



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 6, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Platteville
Charter Number 4650**

**170 West Main Street
Platteville, WI 53818**

**Comptroller of the Currency
Chicago North
85 West Algonquin Road, Suite 340
Arlington Heights, IL 60005**

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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community

This document is an evaluation of the CRA performance of **The First National Bank of Platteville (FNB)** prepared by **The Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of June 6, 2005. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

This evaluation covers the period since May 14, 1998, the date of the last CRA examination.

INSTITUTION'S CRA RATING

INSTITUTION'S OVERALL CRA RATING: This institution is rated: Outstanding Record of Meeting Community Credit Needs.

The major factors that support FNB's overall rating include:

- The distribution of loans to borrowers of different income levels is excellent. Lending to businesses and farms of different sizes is excellent.
- The loan-to-deposit ratio is outstanding.
- The level of lending within FNB's designated assessment area is excellent.
- Community development activity is good.

DESCRIPTION OF INSTITUTION

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 in downtown Platteville, with an office located in Lancaster, Wisconsin and an office located in Hazel Green, Wisconsin. Co-located with each of these offices is an automatic teller machine (ATM). Competition within the area includes Anchor Bank, Mound City Bank, Clare Bank, DuPaco Credit Union, and Heartland Credit Union. These financial institutions range in asset size from \$3 million to approximately \$195 million.

On December 31, 2004, FNB had total assets of \$132 million, net income of \$1.1 million, and a loan-to-deposit ratio of 80.50%. Loans represent 63% of total assets. Commercial and commercial real estate lending represents 50% of gross loans, agricultural loans represent 33% of gross loans, residential real estate lending represents 12% of gross loans, and consumer lending represents 3% of gross loans.

The bank offers numerous loan products including commercial, commercial real estate, agricultural, home mortgage, home improvement, home equity lines of credit, and consumer loan products. However, the bank's lending efforts are largely concentrated in commercial, commercial real estate, and agricultural lending.

There are no financial circumstances, legal constraints or other factors that would hinder FNB'S ability to meet the credit needs of the community. This evaluation considers the bank's performance since the last examination, dated May 14, 1998, at which the bank received an "Outstanding" rating.

DESCRIPTION OF ASSESSMENT AREA

FNB has one assessment area (AA), located entirely in Wisconsin. The AA consists of 16 Block Numbering Areas (BNA) in portions of Grant, Iowa, and LaFayette Counties. In Grant County, the AA is comprised of BNA 9601, 9603, 9605, 9606, 9607, 9608, 9609, 9610, 9611, and 9612. In Iowa County, the AA is comprised of BNAs 9503 and 9506. In LaFayette County, the AA is comprised of BNAs 9702, 9703, 9704, and 9705. All of these geographies are middle-income. There are no low-, moderate-, or upper-income geographies in the bank's AA. Based on the 2000 Census, the weighted average of median family income is \$29,905. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geographies.

Major towns in the AA are Platteville, Darlington, and Dodgeville. Based on 2000 Census data, the total population of the AA is 61,264, with 15,443 families living in the AA. Of these 15,443 families, 17% are low-income, 20% are moderate-income, 27% are middle-income, and 36% are upper-income. The 2000 Census data shows that there are 22,792 housing units within the AA. Of these households, 66% are owner-occupied units, 28% are rental-occupied units, and 6% are vacant housing units. The weighted average median housing value in the AA is \$43,406, with the average median year built of the housing stock being 1950.

The local economy is stable, with the unemployment rate in the AA of 4.1%. This is slightly below the State of Wisconsin rate of 4.7%. The overwhelming majority of local businesses and local farms are small retail establishments or small family farms. Platteville is home to a University of Wisconsin campus. As a result, a large portion of the lower cost housing in Platteville is being used for student rentals. Major industries in the AA are agriculture, manufacturing, and retail trade. The major employers are the University of Wisconsin, a local hospital, a Blue Cross/Blue Shield claims office, and a large grocery store.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is outstanding given the bank's size, financial condition, competition, and the AA's credit needs. FNB's average loan-to-deposit ratio for 2002 was 80%, for 2003 was 81%, and for 2004 was 82%. The March 31, 2005 ratio was 81%. During these same time periods, the bank's competition averaged approximately 81% with a range from 63% to 89%. In the bank's Hazel Green office, deposits have grown by 176% since 2000 while the local competition in the area has only grown by 13%. In the bank's Lancaster office, deposits have grown by 81 % since 2000 while the local competition has only grown by 16%.

Lending in Assessment Area

The bank's lending within its assessment area is outstanding. An analysis of the bank's loan portfolio shows that for commercial and commercial real estate loans, 95% of the number and 90% of the dollar volume are in the AA, for the agricultural loan portfolio, 96% of the number and 98% of the dollar volume are in the AA, and for the residential real estate loan portfolio, 97% of the number and 96% of the dollar volume are in the AA.

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

FNB's lending to borrowers of different incomes, and businesses and farms of different sizes is excellent.

Business and farm loans comprise over 83% of the bank's loan portfolio and as such are given the greatest weight when analyzing the bank performance in meeting community credit needs. The review and analysis of these loans showed that all of the businesses and farms in the bank's AA are defined as small business or small farm. Therefore, the bank's performance in regard to lending to businesses and farms of different sizes is excellent since all of the bank's business and farm loans were to these small businesses and small farms.

Residential real estate lending represents 12% of the bank's loan portfolio. The distribution of these types of loans among borrowers of various income levels is also excellent when compared to the income distribution of the families in the AA. The table below (based on a sample of 56 residential real estate loans) shows the distribution of residential real estate loans to families of different income levels. It is important to note that 13% of the households within the AA are below the poverty level, 12% are retired, and 37% receive social security or public assistance.

As such, the opportunity to extend residential real estate mortgage credit may be reduced and may have a limited ability to assume debt obligations.

Residential Real Estate Loans by Borrower Income Since 1998 Examination					
Borrower Characteristics by Income of Families	Number of Loans	Percent of # Total	\$ (000) of Loans	Percent of \$ Total	Percent of Families by Income
Low-Income	6	10.7%	\$368	10.5%	16.7%
Moderate-Income	12	21.4%	\$466	13.3%	20.3%
Middle-Income	22	39.3%	\$1,720	48.9%	26.8%
Upper-Income	16	28.6%	\$964	27.4%	36.2%
TOTAL	56	100.00%	\$3,518	100.00%	100.00%

Geographic Distribution of Loans

All 16 of the BNAs in the assessment area are middle-income. As such, an analysis of the geographic distribution of loans is not meaningful.

Responses to Complaints

The bank has not received any complaints about its performance in helping to meet the credit needs within its AA during this evaluation period.

Fair Lending Review

An analysis of commercial and residential loan files, recent public comments, and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on the analysis of this information, a fair lending examination was not required.

CONCLUSIONS WITH RESPECT TO INVESTMENTS, LOANS, AND SERVICES

Investments and Loans

There are very limited opportunities for FNB to invest in the AA, due to the lack of available investment vehicles. However, the bank does have 2.42 % of the dollar volume of its investments (\$935 out of \$38,562) in the AA, and 8.94% of the number of investments (11 out of 123) in the AA. These investments are to local school districts, water and sewer district improvements, and community development projects. In addition, during this review period FNB made seven loans in the AA for \$2,276, 583 to local churches, a local hospital, and to several communities for local improvements.

Services

FNB's three offices are dispersed throughout the AA with all of the bank's products and services available at any of the three locations. The bank's hours are tailored to meet the local farmer's schedule, and the bank offers free online and 24 hour telephone banking services. With these services, bank customers are able to obtain deposit account information, transfer funds between existing deposit accounts, and obtain loan information.