



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

June 20, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Platteville
Charter Number: 4650

10 Keystone Parkway
Platteville, WI 53818

Office of the Comptroller of the Currency
Chicago North Field Office
1700 E Golf Road
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.

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

The major factors supporting the institution's rating include:

- The bank's loan-to-deposit ratio is more than reasonable given its size, financial condition, and credit needs of the Assessment Area (AA).
- A substantial majority of the bank's lending originated within its AA.
- Lending to small businesses and farms and to low- and moderate-income borrowers within the AA is reasonable.

SCOPE OF EXAMINATION

This Community Reinvestment Act (CRA) examination was conducted using small bank procedures and considers the bank's lending performance from January 1, 2008 through March 31, 2011. There was no affiliate or subsidiary activity considered in this review.

The scope of this examination includes an assessment of the bank's primary loan types which were determined to be agricultural, commercial, and residential real estate (RE) lending. Conclusions reached during this examination were based on review of 180 loans from the bank's primary loan products originated by the bank during the review period. We also used demographic data pertaining to the bank's AA issued by the US Census Bureau from the 2000 census.

DESCRIPTION OF INSTITUTION

FNB Platteville (FNB) is a wholly owned subsidiary of First Shares, Inc., a one-bank holding company headquartered in Platteville, Wisconsin. The bank's main office is on the southeast side of Platteville, with additional offices located in the communities of Lancaster and Hazel Green, Wisconsin, all within Grant County. Each office location includes an ATM. Primary competition within the AA includes Clare Bank, Mound City Bank, Livingston State Bank, First National Bank of Darlington, and Anchorbank FSB. These financial institutions range in asset size from \$ 89 million to approximately \$3.3 billion.

On the March 31, 2011 Call Report FNB reported total assets of \$125 million, with \$86 million in outstanding loans and a loan to deposit ratio of 79.26%. Tier one capital was reported at \$11.5 Million.

Distribution of the loan portfolio as of March 31, 2011 is shown in Table 1.

Table 1

Loan Category	\$(000)	Percent
Agricultural Loans	\$34,649	40%
Commercial Loans	\$30,800	36%
Residential RE	\$17,939	21%
Consumer	\$2,081	2%
Other	\$924	1%
Total	\$86,393	100%

A review of new loan reports for years 2008, 2009, 2010, and first quarter, 2011 showed the following distribution of agricultural, commercial and residential real estate lending:

Table 2

Loan Type	# loans	Percent of total	\$ Amount (000)	Percent of total
Agricultural	546	39%	\$70,614	44%
Residential RE	531	38%	\$47,995	29%
Commercial	316	23%	\$44,167	27%
Total New Loans	1,393	100%	\$162,776	100%

There are no financial circumstances, legal constraints, or other factors that would hinder FNB’s ability to meet the credit needs of the AA. FNB received an “Outstanding” rating at its prior CRA examination performed as of June 6, 2005.

DESCRIPTION OF ASSESSMENT AREA

FNB has revised its AA since the prior CRA examination and the AA now consists of all of Grant and LaFayette Counties in Wisconsin. Iowa County was eliminated from the AA as the bank has no branch locations in Iowa County and a majority of the bank’s lending activity is in Grant and LaFayette Counties. The revised AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Grant and LaFayette Counties are located in the Southwestern tip of Wisconsin in a non-Metropolitan Statistical Area (MSA). The AA consists of 17 census tracts, all of which are middle income. According to the 2000 census the population of the AA is 65,734, consisting of 16,933 families and 24,729 households. Of the 16,933 families, 3,138 or 18.53% are low-income, 3,573 or 21.10% are moderate-income, 4,642 or 27.42% are middle-income, and 5,580 or 32.95% are upper-income. Additionally, all of

LaFayette County has been designated as an Underserved Geography by the US Census Bureau. The Department of Housing and Urban Development calculates the updated median family income to be \$58,600.

The 2000 census showed that there were 26,614 housing units in the AA. Of these, 18,174 were owner-occupied, 6,502 were rental units, and 1,938 were vacant. The weighted average median housing value in the AA was \$79,744.

Major employers within the AA include the University of Wisconsin, Grant County, the Southwest Health Center, Sullsburg Cheese, and Walmart. The AA's unemployment rate as of April 2011 was 6%, compared to a state unemployment rate of 7.4% and a national unemployment rate of 9.1%. Demographic reports show that there are 3,786 businesses in the AA, of which 2,956 or 78% have annual revenues of less than \$1 million and there are 774 farms in the AA, of which 765 or 99% have annual revenues of less than \$1 million.

As of June 30, 2010 FNB had a deposit market share of 6.88%. The bank ranked 5th out of 14 financial institutions in market share. Those financial institutions with higher market shares included Clare Bank, Mound City Bank, Livingston State Bank, and Anchorbank F.S.B.

One community contact was made during this examination. The individual interviewed indicated that financing is a concern for area businesses as area financial institutions, which have always been conservative, have tightened up on commercial credit even further since the recession. He also stated that area financial institutions excel at understanding and granting farm credit.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's average quarterly loan-to-deposit ratio since the prior CRA examination is more than reasonable at 84.92%. The most recent loan-to-deposit ratio on March 31, 2011 was 79.26%. The bank's peer group had an average loan-to-deposit ratio over that same time period of 79.29%, ranging from a low of 72.09% to a high of 82.87%.

Lending in Assessment Area

A substantial majority of FNB's lending is within its AA. We sampled 180 loans originated by the bank from January 1, 2008 through the first quarter, 2011, including 60 loans from each of the primary lending types: Agricultural loans, Commercial loans, and Residential RE loans. The percentage of bank lending within the AA area based on number of loans originated was 91.67% and the percentage of lending in the AA based on dollar amounts was 94.30%.

Table 3 illustrates the bank’s performance

Table 3

Loan Type	Number of Loans					Dollar Amounts				
	Inside		Outside		Total #	Inside		Outside		Total \$ (000)
	#	%	#	%		\$ (000)	%	\$ (000)	%	
Residential	57	95.00	3	5.00	60	5,703	96.29	220	3.71	5,923
Commercial	55	91.67	5	8.33	60	7,103	94.00	454	6.00	7,557
Agricultural	53	88.33	7	11.67	60	5,429	90.63	561	9.37	5,990
Total	165	91.67	15	8.33	180	18,235	93.66	1,235	6.34	19,470

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

The bank’s overall lending to borrowers of different income levels and businesses of different sizes is reasonable.

Lending to small farms shows reasonable penetration within its AA. Of the 53 agricultural loans originated within the bank’s AA during the review period, 79.25% were made to small farms. The 2010 demographics show that 98.99% of all farms in the AA are small farms.

Lending to small businesses also shows reasonable penetration within its AA. Of the 55 commercial loans originated within the AA during the review period, 63.64% were to small businesses. The 2010 demographics show that 78.63% of all businesses in the AA are defined as small businesses.

Table 4

Borrower Distribution of Loans to Farms in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	98.99	.67	.34	100%
% of Bank Loans in AA by #	79.25	20.75		100%
% of Bank Loans in AA by \$	49.18	50.82		100%
Borrower Distribution of Loans to Businesses in AA				
% of AA Businesses	78.63	3.11	18.25	100.00%
% of Bank Loans in AA by #	63.64	36.36		100.00%
% of Bank Loans in AA by \$	28.18	71.82		100.00%

Source: Loan sample; Dun and Bradstreet data.

The bank’s Residential Real Estate Lending to borrowers of different incomes within its AA is reasonable as well. Although the bank’s percentage of lending to low-income borrowers is less than the percentage of low-income families, based on 2000 demographic data just over 10% of the households within the AA live below the poverty level.

Residential Real Estate Lending to moderate-income borrowers slightly exceeds the percentage of moderate-income families in the AA. Table 5 shows the borrower distribution of residential real estate lending.

Table 5

Borrower Distribution of Residential Real Estate Loans in AA								
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
	18.53	7.27	21.10	21.82	27.41	23.64	32.95%	47.27

Source: Loan sample; U.S. Census data.

Small Business and Small Farm Lending Based on Dollar Size of Loans

The bank’s lending to small farms and small businesses, based on dollar amounts is excellent. Of those loans originated to small farms, 75.47% were in amounts of \$100,000 or less. Similarly, 67.27% of the bank’s lending to small businesses during the review period was in amounts of \$100,000 or less. See Table 6

Table 6

Borrower Distribution of Loans to Farms by Loan Size in AA				
Loan Size (000’s)	Number of Loans	Percent of Number	Dollar Volume of Loans (000)	Percent of Dollar Volume
\$0 - \$100,000	40	75.47	\$1,540	28.37
\$100,001 - \$250,000	4	7.55	\$628	11.57
\$250,001 - \$500,000	9	16.98	\$3,251	59.88

Borrower Distribution of Loans to Businesses by Loan Size in AA				
Loan Size (000’s)	Number of Loans	Percent of Number	Dollar Volume of Loans (000)	Percent of Dollar Volume
\$0 - \$100,000	37	67.27	\$1,115	15.70
\$100,001 - \$250,000	8	14.55	\$1,264	17.80
\$250,001 - \$1,000,000	10	18.18	\$4,724	66.50

Source: Loan sample

Geographic Distribution of Loans

There are no low- or moderate-income census tracts in FNB’s AA. Therefore an analysis of the geographic distribution of loans would not be meaningful and was not performed.

Responses to Complaints

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

Fair Lending or Other Illegal Credit Practices Review

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