



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

March 25, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Community Bank
Charter Number 11412

109 East Second Street
New Richmond, WI 54017

Office of the Comptroller of the Currency

222 9th Street South Suite 800
Minneapolis, MN 55402

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 that support this rating include:

- The bank's net loan-to-deposit ratio is reasonable given the bank's size and the credit needs of the assessment area.
- A majority of loan originations were made within the bank's assessment area.
- The distribution of loans reflects reasonable penetration among borrowers of different income levels.

SCOPE OF EXAMINATION

We evaluated First National Community Bank's (FNCB) Community Reinvestment Act (CRA) performance using small bank examination procedures. The bank's performance was assessed under the lending test. In order to determine the bank's lending performance, we selected primary products based on the percentage and dollar amount of loans originated between January 1, 2010 and December 31, 2011. Based on this analysis, we determined that consumer and home refinance loans are the bank's primary products. We selected a random sample of 20 consumer loans originated in 2010 and 2011 to determine the bank's lending activity within the assessment area (AA). We also used the Home Mortgage Disclosure Act (HMDA) loan application register (LAR) data over the same time period noted above to conduct our analysis.

We used call report data to determine the bank's quarterly loan-to-deposit ratio, and annual deposit information reported to the Federal Deposit Insurance Corporation (FDIC) to find similarly situated banks. The most recent deposit information is as of June 30, 2012.

DESCRIPTION OF INSTITUTION

FNCB is a \$169 million institution located in western Wisconsin. The bank is wholly owned by One Corporation, a one-bank holding company. The bank offers a full line of commercial and retail services. The main office is located in New Richmond with branches in Somerset and Hudson, Wisconsin. No branches have opened or closed since the last CRA examination. The bank operates six ATMs, none of which are deposit taking.

As of December 31, 2012, the bank's loan portfolio totaled \$108 million and represented 64 percent of total assets. The following table reflects the distribution of the bank's loan portfolio as of December 31, 2012:

Loan Portfolio Composition	\$000	%
Commercial	61,828	56.99
Residential Real-Estate	38,781	35.74
Consumer	4,852	4.47
Agricultural	3,035	2.80
Total loans	108,496	100.00

Source: Call Report Data 12/31/12

There are no legal, financial, or other factors that prevent the bank from meeting the credit needs of the community. FNCB received a Satisfactory rating on its last CRA evaluation dated November 26, 2007.

DESCRIPTION OF ASSESSMENT AREA(S)

FNCB has one assessment area (AA) located in the Minneapolis/St. Paul Metropolitan Statistical Area (MSA). The AA consists of 10 contiguous census tracts located in St. Croix County. The AA consists of the census tracts where the bank's branches are located and the surrounding census tracts in which the bank can reasonably service. There are no low- or moderate-income census tracts within the AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income census tracts.

Based on the 2000 U.S. Census Bureau data, the 2010 estimated population of St. Croix County is 84,345 with owner-occupied housing representing 73.71 percent of all housing within the county. Employment in St. Croix County is centered primarily in services and retail trade.

FNCB competes with several other financial institutions within its AA. FNCB ranks 2nd in deposit market share among 15 financial institutions. FNCB holds 15.72 percent of the deposit market share.

During our examination, we contacted a local organization to better understand the credit needs and potential lending opportunities within the AA. The contact indicated that the local banks are very competitive in the community and strive to meet the credit needs of the community. The contact also stated that FNCB is actively engaged in the local community.

The following table shows the demographics of the AA:

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF ST. CROIX COUNTY, WI	
Population	
Number of Families	17,102
Number of Households	23,428
% of Low-Income Families	15.56%
% of Moderate-Income Families	20.94%
% of Middle-Income Families	28.42%
% of Upper-Income Families	35.08%
Geographies	
Number of Census Tracts	10
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	0%
% Middle-Income Census Tracts	80%
% Upper-Income Census Tracts	20%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$84,000
2011 MFI for AA	\$82,700
Economic Indicators	
2011 Unemployment Rate	
St. Croix County	5.9%
Wisconsin	7.5%
United States	8.9%
2000 Median Housing Value	\$142,186
% of Households Below Poverty Level	4.33%

Source: 2000 US Census information with updated information when available.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNCB's loan-to-deposit (LTD) ratio is reasonable given the bank's size and the credit needs of the AA. The bank's LTD ratio averaged 77.07 percent over the 21 quarters since the last CRA examination. The LTD ratio ranged from a quarterly low of 70.35 (1Q11) percent to a quarterly high of 89.16 (4Q07) percent. This compares to an average LTD ratio of 80.46 percent for five similarly situated banks. The following table shows LTD details and rankings:

Institution	County	Assets (\$000) (As of 12/31/12)	Average LTD Ratio (4Q07 - 4Q12)
First American Bank, NA	St. Croix	\$95,412	95.41%
The First Bank of Baldwin	St. Croix	\$173,705	86.81%
Eagle Valley Bank, NA	Polk	\$145,045	78.29%
First National Community Bank	St. Croix	\$168,567	77.07%
Citizens State Bank	St. Croix	\$136,923	76.55%
Hiawatha National Bank	Pierce	\$110,617	65.26%

Source: Call Report Data

Lending in Assessment Area

FNCB originates a majority of its loans to borrowers located inside its AA. Loans originated to individuals within the bank's AA totaled 72.17 percent by number and 68.53 percent by dollar volume. The following table illustrates lending inside and outside the bank's AA:

Lending in St. Croix County										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer	17	85.00	3	15.00	20	179	81.74	40	18.26	219
Home Refinance	468	71.78	184	28.22	652	74,400	68.50	34,209	31.50	108,609
Totals	485	72.17	187	27.83	672	74,579	68.53	34,249	31.47	108,828

Source: OCC Loan Sample, 2010 – 2011 HMDA Data, & 2000 U.S. Census Data

Lending to Borrowers of Different Incomes

Consumer Loans

The distribution of consumer loans reflects excellent penetration among individuals of different income levels. Lending to low- and moderate-income borrowers significantly exceeds the demographic comparatives. The following table shows the distribution of consumer loans among borrowers of different income levels:

Borrower Distribution of Consumer Loans in St. Croix County								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer	18.14	40.00	16.54	25.00	23.20	30.00	42.12	5.00

Source: OCC Loan Sample & 2000 U.S. Census Data

Home Refinance Loans

The distribution of home mortgage refinance loans reflects reasonable penetration among borrowers of different income levels. Lending to low-income borrowers is near the demographic comparative, and lending to moderate-income borrowers exceeds the demographic comparative. The following table shows the distribution of home refinance loans among borrowers of different income levels:

Borrower Distribution of Home Refinance Loans in St. Croix County, WI								
Borrower Income	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 Refinance	15.56	11.32	20.94	25.43	28.42	27.78	35.08	35.26

Source: 2010-2011 HMDA Data & 2000 U.S. Census Data (Income data not reported = 0.21%)

Geographic Distribution of Loans

The geographic distribution of loans does not provide a meaningful analysis as none of the census tracts in the bank’s AA are defined as low- or moderate- income census tracts.

Responses to Complaints

The bank did not receive any complaints regarding CRA during the evaluation period.

Fair Lending 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.