



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

July 05, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank and Trust Company
Charter Number: 2725

345 East Grand Avenue
Beloit, WI 53511

Office of the Comptroller of the Currency
Chicago – Schaumburg Field Office

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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 supporting The First National Bank and Trust Company's ("FNBT") rating include:

- A substantial majority of the bank's lending is inside the bank's combined assessment areas (AAs).
- Lending to borrowers of different income levels and business of different sizes is excellent.
- Lending throughout census tracts of different income levels within the bank's AAs is excellent.
- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs of its AAs.
- The bank's community development performance demonstrates adequate responsiveness to the community development (CD) needs of its combined AAs through community development loans, investments, and services.

Scope of Examination

This Performance Evaluation (PE) assesses FNBT's Community Reinvestment Act (CRA) performance record in meeting the credit needs of its AAs. The evaluation covers the period from September 3, 2013 to July 5, 2016. We used the Federal Financial Institutions Examination Council (FFIEC) Intermediate Small Bank procedures to complete our assessment. The lending test assesses the bank's record of meeting the credit needs of its AAs through lending activities. The lending test analyzed the bank's primary loan products (home mortgage and small business loans) from January 1, 2014 through December 31, 2015. The CD test evaluates the bank's responsiveness to CD needs in its AAs through CD lending, qualified investments, and CD services. The CD test covered qualified CD loans, investments, and services from September 4, 2013 through May 31, 2016. No affiliate or subsidiary activity was considered in this review.

We used quarterly financial data since the last CRA evaluation to assess the bank's loan-to-deposit (LTD) ratio. The average spanned 11 quarters from September 30, 2013 through March 31, 2016.

We also used Federal Deposit Insurance Corporation (FDIC) annual deposit information to determine the bank's deposit market share and market presence within its AA. At the time of our evaluation the most recent deposit market share information was dated June 30, 2015.

Prior to this evaluation, we validated the accuracy of the bank's Home Mortgage Disclosure Act (HMDA) data through a review of 60 home mortgage loans. No material errors were noted in relation to the reported HMDA loan data. As such, we deemed the data to be reliable and used all HMDA-reportable data for analysis for all home loan products. Additionally, we created a sample of small business loans from bank reports in order to evaluate small business lending performance. We relied on a total sample of 84 small business loans originated in 2014 and 2015 to accommodate our small business lending analysis for the combined AA. We reviewed all of the bank's CD loans, investments, and services from September 4, 2013 through May 31, 2016. We validated that the CD activities met the regulatory definitions as being qualified CD activities.

Description of Assessment Areas

This evaluation includes a review of the bank's four AAs, which consist of: Rock County ("Rock AA") in the Janesville Beloit Metropolitan Statistical Area (MSA); Green County ("Green AA") in the Madison MSA; Lafayette and Walworth Counties ("Non-MSA AA") in the WI Non-MSA; and Winnebago County ("Winnebago AA") in the Rockford MSA. All AAs were deemed to be legal in accordance with the requirements of the CRA. See the State Rating section for more details.

Selection of Areas for Full-Scope Review

We performed a full-scope analysis of both the Rock AA (WI) and the Winnebago AA (IL), which together accounted for 76 percent of the bank's total deposits and the majority of its branches and lending activity:

- The Rock AA, which is part of the Janesville Beloit MSA in WI, consists of all of Rock County, holds the majority of the bank's loans, 47 percent of the bank's deposits, and six of its branches.
- The Winnebago AA, which is part of the Rockford MSA in IL, consists of all of Winnebago County, holds 29 percent of the bank's deposits and three of its branches.

The WI Non-MSA AA and the Green MSA AA received limited-scope reviews. Please refer to the Description of AA section for additional information.

Description of Institution

FNBT had \$877 million in total assets as of December 31, 2015, which grew to \$1.13 billion in total assets as of March 31, 2016 after the acquisition of a local state bank. This interstate 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, WI.

FNBT operates 16 full service branches, with 13 locations in the State of Wisconsin and three offices in the State of Illinois. The main office is located in Beloit, WI, approximately three blocks from the Illinois border and serves both Illinois and Wisconsin markets. Other Wisconsin branch locations include three additional offices in Beloit, and one each in Clinton, Janesville, Argyle, Darien, Monroe, Walworth, Delavan, Elkhorn and Williams Bay. Bank locations in Illinois include one in each of the villages of Rockton, Roscoe, and Winnebago. The bank has 18 Automated Teller Machines (ATMs), one at each of the 16 office locations, and two free standing ATMs, one of which is located in a moderate-income census tract (CT) in Rock County. Additionally, FNBT participates in the Allpoint ATM Network, offering 37,000 surcharge-free ATMs nationwide, and the Moneypass ATM Network, which offers over 40,000 nationwide surcharge-free ATMs.

The bank offers numerous loan products including commercial, commercial real estate (CRE), construction and development (C&D), small business, consumer, home improvement, home equity lines of credit (HELOCs), agricultural, and various home purchase loan products. FNBT also offers mobile banking to increase the availability and convenience of banking services to its customer base.

FNBT's primary loan products are CRE loans, commercial loans, and residential mortgages. Total loans and leases totaled approximately \$751 million as of March 31, 2016. Please refer to the table below for details regarding the loan portfolio mix.

FNBT's Loans (Outstanding Balance) By Category	\$(000's)	Percent
CRE Loans (including C&D and Multi-family Loans)	324,818	43.3
Residential Mortgages (including 1 st and 2 nd lien mortgages and HELOCs)	228,546	30.4
Commercial & Industrial Loans	86,642	11.5
Agricultural Loans (including Farmland)	77,555	10.3
All Other Loans	18,083	2.4
Consumer Loans	15,227	2.0
Total Loans and Leases	750,871	100.0

Source: Figures reported in the bank's Report of Condition and Income ("Call Report") for the period-ending March 31, 2016

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 dated September 3, 2013.

Ratings

The bank's overall rating is a blend of the two state ratings. We placed more weight on performance conclusions for the State of Wisconsin, as it holds the majority of the bank's branches as well as loans and deposits.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit Ratio

FNBT's average quarterly LTD ratio is reasonable given the bank's size, financial condition, and AA credit needs. FNBT's quarterly average LTD ratio for the period from September 30, 2013 to March 31, 2016 was 80.96 percent. The most recent LTD ratio as of March 31 2016 is 75.42 percent. The LTD ratio for the peer group ranged from 60.87 to 97.9 percent. The peer group consisted of five institutions of similar size located within the bank's AAs. FNBT is ranked second of five peer banks in the AA.

It is noted that FNBT is located in a highly competitive market comprised of 52 state and national financial institutions. FNBT holds 7.03 percent of the deposit market share as of June 30, 2015. The next largest bank (Alpine Bank) in the peer group holds 8.52 percent of the deposit market share with total assets of \$1.2 billion as of March 31, 2016 and has a lower average LTD ratio.

Lending in Assessment Area

During the review period, FNBT extended a substantial majority of its loans inside its AAs. We performed our analysis by evaluating a total of 966 loans consisting of 946 reported HMDA loans and 20 small business loans originated during the review period. We also used a sample of 20 randomly selected small business loans. The bank originated approximately 90 percent by total number and 84 percent by total dollar volume of loans to borrowers located within its AAs.

Refer to Table 1 below for further details.

Loan Type	Number of Loans				Total	Dollars of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	16	80.00	4	20	20	7,718	79	2,148	21	9867
Total Home Loans	850	89.85	96	10.15	946	102,108	84.78	18,332	15.22	120,440
Totals	866	89.64	100	10.35	966	109,826	84.28	20,480	15.72	130,306

Source: FNBT's HMDA reported data (2014 & 2015) and a sample of 20 small business loans (verified by examiners)

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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:

- Lending to borrowers of different income levels and businesses of different sizes is excellent.
- Lending throughout census tracts of different income levels within the bank's AAs is excellent.
- FNBT's CD performance demonstrates adequate responsiveness to community needs within the AAs including activities conducted in federally identified middle-income underserved CTs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WISCONSIN

The bank operates 13 full service branches in Wisconsin. According to the 2010 U.S. census data, there were a total of 73 CTs in the Wisconsin AAs with four (5.48 percent) low-income tracts, 12 (16.44 percent) moderate-income tracts, 57 (78.08 percent) middle-income tracts, and 17 (23.29 percent) upper-income tracts. The Main and Madison Street offices in Beloit and the 10th street branch in Monroe are located in moderate-income tracts, while the Argyle branch is located in a middle-income underserved tract. Eighteen ATMs are available, one at each of the 16 branch locations, and two free standing ATMs. All branch ATMs allow 24-hour access. The bank also participates in the Allpoint ATM network, offering 37,000 ATMs nationwide and the MoneyPass ATM Network, which offers over 40,000 nationwide surcharge-free ATMs. All of the bank's AAs in WI meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income geographies.

Rock AA

The Rock AA contains 38 CTs. Of these, four (10.53 percent) CTs are low-income, eight (21.05 percent) are moderate-income, 19 (50.00 percent) are middle-income, and seven (18.42 percent) are upper-income geographies. According to the 2010 U.S. Census data, the AA's population is 160,331. There are 42,852 families in the AA, of which 8,426 are low-income (19.66 percent), and 7,925 (18.49 percent) are moderate-income. Families below the poverty level total 9.42 percent of AA families. The FFIEC

calculates the 2015 weighted average median family income (MFI) for this area to be \$58,600.

There are 68,027 housing units within the AA per the 2010 U.S. Census data. Of these, 67.63 percent are owner occupied, 24.39 percent are renter occupied, and 7.98 percent are vacant units. The weighted average median housing value in the AA is \$138,205.

As of March 2016, the average unemployment rate in Rock County was 5.3 percent, slightly higher than the state of Wisconsin's average unemployment rate of 5 percent. 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 with approximately 90 percent of the businesses having less than 50 employees and 71 percent of businesses having one to four employees. Based on the 2015 business demographic data, Rock County's major industries are services businesses (44.64 percent of businesses), retail trade (14.66 percent of businesses), and construction (9.01 percent of businesses).

The Rock AA holds a majority of the deposits and branches for the FNBT. Based on the June 30, 2015 FDIC Deposit Market Share Report, Rock County contains 19 banks in FNBT's market, of which FNBT ranks 2nd, capturing 16 percent of the market share.

Green AA

The Green AA contains eight CTs. Of these, there are no low-income geographies, four (50.00 percent) CTs are moderate-income, four (50.00 percent) are middle-income, and none are upper-income geographies. According to the 2010 U.S. Census data, the AA's population is 36,842. There are 10,036 families in the AA, of which 2,411 are low-income (24.02 percent) and 2,279 (22.71 percent) are moderate-income. Families below the poverty level total 6.09 percent of AA families. The FFIEC calculates the 2015 weighted average MFI for this area to be \$82,800.

There are 15,754 housing units within the AA according to the 2010 U.S. Census data. Of these, 71.55 percent are owner occupied, 20.75 percent are renter occupied, and 7.70 percent are vacant units. The weighted average median housing value in the AA is \$156,972.

As of March 2016, the average unemployment rate in Green County was 4.5 percent, lower than the state of Wisconsin's average unemployment rate of 5 percent. Major towns in the Green AA are Monroe, Brodhead, New Glarus, Belleville and Brooklyn. The majority of the businesses in the AA are small businesses with approximately 93 percent of the businesses having less than 50 employees and 75 percent of businesses having one to four employees. Based on the 2015 business demographic data, Green County's major industries are services (37.22 percent of businesses), agriculture forestry and fishing (18.43 percent of businesses), and retail trade (13.04 percent of businesses).

Based on the June 30, 2015 FDIC Deposit Market Share Report, Green County contains 11 banks in FNBT's market, of which FNBT ranks 3rd, capturing 13 percent of the market share.

WI Non-MSA AA

The WI Non-MSA AA contains 27 CTs. There are no low or moderate-income CTs. There are 17 (62.96 percent) middle-income geographies and 10 (37.04 percent) upper-income geographies. According to the 2010 U.S. Census data, the AA's population is 119,064. There are 30,659 families in the AA, of which 4,248 are low-income (13.86 percent) and 4,990 (16.28 percent) are moderate-income. Families below the poverty level total 7.08 percent of AA families. The FFIEC calculates the 2015 weighted average MFI for this area to be \$61,500.

There are 58,113 housing units within the AA according to the 2010 U.S. Census data. Of these, 56.82 percent are owner occupied, 21.68 percent are renter occupied, and 21.51 percent are vacant units. The weighted average median housing value in the AA is \$193,795.

As of March 2016, the average unemployment rate in Walworth County was 5.3 percent and in Lafayette County it was 4.6 percent. The combined average unemployment rate in both counties was 4.95 percent, lower than the State of Wisconsin's average unemployment rate of 5 percent.

Major towns in the WI Non MSA AA are Darlington, Cuba City, Walworth and Delavan. The majority of the businesses in the AA are small businesses with approximately 90 percent of the businesses having less than 50 employees and 71 percent of businesses having one to four employees. According to the 2015 business demographic data, the WI Non MSA AA's major industries are services (39.87 percent of businesses); retail trade (14.18 percent of businesses); and agriculture, forestry, and fishing (11.69 percent of businesses).

Lafayette County is designated as a Wisconsin Community Development Zone (CDZ) and contains five federally designated 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.

According to the June 30, 2015 FDIC Deposit Market Share Report for the WI Non MSA AA, the WI Non-MSA AA contains 24 banks in FNBT's market, of which FNBT ranks 14th, capturing 2.39 percent of the market share.

SCOPE OF EVALUATION IN WISCONSIN

We selected the Rock AA for a full scope review and the Green AA and WI Non-MSA AA for limited scope reviews. We based the ratings for this evaluation primarily on the bank's

performance in the full scope Rock AA as this AA holds the majority of the bank's branches, deposit, and lending activities.

During this evaluation, we contacted one local organization to assess the credit and CD needs within the Rock AA. The community contact indicated that the greatest economic need in Beloit and the surrounding areas is job creation and skill development as the unemployment rate for the area remains high. Continued underemployment and unemployment prevents many borrowers from being able to take advantage of low rates and credit opportunities. The community contact stated that the financial institutions in the area do a good job of working to meet CD needs. The organization we contacted has an economic development multi-bank loan pool, which is an identified CD need in the area and presents an opportunity for local banks. The contact stated that all local community banks participate and are very engaged in the loan pool. FNBT is a participant in the multibank loan pool.

We also reviewed additional community contacts conducted within the bank's AA. A common identified CD need in the bank's AAs is job creation. Job creation can be achieved through economic development by supporting small business and farm lending and economic revitalization efforts.

It is noted that housing values and wages in Rock County, by 2015, had largely recovered to pre-recession (2008/2009) levels. In addition, industrial vacancies were at historic lows by 2015. Small business financing needs in Rock County include affordable small business financing especially for start-up operations as well as gap financing. There is also a need for low-income housing, credit rebuilding and second chance programs, as well as a need for job training programs, especially for youths who have only a high school education.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WISCONSIN

LENDING TEST

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

- The bank's overall distribution of lending among borrowers of different income levels and businesses of different sizes reflects excellent penetration.
- The bank's overall distribution of loans throughout CTs of different income levels reflects excellent dispersion.

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

The overall distribution of loans by borrower income level in the Rock AA is excellent, based on overall excellent distribution of home mortgage loans and reasonable distribution of loans to small businesses over the evaluation period.

Home Mortgage Lending

FNBT's overall distribution of home mortgage loans to borrowers of various income levels in the Rock AA reflects excellent penetration. In reaching our conclusion for lending to low-income families, we took into consideration the percentage of families living below the poverty level. It is noted that families living below the poverty level do not necessarily have the financial means to readily afford home ownership. For the Rock AA, 9.42 percent of the low-income families live below the poverty level.

The overall borrower distribution of home purchase loans over the evaluation period is excellent. The percentage of home purchase loans in the Rock AA for low-income borrowers is lower than the percentage of low-income families in the AA. This level of performance is considered reasonable when taking into consideration the percentage of families in the Rock AA living below the poverty level. Home purchase loans for moderate-income borrowers, on the other hand, exceeds the percentage of moderate-income families reflecting excellent lending distribution. The bank's market share of home purchase loans for both low- and moderate-income borrowers exceeds the bank's overall home purchase market share in the Rock AA.

The overall borrower distribution of home improvement loans over the evaluation period is reasonable. The percentage of home improvement loans in the Rock AA for low-income borrowers is lower than the percentage of low-income families in the AA. This level of performance is considered reasonable when taking into consideration the percentage of families in the Rock AA living below the poverty level. Home improvement loans for moderate-income borrowers is near to the percentage of moderate-income families reflecting reasonable lending distribution. The bank's market share of home improvement loans for both low- and moderate-income borrowers exceeds the bank's overall home improvement market share in the Rock AA.

The overall borrower distribution of home refinance loans over the evaluation period is excellent. The percentage of home refinance loans in the Rock AA for low-income borrowers is lower than the percentage of low-income families in the AA. This level of performance is considered reasonable when taking into consideration the percentage of families in the Rock AA living below the poverty level. Home refinance loans for moderate-income borrowers exceeds the percentage of moderate-income families reflecting excellent lending distribution. The bank's market share of loans for both low- and moderate-income borrowers exceeds the bank's overall home purchase market share in the Rock AA.

Refer to the Table 2 below for details.

Table 2 – Rock AA Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	19.66	11.31	18.49	25.60	22.32	27.98	39.53	35.12
Home Improvement	19.66	9.59	18.49	17.81	22.32	32.88	39.53	39.73
Home Refinance	19.66	12.50	18.49	23.75	22.32	28.75	39.53	35.00

Source: FNBT's HMDA reported data (2014 & 2015) and U.S. Census Data (2010)

Small Business Lending

The overall distribution of small loans to businesses in the Rock AA, based on the revenue size of the businesses, is reasonable. For small business lending during the evaluation period, the percentage of loans to businesses with revenues of \$1 million or less is near to the percentage of businesses with revenues of \$1 million or less in the Rock AA. This performance reflects reasonable lending distribution.

Refer to Table 3 below for details.

Table 3 – Rock AA Borrower Distribution of Loans to Non-Farm Businesses				
Non-Farm Business Revenues	≤ \$1,000,000	> \$1,000,000	Unavailable / Unknown	Total
% of AA Non-Farm Businesses	77.98	5.62	16.40	100%
% of Bank Loans in AA by #	70.00	30.00	0.00	100%

Source: U.S. Census Data (2010) and a sample of 20 small business Loans (verified by examiners)

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's overall borrower distribution in the Green AA is stronger than the bank's overall borrower distribution for Rock AA. This is primarily due to excellent small business distribution in the Green AA. The bank's overall borrower distribution in the WI Non-MSA AA is also inconsistent with the bank's borrower distribution performance in the Rock AA. This is due to weaker home mortgage distribution and stronger small business distribution in the WI Non-MSA AA. The bank's borrower distribution performance in these limited scope AAs did not have a significant impact on the bank's overall lending test performance for the State of Wisconsin.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans in the Rock AA is excellent, based on excellent geographic distribution of home mortgage and small business loans over the evaluation period. We identified no unexplained lending gaps in the bank's AAs.

Home Mortgage Lending

The overall geographic distribution of home mortgage loans in the Rock AA is excellent.

The geographic distribution of home purchase loans over the evaluation period is excellent. The bank’s proportion of home purchase loans in low-income geographies is reasonable as the bank’s percentage of lending is near to the percentage of owner-occupied housing units in low-income geographies. The bank’s proportion of home purchase loans in moderate-income geographies is excellent as the bank’s percentage of lending in moderate-income geographies exceeds the percentage of owner-occupied housing units in moderate-income geographies. The bank’s market share also reflected excellent performance as the market share percentage for both low- and moderate-income geographies exceeded the bank’s overall home purchase market share for the Rock AA.

The geographic loan distribution of home improvement loans is excellent. The bank’s proportion of home improvement loans in both low- and moderate-income geographies is excellent. The bank’s percentage of lending exceeds the percentage of owner-occupied housing units in both low- and moderate-income geographies. The bank’s market share also reflected excellent performance as the market share percentage for both low- and moderate-income geographies exceeded the bank’s overall home improvement market share for the Rock AA.

The geographic loan distribution of home refinance loans over the evaluation period is excellent. The bank’s proportion of home refinance loans in both low- and moderate-income geographies is excellent. The bank’s percentage of lending exceeds the percentage of owner-occupied housing units in both low- and moderate-income geographies. The bank’s market share also reflected excellent performance as the market share percentage for both low- and moderate-income geographies exceeded the bank’s overall home refinance market share for the Rock AA.

Refer to the Table 4 below for details.

Table 4 – Rock AA Geographic Distribution of Residential Real Estate Loans								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Home Purchase	4.55	4.02	15.66	18.39	55.87	61.49	23.92	16.09
Home Improvement	4.55	6.58	15.66	17.11	55.87	51.32	23.92	25.00
Home Refinance	4.55	6.59	15.66	17.37	55.87	58.68	23.92	17.37

Source: FNBT’s HMDA reported data (2014 & 2015) and U.S. Census Data (2010)

Small Business Lending

The overall geographic distribution of small business loans in the Rock AA is excellent. The bank's geographic distribution of small business loans in low-income geographies reflects reasonable distribution. The percentage of the bank's small business loans in low-income geographies is near to the percentage of the Rock AA small businesses located in low-income geographies. The bank's geographic distribution of small business loans in moderate-income geographies reflects excellent distribution. The percentage of the bank's small business loans in moderate-income geographies significantly exceeds the percentage of small businesses located in the moderate-income geographies of the Rock AA.

Refer to Table 5 below for details.

Table 5 – Rock AA Geographic Distribution of Loans to Non-Farm Businesses								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Small Business	7.47	5.00	18.96	40.00	45.88	40.00	27.69	5.00

Source: U.S. Census Data (2010) and a sample of 20 small business loans (verified by examiners)

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's overall geographic distribution in the Green AA is not inconsistent with the bank's overall geographic distribution for Rock AA.

While the Non-MSA AA does not have any low- or moderate-income CTs, there are five federally designated underserved middle-income CTs in this AA. It is noted that the bank made 50 percent of the small business loans from our sample of small business loans for this AA to these five designated underserved middle-income CTs.

The bank's geographic distribution performance in these limited scope AAs did not have a significant impact on the bank's overall lending test performance for the State of Wisconsin.

Responses to Complaints

During the evaluation period, the bank had not received any CRA related consumer complaints. The OCC has not received any CRA related consumer complaints either. In general, the bank's complaint management systems are good and employees are adequately responsive to consumer and community requests and comments.

COMMUNITY DEVELOPMENT TEST

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

FNBT's CD overall performance in the State of Wisconsin demonstrates adequate volume and responsiveness to CD needs identified in the AAs.

Number and amount of community development loans

Rock AA

FNBT's CD lending performance demonstrates adequate responsiveness to CD credit needs within the Rock AA. During the evaluation period, FNBT made six qualified CD loans in the Rock AA totaling \$4.6 million. One loan in the amount of \$297 thousand was to support the infrastructure and construction needs of the Beloit School District. All of the schools in this school district have over 50 percent of students who qualify for free and reduced lunch. Five of the CD loans, totaling \$4.3 million, were FSA loans supporting economic development through small farm lending. Economic development is an identified community development need.

Limited Scope AAs

FNBT's CD lending performance in both the Green AA and Non-MSA AA is not inconsistent with the bank's CD lending performance in the Rock AA.

Number and amount of qualified investments

Rock AA

FNBT's CD investment performance demonstrates adequate participation in CD investment opportunities within the Rock AA. The number and amount of qualified investments made in the Rock AA during the evaluation period is adequate. FNBT extended 66 qualified investments in the Rock AA during the evaluation period totaling approximately \$336 thousand. These grants and contributions supported organizations with CD as their primary purpose and whose functions directly benefited the bank's designated AAs. One of these investments was a grant to a community health service organization that benefits all three of the Wisconsin AAs. Two of the investments were to other organizations that directly benefited both the Rock AA and the Winnebago AA (Illinois). These programs include hospices, advocacy services, and other necessary medical services. The investments were qualified as meeting the regulatory requirements of CD investments as services provided by these organizations were targeted specifically to or serve a majority of low- or moderate-income clientele.

Limited Scope AAs

FNBT's CD investment performance in both the Green AA and Non-MSA AA is not inconsistent with the bank's CD investment performance in the Rock AA.

Extent to which the bank provides community development services

Rock AA

FNBT provides an excellent level of qualified CD services that has a positive impact on the financial needs of the Wisconsin AAs.

FNBT's offices and services are readily accessible to individuals of different income levels in the Rock AA. Both the main branch and the Madison Road branch are located in moderate-income CTs in the Rock AA. All branch locations have 24-hour ATM access. The bank also participates in the Allpoint ATM network, providing 37,000 ATMs nationwide and the Moneypass ATM Network, which offers over 40,000 nationwide surcharge free ATMs. 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 financial services and flexible lending options to the bank's communities, including 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 the bank is an FSA Preferred Lender.

During the evaluation period, 13 bank officers or employees provided 771 hours of financial and technical expertise to 14 different organizations that provide services that benefit the Rock AA. One of these organizations provide services to both the Rock AA and Winnebago AA (Illinois) and another provides services to both the Rock AA and Green AA (Wisconsin). Examples of the services provided include area economic revitalization, job creation, food donation, consumer and financial education, affordable housing, and advocacy and social services targeted to low and moderate-income individuals.

Limited Scope AAs

FNBT's CD service performance in both the Green AA and Non-MSA AA is not inconsistent with the bank's CD service performance in the Rock AA.

Responsiveness to Community Development Needs

FNBT's overall CD performance in their designated AAs is adequate and reflects activities that meet the most pressing identified CD needs of the bank's local communities. The bank's participation in flexible and government sponsored lending programs facilitates economic development. The bank's grants and contributions assist community organizations that provide much needed CD services to low- and moderate-income persons throughout the bank's AAs. FNBT's branch and ATM locations adequately facilitate the delivery of needed financial services to all segments of the bank's AAs. Other CD services performed by management and employees of FNBT provide needed financial education and services in the bank's AAs.

State Rating

State of Illinois

CRA Rating for Illinois: Satisfactory.

The Lending test is rated: Satisfactory.

The Community development test is rated: Satisfactory.

The major factors that support this rating include:

- Lending to borrowers of different income levels and businesses of different sizes is reasonable.
- Lending throughout census tracts of different income levels within the bank's AAs is reasonable.
- FNBT's CD performance demonstrates adequate responsiveness to community needs within the AA.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ILLINOIS

FNBT operates three full service branches in Illinois, which are all located in the Winnebago AA. One branch is located in Rockton, IL; one in Roscoe, IL; and one in Winnebago, IL. There are a total of 76 census tracts in the Winnebago AA with 10 (13.66 percent) low-income, 22 (28.95 percent) moderate-income, 28 (36.84 percent) middle-income, and 16 (21.05 percent) upper-income 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. The bank also participates in the Allpoint ATM network, offering 37,000 ATMs nationwide and the Moneypass ATM Network, which offers over 40,000 nationwide surcharge free ATMs. The Winnebago AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

Winnebago AA

The Winnebago AA contains 76 CTs. According to the 2010 U.S. Census data, the AA's population is 295,264. There are 75,014 families in the AA, of which 16,912 are low-income (22.55 percent), 13,538 (18.05 percent) are moderate-income, 16,176 (21.56 percent) are middle-income, and 28,388 (37.84 percent) are upper-income. The percentage of families below the poverty level is extremely high and totals 11.53 percent of AA families. The FFIEC calculates the 2015 weighted average median family income for this area to be \$63,500.

There are 125,301 housing units within the AA per the 2010 U.S. Census data. Of these, 62.92 percent are owner occupied, 26.83 percent are renter occupied, and 10.24 percent are vacant units. The weighted average median housing value in the AA is \$126,369.

Unemployment in this AA is high. As of March 2016, the average unemployment rate in Winnebago County was 7.7 percent, higher than the State of Illinois' average unemployment rate of 6.8 percent.

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, with approximately 88 percent of the businesses having less than 50 employees and 67 percent of businesses having one to four employees. Based on the 2015 business demographic data, Winnebago County's major industries are services (46.13 percent of businesses), retail trade (15.18 percent of businesses), construction (7.78 percent of businesses) and finance (7.55 percent of businesses).

Competition in the Winnebago AA is strong as the bank competes with large regional and national banks in the Winnebago AA. According to the FDIC Deposit Market Share Report as of June 30, 2015, FNBT ranks 11th out of 23 institutions in the Winnebago County IL market and holds 4.04 percent of the deposit market share. The top five ranking deposit market share holders in FNBT's Winnebago market are Alpine Bank & Trust Co., Associated Bank N.A., JPMorgan Chase Bank N.A., BMO Harris N.A., and Illinois Bank and Trust. Together, these five institutions hold 60.95 percent of the deposit market share for FNBT's Winnebago AA.

SCOPE OF EVALUATION IN ILLINOIS

The Winnebago AA received a full scope evaluation as it is the only AA in the State of Illinois.

During this evaluation, we contacted one local organization to assess the credit and CD needs within the bank's AAs. The community contact indicated that the greatest economic need in the area is job creation and skill development as the unemployment rate in the Winnebago AA remains high. Continued underemployment and unemployment prevents many borrowers from being able to take advantage of low rates and credit opportunities. The community contact stated that the financial institutions in the area do a good job of working to meet CD needs. This community contact is an organization that primarily offers community services to low- and moderate-income persons and noted that local banks take advantage of opportunities to align themselves with community needs and organizational fundraisers, in addition to bank officers providing financial literacy training. According to the contact, local community banks are more responsive than the larger regional or national based financial institutions to CD opportunities offered by this organization.

We also reviewed additional community contacts conducted within the bank's AA. A common identified CD need in the bank's AA is job creation. Job creation can be achieved through economic development by supporting small business and farm lending and economic revitalization efforts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS

LENDING TEST

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

- The bank's overall distribution of lending among borrowers of different income levels and businesses of different sizes reflects reasonable penetration.
- The bank's overall distribution of loans throughout CTs of different income levels reflects reasonable dispersion.

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

The overall distribution of loans by income level of the borrower in the Winnebago AA is reasonable, based on overall reasonable distribution of home mortgage loans and reasonable distribution of loans to small businesses over the evaluation period.

Home Mortgage Lending

FNBT's overall distribution of home mortgage loans to borrowers of various income levels in the Winnebago AA reflects reasonable penetration. In reaching our conclusion for lending to low-income families, we took into consideration the percentage of families living below the poverty level. It is noted that families living below the poverty level do not necessarily have the financial means to readily afford home ownership. For the Winnebago AA, 11.53 percent of the low-income families live below the poverty level.

The overall borrower distribution of home purchase loans over the evaluation period is reasonable. The percentage of home purchase loans in the Winnebago AA for low-income borrowers is significantly lower than the percentage of low-income families in the AA. This level of performance is considered poor even when taking into consideration the percentage of families in the Winnebago AA living below the poverty level. However, home purchase loans for moderate-income borrowers exceeds the percentage of moderate-income families reflecting excellent lending distribution. The bank's market share of home purchase loans reflects reasonable performance as the bank's market share for both low- and moderate-income borrowers is near to the bank's overall home purchase market share in the Winnebago AA.

The overall borrower distribution of home improvement loans over the evaluation period is poor. The percentage of home improvement loans in the Winnebago AA for low-income borrowers is significantly lower than the percentage of low-income families in the AA. This level of performance is considered poor even when taking into consideration the percentage of families in the Winnebago AA living below the poverty level. Similarly, home improvement loans for moderate-income borrowers is lower than the percentage of moderate-income families reflecting reasonable lending distribution. The bank's market share of home improvement loans for low-income borrowers is excellent as it exceeds the bank's overall home improvement market share in the Winnebago AA. The bank's market share of home improvement loans to moderate-income borrowers reflects poor performance as the bank's market share for moderate-income borrowers is lower than the bank's overall home improvement market share in the Winnebago AA.

The overall borrower distribution of home refinance loans over the evaluation period is reasonable. The percentage of home refinance loans in the Winnebago AA for low-income borrowers is significantly lower than the percentage of low-income families in the AA. This level of performance is considered poor even when taking into consideration the percentage of families in the Winnebago AA living below the poverty level. However, home refinance loans for moderate-income borrowers exceeds the percentage of moderate-income families reflecting excellent lending distribution. The bank's market share of home refinance loans reflects reasonable performance as the bank's market share for both low- and moderate-income borrowers is near to the bank's overall home refinance market share in the Winnebago AA.

See Table 6 below for details.

Table 6 – Winnebago AA Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	22.55	6.78	18.05	23.73	21.56	22.03	37.84	47.46
Home Improvement	22.55	5.41	18.05	10.81	21.56	32.43	37.84	51.35
Home Refinance	22.55	5.43	18.05	22.83	21.56	27.17	37.84	44.57

Source: FNBT's HMDA reported data (2014 & 2015) and U.S. Census Data (2010)

Small Business Lending

The overall distribution of small loans to businesses in the Winnebago AA based on the revenue size of the businesses is reasonable. For small business lending during the evaluation period, the percentage of loans to businesses with revenues of \$1 million or less is near to the percentage of businesses with revenues of \$1 million or less in the Winnebago AA. This performance reflects reasonable lending distribution.

See Table 7 below for details.

Table 7 – Winnebago AA Borrower Distribution of Loans to Non-Farm Businesses				
Non-Farm Business Revenues	≤ \$1,000,000	> \$1,000,000	Unavailable / Unknown	Total
% of AA Non-Farm Businesses	75.24	6.70	18.06	100%
% of Bank Loans in AA by #	70.00	33.33	10.00	100%

Source: U.S. Census Data (2010) and a sample of 20 small business loans (verified by examiners)

Geographic Distribution of Loans

The overall geographic distribution of loans in the Winnebago AA is reasonable, based on poor geographic distribution of home mortgage and reasonable geographic distribution of small business loans over the evaluation period. We identified no unexplained lending gaps in the bank's AA.

Home Mortgage Lending

The overall geographic distribution of home mortgage loans in the Winnebago AA is poor. It is noted that home owner lending opportunities in both low- and moderate-income geographies of the Winnebago AA are limited with a good portion (37.07 percent) of housing being vacant or rental properties.

The geographic distribution of home purchase loans over the evaluation period is poor. The bank's proportion of home purchase loans in low-income geographies is poor as the bank's percentage of lending is lower than the percentage of owner-occupied housing units in low-income geographies. The bank's proportion of home purchase loans in moderate-income geographies is also poor as the bank's percentage of lending in moderate-income geographies is lower than the percentage of owner-occupied housing units in moderate-income geographies. The bank's market share for home purchase loans in low-income geographies is poor as the market share percentage for low-income geographies is lower than the bank's overall home purchase market share for the Winnebago AA. The bank's market share for home purchase loans in moderate-income geographies reflects reasonable performance as the market share percentage for moderate-income geographies is near to the bank's overall home purchase market share for the Winnebago AA.

The geographic loan distribution of home improvement loans is reasonable. The bank's proportion of home improvement loans in low-income geographies is poor as the bank's percentage of lending is lower than the percentage of owner-occupied housing units in low-income geographies. The bank's proportion of home improvement loans in moderate-income geographies is reasonable as the bank's percentage of lending is near to the percentage of owner-occupied housing units in moderate-income geographies. The bank's market share for home improvement loans in low-income geographies is poor as the market share percentage for low-income geographies is lower than the bank's overall home improvement market share for the Winnebago AA. The bank's market share for moderate-income geographies reflects excellent

performance as the market share percentage for moderate-income geographies exceeds the bank's overall home improvement market share for the Winnebago AA.

The geographic loan distribution of home refinance loans over the evaluation period is poor. The bank's proportion of home refinance loans in both low- and moderate-income geographies is poor. The bank's percentage of lending is lower than the percentage of owner-occupied housing units in both low- and moderate-income geographies. The bank's market share for home refinance loans in both low and moderate-income geographies is poor as the market share percentage for is lower than the bank's overall home refinance market share for the Winnebago AA.

Refer to the Table 8 below for details.

Table 8 – Winnebago AA Geographic Distribution of Residential Real Estate Loans								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Home Purchase	4.75	0.00	20.52	6.35	46.11	58.73	28.62	34.92
Home Improvement	4.75	0.00	20.52	13.51	46.11	51.35	28.62	35.14
Home Refinance	4.75	0.00	20.52	4.30	46.11	52.69	28.62	43.01

Source: FNB's HMDA reported data (2014 & 2015) and U.S. Census Data (2010)

Small Business Lending

The overall geographic distribution of small business loans in the Winnebago AA is reasonable. The bank's geographic distribution of small business loans in low-income geographies reflects reasonable distribution. The percentage of the bank's small business loans in low-income geographies is near to the percentage of the Winnebago AA small businesses located in low-income geographies. The bank's geographic distribution of small business loans in moderate-income geographies reflects reasonable distribution. The percentage of the bank's small business loans in moderate-income geographies is lower than the percentage of small businesses located in the moderate-income geographies of the Winnebago AA.

Refer to Table 9 below for details.

Table 9 – Winnebago AA Geographic Distribution of Loans to Non-Farm Businesses								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Small Business	7.18	5.00	21.63	15.00	44.06	55.00	27.12	25.00

Source: U.S. Census Data (2010) and a sample of 20 small business loans (verified by examiners)

Responses to Complaints

During the evaluation period, the bank had not received any CRA related consumer complaints. The OCC has not received any CRA related consumer complaints either. In general, the bank's complaint management systems are good and employees are adequately responsive to consumer and community requests and comments.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in the State of Illinois is rated Satisfactory.

FNBT's overall CD performance in the State of Illinois demonstrates an adequate level and responsiveness to CD needs identified in the Winnebago AA.

Number and Amount of Community Development Loans

FNBT demonstrates adequate responsiveness to CD needs within the Winnebago AA through CD loans. The bank made eight qualified CD loans in the AA during the evaluation period totaling \$1.8 million. These loans were to a local school district that consists of a majority of the schools having a majority of low- or moderate-income students. These loans were primarily for improvements to district schools, enhancing and updating the student's daily learning environments.

Number and Amount of Qualified Investments

The number and amount of qualified investments made in the Winnebago AA is adequate. FNBT made 15 qualified investments in the Winnebago AA during the evaluation period totaling approximately \$16 thousand. These contributions support local service organizations that primarily provide low- and moderate-income people with needed social services including hospices, advocacy services, and basic medical services. One of the investments directly benefitting the Winnebago AA is to a qualified revitalization and stabilization project that is demolishing vacant and abandoned homes located in low- and moderate-income CTs in the Winnebago AA and rebuilding affordable housing.

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.

FNBT's offices and services are reasonably accessible to individuals of different income levels in the Winnebago AA. The three Winnebago County branches are located in middle- and upper-income CTs. The bank has one branch located in a middle-income CT that 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 and the MoneyPass ATM Network, which offers over 40,000 nationwide surcharge free ATMs. 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 an excellent level of financial services and flexible lending options to the bank's communities, including 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.

During the evaluation period, three bank officers or employees provided 107 hours of financial and technical expertise to two different organizations that provide services that benefit the Winnebago AA. One additional officer provided services to another organization that benefits both the Winnebago and Rock AAs. Examples of some of these services are affordable housing seminars, support of economic development through childcare initiatives for LMI families and advocacy and social services targeted to low- and moderate-income individuals.

Responsiveness to Community Development Needs

FNBT's overall CD performance in their designated AAs is adequate and reflects activities that meet the most pressing identified CD needs of the bank's local communities. The bank's participation in flexible and government sponsored lending programs facilitates economic development. The bank's grants and contributions assist community organizations that provide much needed CD services to low- and moderate-income persons throughout the bank's AA. FNBT's branch and ATM locations adequately facilitate the delivery of needed financial services to all segments of the bank's AAs. Other CD services performed by management and employees of FNBT provide needed financial education and services in the bank's 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: (1/01/2014 to 12/31/2015) Community Development Test: (9/04/2013 to 5/31/2016)	
Financial Institution	Products Reviewed	
FNB, Beloit, Wisconsin	Residential Mortgage Commercial Loans	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
(WI) Rock County, Janesville-Beloit MSA MSA 27500, County 105	Full Scope	(WI) Rock County, Janesville-Beloit MSA MSA 27500, County 105
Green County Madison MSA MSA 31540, County 45	Limited Scope	Green County Madison MSA MSA 31540, County 45
Lafayette, Walworth Counties Non MSA MSA N/A, Counties 65, 127	Limited Scope	Lafayette, Walworth Counties Non MSA MSA N/A, Counties 65, 127
(IL) Winnebago County, Rockford MSA MSA 40420, County 201	Full Scope	(IL) Winnebago County, Rockford MSA MSA 40420, County 201

Appendix B: Summary of State Ratings

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