



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 03, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank
Charter Number: 21610

111 Jefferson Street
Waupaca, WI 54981

Office of the Comptroller of the Currency

Chicago Field Office
1700 E. 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.

TABLE OF CONTENTS

INSTITUTION'S CRA RATING	1
SCOPE OF EXAMINATION.....	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREAS.....	3
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA	5
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	8
STATE RATING.....	9
STATE OF TEXAS	9
STATE RATING.....	13
STATE OF WISCONSIN	13
APPENDIX A: SCOPE OF EXAMINATION.....	A-1
APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS	B-1

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

In addition, the bank's CRA performance in the State of Texas and the State of Wisconsin is **Satisfactory**. The information contained in this performance evaluation pertains to performance in both states.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Major factors supporting this rating include:

- The loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and credit needs of the Assessment Areas (AAs).
- The bank originates a majority of its loans within its AAs.
- The distribution of borrowers reflects reasonable penetration among individuals of different income and businesses of different sizes.
- The geographic distribution of loans reflects excellent dispersion throughout the Texas AA.
- The bank's community development performance through community development loans, qualified investments, and services demonstrates adequate responsiveness to community development needs in its assessment areas.

Scope of Examination

First National Bank's (FNB) Community Reinvestment Act (CRA) performance was evaluated under the Intermediate Small Bank Lending and Community Development Tests. For the Lending Test, the bank's primary loan products, small business loans, and home mortgage loans (including purchases and refinances) were chosen. The bank has three assessment areas (AAs). There are two in Wisconsin, one of which is in a Metropolitan Statistical Area (MSA) and one that isn't. The third AA is located in Texas and is not in an MSA. The Wisconsin and Texas non-MSA AAs were selected for full-scope reviews. The Wisconsin non-MSA AA was selected for the full -scope review as FNB has a higher level of loan and deposit market share in the non-MSA AA and incorporates a higher percentage of the bank's lending volume.

The evaluation covers the period since the date of the previous CRA examination, January 22, 2008. The Lending Test evaluated small business and home mortgage loans originated or purchased between January 1, 2009 and September 30, 2011. The Community Development Test covered the community development loans, investments, and services from January 2008 through December 2011. Additionally, the most recent demographic data available was obtained for the Lending Test. The bank's community development loans, investments, and services were reviewed based on information

provided by the bank. Only those items that met the regulatory definition of community development were considered in the Community Development Test.

Data integrity exam of the bank's 2009 and 2010 HMDA data was performed in January 2011 and was found to be reliable. There have been no changes in the bank's procedures for recording and monitoring HMDA data in 2011 and it is therefore also considered reliable for CRA analysis. A sample of 20 small business loans from each of the bank's AAs was used to evaluate small business lending performance.

The Wisconsin rating carries the most weight as the majority of the bank's deposit and lending activity happens within that state. The bank has eight out of its eleven branches located in the state of Wisconsin while the other three are located in Texas.

Description of Institution

FNB is a \$764 million financial institution with its main office located in downtown Waupaca, Wisconsin. The institution's primary owner is Waupaca Bancorporation, Inc., a one-bank holding company located in Waupaca, Wisconsin. The bank operates 10 branches in addition to the main office in Waupaca, Wisconsin. The Wisconsin branches are located in Iola, Chetek, Weyauwega, Clintonville, Marion, Shiocton, and Seymour. The Texas branches are located in Pampa, Shamrock, and Childress. The bank opened no new branches and closed no branches during our evaluation period. The hours of operation as well as products and services offered at the branches are all similar. All locations have 24-hour Automated Teller Machines (ATMs).

The bank offers traditional community banking products and services. As of September 30, 2011, the loan portfolio represented 87.0% of total assets. The primary loan products are business (commercial real estate and commercial & industrial) loans and residential real estate. By dollar volume, the loan portfolio consists of commercial real estate (46.9%), residential real estate (19.5%), commercial & industrial (8.2%), agriculture (8.1%), construction & development (7.2%), and all other loans (10.1%) as of September 30, 2011. Tier 1 capital totaled \$69.5 million at September 30, 2011.

There are no legal or financial impediments limiting the bank's ability to meet community credit needs. FNB's last credit evaluation was on January 22, 2008, using the "Intermediate-Small Bank Lending and Community Development Test" procedures. The bank received a "Satisfactory" rating.

Ratings

The bank's overall rating is a blend of the state ratings where the bank operates. The Wisconsin non-MSA AA was more heavily weighted based on the location of the bank's headquarters and the volume of deposits in this AA. To determine a rating for the bank's lending performance in the Wisconsin non-MSA AA, we reviewed loans to small businesses and home mortgage loans. In the Texas non-MSA AA, we reviewed both loans to small businesses and home mortgage loans as this is the bank's strategic focus in this AA.

Description of Assessment Areas

The Wisconsin non-MSA AA includes the whole counties of Waupaca, Shawano, and Barron. The second AA, which is located in an MSA (Appleton), includes the whole county of Outagamie. The Wisconsin non-MSA AA has a total of 25 census tracts (CTs); 24 middle-income tracts and 1 upper-income tract. The Wisconsin MSA AA contains five census tracts which are all middle-income. The Texas AA includes the whole counties of Wheeler, Gray, and Childress. The Texas AA contains 11 census tracts; 2 moderate-income, 8 middle-income, and 1 upper-income. All three AAs comply with regulatory requirements and do not arbitrarily exclude any low- or moderate-income geographies.

In the Texas AA, there are two CTs in Childress County which have been designated as “Distressed and Underserved Tracts” due to poverty as well as being in a “Remote Rural” location. Four CTs in Gray County have been designated as “Distressed” due to population loss. Two CTs in Wheeler County have been designated as “Distressed and Underserved” due to population loss and being in a “Remote Rural” location.

The Wisconsin non-MSA AA has a population of 140,229 (all three counties) based on 2010 U.S. Census data. The 2010 updated Department of Housing and Urban Development (HUD) estimated median family income (MFI) is \$55,700. A breakdown of family income levels in the Wisconsin non-MSA AA shows 16.7% as low-income, 19.5% as moderate-income, 27.2% as middle-income, and 36.6% as upper-income. 8.06% of the households have income levels that fall below the poverty level.

The Wisconsin MSA AA has a population of 176,695 based on 2010 U.S. Census data. The updated HUD estimated MFI is \$71,300. A breakdown of family income levels in the Wisconsin MSA shows 13.6% as low-income, 22.2% as moderate-income, 31.7% as middle-income, and 32.5% as upper-income. 4.04% of the households fall below the poverty level.

The Texas non-MSA AA has a population of 34,986 based on 2010 U.S. Census data. The 2010 updated HUD estimated MFI is \$47,600. A breakdown of family income levels in the Texas AA shows 17.7% as low-income, 17.1% as moderate-income, 22.5% as middle-income, and 42.7% as upper-income. 15.3% of the households fall below the poverty level.

Community contacts in the two full-scope AAs were interviewed to determine the state of the local economy and opportunities for financial institution participation in community development.

The community contact in Waupaca is a representative from the Waupaca Chamber of Commerce. The interviewee indicated that local economic conditions are positive and improving. The Waupaca Foundry, the town’s main employer, has remained stable throughout the economic downturn. She said that the fact that the Foundry is now hiring more people demonstrates progress in the community. The interviewee indicated that the local businesses in town experienced strong holiday sales and that even the

local real estate market is beginning to show signs of improvement. The individual indicated that FNB is doing a fine job of meeting the credit needs of the community.

The community contact in Texas is a representative from the City of Shamrock. The individual characterized the local economy as very active because of the oil and natural gas activities and hospitality businesses in the region. The contact indicated that Shamrock is a popular pass-through motel location for travelers. The individual indicated that there have been many opportunities for community development in the city because of new motels being built as well as the construction of a new water treatment plant. The contact believes that the local institutions have been doing a good job of meeting the credit needs of the local community.

Another community contact in Texas is a representative from the Childress Economic Development Corporation. The individual indicated that the local economy of Childress is healthy; however, the housing market remains soft. There are currently not a lot of demands for banking and credit needs. There are not a lot of community development opportunities; however, the individual indicated that the local institutions have been meeting the needs of the local community.

AA comparisons on unemployment statistics are below:

County & State	Local Unemployment		State Unemployment		National Unemployment	
	1Q08	3Q11	1Q08	3Q11	1Q08	3Q11
Waupaca (WI)	5.6%	7.2%	4.3%	7.8%	5.1%	9.0%
Shawano (WI)	5.4%	7.7%	4.3%	7.8%	5.1%	9.0%
Barron (WI)	7.2%	7.1%	4.3%	7.8%	5.1%	9.0%
Outagamie (WI)	4.8%	6.6%	4.3%	7.8%	5.1%	9.0%
Childress (TX)	5.2%	7.2%	4.4%	8.5%	5.1%	9.0%
Wheeler (TX)	2.6%	4.2%	4.4%	8.5%	5.1%	9.0%
Gray (TX)	3.5%	6.5%	4.4%	8.5%	5.1%	9.0%

Source: Bureau of Labor Statistics

State Unemployment			
	1Q11	2Q11	3Q11
Wisconsin	7.6%	7.6%	7.4%
Texas	8.0%	8.1%	7.9%
National Unemployment			
	1Q11	2Q11	3Q11
	9.0%	9.0%	9.0%
Local Unemployment			
County & State	1Q11	2Q11	3Q11
Waupaca (WI)	8.7%	8.3%	7.2%
Shawano (WI)	9.6%	9.0%	7.7%
Barron (WI)	9.4%	8.0%	7.1%
Outagamie (WI)	7.5%	7.7%	6.6%

Childress (TX)	7.0%	7.7%	7.2%
Wheeler (TX)	4.1%	4.5%	4.2%
Gray (TX)	6.7%	7.2%	6.5%

Source: Bureau of Labor Statistics

Unemployment rates in all three of the Texas counties were lower than the state average of 8.0% from January to September 30, 2011. Waupaca, Shawano, and Barron counties unemployment rates were above the state average of 7.6% for the first and second quarter of 2011. However, Shawano County's unemployment rate remained above the state average of 7.4% at September 30, 2011. Shawano and Barron County had unemployment rates higher than the national average during the first half of 2011, which reflects continued deterioration in the economy and housing market.

Unemployment rates in all of the counties were higher than the state average of 4.3% in 2008 with the exception of Wheeler and Gray Counties. All of the counties, with the exception of Wheeler, Gray, and Outagamie Counties were above the national unemployment average of 5.1% in 2008. There has been a significant increase in unemployment rates from 2008 to 2011 which is due to the deterioration in the economy and housing market. There were no counties that are currently higher than the state or national unemployment average as of September 30, 2011.

Competition from other financial institutions is strong in the Wisconsin MSA AA. Twenty-eight institutions, including FNB serve Outagamie County. As of June 30, 2011, FNB had a deposit market share of 1.1%, ranking 17th. Competition from other financial institutions in the Wisconsin non-MSA AA is not strong as FNB has 18.4% deposit market share, ranking first. FNB also ranks first in the Texas AA holding 24.3% deposit market share, but competition is strong as three other institutions have significant market share in AA as well.

Conclusions with Respect to Performance Criteria

FNB does an excellent job of meeting the lending needs of its AAs. More weight was given to small business lending than home mortgage lending when evaluating lending performance because this is the bank's primary loan type.

Loan-to-Deposit Ratio

The bank's loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, overall financial condition, and AA credit needs. FNB's quarterly LTD ratio averaged 100.2% over 16 quarters from December 31, 2007 to September 30, 2011. There were 10 similarly-situated commercial or state banks identified for comparison within the Wisconsin AA. Three commercial or state banks were identified for comparison within the Texas AA. FNB ranks first out of all of the competition in both AAs based on its average LTD ratio.

The average LTD ratio for all 10 banks in the Wisconsin AA is 80.8%. The ratios ranged from 59.7% to 97.4% with FNB ranking first. The average LTD ratio for the three banks in the Texas AA is 54.1%. The ratios ranged from 21.2% to 91.6%, with FNB ranking first.

There are six banks in the Wisconsin AAs that are similar in asset size when compared to FNB which have an average quarterly LTD ratio ranging from 71.0% to 97.4%. There are three banks in the Texas AA which have similar asset size which have an average quarterly LTD ratio ranging from 21.2% to 91.6%.

Lending in Assessment Area

The bank originates a majority of loans inside of its AAs. 60 business loans originated during the evaluation period were reviewed (20 loans per AA). The analysis also includes an evaluation of 1,195 reported HMDA loans. The HMDA loans consist of home purchase, home improvement, and home refinance loans. The review period for the analysis of the bank's business and home mortgage loans was 2009 through 2011. There were only 16 loans out of the business loan sample originated outside of the bank's AAs. These represent 26.7% or \$11.2 million out of the sample. I replaced those loans with ones that were originated inside of the assessment area. There were only 329 HMDA loans out of the 1,529 loan sample originated outside of the bank's AA. This accounts for only 21.6% or \$53.3 million out of the sample.

Total Loans Reviewed in WI and TX AAs									
In Assessment Areas					Out of Assessment Areas				
Loan Type & AA	#	% of Number	Dollars (000s)	% of Amount	#	% of Number	Dollars (000s)	% of Amount	
Business-Wisconsin	29	72.5%	\$20,677	65.7%	11	27.5%	\$10,796	34.3%	
Business-Texas	15	75.0%	\$4,024	90.7%	5	25.0%	\$415	9.3%	
Home Mortgage (All 3 AAs)	383	78.2%	\$30,727	64.4%	107	21.8%	\$16,997	35.6%	
Home Improvement (All 3 AAs)	292	81.1%	\$12,751	75.6%	68	18.9%	\$4,109	24.4%	
Refinancing (All 3 AAs)	520	77.2%	\$54,285	62.8%	154	22.9%	\$32,199	37.2%	
Totals	1,239	78.2%	\$122,465	65.5%	345	21.8%	64,516	34.5%	

Source: Bank records (verified by examiners) and 2009-2011 reported HMDA loans

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

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

The distribution of loans to businesses of various revenue sizes is excellent for the Wisconsin MSA AA and the Texas AA. By dollar volume, the business loans in the

Texas AA shows only 48.2% of the loans made in the AA was to small businesses. However, by number of loans, the bank originated 90% of its business loans to small businesses.

Bank lending to small businesses is reasonable in the Wisconsin non-MSA AA. By number, loans to small businesses were slightly below the percentage of small businesses in the AA. By dollar volume, they were above the percentage of small businesses in the AA.

The distribution of home mortgages to borrowers of various income levels reflects excellent penetration in the bank's AAs. The bank percentage of lending to low- and moderate-income families meets or exceeds the demographics in the WI AAs. The bank's lending to low-income borrowers in the Texas AA is less than the demographics; however, considering that 17.6% of the population is low-income families, the bank's performance in lending to low-income borrowers is excellent and is reasonable in lending to moderate-income borrowers.

Geographic Distribution of Loans

Geographic distribution analysis was only performed on the Texas AA. The Wisconsin AAs do not have any low- or moderate-income CTs; therefore, an analysis would not be meaningful. Overall, the geographic distribution of loans reflects reasonable dispersion throughout the Texas AA.

Home mortgage lending to moderate-income borrowers is reasonable. The table below shows that 9.5% of the number of home loans in the sample was in moderate-income CTs when 11.4% of the AA's owner-occupied housing is located in a moderate-income CT. The bank originated 10 home mortgage loans in those two moderate-income CTs between 2009 and 2011 totaling approximately \$321 thousand or 6.5% of total home loans in the Texas AA. It originated a total of 436 loans in those two CTs totaling \$5.7 million.

The table shows that the bank did not originate any business loans in the moderate-income CT. Although our sample did not include any loans in the moderate-income CTs, bank records show that during the review period 285 business loans, which represent 40.7% of total commercial lending, were originated within these geographies.

Community Development Test

FNB's performance under the Community Development Test is rated Satisfactory.

The bank's community development lending activities reflect reasonable responsiveness to community development needs of its AAs in relation to the bank's capacity and AA opportunities. The bank also generated a reasonable level of qualified investments and community development services.

Number and amount of community development loans

During the evaluation period, FNB extended one community development loan throughout the two AAs totaling \$3.2 million or 4.7% of Tier 1 Capital.

Number and amount of community development investments

Qualified investments in all three AAs totaled 52 donations to 35 organizations totaling approximately \$50 thousand or 0.07% of Tier 1 Capital. The focus of these organizations is to serve community development needs as well as provide community services to low- and moderate-income (LMI) individuals in both Wisconsin and Texas. These investments are detailed in the Wisconsin and Texas sections of the PE.

Extent to which the bank provides community development services

Retail services are very accessible to individuals of all income levels. There are 11 branches in Wisconsin and Texas. The Pampa, TX branch location is adjacent to the two moderate-income CTs in the Texas AA. All of the bank's branches offer the low-cost, retail banking products to all of its customers. Additional services include Internet- and telephone banking services.

FNB participates in affordable housing programs such as the Wisconsin Housing and Economic Development Authority (WHEDA). The bank also participates in government-guaranteed loan programs such as the Small Business Administration (SBA) for businesses that do not qualify for conventional loan terms, the USDA and FSA programs which assist farmers who cannot obtain commercial credit through a farm credit or other financial institutions.

Several bank officers and other employees serve on boards and in other capacities for organizations that target LMI individuals and/or promote economic development in the local community. They provide technical assistance or financial expertise to several community development organizations AA needs for affordable housing, economic development, and social services to LMI individuals.

Responses to Complaints

The bank has not received any CRA-related complaints since the last CRA examination.

Fair Lending or Other Illegal Credit Practices Review

There was no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet the needs of the community.

State Rating

State of Texas

CRA Rating for Texas: Satisfactory.

The Lending test is rated: Satisfactory.

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 in the Texas AA.
- Geographic distribution is reasonable.
- Community development lending, investments, and activities show adequate responsiveness to the community development needs of the Texas AA. The bank made one CD loan.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN TEXAS

In Texas, the bank operates three full-service branches. One is located in Childress, one in Shamrock, and one in Pampa. There are a total of 11 census tracts in the Texas AA with no low-income tracts, two moderate-income tracts, eight middle-income tracts, and 1 upper-income tract. There are four distressed census tracts in Gray County. There are also a total of four distressed and underserved census tracts in both Childress and Wheeler Counties. All three branch locations have 24-hour ATMs available, one at each branch.

SCOPE OF EVALUATION IN TEXAS

Our assessment includes a full-scope review of the Texas AA as the bank generates a significant amount of lending and deposit activity in this area.

Two community contacts in Texas were made during the examination. One of the contacts represents an organization that promotes business and economic development in the Texas AA. The second contact represents the municipality from one of the cities where one of the Texas branches is located. Both of the community contacts indicated that FNB as well as the neighboring institutions show significant involvement in the local communities within the bank's AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN TEXAS

LENDING TEST

The bank's performance under the lending test in Texas is rated **Outstanding**

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

Borrower Distribution of Home Mortgage Loans in TX Non-MSA								
Borrower Income Level	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
% of Total	17.7%	8.6%	17.0%	11.0%	22.6%	22.4%	42.7%	58.0%

Source: Sample of 1524 bank records and U.S. Census Demographic Data

The bank's lending to businesses of different sizes within the Texas AA demonstrates excellent penetration, with the number of loans extended to small businesses (90.0%) exceeding the percentage of small businesses in the AA (67.9%).

Distribution of home mortgages to borrowers of various income levels is reasonable. The percentage of number of loans to low-income borrowers was 8.6% while the percentage of low-income families was 17.7%; however, this is mitigated by the AA having 17.6 % of its population comprised of low-income families. The percentage of number of loans to moderate-income borrowers was 11.0% while the percentage of moderate-income AA families was 17.0%.

Geographic Distribution of Loans

Geographic Distribution of Business Loans in the Texas Non-MSA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	0.0%	0.0%	10.6%	0.0%	79.2%	80.0%	10.2%	20.0%

Source: Sample of 20 bank records (verified by examiners) and U.S. Census Demographic Data

Geographic Distribution of Home Mortgage Loans in the Texas Non-MSA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner-Occupied Housing	% of Number of Loans	% of AA Owner-Occupied Housing	% of Number of Loans	% of AA Owner-Occupied Housing	% of Number of Loans	% of AA Owner-Occupied Housing	% of Number of Loans
% of Total	0.0%	0.0%	11.4%	9.5%	73.0%	71.5%	15.6%	19.0%

Source: Sample of 20 bank records (verified by examiners) and U.S. Census Demographic Data

Geographic distribution analysis was performed for the Texas AA as this is the only AA that contains moderate-income CTs. The geographic distribution for small business and home mortgage lending reflects excellent dispersion of loans to low- and moderate-income borrowers in the AA. The bank originated a total of 700 business loans totaling approximately \$33 million and 153 home mortgage loans totaling \$8.6 million inside of the Texas AA. Although our sample does include loans originated in low- or moderate-income CTs, the bank originated 285 business loans in the AA's moderate-income CT representing 40.7% of total business lending in the Texas AA. Home mortgage loans originated in the Texas AA reflects reasonable dispersion. 15.4% of the AA population lives below the poverty level and all of the CTs in the AA are either distressed or underserved.

Responses to Complaints

FNB has not received any written complaints regarding its lending performance in helping to meet the credit needs within the AA during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in Texas is rated **Satisfactory**.

Number and Amount of Community Development Loans

The bank made one community development loan which positively contributed to the community development needs in the Texas AA. The loan totaled \$6.4 million or 9.2% of Tier 1 Capital. The loan was for the construction of a Hampton Inn which is located in a "distressed and underserved" CT. This also created jobs for LMI individuals.

The bank made 19 donations totaling \$14 thousand to various organizations that serve LMI individuals and promote economic development in the Texas AA. Some of these include:

- A \$5 thousand donation to Pampa Habitat for Humanity, which is a non-profit organization that helps LMI individuals.
- A \$1 thousand donation to the Shamrock Community Education Foundation, which is a foundation that funds education for LMI individuals.
- A \$1 thousand donation to Childress Child Welfare, which is a non-profit organization that provides social services to LMI individuals.

Extent to Which the Bank Provides Community Development Services

FNB provides a significant amount of community development services to individuals of different income levels. The following examples illustrate some of the community development services provided:

- A loan officer serves on the Childress Rotary, which is a non-profit organization that supports education, job training, provides clean water, combats hunger, and improve health and sanitation for LMI individuals.
- An assistant vice president is a member of the Optimist Club, which is a non-profit organization that provides scholarships to low-income children.
- A vice president is a member of the Chamber of Commerce, which is an organization that promotes business and economic development.
- A loan officer serves on the Tiny Truckers Day Care Center Board, which is an organization that provides daycare services to LMI individuals.

Responsiveness to Community Development Needs

FNB's community development lending, investments, and services reflect excellent responsiveness to the community development needs of the Texas AA. All three locations are full-service branches with drive-up windows which provide extended banking hours. Although the ATMs do not accept deposits, the branches have extended hours and are also open on Saturdays. The Texas branches all offer telephone and Internet banking to all bank customers. All of the Texas branches also offer low-cost banking products to its customers.

The bank also participates in government-guaranteed loan programs such as the Small Business Administration (SBA) for businesses that do not qualify for conventional loan terms, the USDA and FSA programs, which assist farmers who cannot obtain commercial credit through a farm credit or other financial institution.

State Rating

State of Wisconsin

CRA Rating for Wisconsin: Satisfactory.

The Lending test is rated: Satisfactory.

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 is reasonable. The distribution of loans to small businesses exceeds the demographics. The bank does an excellent job of extending home mortgages to low- and moderate-income individuals.
- Community development lending and investment activities show adequate responsiveness to the community development of FNB's AAs. The bank made one community development loan in Wisconsin totaling \$3.2 million or 4.7% of Tier 1 capital. FNB made 19 donations to several organizations serving LMI individuals and promoting economic development within its AA totaling \$14 thousand.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WISCONSIN

In Wisconsin, the bank operates eight full-service branches. The main office is located in Waupaca, and the other branches are located in Weyauwega, Iola, Chetek, Clintonville, Marion, Seymour, and Shiocton, Wisconsin. There are a total of 30 CTs and none of them are low- or moderate-income. Eight 24-hour ATMs are available, one at each of the branch locations.

SCOPE OF EVALUATION IN WISCONSIN

The Wisconsin MSA was selected for a limited-scope review and the Wisconsin non-MSA AA received a full-scope review. The ratings for this examination were based primarily on the bank's performance in the Wisconsin non-MSA AA as the majority of the bank's branches, deposit, and lending activities occur there.

One community contact in Wisconsin was made during this examination. The contact was a representative from the Waupaca Chamber of Commerce, which is an organization that promotes economic development in Waupaca, Wisconsin. The community contact indicated that FNB does a great job in participating in economic and community development in Waupaca.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WISCONSIN

LENDING TEST

The bank's performance under the lending test in Wisconsin is rated **Satisfactory**.

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

Borrower Distribution of Loans to Businesses in the WI Non-MSA			
Business Revenues (Or Sales)	< or = \$1MM	> \$1MM	Unavailable/Unknown
% of AA Businesses	76.5%	2.7%	20.8%
% of Bank Loans in AA by #	69.4%	30.6%	0.0%
% of Bank Loans in AA by \$	89.1%	10.9%	0.0%

Source: Sample of 20 Bank records (verified by examiners)

Borrower Distribution of Loans to Businesses in the WI MSA			
Business Revenues (Or Sales)	< or = \$1MM	> \$1MM	Unavailable/Unknown
% of AA Businesses	82.5%	2.9%	14.6%
% of Bank Loans in AA by #	100.0%	100.0%	0.0%
% of Bank Loans in AA by \$	100.0%	0.0%	0.0%

Source: Sample of 20 bank records (verified by examiners)

Borrower Distribution of Loans to Businesses in the TX Non-MSA			
Business Revenues (Or Sales)	< or = \$1MM	> \$1MM	Unavailable/Unknown
% of AA Businesses	67.9%	2.4%	29.7%
% of Bank Loans in AA by #	90.0%	10.0%	0.0%
% of Bank Loans in AA by \$	48.2%	51.8%	0.0%

Source: Sample of 20 bank records (verified by examiners)

Borrower Distribution of Home Mortgage Loans in the WI Non-MSA								
Borrower Income Level	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
% of Total	16.7%	16.9%	19.4%	23.5%	27.2%	26.1%	36.7%	33.5%

Source: Sample of 1524 bank records and U.S. Census Demographic Data

Borrower Distribution of Home Mortgage Loans in the WI MSA								
Borrower Income Level	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
% of Total	13.6%	18.3%	22.2%	30.0%	31.7%	36.7%	32.5%	15.0%

Source: Sample of 1524 bank records and U.S. Census Demographic Data

Wisconsin Non-MSA AA

The bank's lending to businesses of different sizes within the Wisconsin non-MSA shows reasonable penetration, with the number of loans extended to small businesses (69.4%) only slightly below the percentage of small businesses in the AA (76.5%).

Distribution of home mortgages to borrowers of various income levels is reasonable. The distribution of home mortgages to low- and moderate-income borrowers inside of the AA exceeded the demographics.

Geographic Distribution of Loans

Geographic distribution analysis would not be meaningful in the Wisconsin AAs as there are no low- or moderate-income census tracts.

Responses to Complaints

FNB has not received any written complaints regarding its lending performance in helping to meet the credit needs within the AA during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in Wisconsin is rated **Satisfactory**.

Number and Amount of Community Development Loans

Wisconsin Non-MSA AA

The bank made one community development loan which positively contributed to the community development needs in the Wisconsin non-MSA. The loans totaled \$3.2 million or 4.7% of Tier 1 Capital. It includes:

- A loan totaling \$3.2 million for the construction of a nursing home that specifically sets aside a majority of rooms for LMI.

Number and Amount of Qualified Investments

Wisconsin Non-MSA AA

The bank made 30 donations totaling \$32 thousand to various organizations that serve LMI individuals and promote economic development in the Wisconsin non-MSA AA. Some of these include:

- A \$1 thousand donation to Mama's House of Hope, an organization that provides housing for women and children in crisis, meals, counseling, education, and follow-up services to ensure independent living.
- A \$5 thousand donation to the Bethany Foundation, which is a foundation that supports the additional projects and services not otherwise covered by insurance for LMI individuals in nursing homes.
- A \$1 thousand donation to the Clintonville Community Benevolence Fund, which is a church-sponsored fund to assist LMI individuals.
- A \$10 thousand donation to the Waupaca Area Community Foundation, which is a local foundation that promotes business and economic development in the town of Waupaca.

Extent to Which the Bank Provides Community Development Services

FNB provides a significant amount of community development services as well as offer a variety of retail services to individuals of different income levels. It offers a full range of consumer and commercial banking products and services at all of its locations.

The following examples illustrate some of the community development services provided:

- The president serves on the Waupaca Industrial Development Committee, which serves small businesses and promotes economic development.
- A loan officer serves on the Lola Lioness Club, which provides vision and hearing testing for LMI individuals.
- An assistant vice president is a member of the Shiocton Business League, which is an organization that promotes business and economic development.
- An assistant vice president is a member of the Clintonville Rotary, which is an organization that supports education, job training, food, water, combats hunger, and improves health and sanitation for LMI individuals.

Responsiveness to Community Development Needs

FNB's community development lending, investments, and services reflect adequate responsiveness to the community development needs of its Wisconsin AAs. All eight bank locations are full-service branches with drive-up windows which provide extended banking hours. Although the ATMs do not accept deposits, the branches have extended hours and are also open on Saturdays. The Wisconsin branches all offer telephone and Internet banking to all bank customers. All of the Wisconsin branches offer low-cost banking products to its customers.

FNB participates in affordable housing programs such as the Wisconsin Housing and Economic Development Authority (WHEDA). The bank also participates in government-guaranteed loan programs such as the Small Business Administration (SBA) for businesses that do not qualify for conventional loan terms, the USDA and FSA programs which assist farmers who cannot obtain commercial credit through a farm credit or other financial institution.

Performance in Limited-Scope Assessment Areas of State of Wisconsin

Wisconsin MSA AA

The bank's performance in this AA is not inconsistent with the bank's overall "satisfactory" performance in the full-scope AA.

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”).

Time Period Reviewed	Lending Test: (01/01/09 to 09/30/11) Community Development Test: (01/01/08 to 12/31/10)	
Financial Institution	Products Reviewed	
FNB 111 Jefferson Street, Waupaca, WI	Commercial Loans Home Mortgage Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>[Instructions: Provide only if affiliate products are reviewed.]</i> (Name of Affiliate (Abbreviation))		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Wisconsin Appleton MSA #11540 Wisconsin Non-MSA Texas Texas Non-MSA	Limited-Scope Full-Scope Full-Scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
FNB	Satisfactory	Satisfactory	Satisfactory
Wisconsin	Satisfactory	Satisfactory	Satisfactory
Texas	Outstanding	Satisfactory	Satisfactory