levels.

Geographic distribution in the Rock AA reflects an overall excellent dispersion based on the 2000 census data. Of the 36 geographies in the Rock AA during that census period, there were no low-income and eight moderate-income geographies. The bank's record of lending in moderate-income geographies reflects excellent dispersion for both home mortgage and small business lending.

Geographic distribution in the Rock AA reflects an overall excellent dispersion based on the 2010 census data. Of the 38 geographies in the Rock AA during that census period, there were four low-income and eight moderate-income geographies. The bank's lending in low-income geographies reflects excellent dispersion for home mortgage lending. However, small business lending to low-income CTs reflects poor dispersion, reflecting an overall reasonable dispersion to low-income geographies. The bank's lending in moderate-income geographies reflects excellent dispersion for home mortgage lending and reasonable dispersion for small business lending, reflecting an overall excellent dispersion to moderate-income geographies.

### Small Business Loans

Geographic distribution of small loans to business reflects excellent dispersion. The bank's lending in moderate-income geographies reflects excellent dispersion for small business lending. No low-income CTs existed in the Rock AA per the 2000 census data. The number of small loans to businesses in moderate-income CTs exceeds the number of businesses in these CTs. Refer to the table below for further details.

Table 3A - Geographic Distribution of Loans to Businesses in Rock AA - 2000 Census Data								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans
Small Business	0	0	16.30	20.00	58.65	30.00	25.04	15.00

Source: Sample of 20 commercial loans reviewed

Geographic distribution of small loans to businesses in the Rock AA reflects reasonable dispersion based on the 2010 census data. The bank made no small loans to businesses in low-income geographies, reflecting poor dispersion. However, the bank's lending in moderate-income geographies reflects reasonable dispersion for small business lending as the number of small loans to businesses in moderate-income CTs is near the number of small businesses in these CTs. Refer to the table below for further details.

Table 3A - Geographic Distribution of Loans to Businesses in Rock AA - 2010 Census Data								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans
Small Business	7.49	0	18.48	10.00	47.48	25.00	26.54	30.00

Source: Sample of 20 reviewed commercial loans

## Home Mortgages

FNBT's geographic distribution of home mortgage loans in the Rock AA reflects excellent dispersion throughout CTs of different income levels, including moderate-income CTs, based on the 2000 census data. No low-income CTs existed in the Rock AA during the 2000 census. Lending in moderate-income CTs exceeded the number of owner occupied housing units for home purchase, home improvement, and home refinance loans. Refer to the table that follows.

<b>Table 3 - Geographic Distribution of Home Mortgage Loans in Rock AA - 2000 Census Data</b>								
<b>CT Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan type</b>	<b>% of AA Own Occ Housing</b>	<b>% of # of Loans</b>	<b>% of AA Own Occ Housing</b>	<b>% of # of Loans</b>	<b>% of AA Own Occ Housing</b>	<b>% of # of Loans</b>	<b>% of AA Own Occ Housing</b>	<b>% of # of Loans</b>
Home Purchase	0.00	0.00	13.85	22.22	64.93	61.48	21.22	16.30
Home Improvem't	0.00	0.00	13.85	27.27	64.93	61.82	21.22	10.91
Home Refinance	0.00	0.00	13.85	16.67	64.93	63.93	21.22	19.40

Source: 2010-2011 FNBT HMDA reported data.

The bank's geographic distribution of home mortgage loans in the Rock AA also reflects excellent dispersion throughout CTs of different income levels, including low- and moderate-income CTs, based on the 2010 census data. Lending in both low- and moderate-income CTs met or exceeded the number of owner occupied housing units for home purchase, home improvement, and home refinance loans. Refer to the table that follows for details.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in Rock AA - 2010 Census Data</b>								
<b>CT Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan type</b>	<b>% of AA Own Occ Housing</b>	<b>% of # of Loans</b>	<b>% of AA Own Occ Housing</b>	<b>% of # of Loans</b>	<b>% of AA Own Occ Housing</b>	<b>% of # of Loans</b>	<b>% of AA Own Occ Housing</b>	<b>% of # of Loans</b>
Home Purchase	4.55	4.88	15.66	19.41	55.87	47.56	23.92	28.05
Home Improvem't	4.55	14.29	15.66	20.00	55.87	48.57	23.92	17.14
Home Refinance	4.55	4.56	15.66	15.97	55.87	55.51	23.92	23.95

Source: FNBT's 2012 HMDA reported data

## WI Non-MSA AA - Limited Scope Review

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

#### Small Business Loans

Small business lending performance in the WI Non-MSA AA is not inconsistent with that of Rock AA based on the 2000 census data.

<b>Borrower Distribution of Loans to Businesses in Wisconsin Non MSA AA - 2000 Census Data</b>				
<b>Business Revenues (or Sales)</b>	<b>≤\$ 1,000,000</b>	<b>&gt;\$ 1,000,000</b>	<b>Unavailable / Unknown</b>	<b>Total</b>
<b>% of AA Businesses</b>	73.08%	3.54%	23.38%	100.00%

Source: 2011 Geo Demographic Data

<b>Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in WI Non MSA AA 2000 Census Data</b>	
<b>Loan Size</b>	<b>Percent of Number</b>
\$0 - \$100,000	70%
\$100,001 - \$250,000	30%
\$250,001 - \$1,000,000	0%

Source: Sample of 20 commercial loans reviewed

Small business lending performance in the WI Non-MSA AA is inconsistent with and stronger than that of Rock AA based on the 2010 census data. The number of small loans to businesses reflects excellent penetration. The bank made a majority of its small loans to businesses in the amount of \$100 thousand or less. Additionally, the number of small loans to businesses exceeds the number of small businesses in the AA. Please refer to the following tables for further details.

<b>Borrower Distribution of Loans to Businesses in Wisconsin Non MSA AA - 2010 Census Data</b>				
<b>Business Revenues (or Sales)</b>	<b>≤\$ 1,000,000</b>	<b>&gt;\$ 1,000,000</b>	<b>Unavailable / Unknown</b>	<b>Total</b>
<b>% of AA Businesses</b>	76.31%	4.35%	19.34%	100.00%

Source: 2012 Geo Demographic Data

<b>Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in WI Non MSA AA 2010 Census Data</b>	
<b>Loan Size</b>	<b>Percent of Number</b>
\$0 - \$100,000	80%
\$100,001 - \$250,000	15%
\$250,001 - \$1,000,000	5%

Source: Sample of 20 commercial loans reviewed

#### Home Mortgages

In the WI Non-MSA AA, borrower distribution of home mortgage loans is inconsistent with and weaker than the performance in the Rock AA based on 2000 census data. Borrower distribution

of home mortgage loans in the WI Non-MSA AA is reasonable and does not adversely affect the borrower distribution in the Rock AA. Please refer to the following table for further detail.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Loan Type								
Home Purchase	12.89	14.58	16.75	29.17	24.76	33.33	45.60	22.92
Home Improvement	12.89	0.00	16.75	37.04	24.76	22.22	45.60	40.74
Home Refinance	12.89	6.64	16.75	16.60	24.76	28.22	45.60	48.55

Source: FNBT's 2010-2011 HMDA data

Borrower distribution of home mortgage loans is not inconsistent with that of the Rock AA based on the 2010 census data. Please refer to the following tables for further detail.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Loan Type								
Home Purchase	17.38	10.64	19.20	31.91	25.39	23.40	38.03	34.04
Home Improvement	17.38	9.09	19.20	22.73	25.39	40.91	38.03	27.27
Home Refinance	17.38	9.68	19.20	17.74	25.39	32.26	38.03	40.32

Source: FNBT's 2012 HMDA data

### **Lending to Census Tracts of different Income Levels Geographic Distribution of Loans**

As the WI Non-MSA AA did not contain low- or moderate- income tracts for either census period, an assessment of home mortgage geographic distribution would not be meaningful. However, the Non-MSA AA contains five underserved middle-income CTs. The bank made 30% of its small loans to businesses to middle-income underserved CTs per the 2000 census data and 35% per 2010 census data. Economic development and job creation through small business lending is an identified community development need.

### **Community Development Test**

FNBT's CD performance in the Rock AA (full scope review) and the WI Non-MSA AA (limited scope review) demonstrates adequate responsiveness to community needs within the AAs.

### **Number and amount of community development loans**

FNBT demonstrates adequate responsiveness to CD needs within the Rock AA through CD loans. During the evaluation period, FNBT made four qualified CD loans in the Rock AA totaling \$529,500. One loan, in the amount of \$161,000, was to a nonprofit organization located in a low-income CT, which serves low- and moderate-income individuals with a primary purpose of youth development, including providing childcare services. This organization also serves the

broader regional area in that it serves the population of Winnebago County. One loan, in the amount of \$256,500, was a participation in a consortium loan to an organization developing affordable housing in the Beloit area. Two of the CD loans, totaling \$112 thousand, were FSA loans supporting economic development through small farm lending. Job creation through economic development is an identified community development need.

FNBT also demonstrates adequate responsiveness to community needs within the WI Non-MSA AA through community development loans, not inconsistent with that of the full scope AA. In particular, the bank made seven FSA loans in this AA during the review period, supporting an identified CD need of economic development to support job creation. The bank is an FSA Preferred Lender and made FSA loans totaling approximately \$2.5 million to small farms within this AA. Of these FSA loans, two loans totaling \$997 thousand were to small farms located within underserved middle income CTs in Lafayette County. Lafayette County is designated as a Wisconsin Community Development Zone (CDZ) and contains five underserved middle income CTs. The CDZ program offers tax credits through the Wisconsin Department of Commerce for new, full time jobs created, or for a portion of environmental remediation costs to qualified business entities.

### **Number and amount of qualified investments**

The number and amount of qualified investments made in the Rock AA is adequate. FNBT made \$47,510 in qualified investments to nine organizations in the Rock AA since the last evaluation. These contributions support organizations with CD as their primary purpose whose functions directly benefit the Rock AA. Two of these investments were to organizations that directly benefit both the Rock AA and the Winnebago AA. These programs include hospices, advocacy services, and medical services, all targeted to or serving a majority low- or moderate-income clientele.

Based on the limited scope review, the bank's responsiveness to CD needs in the number and amount of qualified investments in the WI Non-MSA AA is not consistent with and weaker than its responsiveness in the Rock AA in that it made no qualified investments in this AA during the review period. Though it made no qualified investments during the review period, this will not adversely affect the overall CD rating.

### **Extent to which the bank provides community development services**

FNBT provides an excellent level of qualified services and has a positive impact on community needs, benefiting its immediate Wisconsin AAs and the broader statewide area.

During the evaluation period, 17 bank officers or employees provided financial and technical expertise to 10 different organizations that provide services that benefit the Rock AA. Three of these organizations provide services to both the Rock and Winnebago AAs. Examples of some of these services are economic revitalization, job creation, food donation, consumer and financial education, affordable housing, and advocacy services to low and moderate-income individuals.

FNBT's offices and services are accessible to individuals of different income levels in both WI AAs. Both the main branch and the Madison branch are located in moderate-income geographies in the Rock AA while the Argyle branch in the WI Non-MSA AA is located in an underserved middle-income tract. All branch locations have 24-hour ATM access. The bank

also participates in the Allpoint ATM network, providing 37,000 ATMs nationwide. In the Beloit regional area, of the 44 network ATMs, 18 are located in moderate-income tracts, and two are located in low-income tracts. All branches offer low cost banking such as free Everyday Checking, free Four Seasons Savings, and free cash checking. The bank also offers free mobile banking, internet banking and tele-banking to all customers, providing electronic transfer and bill pay capabilities.

FNBT provides an excellent level of services to its communities, including hosting first time homebuyer's workshops and teaching financial literacy. Additionally, FNBT participates in affordable housing programs offered by the Wisconsin Housing and Economic Development Authority (WHEDA), the USDA Guaranteed Rural Housing Loan Program, the FHLB Downpayment Plus Program, and is an FSA Preferred Lender.

## **State Rating**

### **State of Illinois**

#### **CRA Rating for Illinois: Outstanding**

**The lending test is rated: Outstanding**

**The community development test is rated: Satisfactory**

The major factors that support this rating include:

- The distribution of loans to borrowers of different income levels and businesses of different sizes reflects excellent penetration.
- Geographic distribution of small loans to businesses and loans to borrowers throughout CTs of various income levels reflects excellent dispersion.
- Community development lending, investments, and services demonstrate adequate responsiveness to the community development needs of the bank's AAs.

### **DESCRIPTION OF BANK'S OPERATIONS IN ILLINOIS**

FNBT operates three full service branches in Illinois. One is located in Rockton, one in Roscoe and one in Winnebago, Illinois. According to the 2000 census data, there were a total of 76 CTs in the Winnebago AA, with four low-income (5.26 %), 20 moderate-income (26.32%), 37 middle-income (48.68%), and 15 upper-income (19.74%) tracts. According to the 2010 census data, there are a total of 77 census tracts in the Winnebago AA with 10 low-income (12.99%), 22 moderate-income (28.57%), 28 middle income (36.36%), and 16 upper-income (20.78%) tracts. The Rockton and Roscoe branches are located in middle-income tracts, and the Winnebago branch is in an upper- income tract, which is located adjacent to a moderate income CT. Three 24 hour ATMs are available, one at each of the branch locations.

### **SCOPE OF EVALUATION IN ILLINOIS**

The Winnebago AA received a full scope review.

# CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS

## Conclusions About Performance Criteria

### Winnebago AA – Full Scope Review

#### Lending Test

The overall borrower distribution in the Winnebago AA reflects excellent penetration. The overall geographic distribution in the Winnebago AA reflects excellent dispersion.

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

FNBT 's overall distribution of loans to businesses and individuals at various income levels in Winnebago County reflects excellent penetration based on both 2000 and 2010 census data. We analyzed small loans to businesses using loan size as a proxy, as we could not verify small business revenue.

#### Small Business Loans

Distribution of small loans to businesses in the Winnebago AA based on both 2000 and 2010 census data reflects excellent penetration. The bank made a majority of its small business loans in the amount of \$100 thousand or less during both census years. Additionally, the number of small loans to business exceeds the number of small businesses in the AA. Please refer to the following tables for details.

<b>Table 2A Borrower Distribution of Loans to Businesses in Winnebago AA - 2000 Census Data</b>				
<b>Business Revenues (or Sales)</b>	<b>≤\$ 1,000,000</b>	<b>&gt;\$ 1,000,000</b>	<b>Unavailable / Unknown</b>	<b>Total</b>
% of AA Businesses	67.94%	3.91%	28.15%	100.00%

Source: 2011 Geo Demographic Data

<b>Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in Winnebago AA 2000 Census Data</b>	
<b>Loan Size</b>	<b>Percent of Number</b>
\$0 - \$100,000	85%
\$100,001 - \$250,000	10%
\$250,001 - \$1,000,000	5%

Source: Sample of 20 commercial loans reviewed

<b>Table 2A Borrower Distribution of Loans to Businesses in Winnebago AA - 2010 Census Data</b>				
<b>Business Revenues (or Sales)</b>	<b>≤\$ 1,000,000</b>	<b>&gt;\$ 1,000,000</b>	<b>Unavailable / Unknown</b>	<b>Total</b>
% of AA Businesses	72.21%	5.16%	22.63%	100.00%

Source: 2012 Geo Demographic Data



<b>Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in Winnebago AA 2010 Census Data</b>	
<b>Loan Size</b>	<b>Percent of Number</b>
\$0 - \$100,000	75%
\$100,001 - \$250,000	20%
\$250,001 - \$1,000,000	5%

Source: Sample of 20 commercial loans reviewed

## Home Mortgages

Distribution of home mortgage loans to borrowers of various income levels based on both the 2000 and 2010 census data reflects excellent penetration.

Based on 2000 census data, the percentage of home purchase, home improvement, and home refinance loans to moderate-income borrowers reflects excellent penetration and meets or exceeds the percentage of moderate-income families. For home improvement loans, the percentage of loans to low income borrowers reflects reasonable penetration and is near the percentage of low-income families, supporting excellent penetration for home improvement lending. The percentage of loans to low income borrowers is lower than the demographic for home purchase and home refinance loans, reflecting poor penetration to low income borrowers and supporting reasonable penetration for home purchase and refinance lending. The high unemployment rate, which exceeded that of the state of Illinois, mitigates the poor record of lending to low income borrowers and further supports a reasonable penetration for home purchase and home refinance lending.

<b>Table 2 - Borrower Distribution of Home Mortgage Loans in Winnebago AA - 2000 Census Data</b>								
<b>Borrower Income</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
	<b>% of AA Families</b>	<b>% of # of Loans</b>	<b>% of AA Families</b>	<b>% of # of Loans</b>	<b>% of AA Families</b>	<b>% of # of Loans</b>	<b>% of AA Families</b>	<b>% of # of Loans</b>
Home Purchase	19.09	8.43	19.24	19.28	24.25	26.51	37.43	45.78
Home Improvement	19.09	15.79	19.24	28.95	24.25	18.42	37.43	36.84
Home Refinance	19.09	7.02	19.24	18.73	24.25	33.11	37.43	41.14

Source: FNBT's 2010-2011 HMDA data

Based on 2010 census data, the percentage of home purchase, home improvement, and home refinance loans to moderate-income borrowers reflects excellent penetration and exceeds the percentage of moderate-income families. The percentage of home improvement loans to low income borrowers also exceeds the percentage of low-income families. The percentage of home purchase and home refinance loans to low income borrowers is lower than the demographic, reflecting poor penetration. The high unemployment rate exceeds that of the state of Illinois, reflecting the difficulty low income families have in qualifying for home purchase loans, mitigating the poor record of home purchase lending to low income borrowers and supporting reasonable penetration for home purchase and home refinance lending.

<b>Table 2 - Borrower Distribution of Home Mortgage Loans in Winnebago AA - 2010 Census Data</b>								
<b>Borrower Income</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan Type</b>	<b>% of AA Families</b>	<b>% of # of Loans</b>	<b>% of AA Families</b>	<b>% of # of Loans</b>	<b>% of AA Families</b>	<b>% of # of Loans</b>	<b>% of AA Families</b>	<b>% of # of Loans</b>
Home Purchase	18.14	3.13	18.13	28.13	25.60	18.75	38.12	50.00
Home Improvement	18.14	31.58	18.13	26.32	25.60	15.79	38.12	26.32
Home Refinance	18.14	7.80	18.13	20.49	25.60	30.24	38.12	41.46

Source: FNBT's 2012 HMDA data.

### **Lending to Census Tracts of different Income Levels Geographic Distribution of Loans**

The overall geographic distribution of loans in the Winnebago AA reflects excellent dispersion throughout CTs of different income levels.

Geographic distribution of loans in the Winnebago County AA per 2000 census data reflects excellent dispersion throughout CTs of different income levels. Of the 76 CTs in Winnebago County per the 2000 census, four were low income and 20 were moderate-income. The bank's record of lending in low-income geographies for both small business and home mortgage lending reflects reasonable dispersion, while the record of lending to moderate-income geographies reflects excellent dispersion for both home mortgage and small business lending.

Geographic distribution of home mortgage loans and small loans to businesses throughout CTs of different income levels in the Winnebago AA per 2010 census data reflects reasonable dispersion throughout CTs of different income levels. Of the 77 CTs in Winnebago County per the 2010 census, 10 were low-income and 22 were moderate-income.

### **Small Business Loans**

Based on the 2000 census data, geographic distribution of small loans to businesses throughout CTs of different income levels reflects excellent dispersion. The bank's record of lending to moderate-income geographies exceeds the number of businesses in these geographies. The low number of businesses in low-income geographies mitigates the fact that the bank made no small loans to businesses in these geographies, supporting a reasonable dispersion for low income CTs. Additionally, though FNBT made no small loans to businesses in the amount of \$100 thousand or less to low income CTs, it did make two loans in amounts of just over \$100 thousand (\$120 thousand and \$131 thousand respectively) to businesses in these CTs during the review period. Please refer to the table that follows for additional details.

<b>Table 3A - Geographic Distribution of Loans to Businesses in Winnebago AA 2000 Census Data</b>								
<b>CT Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan Type</b>	<b>% of AA Businesses</b>	<b>% of # of Loans</b>	<b>% of AA Businesses</b>	<b>% of # of Loans</b>	<b>% of AA Businesses</b>	<b>% of # of Loans</b>	<b>% of AA Businesses</b>	<b>% of # of Loans</b>
Small Business Loans	3.75	0.00	16.00	20.00	51.67	45.00	28.58	20.00

Source: Sample of 20 commercial loans reviewed

Geographic distribution of small loans to businesses in the Winnebago AA per 2010 census data reflects reasonable dispersion throughout CTs of different income levels, including low- and moderate-income CTs. Lending of small loans to businesses in moderate income CTs was near the number of small businesses in these CTs. Though the bank made no small loans to businesses in low-income CTs in the amount of \$100 thousand or less, it did make one loan in the amount of \$170 thousand to a business located in a low-income CT, representing 5% of small loans to businesses. Please refer to the table that follows for additional details.

<b>Table 3A - Geographic Distribution of Loans to Businesses in Winnebago AA - 2010 Census Data</b>								
<b>CT Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan Type</b>	<b>% of AA Businesses</b>	<b>% of # of Loans</b>	<b>% of AA Businesses</b>	<b>% of # of Loans</b>	<b>% of AA Businesses</b>	<b>% of # of Loans</b>	<b>% of AA Businesses</b>	<b>% of # of Loans</b>
Small Loans to Businesses	7.74	0	20.69	15.00	43.67	40.00	27.35	20.00

Source: Sample of 20 commercial loans reviewed

### Home Mortgages

Geographic distribution of home mortgage loans in the Winnebago AA reflects excellent dispersion throughout CTs of different income levels, including low- and moderate-income CTs based on 2000 census data. Lending in moderate-income CTs exceeded the number of owner occupied housing units (OOHUs) for both home purchase and home improvement loans. Home refinance lending was below the number of OOHUs in moderate income CTs but is mitigated by the percentage of households living below the poverty level (9.28%). Additionally, during the lending period subject to 2000 census data, the bank received only 17 of 389 total applications for home refinance loans from moderate income CTs, further supporting a reasonable dispersion of home refinance loans to these CTs. The number of owner occupied housing units in low income CTs is extremely low (1.61%). Home purchase lending to low income CTs reflects reasonable dispersion as the number of bank loans is just below the number of owner occupied housing units in these CTs. Though the bank made no home improvement loans and made less home refinance loans than the number of OOHUs in low-income CTs, the extremely low percentage of OOHUs supports a reasonable record of lending in these CTs for home improvement and home refinance loans. Please refer to the following table for details.

<b>Table 3 - Geographic Distribution of Home Mortgage Loans in Winnebago AA - 2000 Census Data</b>								
<b>CT Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan type</b>	<b>% of AA Owner Occupied</b>	<b>% of # of Loans</b>	<b>% of AA Owner Occupied</b>	<b>% of # of Loans</b>	<b>% of AA Owner Occupied</b>	<b>% of # of Loans</b>	<b>% of AA Owner Occupied</b>	<b>% of # of Loans</b>
Home Purchase	1.61	1.08	17.05	23.66	56.27	47.31	25.07	27.96
Home Improvement	1.61	0.00	17.05	20.00	56.27	52.50	25.07	27.50
Home Refinance	1.61	0.30	17.05	4.27	56.27	47.87	25.07	47.56

Source: FNBT's 2010-2011 HMDA data

FNBT's geographic distribution of home mortgage loans in the Winnebago AA reflects reasonable dispersion throughout CTs of different income levels, including low- and moderate-income CTs based on the 2010 census data. Lending in moderate-income CTs was near the number of owner occupied housing units (OOHUs) for both home purchase and home

improvement loans. Home refinance lending was below the number of OOHUs in moderate income CTs. The poor record of home refinance lending in these CTs is mitigated by the significant percentage of households living below the poverty level (14.14%). Additionally, during the lending period subject to 2010 census data, the bank received only 12 of 270 total home refinance applications in the Winnebago AA from moderate income CTs, further supporting a reasonable dispersion. The number of owner occupied housing units (4.75%) in the low income CTs is low. Home purchase, home improvement, and home refinance lending to low income CTs reflects reasonable dispersion. Though the bank made no home purchase or home improvement loans and made less home refinance loans than the number of OOHUs in low income CTs, the low percentage of OOHUs coupled with the significant number of households below the poverty level (14.14%) supports a reasonable record of lending in these CTs for home purchase, home improvement, and home refinance loans. Please refer to the following table for details.

Table 3 - Geographic Distribution of Home Mortgage Loans in Winnebago AA - 2010 Census Data								
CT Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Own Occ	% of # of Loans	% of AA Own Occ	% of # of Loans	% of AA Own Occ	% of # of Loans	% of AA Own Occ	% of # of Loans
Home Purchase	4.75	0.00	20.52	9.09	46.11	51.52	28.62	39.39
Home Improvement	4.75	0.00	20.52	15.00	46.11	80.00	28.62	5.00
Home Refinance	4.75	0.44	20.52	3.07	46.11	50.44	28.62	46.05

Source: FNBT's 2012 HMDA data

### Responses to Complaints

FNBT did not receive any written complaints regarding its performance in helping to meet the credit needs in its AAs during the evaluation period.

### Community Development Test

**The Community Development Test for the Winnebago AA is rated: Satisfactory.**

FNBT's CD performance demonstrates adequate responsiveness to community needs within the Winnebago AA.

### Number and Amount of Community Development Loans

FNBT demonstrates adequate responsiveness to CD needs within the Winnebago AA. The bank made one qualified loan, totaling \$518 thousand, in the AA during the evaluation period. This loan was to a non-profit organization that primarily serves the needs of low- and moderate-income individuals from both Wisconsin and Illinois through youth development. This organization benefits both the Winnebago and Rock AAs.

### Number and amount of qualified investments

The number and amount of qualified investments made in the Winnebago AA is adequate. FNBT made \$700 in qualified investments to one organization in the Winnebago AA since the last evaluation. This contribution supports an organization with CD as its primary purpose

whose function directly benefits the Winnebago AA. In addition to the investment directly benefitting the Winnebago AA, FNBT also made qualified donations to two organizations that serve both the Rock and Winnebago AAs. These donations are discussed in the Wisconsin qualified investments section. These programs include advocacy services and youth development, all targeted to or serving a majority of low- or moderate-income clientele.

### **Extent to which the bank provides community development services**

FNBT provides an adequate level of qualified CD services and has a positive impact on community needs, benefiting the Winnebago AA.

During the evaluation period, five bank officers or employees provided financial and technical expertise to seven different organizations that provide services that benefit the Winnebago AA. Four additional officers/employees provided services to three additional organizations that benefit both the Winnebago and Rock AAs. Examples of some of these services are consumer and financial education, affordable housing, support of economic development through childcare for LMI families and advocacy services to low- and moderate-income individuals.

FNBT's offices and services are reasonably accessible to individuals of different income levels in the Winnebago AA. Although the three Winnebago County branches are located in middle- and upper-income CTs, one branch located in a middle-income CT is adjacent to a moderate-income CT. All branch locations have 24-hour ATM access. The bank also participates in the Allpoint ATM network, providing 37,000 ATMs nationwide. The bank offers low cost banking such as free Everyday Checking, free Four Seasons Savings, and free cash checking. The bank also offers free mobile banking, internet banking, and tele-banking to all customers, providing electronic transfer and bill pay capabilities.

FNBT provides a reasonable level of services to its Illinois communities, including hosting first time homebuyers' workshops and teaching financial literacy. Additionally, FNBT is an approved FSA Preferred Lender and participates in affordable housing programs offered by the USDA Guaranteed Rural Housing Loan Program and the FHLB Downpayment Plus Program.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: (1/01/2010 to 12/31/2012) Community Development Test: (7/06/2010 to 9/03/2013)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
(FNB, Beloit, Wisconsin)	Residential Mortgage Commercial Loans	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>(WI)</b> <b>Rock County, Janesville MSA</b> MSA 27500, County 105	Full Scope	
<b>Green, Lafayette, Walworth Counties Non MSA</b> MSA N/A Counties 45, 65, 127	Limited Scope	
<b>(IL)</b> <b>Winnebago County, Rockford MSA</b> MSA 40420 County 201	Full Scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank / State / Multistate Rating
FNBT	Outstanding	Satisfactory	Outstanding
Wisconsin	Outstanding	Satisfactory	Outstanding
Illinois	Outstanding	Satisfactory	Outstanding