



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 5, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank - Fox Valley
Charter Number: 3724

550 South Green Bay Road
Neenah, WI 54956

Office of the Comptroller of the Currency
Milwaukee Field Office
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 loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and credit needs of the Assessment Areas (AAs).
- The bank originates a substantial majority of loans inside its assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects excellent dispersion throughout the AAs.

SCOPE OF EXAMINATION

We evaluated The First National Bank-Fox Valley's (FNB-Fox Valley) Community Reinvestment Act (CRA) performance under the Small Bank Lending Test. Data from the bank's primary loan products, small business loans, and home mortgage loans were used to evaluate the bank's lending performance.

The evaluation covered the period from the date of the previous CRA examination, July 21, 2003, through October 5, 2009. The Lending Test evaluated small business and home mortgage loans from January 1, 2007 to September 4, 2009. We used both data from the bank's loan trial balance as well as random samples of loans for each of the bank's two AAs. The most recent demographic data available was also obtained.

Our analysis included a full-scope evaluation for the bank's Oshkosh-Neenah Metropolitan Statistical Area (MSA) assessment area, and a limited-scope evaluation for the bank's Appleton MSA assessment area.

DESCRIPTION OF INSTITUTION

FNB-Fox Valley is a \$246 million bank with its main office located in Neenah, WI, a middle-income census tract (CT). The bank operates three full-service branches in Menasha, WI (moderate-income CT), Oshkosh, WI (middle-income CT), and Appleton, WI (middle-income CT). The bank has full-service ATM's at the main office and each branch location. No branches have opened or closed since our last exam. The bank is wholly owned by First Menasha Bancshares, Inc., a one-bank holding company also located in Neenah, WI with approximately \$246 million in total assets. All financial information is as of June 30, 2009.

The bank offers traditional community bank products and services and has a net loan portfolio representing 78% of total assets. The bank's primary loan products are commercial and residential real estate. The loan portfolio consists of (by dollar value) 61% commercial loans, 34% residential real estate loans, 2% consumer, 0% agricultural, and 3% other loans.

The bank's business strategy has historically been to serve the credit and depository needs of its local community. The bank is predominantly a commercial lender, serving small to large-sized businesses.

There are no financial, legal or other impediments that would hinder the bank's ability to help meet the credit needs of its assessment areas. The previous CRA evaluation dated July 21, 2003 resulted in a Satisfactory rating.

DESCRIPTION OF ASSESSMENT AREAS

FNB-Fox Valley has two AAs. The Oshkosh-Neenah MSA assessment area, which represents the majority of the bank's deposit and lending activity, was selected for a full scope review. This MSA includes all of Winnebago County. The Appleton MSA was selected for a limited scope review. This MSA includes all of Calumet and Outagamie County. Both AAs comply with regulatory requirements and do not arbitrarily exclude any low- or moderate-income geographies.

Competition from other financial institutions is strong. In total deposits, FNB-Fox Valley, with a local market share of 2.86%, ranks thirteenth of all FDIC insured institutions. This is using FDIC market share data as of June 30, 2008. The balance of market share is divided among 36 other institutions. The market share for these institutions ranges from 15.60% down to 0.06%.

Oshkosh-Neenah MSA

According to 2000 census data, the total population of the bank's AA is 156,763, which is comprised of 39,788 families. Income levels for these families are as follows: 6,239 low-income families (15%), 7,839 moderate-income families (20%), 11,148 middle-income families (28%) and 14,562 upper-income families (37%). The level of households in the AA below the poverty level is 6.73%. The 2000 U.S. Census estimated median family income (MFI) is \$54,411. The 2008 updated Department of Housing and Urban Development (HUD) MFI is \$64,400. The unemployment rate as of August 2009 for Winnebago County was 7.6%.

The Oshkosh-Neenah MSA has zero low-, four moderate-, thirty middle-, and four upper-income census tracts in Winnebago County. The bank has the main office and two branches in this assessment area.

In conducting this assessment of the bank's performance, we contacted a representative of the Fox Cities Chamber of Commerce. The individual stated that local financial institutions are meeting the credit needs of the community.

Appleton MSA

According to 2000 census data, the total population of the bank's AA is 201,602, which is comprised of 53,757 families. Income levels for these families are as follows: 7,425 low-income families (14%), 10,779 moderate-income families (20%), 16,553 middle-income families (31%) and 19,000 upper-income families (35%). The level of households in the AA below the poverty level is 4.71%. The 2000 U.S. Census estimated median family income (MFI) is \$58,034. The 2008 updated Department of Housing and Urban Development (HUD) MFI is

\$68,600. The unemployment rate as of August 2009 was 7.4% for Calumet County and 8.2% for Outagamie County.

This assessment area consists of zero low-, four moderate-, thirty-four middle-, and four upper-income census tracts. The bank has one branch in this assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank’s loan-to-deposit ratio is more than reasonable given its size, financial condition, and the credit needs of the community. The average quarterly loan to deposit ratio for the bank since the last examination was 100.61%, which ranks fourth highest in a peer group of eight other similarly situated banks. FNB-Fox Valley has the third highest level of average assets of these banks at \$246 million. The other bank's average assets ranged from \$92 million to \$446 million. The average loan to deposit ratios for these banks ranged from 96% to 112% over the same period.

Lending in Assessment Area

FNB-Fox Valley originates a substantial majority of its loans to borrowers located within its two assessment areas. A review of a sample of the bank’s primary loan products shows that 96% by number and 95% by dollar volume of loans were made to businesses and individuals located within the bank’s assessment areas.

Lending in the Assessment Area										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Real Estate Mortgages	64	100%	0	0%	64	\$6,808	100%	\$0	0%	\$6,808
Commercial Loans	37	90%	4	10%	41	\$4,851	88%	\$639	12%	\$5,490
Totals	101	96%	4	4%	105	\$11,659	95%	\$639	5%	\$12,298

Source: Sample of bank records (verified by examiners)

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

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

As shown in the following table, the distribution of loans to businesses of various revenue sizes is excellent. The number of loans to businesses with revenues under \$1 million exceeds the area demographics.

Borrower Distribution to Businesses				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	53%	5%	42%	100%
% of Bank Loans in AA by #	71%	29%	0%	100%
% of Bank Loans in AA by \$	31%	69%	0%	100%

Source: Sample of 21 bank records (verified by examiners) and U.S Census Demographic Data

The distribution of home mortgages to borrowers of various income levels is reasonable. The bank’s percentage of loans to low- and moderate-income borrowers is slightly less than the percentage of families in the area. Consideration is given to the percentage of families living below the poverty level.

Borrower Distribution of Residential Real Estate Mortgage Loans									
Borrower Income Level	Low		Moderate		Middle		Upper		Unavailable
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans
% of Total	16%	16%	20%	16%	28%	38%	36%	25%	5%

Source: Sample of 32 bank records (verified by examiners) and U.S Census Demographic Data. Income information was not available for 1 loan in the sample.

Geographic Distribution of Loans

The geographic distribution of loans reflects excellent dispersion throughout the bank’s AAs.

Of our sampled business loans, 25% were located in a moderate-income census tract in the assessment area. According to demographic data, 8% of assessment area businesses are located in moderate-income tracts.

Geographic Distribution of Business Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	0%	0%	8%	25%	75%	63%	17%	12%

Source: Sample of 21 bank records (verified by examiners) and U.S Census Demographic Data

The distribution of home mortgages is excellent. The bank originated 25% of its mortgage loans to borrowers in the moderate-income census tracts, which exceeds the demographic comparator of 5% owner occupied housing in these tracts.

Geographic Distribution of Residential Real Estate Mortgage Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
% of Total	0%	0%	5%	25%	74%	62%	21%	13%

Source: Sample of 32 bank records (verified by examiners) and U.S Census Demographic Data

Conclusions for Areas Receiving Limited-Scope Review

Based on a limited-scope review, the bank’s performance in the Appleton MSA is consistent with the bank’s overall performance. The bank's lending performance was comparable in this area. Consideration was given to such factors as location of the branch, competition in these areas, and the bank's business strategy. Banking services provided are consistent with the area receiving a full-scope review.

The distribution of loans to borrowers of different incomes and to businesses of different sizes is reasonable in this area.

The geographic distribution of loans reflects reasonable penetration in this area.

Responses to Complaints

No complaints have been received by the bank or OCC relating to the bank’s CRA performance since the previous evaluation.

Fair Lending or Other Illegal Credit Practices Review

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