



PUBLIC DISCLOSURE

May 18, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Fox Valley Savings Bank
Charter Number 703069

51 E 1st St
Fond Du Lac, WI 54935-4203

Office of the Comptroller of the Currency

1200 North Mayfair Road
Suite 200
Wauwatosa, WI 53226

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

The major factors supporting the institution's rating include:

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas (AAs).
- A substantial majority of loan originations are made within the institution's AAs.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels.
- The overall geographic distribution of loans reflects reasonable dispersion throughout the institution's AAs.

SCOPE OF EXAMINATION

Fox Valley Savings Bank's (Fox Valley) Community Reinvestment Act (CRA) performance was evaluated under the Small Bank Lending Test. We reviewed data from the institution's primary loan product, residential real estate loans, to evaluate the institution's lending performance.

The evaluation period covers the date of the previous CRA examination, May 2, 2011, through May 18, 2015. The lending test evaluates loans originated or purchased between January 1, 2012 and December 31, 2014.

Prior to conducting this evaluation, we tested the accuracy of the institution's Home Mortgage Disclosure Act (HMDA) data for 2011 through 2014. We found the data to be accurate; therefore, we used all reported HMDA data for these years in our evaluation of residential real estate lending. Additionally, we obtained aggregate HMDA peer group data for the lending test.

Our analysis included a full-scope evaluation for the institution's Fond du Lac metropolitan statistical area (MSA) AA, which represents the majority of the institution's lending and customer deposits. A limited scope evaluation was performed for the Oshkosh-Neenah MSA and the non-MSA AAs, where there is a relatively lower volume of lending and deposits.

DESCRIPTION OF INSTITUTION

Fox Valley is a \$304.5 million federally chartered mutual thrift institution headquartered in Fond du Lac, Wisconsin and is located in a moderate-income census tract (CT).

In addition to its main office, the institution operates two full service branches located in Oshkosh, Wisconsin and Waupun, Wisconsin. These branches are in middle-income CTs. All branches are equipped with drive-up facilities and automated teller machines.

The bank's business strategy is to serve the credit and depository needs of its local community. The bank offers noncomplex deposit and lending products, with the primary lending product being residential real estate loans. The bank sells a large portion of its loans on the secondary market, but does retain the servicing rights. Based on total loans originated in each year, the bank sold 84 percent in 2012, 65 percent in 2013, and 53 percent in 2014. The total amount of loans sold over 2012, 2013, and 2014 totals \$158 million, which is approximately the size of the bank's current total loan portfolio.

As of March 31, 2015, the institution has a total loan portfolio of \$157 million, representing 52 percent of total assets. By dollar volume, the loan portfolio is comprised of residential real estate (61.27 percent), commercial loans (37.78 percent), and consumer loans (0.95 percent). If you were to add the number of loans sold to the loan portfolio, for residential real estate loans (including loans sold) the percentage for this category would increase to 81 percent of total loan portfolio.

Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Residential Real Estate	\$96,047	61.27%	31.57%
Commercial	\$59,232	37.78%	19.47%
Consumer	\$1,491	0.95%	0.49%
Agriculture	0	N/A	N/A
Total	\$156,770	100.00%	51.53%

There are no financial constraints limiting the institution's ability to meet the community's credit needs. The institution received a Satisfactory rating from the last CRA examination, dated May 2, 2011.

DESCRIPTION OF ASSESSMENT AREA(S)

Fox Valley has three AAs, including two AAs in an MSA. The Fond du Lac MSA includes all of Fond du Lac County. The Oshkosh-Neenah MSA includes 20 census tracts located in Winnebago County. The non-MSA includes 14 census tracts in Dodge County. Given the institution's asset size, available resources, and limited branch locations, the designation of the entire Oshkosh-Neenah MSA and the non-MSA would be too large for the institution to reasonably serve. The AAs comply with regulatory requirements and do not arbitrarily exclude any low- or moderate-income CTs.

According to the 2010 census data, the institution's Fond du Lac MSA AA consists of all 20 CTs: zero are low-income, three (15 percent) are moderate-income, 16 (80 percent) are middle-income, and one (5 percent) is upper-income. The total population of the AA is 101,633. The average median family income is \$65,228, and the FFEIC updated MSA median family income is \$66,800. The percentage of families below the poverty level is 9.74 percent. Owner-occupied units comprise 67.58 percent of total housing units.

According to the 2010 census data, the institution's Oshkosh-Neenah MSA AA consists of 25 CTs: zero are low-income, five (20 percent) are moderate-income, 17 (68 percent) are middle-income, and three (12 percent) are upper-income. The total population of the AA is 102,696. The average median family income is \$67,564, and the FFEIC updated MSA median family income is \$68,800. The percentage of families below the poverty level is 11.47 percent. Owner-occupied units comprise 62.88 percent of total housing units.

According to the 2010 census data, the institution's non-MSA AA consists of 14 CTs: zero are low- or moderate-income, 12 (86 percent) are middle-income, and two (14 percent) are upper income. The total population of the AA is 63,446. The average median family income is \$60,470, and the FFEIC updated MSA median family income is \$60,600. The percentage of families below the poverty level is 9.17 percent. Owner-occupied units comprise 66.60 percent.

The local economy is considered stable. The largest employers in the area are hospitals, universities, a correctional facility, and multiple small manufacturing firms in Fond du Lac, Oshkosh, and Waupun. The areas have not gained or lost any large employers in the previous years. As of February 2015, the unemployment rate in Fond du Lac County was 5.0 percent, Winnebago County was 5.0 percent, and Dodge County was 5.7 percent; as compared to the state of Wisconsin unemployment rate of 5.6 percent.

Competition from other financial institutions is strong in the local market. The institution's competitors include interstate banks, large national banks, branches of state banks, and local credit unions. As of June 30, 2014, the bank's market share for total deposits was 5.02 percent, which ranked eighth out of 32 financial institutions in Fond du Lac, Winnebago, and Dodge Counties. The balance of the market share is divided among the 32 institutions with market shares ranging from 0.17 percent to 12.70 percent.

In assessing the bank's CRA performance, we contacted a local government official to determine the community's profile and performance of local financial institutions. This contact stated the local financial institutions are meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Fox Valley's performance under the Lending Test is rated Satisfactory. The institution's loan-to-deposit (LTD) is reasonable. A substantial majority of loans are originated inside the institution's assessment areas. The overall distribution of borrowers reflects reasonable penetration among individuals of different income levels. The overall geographic distribution of loans reflects reasonable dispersion throughout the institution's AA.

Loan-to-Deposit Ratio

Fox Valley’s LTD ratio is reasonable given the institution’s size, financial condition, and credit needs of the community. The institution’s quarterly average LTD ratio was 59 percent over the last 13 quarters from January 1, 2012 to March 31, 2015, which ranks last in a peer group of nine other similarly situated institutions with assets from \$100 million to \$600 million. The other financial institutions had average LTD ratios that ranged from 68 percent to 102 percent over the same period, with half of the other institutions’ ratios below 76 percent.

While the LTD is lower than the peer group, consideration is given to the fact that Fox Valley has a business strategy that consists of selling a significant amount of loans on the secondary market. In 2012, the institution sold 841 home mortgage loans, totaling \$100 million, which represented 84 percent of total loans originated. In 2013, the institution sold 312 home mortgage loans, totaling \$39 million, which represented 65 percent of total loans originated. In 2014, the institution sold 141 home mortgage loans, totaling \$20 million, which represented 53 percent of total loans originated. These loans are not included in the LTD calculation above.

Lending in Assessment Area

The institution originates a substantial majority of its loans to borrowers located in its AAs. A review of the institution's primary loan product shows that loans made to individuals inside the institution's AA represent 90.95 percent of total loans by number and 87.88 percent by total dollar amount.

Type of Loan	Number of Loans					Dollars of Loans (\$000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
RE – Home Purchase	303	81.67%	68	18.33%	371	\$38,850	75.46%	\$12,635	24.54%	\$51,485
RE – Home Refinance	1242	93.38%	88	6.62%	1,330	\$143,647	91.83%	\$12,775	8.17%	\$156,422
RE – Home Improvement	33	97.06%	1	2.94%	34	\$2,148	97.55%	\$54	2.45%	\$2,202
Total	1,578	90.95%	157	9.05%	1,735	\$184,645	87.88%	\$25,464	12.12%	\$210,109

Source: 2012, 2013, and 2014 HMDA data.

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

Fond du Lac MSA AA

The overall distribution of borrowers reflects reasonable penetration among individuals of different income levels.

The borrower distribution of home mortgage loans within the assessment area is reasonable. Fox Valley originated 7.74 percent of its home mortgage loans to low-income borrowers and 23.95 percent to moderate-income borrowers. While the institution's originations to low-income borrowers is slightly less than the 2013 HMDA aggregate data percentage of 8.41 percent, this is still considered reasonable as the institution's originations to moderate-income borrowers exceeds the 2013 HMDA aggregate data percentage of 23.03 percent.

Table 3 - Distribution of Residential Mortgage Loans			
By Borrower Income Level in the Fond du Lac MSA Assessment Area (\$000's)			
Borrower Income Level	Review Period		Aggregate
	1/1/2012 – 12/31/2014		2013
By Number	#	%	% by #
Low	85	7.74%	8.41%
Moderate	263	23.95%	23.03%
Middle	334	30.42%	26.85%
Upper	412	37.52%	32.32%
Income NA	4	0.37%	9.39%
Total	1,098	100%	100%
By \$ Amount	\$	%	% by \$
Low	\$5,757	4.35%	4.18%
Moderate	\$24,633	18.63%	16.09%
Middle	\$37,693	28.51%	23.22%
Upper	\$63,419	47.97%	39.28%
Income NA	\$712	0.54%	17.23%
Total	\$132,214	100%	100%

Source: 2012, 2013, and 2014 HMDA data and 2013 peer mortgage data (aggregate).

Areas for limited-scope review

The findings for the other two AAs are consistent with the findings for the Fond du Lac AA. The distribution of loans to borrowers of different income levels in the limited scope AAs is reasonable. In the Oshkosh-Neenah AA, the institution originated 4.07 percent to low-income borrowers and 25.20 percent for moderate-income borrowers. The institution's originations to low-income borrowers is less than the 2013 HMDA aggregate peer data of 8.22 percent, but exceeds the moderate-income percentage of 20.02 percent. In the non-MSA AA, the institution originated 7.69 percent to low-income borrowers and 22.22 percent to moderate-income borrowers. Both the institution's low-income and moderate-income percentages exceed the 2013 HMDA aggregate peer

data of 6.42 percent for low-income borrowers and 20.55 percent for moderate-income borrowers.

Geographic Distribution of Loans

Fond du Lac MSA AA

The overall geographic distribution of loans reflects reasonable dispersion throughout the institution's AA.

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the institution's AA. The assessment area does not have any low-income CTs. Fox Valley originated 4.28 percent of its loans in moderate-income CTs, which is lower than the 7.10 percent for the 2013 aggregate HMDA peer data for lenders within the AA. However, consideration was given to the fact that there is strong competition with larger national banks that saturate the assessment area. In addition, within the three moderate-income CTs, 60.41 percent are rental units and only 29.48 percent are owner occupied units. Individuals within these areas would likely not qualify for a conventional mortgage loan.

Table 4 - Distribution of Residential Mortgage Loans			
By Geography Income Level in the Fond du Lac MSA Assessment Area (\$000's)			
Geography Income Level	Review Period		Aggregate
	1/1/2012– 12/31/2014		2013
By Number	#	%	% by #
Low	0	0%	0.00%
Moderate	47	4.28%	7.10%
Middle	897	81.69%	83.16%
Upper	154	14.03%	9.74%
Total	1,098	100%	100%
By \$ Amount	\$	%	% by \$
Low	\$0	0%	0.00%
Moderate	\$4,203	3.18%	4.79%
Middle	\$102,660	77.65%	80.70%
Upper	\$25,351	19.17%	14.51%
Total	\$132,214	100%	100%

Source: 2012, 2013, and 2014 HMDA data and 2013 peer mortgage data (aggregate).

Areas for limited-scope review

The findings for the Oshkosh-Neenah AA are consistent with the findings for the Fond du Lac AA. The geographic distribution of loans reflects reasonable dispersion through the AA. The institution originated 8.13 percent of its loans in moderate-income CTs, which is slightly less than the 9.51 percent for the 2013 aggregate HMDA peer data. The assessment area does not have any low-income CTs.

The institution's non-MSA AA contains no low- or moderate-income CTs. Therefore, an analysis of geographic distribution would not provide meaningful analysis.

Responses to Complaints

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

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 195.28(c), in determining a federal savings association's (FSA) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the FSA, or in any assessment area by an affiliate whose loans have been considered as part of the FSA's lending performance.

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