

PUBLIC DISCLOSURE

October 13, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Banking Center
RSSD# 41647

400 Milwaukee Avenue
Burlington, Wisconsin 53105-1231

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, IL 60604-1413

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

INSTITUTION'S CRA RATING: First Banking Center is rated *"SATISFACTORY."*

The following table indicates the performance level of First Banking Center with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	FIRST BANKING CENTER		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

*The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

The major factors supporting the bank's rating include:

Lending Test

- Good responsiveness to assessment area credit needs;
- A high percentage of Home Mortgage Disclosure Act (HMDA)- and Community Reinvestment Act (CRA)- reportable loans originated in the assessment area;
- Adequate distribution of loans throughout the assessment area, including low- and moderate-income census tracts;
- Good distribution of loans to businesses and farms of different sizes;
- Adequate distribution of loans to borrowers of different income levels
- Adequate level of community development loans; and

- Extensive use of flexible lending programs in serving the assessment area credit needs.

Investment Test

- Adequate level of qualified community development investments and donations, rarely in a leadership position;
- Occasional use of innovative investments to support community development initiatives; and
- Adequate responsiveness to credit and community development needs.

Service Test

- Accessible delivery systems to essentially all portions of the assessment area;
- Record of opening and closing branches that has not adversely impacted the assessment area;
- Business hours and banking services do not vary in a way that inconveniences the assessment area, especially low- and moderate-income individuals and geographies; and
- A relatively high level of community development services provided by staff in the assessment area.

INSTITUTION

DESCRIPTION OF INSTITUTION

First Banking Center, headquartered in Burlington, Wisconsin (WI), is a wholly-owned subsidiary of First Banking Center Incorporated, a one-bank holding company, also headquartered in Burlington, WI. Burlington is located in southeast Wisconsin, approximately 35 miles southwest of Milwaukee and just north of the Illinois border. In addition to the main office in Burlington, the bank delivers its products and services through a network of 15 branches, a mini-bank location, and 19 ATMs (13 full-service, six cash-only)¹. The bank has not opened or closed any branches since the previous evaluation. However, three cash-only ATMs located in the cities of Walworth, Burlington, and Delavan were closed due to retail business closings and competition. One cash-only ATM was opened in Delavan, which is outside of the bank's assessment area. None of the ATMs that were opened or closed were located in a low- or moderate-income geography. The Federal Reserve Bank previously evaluated the bank's performance under the Community Reinvestment Act (CRA) as of September 10, 2007 and assigned a satisfactory rating.

First Banking Center offers a wide range of personal, business, and investment products to its customers through its branch and ATM network and online banking services. All banking locations (excluding the mini-bank) have loan staff onsite to originate loans. Loan products include: Consumer Loans (Auto, Stock, Unsecured, Certificate of Deposit, Boat, Recreational Vehicle, Consumer Line of Credit, Home Equity Loan, Home Equity Line of Credit), Business Loans (Line of Credit, Letter of Credit, Term, Floor Plan, Contractor Financing, Loans to Municipalities and School Districts), Real Estate Loans (Fixed-rate, Adjustable-rate, Balloon, Construction, Lot, Jumbo), and Agricultural Loans (Line of Credit, Term). Additionally, the bank participates in government-sponsored loan programs offered through the Farm Service Agency (FSA), Guaranteed Rural Housing (GRH), Federal Housing Administration (FHA), Petroleum Environmental Clean Up Fund (PECFA), and Wisconsin Housing and Economic Development Authority (WHEDA). Deposit products include, but are not limited to, Personal Checking (Free, Rewards, Premier, Senior Premier, Workwise, and Home Line), Personal Savings (Regular, Holiday Club, and Young Investors), Personal Money Market (Insured Indexed and Premium), Health Savings Accounts, Individual Retirement Accounts (Traditional, Roth, SEP, and Spousal), Business Checking, Business Savings, Business Money Market, Certificates of Deposit, and Certificates of Deposit Account Registry Service Accounts. The bank also participates in the Interest Bearing Real Estate Trust Accounts (IBRETA) and Interest on Lawyers Trust Accounts (IOLTA) programs where interest earned is remitted to the State of Wisconsin (the State) and used to provide legal services and emergency/transitional housing to low- and moderate-income individuals.

¹ This includes one cash-only ATM located in Delavan, Wisconsin, which is outside of the bank's assessment area.

According to the Uniform Bank Performance Report (UBPR), the bank had \$1,004,975,000 in total assets as of June 30, 2009. The UBPR shows a steady increase in assets (30.5%) since the reporting period directly following the previous CRA evaluation (September 30, 2007). This increase can be attributed to growth in the deposit base. As illustrated in Exhibit 1, the bank is primarily a commercial lender followed by 1-4 family residential real estate. A majority of outstanding loans (90.8%) are secured by real estate.

Exhibit 1			
Loan Portfolio as of June 30, 2009			
Loan Category	Amount Outstanding (\$000)	% of Total Loans	% of Total Real Estate Loans
Real Estate Secured Loans:			
1-4 Family Residential Construction	49,474	7.0	7.7
Other Construction and Land Development	85,800	12.2	13.4
Farm Land	112,988	16.1	17.7
1-4 Family – Revolving	25,570	3.6	4.0
1-4 Family Residential Secured by First Liens	117,123	16.6	18.3
1-4 Family Residential Secured by Junior Liens	61,471	8.7	9.6
Multifamily	6,850	1.0	1.1
Secured Owner Occupied Nonfarm, Nonresidential	114,565	16.3	17.9
Secured by Other Nonfarm, Nonresidential	65,625	9.3	10.3
Total Real Estate Loans	639,466	90.8	100.0
Agricultural Loans	17,876	2.5	
Commercial & Industrial Loans	33,301	4.7	
Loans to Individuals	9,743	1.4	
Other Nonconsumer Loans	4,015	0.6	
Total Loans	704,401	100.0	

Bank management has identified the following institutions, each operating a banking office in either Green, Kenosha, Lafayette, Racine and Walworth counties, as its principal competition in the combined assessment area: Associated Bank N.A. (Green Bay, WI), Johnson Bank (Racine, WI), Southport Bank (Kenosha, WI), JP Morgan Chase N.A. (Columbus, OH), Community State Bank (Union Grove, WI), Marshall & Ilsley Bank (Milwaukee, WI), North Shore Bank (Brookfield, WI), Anchor Bank (Madison, WI), and Farm Credit Services. According to the June 30, 2008 FDIC/OTS Summary of Deposit Market Share Report, First Banking Center had 8.38% of the deposits in the market area, which consists of the counties listed above, ranking 3rd out of 44 institutions. By comparison, the top two financial institutions in market share held 20.41% and 10.97%, respectively. Specific market share data is detailed in Exhibit 2.

Exhibit 2			
Deposit Market Share Report¹			
Competitor Name	Number of Offices Inside Market	Deposits \$(000) Inside Market	Market Share %
Johnson Bank	20	1,675,142	20.41
Marshall & Ilsley Bank	14	900,636	10.97
First Banking Center	16	687,597	8.38
JP Morgan Chase Bank NA	11	581,940	7.09
Southport Bank	5	359,914	4.39
Associated Bank NA	13	289,839	3.53
Community State Bank	9	195,558	2.38
North Shore Bank	6	182,968	2.23
Anchor Bank	3	128,706	1.57

¹Data as of June 30, 2008.

First Banking Center has less assets than all but two of the institutions listed above (Southport Bank and Community State Bank). In addition, a majority of these competitors are multi-state banks including: Associated Bank N.A., Johnson Bank, JP Morgan Chase N.A., and Marshall & Ilsley Bank. Therefore, it is not expected that First Banking Center would have comparable total (inside and outside market) deposit market share numbers to the institutions mentioned above.

There are no apparent factors relating to its products offered, size, prior performance, legal impediments, or local economic conditions that would prevent the bank from meeting the credit needs of its community. The bank obtains deposits and offers credit products that are consistent with the purposes of CRA and with the composition of its communities.

DESCRIPTION OF THE COMBINED ASSESSMENT AREA

The bank’s combined assessment area includes three individual assessment areas throughout southern and southeastern Wisconsin. The three assessment areas are described in detail in Exhibit 3.

Exhibit 3	
Description of First Banking Center’s Individual Assessment Areas	
Assessment Area	Description
Non-Metropolitan Statistical Area (non-MSA)	All of Lafayette County, portions of Green and Walworth Counties
Racine Metropolitan Statistical Area (Racine)	Western portions of Racine County
Lake County – Kenosha County Metropolitan Statistical Area (Kenosha) ¹	Western and central portions of Kenosha County

¹ This MSA is comprised of Lake County in the State of Illinois and Kenosha County in the State of Wisconsin. The bank only delineates portions of Kenosha County as it does not have any branch locations or a market presence in Lake County, Illinois.

The combined assessment area consists of 47 census tracts including three low-, seven moderate-, 29 middle-, and eight upper-income. Since the previous CRA evaluation, First Banking Center has eliminated two middle-income census tracts in Walworth County (Non-MSA). The two census tracts were eliminated due to the bank no longer having a market presence in the area as no loans

were originated in these census tracts. The elimination of these two tracts has not adversely affected the accessibility of the bank's delivery systems to low- and moderate-income individuals or geographies. Additionally, one low-income census tract was added in the Kenosha assessment area due to a growing loan presence in this area.

Additional demographic information concerning the combined assessment area is provided below in Exhibit 4.

Exhibit 4								
Combined Assessment Area Demographics*								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	3	6.4	2,064	3.1	382	18.5	11,854	18.0
Moderate-income	7	14.9	8,260	12.5	701	8.5	12,623	19.1
Middle-income	29	61.7	42,070	63.8	1,389	3.3	17,143	26.0
Upper-income	8	17.0	13,580	20.6	362	2.7	24,354	36.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	47	100.0	65,974	100.0	2,834	4.3	65,974	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%**	%	#	%	#	%
Low-income	4,021	1,130	1.7	28.1	2,510	62.4	381	9.5
Moderate-income	12,356	8,158	12.0	66.0	3,456	28.0	742	6.0
Middle-income	64,733	44,001	64.7	68.0	14,916	23.0	5,816	9.0
Upper-income	23,480	14,732	21.6	62.8	3,225	13.7	5,523	23.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	104,590	68,021	100.0	65.0	24,107	23.1	12,462	11.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	544	4.9	493	4.9	24	3.1	27	8.0
Moderate-income	995	8.9	905	9.0	64	8.2	26	7.7
Middle-income	7,200	64.7	6,408	64.1	560	71.4	232	68.6
Upper-income	2,386	21.5	2,197	22.0	136	17.3	53	15.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	11,125	100.0	10,003	100.0	784	100.0	338	100.0
	Percentage of Total Businesses:			89.9		7.1		3.0
*Information regarding businesses by tract and revenue size is based on 2008 data. All other information is based on 2000 census data.								
**Percentage of total owner-occupied housing, by census tract income, in the assessment area.								

Although not depicted in the table, there are a total of 1,279 farms located in the combined assessment area, a majority of which (98.9%) have revenues of \$1 million or less. Of the 47 census tracts in the combined assessment area, ten (21.3%) are low- and moderate-income. Additionally, 15.6% of all families in the assessment area live in these low- and moderate-income census tracts. According to the table above, 37.1% of all families in the assessment area are designated as low- and moderate-income. Additionally, 89.9% of all businesses and 98.9% of all farms have total revenues of \$1 million or less. This data indicates that there are greater lending opportunities to borrowers of different income levels and businesses and farms of different sizes within the combined assessment area as opposed to opportunities in low- and moderate-income census tracts. This is further supported by the fact that all ten low- and moderate-income census tracts are located in the Kenosha assessment area where the bank has a limited branching network (two branches) and minimal market share of insured FDIC-deposits (2.79%).

Exhibit 5							
Distribution of Families by Income Level							
Location	Median Family Income		% of Families¹				Below Poverty Level
	2008 Estimate	2000 Census	Low	Moderate	Middle	Upper	
Assessment Area	N/A	56,434	18.0	19.1	26.0	36.9	4.3
Green County	60,600	50,521	12.1	18.7	26.6	42.6	3.3
Kenosha County	68,700	56,525	27.1	23.1	26.2	23.6	5.4
Lafayette County	52,700	44,326	18.6	20.7	26.8	33.9	6.2
Racine County	64,600	56,331	17.8	18.4	25.7	38.1	5.8
Walworth County	64,800	55,310	12.0	15.2	23.5	49.3	4.6
Racine MSA	64,600	56,234	17.8	18.4	25.7	38.1	5.8
Statewide Non-MSA	56,200	46,680	16.6	19.5	26.3	37.6	5.5
State of Wisconsin	63,700	52,911	17.4	19.1	26.2	37.3	5.6

¹ Based on 2000 census data.

Based on 2000 census data, the median family income of the combined assessment area is higher than all areas but that of Kenosha County, indicating that a more affluent population resides within the bank's assessment area. While 2008 HUD-adjusted median family income estimates are not available for the combined assessment area, it is reasonable to assume that median family income has grown significantly since the 2000 census based on the growth experienced in all individual counties, the MSA, the Non-MSA, and the State according to HUD's 2008 estimates.

SCOPE OF EXAMINATION

The *CRA Examination Procedures for Large Institutions* were used to analyze First Banking Center's performance under the lending, investment, and service tests. The review period for HMDA- and CRA-reportable loans for this evaluation was the two-year period from January 1, 2007 through December 31, 2008. Community Development loans, investments, and services were reviewed from the time of the previous CRA evaluation (September 10, 2007) through October 13, 2009.

Full-scope examination procedures were conducted in all three assessment areas. The selection of these assessment areas for full-scope review was based on several factors, including deposit market share, branch concentration, the volume of HMDA- and CRA-reportable lending, and community development needs within each assessment area. Performance in the non-metropolitan assessment area carries the most weight in the overall performance rating as it has significant lending activity, the largest percentage of bank branches and ATMs, and is the source of the majority of deposits. Performance in the Racine assessment area is afforded the next heaviest weight as it is the home location of the bank, has the next highest number of bank branches and ATMs, a large deposit base, and moderate lending volumes. The Kenosha assessment area received the least weight due to the limited branching network, minimal loan volumes, and modest deposit shares in these respective areas.

Performance was evaluated in the context of information about the institution and assessment areas, such as asset size, financial condition, competition, and economic and demographic characteristics. Lending data (aggregate lending data) for all other lenders reporting HMDA and CRA loans is used as a comparison in evaluating the bank's lending performance. Performance within the designated assessment areas was evaluated using large bank, full-scope examination procedures based on the following performance standards:

- ***Lending Activity*** – Evaluated home mortgage (HMDA-reportable), small business, and small farms loans (CRA-reportable) made from January 1, 2007 through December 31, 2008 to determine whether the number and dollar amount of loans originated were responsive to assessment area credit needs.
- ***Lending in the Assessment Area*** – Evaluated home mortgage (HMDA-reportable), small business, and small farms loans (CRA-reportable) made from January 1, 2007 through December 31, 2008 to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – Evaluated home mortgage (HMDA-reportable), small business, and small farms loans (CRA-reportable) made from January 1, 2007 through December 31, 2008 to evaluate the extent to which the bank is originating loans in geographies of different income levels, particularly those designated as low - or moderate-income.
- ***Lending to Borrowers of Different Incomes and Businesses and Farms of Different Sizes*** – Evaluated home mortgage (HMDA-reportable), small business, and small farms loans (CRA-reportable) originated from January 1, 2007 through December 31, 2008 to assess the loan distribution among borrowers of different income levels and to businesses and farms with different revenue levels.
- ***Community Development Lending*** – Reviewed the volume and complexity of community development loans originated from September 11, 2007 through October 13, 2009 to determine the bank's responsiveness to community development lending needs in the assessment areas.

- ***Innovative or Flexible Lending Practices*** – Reviewed the specialized lending programs to determine the degree to which the bank uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals or geographies.
- ***Investments*** – Reviewed and evaluated the qualified investments made from September 11, 2007 through October 13, 2009 to determine the bank’s use of innovative or complex investments, as well as the bank’s responsiveness to credit and community development needs.
- ***Services*** – Reviewed the distribution of the bank’s branch offices, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services to determine the accessibility of bank services to members of the community, especially those with low - or moderate-incomes.
- ***Response to Substantiated Complaints*** – Neither First Banking Center nor this Reserve Bank received any CRA-related complaints related to this institution since the previous evaluation.

In addition to the above criteria, information obtained through discussions with nine community representatives was considered in the overall evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Information presented here pertains throughout the evaluation unless specifically noted otherwise.

First Banking Center’s overall rating is “*Satisfactory*” with “*High Satisfactory*” ratings in the lending and service tests and a “*low satisfactory*” rating on the investment test. Exhibit 6 illustrates the ratings for each of the assessment areas. The bank’s overall performance rating was based upon the rating for the full-review assessment areas and weighted as described above under the *Scope of Examination* section.

Exhibit 6					
Summary of Performance Ratings					
Assessment Area	Review	Lending Test	Investment Test	Service Test	Overall Rating
Non-MSA	Full	High Satisfactory	Low Satisfactory	High Satisfactory	High Satisfactory
Racine	Full	High Satisfactory	High Satisfactory	High Satisfactory	High Satisfactory
Kenosha	Full	Low Satisfactory	High Satisfactory	High Satisfactory	High Satisfactory

LENDING TEST

First Banking Center’s performance in the lending test is rated “*high satisfactory*” as the bank’s lending activity represents good responsiveness in meeting the credit needs of the combined assessment area. A high percentage of loans were originated within the combined assessment area and adequately dispersed throughout, including low- and moderate-income geographies. The bank demonstrated good loan distribution to businesses and farms of different sizes and adequate

distribution to borrowers of different income levels. Lastly, the bank originated an adequate level of community development loans and made extensive use of flexible lending programs in serving the credit needs of its community. For this evaluation, greater emphasis is placed on small business data as this is the primary focus of First Banking Center.

Lending Activity

First Banking Center's HMDA- and CRA-reportable lending activity represents good responsiveness in meeting the credit needs of the combined assessment area. The following exhibit summarizes the lending activity from January 1, 2007 through December 31, 2008.

Exhibit 7 Summary of Lending Activity 2007 and 2008				
Loan Type	#	%	\$(000s)	%
Home Improvement	59	1.4	5,327	0.9
Home Purchase	223	5.1	44,852	7.6
Multi-Family Housing	5	0.1	966	0.2
Refinancing	433	10.0	73,977	12.6
Total HMDA-related	720	16.6	125,122	21.3
Small Business	2,092	48.2	340,455	58.0
Total Small Business Loans	2,092	48.2	340,455	58.0
Small Farm	1,528	35.2	121,502	20.7
Total Small Farm Loans	1,528	35.2	121,502	20.7
TOTAL LOANS	4,340	100.0	587,079	100.0

The bank is primarily a commercial lender as small business lending represents 48.2% by number and 58.0% by dollar volume of the entire loan portfolio. Small farm lending represents 35.2% by number and 20.7% by dollar volume of the loans originated, while home mortgage lending represents 16.6% by number and 21.3% by dollar volume.

The total number of HMDA- and CRA-reportable loans decreased by 3.8% since the previous evaluation, while the dollar amount increased by 1.2%. Multiple factors contributed to the decrease in the number of loans originated including declining economic conditions both nationally and locally, decreased loan demand, and other financial factors. The total number of loans originated during 2005 and 2006 were: 769 for home mortgages, 2,290 for small business, and 1,446 for small farm. Since the previous evaluation, total dollar volume of the bank's entire loan portfolio increased from \$580,240,000 to \$587,079,000. The increase in total dollars is primarily due to growth in the small farm portfolio, which increased from \$103,057,000 to \$121,502,000 since the previous evaluation. This growth is attributed to increased demand in the farm market and strong guarantee programs through FarmerMac and other flexible lending programs as described below. These figures indicate that First Banking Center continues to meet the credit needs of the community it serves.

Assessment Area Concentration

A high percentage of HMDA- and CRA-reportable loans were originated within First Banking Center's combined assessment area during the review period. The bank originated 76.4% of its total loans by number and 71.5% by dollar volume inside its combined assessment area. Exhibit 8 provides a breakdown by product of the loans originated inside the assessment area from January 1, 2007 through December 31, 2008.

Exhibit 8 Lending Inside and Outside the Assessment Area 2007 and 2008								
LOAN TYPE	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Improvement	44	74.6	4,082	76.6	15	25.4	1,245	23.4
Home Purchase	153	68.6	30,885	68.9	70	31.4	13,967	31.1
Multi-Family Housing	4	80.0	771	79.8	1	20.0	195	20.2
Refinancing	322	74.4	50,006	67.6	111	25.6	23,971	32.4
Total HMDA-related	523	72.6	85,744	68.5	197	27.4	39,378	31.5
Small Business	1,662	79.4	254,490	74.7	430	20.6	85,965	25.3
Total Small Business Loans	1,662	79.4	254,490	74.7	430	20.6	85,965	25.3
Small Farm	1,129	73.9	79,619	65.5	399	26.1	41,883	34.5
Total Small Farm Loans	1,129	73.9	79,619	65.5	399	26.1	41,883	34.5
TOTAL LOANS	3,314	76.4	419,853	71.5	1,026	23.6	167,226	28.5

Geographic Distribution

Overall, the distribution of CRA- and HMDA-reportable loans is adequate. The analysis reveals that loans are reasonably distributed throughout First Banking Centers combined assessment area, including low- and moderate-income geographies. While the bank's performance was below peer and assessment area demographics for both CRA- and HMDA-reportable loans, multiple factors contributed to the overall rating. The bank does not have any branches located in low-income census tracts and only one branch located in a moderate-income tract. Additionally, all low- and moderate-income census tracts are located in the Kenosha assessment area where the bank has a limited branching network (two locations) and minimal deposit market share. No low- or moderate-income census tracts were arbitrarily excluded from the bank's combined assessment area.

CRA-Reportable Loans

Geographic distribution of CRA-reportable loans is adequate. In 2007, the bank originated 48 (5.8%) small business loans and no small farm loans in low- and moderate-income census tracts, respectively. By comparison, the aggregate lending level within low- and moderate-income census tracts was 10.5% and 0.4% for small business and small farm loans, respectively. In 2008, the bank originated 54 (6.6%) small business loans and no small farm loans in low- and moderate-income

census tracts, respectively. The aggregate lending level for 2008 was 10.8% for small business and 0.1% for small farm loans. The bank's performance is below the aggregate lending level for both 2007 and 2008 as well as assessment area demographics as 13.8% of all businesses and 0.8% of all farms are located in low- and moderate-income census tracts. However, given the factors discussed above, the level of lending is adequate and the bank continues to serve small businesses and small farms in low- and moderate-income geographies.

HMDA-Reportable Loans

Exhibit 9 Geographic Distribution 2007 and 2008 HMDA-Reportable Lending									
Income Level of Tract	Bank				Aggregate ¹				% of Owner-Occupied Units by census tract
	2007		2008		2007		2008		
	#	%	#	%	#	%	#	%	
Low-income	1	0.5	5	1.6	422	2.3	251	1.8	1.7
Moderate-income	7	3.5	13	4.1	2,017	11.1	1,408	10.1	12.0
Middle-income	146	72.3	249	78.8	11,262	62.0	8,703	62.2	64.7
Upper-income	48	23.8	49	15.5	4,468	24.6	3,629	25.9	21.7
Unknown-income	0	0.0	0	0.0	7	0.0	1	0.0	0.0
Total	202	100.0	316	100.0	18,176	100.0	13,992	100.0	100.0

¹Aggregate data includes the bank's lending activity.

The geographic distribution of HMDA-reportable loans is adequate. In 2007, the bank originated 4.0% of HMDA-reportable loans within the low- and moderate-income census tracts. By comparison, the aggregate lending level within the low- and moderate-income census tracts was 13.4%. In 2008, the bank originated 5.7% of HMDA-reportable loans within the low- and moderate-income census tracts, while aggregate lenders originated 11.9% in low- and moderate-income tracts. The bank's performance was below the aggregate lending levels and assessment area demographics as 13.7% of owner-occupied housing units are located, and 15.6% of all families live in the low- and moderate-income census tracts.

As mentioned above, while the bank's performance is below both the aggregate lending level and the percentage of families living in low- and moderate-income census tracts, other factors were considered in the overall adequate rating. In addition to those previously described, the bank's performance for HMDA-reportable loans in the Kenosha assessment area is good. This is significant as this is the only assessment area with low- and moderate-income census tracts. Also, the bank's HMDA loan performance in the non-metropolitan and Racine assessment areas is good in the middle-income geographies, which comprise the largest percentage of tracts in each assessment area as there are no low- or moderate-income census tracts.

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

Given the demographics of, and competition within, the bank's combined assessment area, the loan distribution across businesses and farms of different sizes is good, while distribution to borrowers of different income levels is adequate.

CRA-Reportable Loans

The borrower distribution of CRA-reportable loans is good. The bank originated 458 of 826 (55.4%) small business loans and 543 of 582 (93.3%) small farm loans to businesses and farms with revenues of \$1 million or less in 2007. By comparison, the aggregate lenders originated 41.4% of small business and 87.7% of small farm loans to businesses and farms with revenues of \$1 million or less. In 2008, the bank originated 435 of 816 (53.3%) small business loans and 468 of 531 (88.1%) small farm loans to businesses and farms with revenues of \$1 million or less. By comparison, aggregate lenders originated 36.5% and 81.8% of small business and small farms loans to businesses and farms with revenues of \$1 million or less. Overall, the bank's performance was above the aggregate lenders for both years; while below assessment area demographics as 89.9% of businesses and 98.9% of farms have \$1 million or less in revenues.

Further, the bank originated 482 of 826 (58.4%) small business loans and 473 of 582 (81.3%) small farm loans in amounts of \$100,000 or less in 2007. By comparison, the aggregate lending level for small business loans was 92.6% and 78.6% small farm loans. In 2008, the bank originated 468 of 816 (57.4%) small business loans and 422 of 531 (79.5%) small farm loans in amounts of 100,000 or less. By comparison, the aggregate lending level was 90.6% and 75.6% for small business and small farm loans, respectively. Performance in this area is expected given the bank's business strategy and is not weighted as heavily as performance to businesses and farms with revenues of \$1 million or less. Therefore, the bank's level of CRA-reportable lending to businesses and farms of different revenue levels demonstrates good support for small businesses and farms.

HMDA-Reportable Loans

Exhibit 10 Income Distribution 2007 and 2008 HMDA-Reportable Lending									
Income Level of Borrower	Bank				Aggregate ¹				% of Families Within Assessment Area
	2007		2008		2007		2008		
	#	%	#	%	#	%	#	%	
Low-income	13	6.4	21	6.6	1,157	6.4	1,090	7.8	18.0
Moderate-income	28	13.9	37	11.7	3,334	18.3	2,476	17.7	19.1
Middle-income	38	18.8	60	19.0	4,691	25.8	3,410	24.4	26.0
Upper-income	69	34.2	91	28.8	7,016	38.6	5,169	36.9	36.9
Unknown ²	54	26.7	107	33.9	1,978	10.9	1,847	13.2	0.0
Total	202	100.0	316	100.0	18,176	100.0	13,992	100.0	100.0

¹Aggregate data includes the bank's lending activity.
²Primarily includes employee, multi-family, or business/farm entity loans for which income information is not required to be collected.

Borrower distribution of home mortgage loans is adequate. In 2007, the bank originated 20.3% of its HMDA-reportable loans to low- and moderate-income borrowers. The bank's performance was below aggregate lending levels, which originated 24.7% of HMDA-reportable loans to low- and moderate-income borrowers. The bank originated 18.3% of its HMDA-reportable loans to low- and moderate-income borrowers in 2008, which was also below the aggregate lending level of 25.5%. Overall, the bank's performance was below the aggregate lenders and assessment area demographics as 37.1% of families in the assessment area are low- and moderate-income according to 2000 census data; however, the bank is still meeting the needs of low- and moderate-income families.

Community Development Lending

First Banking Center makes an adequate level of community development loans in the combined assessment area. The bank originated four loans totaling \$254,000 in 2007, 14 loans totaling \$672,242 in 2008, and one loan totaling \$39,000 in 2009. All 19 loans were to the same organization, which provides affordable housing to low- and moderate-income individuals. Both the total number and dollar volume of community development loans have declined as the bank originated 25 loans totaling \$1,839,900 during the previous evaluation. The decline is attributed to competition within the combined assessment area, most notably Racine, and local economic factors, which contributed to a decline in demand for lot loans through the organization highlighted in the non-metropolitan assessment area.

Some of the 19 qualifying loans were not located inside the bank's assessment area; however, they were considered to have a broader regional impact that included the bank's assessment area and thus were given credit. It is also noted that a majority of the qualifying loans outside of the bank's

assessment area were in adjacent communities or had close proximity to the bank's assessment area. All community development loans originated inside the assessment area were in the non-metropolitan area. This concentration is expected given this is where a majority of the bank's branches are located. While the Racine and Kenosha assessment areas did not have any community development loan originations, other factors contributed to the bank's performance and were considered in the overall rating. Specific information is provided within the individual assessment area descriptions.

Flexible Lending Programs

First Banking Center makes extensive use of flexible lending programs and practices in serving the credit needs of its combined assessment area. The bank continues to participate in various government-assisted loan programs targeted to borrowers with low- or moderate-incomes or small businesses and farms. Additionally, the bank helps secure financing for these borrowers through various organizations throughout the assessment area.

The bank's participation in government-assisted loan programs includes loans originated by First Banking Center with guarantees from the government organizations and loans originated by the government organizations with assistance from the bank. SBA loans for small businesses and FSA loans to small farmers are originated by the bank and guaranteed by those agencies. The bank is recognized as a leader by the local FSA (Madison, WI) in making guaranteed loans and is also involved with Wisconsin Rural Opportunities Foundation Inc. through the FSA. Interest on these loans is used to benefit the education of people in rural Wisconsin to improve the economy and quality of life in their communities.

Loans through WHEDA, for home purchase and operating capital for small farmers (CROP loans), GRH loans for home purchase or home improvement, and FHA and VA loans for purchase and refinance are all originated through First Banking Center or the individual agencies with assistance from the bank. These loan programs target qualified borrowers with low- or moderate-incomes. The bank also originates loans through the Petroleum Environmental Clean Up Fund (PECFA), which is administered through the Wisconsin Department of Commerce and Department of Natural Resources and assists businesses and individuals in dealing with the costs of cleaning up pollution from leaking petroleum storage tanks.

All loans originated through the various programs described above are illustrated in Exhibit 11. Some of these loans have been included in the HMDA- and CRA-data that was used to analyze performance in other areas of the lending test and were not considered again in this performance evaluation; however, these loans demonstrate the bank's commitment to participate in loan programs that serve residents, businesses, and farms that have lower incomes or revenues and/or that require additional assistance to qualify for credit. Among these, were three CRA-reported loans, totaling \$375,000, to an organization that provides community development services to low- and moderate-income individuals in the Kenosha assessment area. The loans were for the

purchase of a commercial real estate building to house the organizations operations and to provide working capital.

Exhibit 11		
Flexible Lending Programs 2007 and 2008		
Program	# of Loans	\$ of Loans
Farm Service Agency (FSA)	226	53,724,283
WHEDA Crop Loans	27	1,082,000
Guaranteed Rural Housing Loans (GRH)	22	2,184,529
Federal Housing Administration (FHA)	14	2,104,926
Petroleum Environmental Clean Up Fund (PECFA)	11	1,431,000
WHEDA Home Loans	6	599,000
Veterans Administration	3	455,975

INVESTMENT TEST

Performance under the investment test is *“low satisfactory”* as First Banking Center made an adequate level of qualified community development investments and donations in its combined assessment area, rarely in a leadership position, and demonstrated adequate responsiveness to the combined assessment area’s credit and community development needs. The bank makes occasional use of innovative and/or complex investments to support community development needs. While the bank’s donation dollars increased slightly, overall investment activity decreased by approximately 42% since the previous evaluation.

During the evaluation period, First Banking Center made 33 donations totaling \$87,171. This represents a 6.9% increase in dollar volume from the previous evaluation where 35 donations were made totaling \$81,575. These donations were made to organizations and non-profit groups that provide community development services to low- and moderate-income individuals. Specifically, donations supported multiple local food pantries, transitional housing, and also included in-kind donations of office furniture. The bank also made use of an innovative investment in the Racine assessment area that raised money for, and provided community services to, low- and moderate-income individuals. This investment is discussed in detail under the Racine analysis.

The bank also has one outstanding investment in a mortgage-backed security that addresses affordable-housing needs as it benefits low- and moderate-income individuals and census tracts within the Kenosha assessment area. The security was originally purchased in 2005 with a principal balance of \$307,366. The current outstanding balance is \$139,604.

SERVICE TEST

Performance under the service test is *“high satisfactory.”* Delivery systems are accessible as full-service branches and ATMs are dispersed throughout the assessment area including locations in moderate-income census tracts. Business hours and banking services are convenient and accessible to all individuals, including low- and moderate-income. Lastly, bank employees are

active in their respective communities and provide a relatively high level of community development services.

Retail Services

First Banking Center has 17 banking locations situated throughout its combined assessment area, which is comprised of 47 census tracts, including three low-income census tracts and seven moderate-income census tracts. The physical offices are supplemented by electronic banking services and information offered through First Touch 24-hour telephone banking, Bank@Home online banking services, and an internet site that presents additional information on bank products and services for both individuals and commercial borrowers. Delivery systems are accessible to essentially all portions of the assessment area and business hours and banking services do not vary in a way that inconveniences certain portions of the combined assessment area, including low- and moderate-income individuals and geographies.

The non-metropolitan assessment area has the largest concentration of branches (ten), followed by the Racine assessment area (four), which includes the main office in Burlington, and the Kenosha assessment area (two). One branch in the Kenosha assessment area is located in a moderate-income census tract. All other branches are located in middle- and upper-income census tracts. No branches are located in low-income census tracts, which is expected due to the limited number of low-income census tracts within the bank's combined assessment area. Two branches, both located in the Kenosha assessment area, are accessible via public transportation. There have been no branch openings or closings since the previous evaluation.

The hours of operation vary slightly from branch to branch, but typical hours are 9:00 a.m. to 5:00 p.m. Monday through Thursday, 9:00 a.m. to 6:00 p.m. on Friday, and several branches are open from 9:00 a.m. to noon on Saturday. Drive-up facilities typically offer extended evening hours during the week and are usually open Saturday mornings. ATM services include a network of 13 full-service and six cash-only ATMs throughout the assessment area (as previously stated, one ATM is located outside the bank's combined assessment area).

First Banking Center has deposit and loan products that are beneficial to low- and moderate-income individuals and to small businesses and farms. Individuals can establish free checking accounts without a minimum balance requirement or monthly service charge and businesses can establish free checking accounts with a minimal initial opening deposit and minimum balance requirement. Businesses also have access to a variety of cash management services, including remote deposit capture, credit card merchant services, automatic deposit sweep accounts, and account reconciliation services.

All branches offer lending services, with specialized lending services available by appointment. As mentioned under the *Flexible Lending* section, the bank also participates in FHA, WHEDA, GRH and Federal VA lending programs, while also offering lot loans and servicing grants in conjunction with Neighborhood Housing Services of Southeast Wisconsin programs targeting low- and

moderate-income individuals. Commercial loan offerings targeted to small businesses and farms include the SBA's low doc, 7A, and 504 programs as well as offerings through the FSA and WHEDA.

Community Development Services

First Banking Center provided a relatively high level of community development services in the combined assessment area during the review period. A majority of these activities took place in the Racine and non-metropolitan assessment areas, consistent with the bank's branching network and market share in these areas. Since the previous evaluation, the bank has also provided community development service hours to an expanded variety of organizations. The bank provided over 1230 service hours, which was an increase over the previous evaluation where 1,095 hours were provided.

Bank employees, officers, and directors serve in various capacities (board member, volunteer, president, treasurer) in a wide variety of organizations that provide community services and affordable housing to low- and moderate-income borrowers and economic development to small businesses and farms. Examples of organizations benefiting from these services include the Salvation Army, Boys and Girls Club, Neighborhood Housing Services, and Love Inc.

First Banking Center also partners with the Federal Home Loan Bank of Chicago (FHLB) to provide housing grants to low- and moderate-income borrowers. The FHLB originates the grants while First Banking Center administers the program. These grants assist borrowers with closing costs for mortgage loans and serve all assessment areas. During the review period the bank administered ten grants totaling \$50,000.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. A sample of the banks' lending activity was reviewed to determine whether loan policies and lending standards were in compliance with the fair lending laws and regulations, and that these are being consistently applied to all applicants. No evidence of prohibited discriminatory or other illegal credit practices was detected.

FULL REVIEW NON-METROPOLITAN AREA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NON-METROPOLITAN AREA OF WISCONSIN

The non-metropolitan assessment area consists of Lafayette County in its entirety and portions of Walworth and Green counties, located in Southern Wisconsin, bordering the State of Illinois. The assessment area is comprised of 13 middle- and six upper-income census tracts. All census tracts in Lafayette County are designated as underserved middle-income non-metropolitan geographies enabling them to qualify for community development activities that stabilize or revitalize these census tracts. The assessment area is served by ten branches, seven full-service ATMs and three cash-only ATMs. Six branches are located in Walworth County, while Green and Lafayette counties each have two branch locations. Six ATMs (four full-service, two cash-only) are also located in Walworth County, while Green and Lafayette counties have two (one full-service, one cash-only) and three (two full-service, one cash-only), respectively. Since the previous evaluation, one cash-only ATM in Walworth was closed when the retailer's business closed.

As of June 30, 2008, First Banking Center maintained a 14.19% market share of FDIC-insured deposits, which was the largest of 31 FDIC-insured financial institutions with at least one branch in Green, Lafayette, or Walworth counties. By comparison, the next largest institutions in market share, Amcore Bank N.A. and First Citizens State Bank, had 7.37% and 6.45% of FDIC-insured deposits, respectively. The large market share is attributable to the extensive branching network in this assessment area as well as Walworth County's adjacency to the bank's main office in southwestern Racine County.

According to 2008 Census Bureau estimates, the populations of Walworth (100,749) and Green Counties (36,090) have grown modestly since the 2000 census, while a slight decline has occurred in Lafayette County (15,871). The cities of Whitewater, Monroe, and Darlington represent the largest population centers in Walworth, Green, and Lafayette counties, respectively. Monroe and Darlington are also county seats.

In Walworth County, manufacturing (22.2%), trade, transportation, and utilities (17.6%), and education and health (17.2%) are the primary industries according to the Wisconsin Department of Workforce Development (WI DWD). Within these industries, food services and drinking places, educational services, and accommodation represent the largest subsectors.

Trade, transportation, and utilities (23.9%), manufacturing (21.7%), and education and health (19.0%) are the primary industries in Green County. Within these industries, nonstore retailers, educational services, and food services and drinking places represent the largest subsectors.

The primary industries in Lafayette County include trade, transportation, and utilities (25.7%), education and health (22.0%), and manufacturing (13.9%). Within these industries, educational

services, executive, legislative, and general government, and food manufacturing represent the largest subsectors. The largest employers in the assessment area are illustrated in Exhibit 12.

Exhibit 12		
Major Employers in the Non-Metropolitan Assessment Area*		
Company	Location	Description
Walworth County		
University of Wisconsin-Whitewater	Whitewater	Colleges, Universities, and Professional Schools
County of Walworth	Elkhorn	Executive and Legislative Offices
Grand Geneva LLC	Lake Geneva	Hotels and Motels
Wal-Mart	Lake Geneva	Discount Department Stores
Sta-rite Industries LLC	Delavan	Pump and Pumping Equipment Manufacturing
Green County		
Monroe Clinic Inc	Monroe	General Medical & Surgical Hospitals
Swiss Colony Inc	Monroe	Mail-Order Houses
S C Data Center Inc	Monroe	Data Processing, Hosting, and Related Services
The Charlton Group Inc	Monroe	Telemarketing Bureaus and Other Contact Centers
Lafayette County		
County of Lafayette	Darlington	Executive & Legislative Offices Combined
Lactalis USA Belmont Inc	Belmont	Cheese Manufacturing
Darlington Community School District	Darlington	Elementary & Secondary Schools
Merkle-Korff Industries Inc	Darlington	Motor and Generator Manufacturing
*Source: WI DWD		

Exhibit 13 illustrates the unemployment rate for Green, Lafayette, and Walworth counties and the State of Wisconsin for July 2008 and July 2009. Unemployment rates in all counties have grown steadily in the past year; however, all but Green County remain below the rate for the State. All three counties have historically had lower unemployment rates than the State. The increase in unemployment from July 2008 to July 2009 in all counties is due to regional economic factors including layoffs and business closings. According to WI DWD, plant closings and layoffs in 2008 and 2009 contributed to 849 job losses in the three counties combined. A majority of the job losses were in manufacturing industry.

Exhibit 13		
Unemployment Statistics*		
Location	July 2009	July 2008
Green County	9.2	4.1
Lafayette County	7.4	3.9
Walworth County	8.7	4.2
State of Wisconsin	8.7	4.6
*Source: WI DWD		

Selected demographic information for the non-metropolitan assessment area is provided in Exhibit 14.

Exhibit 14								
Non-metropolitan Assessment Area Demographics*								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	3,258	12.8
Moderate-income	0	0.0	0	0.0	0	0.0	4,221	16.5
Middle-income	13	68.4	15,487	60.6	710	4.6	6,377	25.0
Upper-income	6	31.6	10,050	39.4	319	3.2	11,681	45.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	19	100.0	25,537	100.0	1,029	4.0	25,537	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%**	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	25,331	16,521	60.2	65.2	5,957	23.5	2,853	11.3
Upper-income	18,848	10,910	39.8	57.9	2,697	14.3	5,241	27.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	44,179	27,431	100.0	62.1	8,654	19.6	8,094	18.3
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	2,882	60.0	2,594	59.6	181	59.9	107	70.9
Upper-income	1,922	40.0	1,757	40.4	121	40.1	44	29.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	4,804	100.0	4,351	100.0	302	100.0	151	100.0
	Percentage of Total Businesses:			90.6		6.3		3.1

*Information regarding businesses by tract and revenue size is based on 2008 data. All other information is based on 2000 census data.
**Percentage of total owner-occupied housing, by census tract income, in the assessment area.

Although not depicted in the table, there are a total of 994 farms located in the non-metropolitan assessment area, a majority of which (987) have revenues of \$1 million or less. The total number of farms has decreased since the previous CRA evaluation at which time there were 1,048 farms located in the assessment area.

A majority of the housing units are owner-occupied (62.1%), which is comparable to the State of Wisconsin (61.5%). While there are no low- or moderate-income census tracts within the assessment area, families designated as low- and moderate-income represent 29.3% of all families in the assessment area. Additionally, businesses and farms with \$1 million or less in total revenue represent 90.6% and 99.3% of all business and farms in the assessment area. This data suggests that credit opportunities are available to borrowers with different incomes and businesses and farms of different revenue levels throughout the assessment area.

Affordability ratios are developed by dividing the median household income by the median household value for a given area or groups of geographies, and are helpful in comparing costs for different areas. An area with a high ratio generally has more affordable housing than an area with a low ratio. The affordability ratios for Walworth, Green, and Lafayette counties and the State of Wisconsin are .35, .42, .46, and .39, respectively, indicating housing is more affordable in Green and Lafayette counties, while less affordable in Walworth County when compared to the State.

Information obtained through five community representatives was considered for this assessment area. The community representatives were in the areas of economic development, affordable housing, and social/community services. The representatives stated that the credit needs of the community are being met and that a majority of the local financial institutions are actively involved in the community. Representatives cited affordable housing, including rental housing rehabilitation, as well as financial counseling pertaining to homeownership, foreclosure, financial literacy, and business entrepreneurship as the major credit needs of the assessment area. The representatives stated that financial institutions can help meet these credit needs by sponsoring economic development projects, providing counseling sessions, extending loans to or investing in community action loan programs, or providing direct financing to borrowers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NON-METROPOLITAN AREA OF WISCONSIN

First Banking Center's performance on the lending and service test in the non-metropolitan assessment area is high satisfactory, while performance on the investment test is low satisfactory.

LENDING TEST

Performance under the lending test in the non-metropolitan assessment area is high satisfactory. During the review period, the bank originated 1,719 CRA-reportable and 348 HMDA-reportable loans in this assessment area. Loan volume was taken into account when assessing the bank's geographic and borrower distribution performance. Geographic distribution of loans reflects good penetration of CRA-reportable and excellent penetration of HMDA-reportable loans throughout the assessment area, while borrower loan distribution reflects good penetration among borrowers of different income levels and businesses and farms of different sizes. Lastly, the bank makes an adequate level of community development loans in this assessment area.

Geographic Distribution

Geographic distribution of CRA-reportable loans is good, while HMDA-reportable loan distribution is excellent, resulting in a combined rating of good due to the emphasis on CRA-reportable lending. The non-metropolitan assessment area is comprised of 13 middle-, six upper-, and no low- or moderate-income census tracts; therefore, the analysis below is limited to middle- and upper-income census tracts. Performance in the middle-income census tracts carries the most weight as they comprise the majority of the census tracts in the assessment area. As previously noted, Lafayette County is designated as “underserved” and is included in the non-metropolitan assessment area.

CRA-Reportable Loans

Geographic distribution of CRA-reportable loans is good. In 2007, the bank originated 286 (68.8%) small business loans and 444 (93.3%) small farm loans in middle-income census tracts, respectively. By comparison, the aggregate lending level within middle-income census tracts was 56.6% and 86.0% for business and farm loans, respectively. In 2008, the bank originated 284 (69.8%) small business loans and 381 (90.7%) small farm loans in middle-income census tracts, respectively. The aggregate lending level for 2008 was 56.7% for small business and 85.8% for small farm loans. The bank’s performance was above the aggregate lending level for both 2007 and 2008. Additionally, the bank’s performance was greater than the assessment area demographics as 60.0% of all businesses and 75.6% of all farms are located in middle-income census tracts.

HMDA-Reportable Loans

Exhibit 15 Geographic Distribution 2007 and 2008 HMDA-Reportable Lending									
Income Level of Tract	Bank				Aggregate ¹				% of Owner-Occupied Units by census tract
	2007		2008		2007		2008		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Middle-income	98	72.1	180	84.9	3,062	52.4	2,479	53.0	60.2
Upper-income	38	27.9	32	15.1	2,771	47.4	2,198	47.0	39.8
Unknown-income	0	0.0	0	0.0	7	0.1	1	0.0	0.0
Total	136	100.0	212	100.0	5,840	100.0	4,678	100.0	100.0

¹Aggregate data includes the bank’s lending activity.

The geographic distribution of HMDA-reportable loans is excellent. In 2007, the bank originated 72.1% of HMDA-reportable loans within middle-income census tracts. By comparison, the aggregate lending level within the middle-income census tracts was 52.4%. In 2008, the bank originated 84.9% of HMDA-reportable loans within middle-income census tracts, while aggregate

lenders originated 53.0% in middle-income census tracts. The bank's performance was significantly above the aggregate lending levels for both 2007 and 2008, as well as assessment area demographics as 60.2% of owner-occupied housing units are located in the middle-income census tracts.

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

Given the demographics of the non-metropolitan assessment area, the loan distribution across borrowers of different income levels and businesses and farms of different sizes reflects a good penetration as supported by a review of CRA- and HMDA-reportable loans.

CRA-Reportable Loans

The borrower distribution of CRA-reportable loans is good. The bank originated 236 of 416 (56.7%) small business loans and 443 of 476 (93.1%) small farm loans to businesses and farms with revenues of \$1 million or less in 2007. By comparison, the aggregate lenders originated 42.0% of small business and 87.5% of small farm loans to businesses and farms with revenues of \$1 million or less. In 2008, the bank originated 226 of 407 (55.5%) small business loans and 380 of 420 (90.5%) small farm loans to businesses and farms with revenues of \$1 million or less. By comparison, aggregate lenders originated 38.4% and 83.5% of small business and small farms loans to businesses and farms with revenues of \$1 million or less. The bank's performance was above the aggregate lenders for both years; while below assessment area demographics as 90.6% of businesses and 99.3% of farms have \$1 million or less in revenues.

Further, the bank originated 240 of 416 (57.7%) small business loans and 385 of 476 (80.9%) small farm loans in amounts of \$100,000 or less in 2007. By comparison, the aggregate lending level for small business loans was 91.9% and 78.1% small farm loans. In 2008, the bank originated 242 of 407 (59.5%) small business loans and 342 of 420 (81.4%) small farm loans in amounts of 100,000 or less. By comparison, the aggregate lending level was 90.6% and 76.9% for small business and small farm loans, respectively. Overall, the bank's performance was below the aggregate lenders for small business loans, while above for small farm loans. Performance in this area is expected given the bank's business strategy and is not weighted as heavily as performance to businesses and farms with revenues of \$1 million or less. Therefore, the bank's level of CRA-reportable lending to businesses and farms of different revenue levels demonstrates good support for small businesses and farms.

HMDA-Reportable Loans

Exhibit 16 Income Distribution 2007 and 2008 HMDA-Reportable Lending									
Income Level of Borrower	Bank				Aggregate ¹				% of Families Within Assessment Area
	2007		2008		2007		2008		
	#	%	#	%	#	%	#	%	
Low-income	7	5.1	15	7.1	188	3.2	207	4.4	12.8
Moderate-income	21	15.4	23	10.8	780	13.4	595	12.7	16.5
Middle-income	22	16.2	36	17.0	1,352	23.2	1,048	22.4	25.0
Upper-income	43	31.6	53	25.0	2,902	49.7	2,194	46.9	45.7
Unknown ²	43	31.6	85	40.1	618	10.6	634	13.6	0.0
Total	136	100.0	212	100.0	5,840	100.0	4,678	100.0	100.0

¹Aggregate data includes the bank's lending activity.
²Primarily includes employee, multi-family, or business/farm entity loans for which income information is not required to be collected.

Borrower distribution of home mortgage loans is good. In 2007, the bank originated 20.5% of its HMDA-reportable loans to low- and moderate-income borrowers. The bank's performance was above aggregate lending levels, which originated 16.6% of HMDA-reportable loans to low- and moderate-income borrowers. The bank originated 17.9% of its HMDA-reportable loans to low- and moderate-income borrowers in 2008, which was also above the aggregate lending level of 17.1%. Overall, the bank's performance was above the aggregate lenders for 2007 and 2008, while below assessment area demographics as 29.3% of the families in the assessment area were low- and moderate-income according to 2000 census data.

Community Development Lending

First Banking Center makes an adequate level of community development loans in the non-metropolitan assessment area. The bank originated one loan totaling \$27,000 in 2007, five loans totaling \$172,000 in 2008, and one loan totaling \$39,000 in 2009. All seven loans were to the same organization and are described in Exhibit 17. The total number of loans and total dollar volume has decreased from the previous evaluation as 20 loans totaling \$1,363,900 were originated in 2005 and 2006. The decrease is attributed to two primary factors, including a decline in demand due to regional economic factors and a shift in the lending focus of the non-profit agency to communities adjacent to the non-metropolitan assessment area.

Exhibit 17			
Community Development Lending Activity in the Non-metropolitan Assessment Area			
Amount \$	Number	Year	Description
27,000	1	2007	Non-profit corporation that provides affordable housing loans and initiatives to low- and moderate-income borrowers.
172,000	5	2008	Non-profit corporation that provides affordable housing loans and initiatives to low- and moderate-income borrowers.
39,000	1	2009	Non-profit corporation that provides affordable housing loans and initiatives to low- and moderate-income borrowers.
Total			
\$238,000	7	2007/2008/2009	

Flexible Lending

A majority of the flexible lending programs that First Banking Center participates in are available throughout the bank's entire assessment area and are described in detail under the combined assessment area section.

INVESTMENT TEST

Performance under the investment test in the non-metropolitan assessment area is low satisfactory based on an adequate level of qualified community development investments and donations made in the assessment area, rarely in a leadership position. The bank also demonstrated adequate responsiveness to the assessment area's credit and community development needs. The bank made rare use of innovative and/or complex investments to support community development initiatives.

The bank made 14 qualified donations of \$9,325 to various food pantries and organizations that provide services to low- and moderate-income individuals in the assessment area during the evaluation period. This represented the lowest level of donations in the bank's three assessment areas. These figures also represent a decrease from the previous evaluation where the bank made 18 donations totaling \$20,250. The decline in donation activity is due to a decrease in the bank's home equity line of credit (HELOC) originations. The bank puts \$25 of each origination towards its donation pool for local area food banks. In 2007, the bank originated 154 HELOCs compared to 79 in 2008.

SERVICE TEST

Performance under the service test in the non-metropolitan assessment area is high satisfactory based on retail services being accessible to essentially all portions of the assessment area and banking hours and services not varying in a way that inconveniences any portions of the assessment area, including low- and moderate-income borrowers. Bank employees also provided a relatively high level of community development services throughout the assessment area.

Retail Services

A majority of the bank's branches and ATMs are located in this assessment area as it is served by ten branches; seven full-service ATMs, and three cash-only ATMs. These branches are situated throughout Walworth, Lafayette, and Green counties and are accessible to essentially all portions of the assessment area, including low- and moderate-income individuals. Since the previous evaluation one cash-only ATM in Walworth was closed due to the closure of the retail establishment in which it was located.

Branch hours are typically 9:00 a.m. to 5:00 p.m. Monday through Thursday, with some locations remaining open until 6:00 p.m. on Fridays. Most locations are also open until noon on Saturday. Business hours and banking services are reasonable and do not vary in a way that inconveniences certain portions of the assessment area including low- and moderate-income individuals. Electronic banking services and information are available via a network of ten ATMs, as well as, First Touch telephone banking and Bank@Home internet banking services.

Loan officers are available at each of the ten branches. Areas of lending expertise vary by the size and location of the branches; however, lenders are also available to meet with customers by appointment at a location convenient to the customer.

There have been no branch openings or closings in this assessment area since the previous evaluation.

Community Development Services

The bank provided a relatively high level of community development services in the non-metropolitan assessment area during the review period as a majority of bank branches and employees are located in this assessment area. Bank employees served as board members, treasurers, and volunteers for a wide variety of organizations that support small businesses and small farms, promote economic development, and provide community services to low- and moderate-income individuals. Examples of organizations benefiting from these community development services include Big Brothers and Big Sisters, the Darlington Community Fund, VIP Services, and St. Vincent DePaul.

First Banking Center also continues to lend support to the statewide Personal Economics Program (PEP). The curriculum is developed by the State of Wisconsin and focuses on banking and personal financial matters. Participating banks teach the curriculum to elementary and high school students throughout the state. The bank has been recognized as a leader in teaching this program and recently taught to an elementary school where a majority of the students were from families with low- or moderate-incomes.

FULL REVIEW METROPOLITAN AREAS

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE RACINE, WI, METROPOLITAN STATISTICAL AREA

The Racine assessment area consists of nine census tracts in the central and western portions of Racine County, which is located in southeastern Wisconsin. There are no low- or moderate-income census tracts as the assessment area is comprised of seven middle- and two upper-income geographies. First Banking Center's home office is located in Burlington, which is located approximately 35 miles southwest of Milwaukee. In addition to the main office, there are three branches, a motor bank, and six ATMs (four full-service, two cash-only). Since the previous evaluation, one cash-only ATM closed in Burlington at the retailer's decision.

As of June 30, 2008, First Banking Center maintained a 6.73% market share of FDIC-insured deposits, which ranked 4th out of 18 FDIC-insured financial institutions with at least one branch in Racine County. By comparison, the top three institutions by market share were: Johnson Bank (40.90%), Marshall & Ilsley Bank (11.96%), and Bank of Elmwood (7.00%).

According to 2008 Census Bureau estimates, the population of Racine County (199,510) has grown since the previous CRA evaluation (199,018) and 2000 census (188,831) and is the 5th largest county in Wisconsin. The city of Racine (82,196) represents the largest population center in the county and is also the county seat.

Manufacturing (23.7%), education and health (20.3%), and trade, transportation, and utilities (20.1%) are the primary industries in Racine County. Within these industries, food services and drinking places, educational services, and administrative and support services represent the largest subsectors. The largest employers in the county are illustrated in Exhibit 18 below.

Exhibit 18		
Major Employers in the Racine Assessment Area*		
Company	Location	Description
All Saints Medical Center, Inc.	Racine	General Medical & Surgical Hospitals
Racine Unified School District	Racine	Elementary and Secondary Schools
S.C. Johnson & Son, Inc.	Racine	Polish and Other Sanitation Good Manufacturing
CNH America, LLC	Racine	Farm Machinery and Equipment Manufacturing
City of Racine	Racine	Executive and Legislative Offices
Wal-Mart Associates, Inc.	Racine	Discount Department Stores
Emerson Electric Co.	Racine	Other Major Household Appliance Manufacturing
Racine County	Racine	Executive and Legislative Offices
*Source: WI DWD		

Exhibit 19 illustrates the unemployment rate for Racine County and the State for July 2008 and July 2009. The unemployment rate in Racine County has increased significantly in the past year and remains above the State. The City of Racine typically has a higher unemployment rate (currently 17.1%) than the suburban and rural portions of the county, which has a significant impact as 41.2% of the county's population resides in the City of Racine. However, it should be noted the City of Racine is not located in the bank's assessment area. The increase in unemployment from July 2008 to July 2009 is due to regional economic factors including layoffs and business closings. According to WI DWD, plant closings and layoffs in 2008 and 2009 contributed to 502 job losses in Racine County. A majority of the job losses were in manufacturing, retail, and transportation industries. According to community representatives, many industries are leaving the area for overseas markets due to lower labor and operating costs.

Exhibit 19		
Unemployment Statistics*		
Location	July 2009	July 2008
Racine County	10.8	5.6
State of Wisconsin	8.7	4.6
*Source: WI DWD		

Selected demographic information for the Racine assessment area is provided in Exhibit 20.

Exhibit 20								
Racine Assessment Area Demographics*								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,415	10.7
Moderate-income	0	0.0	0	0.0	0	0.0	2,327	17.6
Middle-income	7	77.8	9,718	73.4	239	2.5	3,604	27.2
Upper-income	2	22.2	3,530	26.6	43	1.2	5,902	44.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	9	100.0	13,248	100.0	282	2.1	13,248	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%**	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	14,216	9,666	71.7	68.0	3,603	25.3	947	6.7
Upper-income	4,632	3,822	28.3	82.5	528	11.4	282	6.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	18,848	13,488	100.0	71.6	4,131	21.9	1,229	6.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	1,810	79.6	1,605	78.5	155	91.2	50	84.7
Upper-income	464	20.4	440	21.5	15	8.8	9	15.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	2,274	100.0	2,045	100.0	170	100.0	59	100.0
Percentage of Total Businesses:				89.9		7.5		2.6

*Information regarding businesses by tract and revenue size is based on 2008 data. All other information is based on 2000 census data.

**Percentage of total owner-occupied housing, by census tract income, in the assessment area.

Although not depicted in the table, there are a total of 147 farms located in the Racine assessment area, a majority of which (145) have revenues of \$1 million or less. The total number of farms has increased since the previous CRA evaluation at which time there were 136 farms located in the assessment area.

A majority of the housing units are owner-occupied (71.6%), which is higher than the State of Wisconsin (61.5%). The affordability ratios for the Racine assessment area and the State are .37 and .39, respectively, indicating housing is slightly less affordable in the Racine assessment area when compared to the State of Wisconsin. While there are no low- or moderate-income census tracts within the assessment area, families designated as low- and moderate-income represent 28.3% of all families in the assessment area. Additionally, businesses and farms with \$1 million or less in total revenue represent 89.9% and 98.6% of all business and farms in the assessment area. This data suggests that credit opportunities are available to borrowers with different incomes and businesses and farms of different revenue levels throughout the assessment area.

Information obtained through two community representatives was considered for this assessment area. The community representatives were in the areas of economic development and affordable housing. The representatives stated that the credit needs of the community are generally being met and that local financial institutions are involved in the community. Representatives cited affordable housing and general economic development as the major credit needs in the community. The representatives stated that financial institutions can help meet these credit needs by providing financial or personal service support to economic development initiatives, by purchasing tax credits, or by providing matching down payment funds for affordable housing projects that benefit low- and moderate-income borrowers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE RACINE, WI METROPOLITAN STATISTICAL AREA

First Banking Center's performance on the lending, investment, and service test in the Racine assessment area is high satisfactory.

LENDING TEST

Performance under the lending test in the Racine assessment area is high satisfactory. During the review period, the bank originated 444 CRA-reportable and 100 HMDA-reportable loans in this assessment area. Loan volume was taken into account when assessing the bank's geographic and borrower distribution performance. Geographic distribution of loans reflects good penetration of CRA- and HMDA-reportable loans throughout the assessment area, while borrower loan distribution reflects good penetration among businesses and farms of different sizes and adequate penetration among borrowers of different income levels. Lastly, the bank makes a low level of community development loans in this assessment area.

Geographic Distribution

Geographic distribution of CRA- and HMDA-reportable loans is good. The Racine assessment area is comprised of seven middle-, two upper-, and no low- or moderate-income census tracts; therefore, the analysis below is limited to middle- and upper-income tracts. Performance in the

middle-income census tracts carries the most weight as they comprise the majority of the tracts in the assessment area.

CRA-Reportable Loans

Geographic distribution of CRA-reportable loans is good. In 2007, the bank originated 123 (84.2%) small business loans and 54 (69.2%) small farm loans in middle-income census tracts, respectively. By comparison, the aggregate lending level within middle-income census tracts was 75.0% and 67.0% for business and farm loans, respectively. In 2008, the bank originated 102 (72.3%) small business loans and 42 (53.2%) small farm loans in middle-income census tracts, respectively. The aggregate lending level for 2008 was 74.3% for small business and 53.3% for small farm loans. Overall, the bank's performance was above the aggregate lending level for 2007, while comparable to the aggregate in 2008. Additionally, according to assessment area demographics, 79.6% of all businesses and 70.1% of all farms are located in middle-income census tracts.

HMDA-Reportable Loans

Exhibit 21 Geographic Distribution 2007 and 2008 HMDA-Reportable Lending									
Income Level of Tract	Bank				Aggregate ¹				% of Owner-Occupied Units by census tract
	2007		2008		2007		2008		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Middle-income	33	76.7	40	70.2	2,274	69.2	1,771	67.3	71.7
Upper-income	10	23.3	17	29.8	1,010	30.8	860	32.7	28.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	43	100.0	57	100.0	3,284	100.0	2,631	100.0	100.0

¹Aggregate data includes the bank's lending activity.

The geographic distribution of HMDA-reportable loans is good. In 2007, the bank originated 76.7% of HMDA-reportable loans within middle-income census tracts. By comparison, the aggregate lending level within middle-income census tracts was 69.2%. In 2008, the bank originated 70.2% of HMDA-reportable loans within middle-income census tracts, while aggregate lenders originated 67.3% in middle-income census tracts. The bank's performance was above the aggregate lending levels for both 2007 and 2008 and comparable to assessment area demographics as 71.7% of owner-occupied housing units are located in the middle-income census tracts.

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

Given the demographics of, and competition within the Racine assessment area, borrower distribution is considered good. The loan distribution across businesses and farms of different

sizes reflects good penetration, while loan distribution across borrowers of different income levels reflects adequate penetration.

CRA-Reportable Loans

The borrower distribution of CRA-reportable loans is good. The bank originated 99 of 146 (67.8%) small business loans and 76 of 78 (97.4%) small farm loans to businesses and farms with revenues of \$1 million or less in 2007. By comparison, the aggregate lenders originated 42.5% of small business and 97.0% of small farm loans to businesses and farms with revenues of \$1 million or less. In 2008, the bank originated 83 of 141 (58.9%) small business loans and 68 of 79 (86.1%) small farm loans to businesses and farms with revenues of \$1 million or less. By comparison, aggregate lenders originated 38.0% and 82.9% of small business and small farms loans to businesses and farms with revenues of \$1 million or less. Overall, the bank’s performance was significantly above the aggregate lenders for both years; while below assessment area demographics as 89.9% of businesses and 98.6% of farms have \$1 million or less in revenues.

Further, the bank originated 103 of 146 (70.5%) small business loans and 65 of 78 (83.3%) small farm loans in amounts of \$100,000 or less in 2007. By comparison, the aggregate lending level for small business loans was 94.1% and 82.0% small farm loans. In 2008, the bank originated 90 of 141 (63.8%) small business loans and 55 of 79 (69.6%) small farm loans in amounts of 100,000 or less. By comparison, the aggregate lending level was 91.6% and 67.6% for small business and small farm loans, respectively. Performance in this area is expected given the bank’s business strategy and is not weighted as heavily as performance to businesses and farms with revenues of \$1 million or less. Therefore, the bank’s level of CRA-reportable lending to businesses and farms of different revenue levels demonstrates good support for small businesses and farms.

HMDA-Reportable Loans

Exhibit 22									
Income Distribution 2007 and 2008 HMDA-Reportable Lending									
Income Level of Borrower	Bank				Aggregate ¹				% of Families Within Assessment Area
	2007		2008		2007		2008		
	#	%	#	%	#	%	#	%	
Low-income	4	9.3	1	1.8	108	3.3	106	4.0	10.7
Moderate-income	5	11.6	8	14.0	516	15.7	385	14.6	17.6
Middle-income	12	27.9	14	24.6	892	27.2	684	26.0	27.2
Upper-income	20	46.5	27	47.4	1,424	43.4	1,157	44.0	44.5
Unknown ²	2	4.7	7	12.3	344	10.4	299	11.4	0.0
Total	43	100.0	57	100.0	3,284	100.0	2,631	100.0	100.0

¹Aggregate data includes the bank’s lending activity.
²Primarily includes employee, multi-family, or business/farm entity loans for which income information is not required to be collected.

Borrower distribution of home mortgage loans is adequate. In 2007, the bank originated 20.9% of its HMDA-reportable loans to low- and moderate-income borrowers. The bank's performance was above aggregate lending levels, which originated 19.0% of HMDA-reportable loans to low- and moderate-income borrowers. The bank originated 15.8% of its HMDA-reportable loans to low- and moderate-income borrowers in 2008, which was below the aggregate lending level of 18.6%. Overall, the bank's performance was comparable to the aggregate lenders, while below assessment area demographics as 28.3% of the families in the assessment area were low- and moderate-income according to 2000 census data.

Community Development Lending

First Banking Center makes a low level of community development loans in the Racine assessment area as no loans were originated during the review period. The bank's performance decreased as four loans totaling \$320,000 were originated during the previous evaluation. Factors contributing to the lack of loans originated include competition, as one local financial institution has over 40% market share in this assessment area, and limited opportunities in the rural portions of the assessment area, which is where a majority of bank branches are located in this assessment area. It should also be noted that the City of Racine comprises over 40% of the population in Racine County and is not part of the bank's assessment area, further limiting opportunities for community development loans.

Flexible Lending

A majority of the flexible lending programs that First Banking Center participates in are available throughout the bank's entire assessment area and are described in detail under the combined assessment area section.

INVESTMENT TEST

Performance under the investment test in the Racine assessment area is high satisfactory based on the significant level of qualified community development investments and donations made in the assessment area, occasionally in a leadership position. The bank also demonstrated good responsiveness to the assessment area's credit and community development needs, making occasional use of innovative and/or complex investments to support community development initiatives.

The bank made nine qualified donations of \$61,826 during the evaluation period to various food pantries and organization that provide services to low- and moderate-income individuals in the assessment area. These donations helped provide food, transitional housing, and other services to those in need. These figures represent an increase from the previous evaluation where the bank made seven qualified donations totaling \$49,150.

The bank's use of an innovative investment resulted in the increase in donation activity and also supported community development services in the assessment area. First Banking Center sponsored an event for \$25,000 through Up With People, an organization that helps foster community development initiatives through various means. The event raised over \$11,000, which was donated to Love Inc, an organization that provides services to low- and moderate-income individuals. The members of Up With People also provided 480 hours of community service to Love Inc. and the Transitional Living Center. Lastly, in addition to the sponsorship, the bank also paid \$2,000 in production costs for the event.

SERVICE TEST

Performance under the service test in the Racine assessment area is high satisfactory based on retail services being accessible to essentially all portions of the assessment area and banking hours and services not varying in a way that inconveniences any portions of the assessment area, including low- and moderate-income borrowers. Bank employees also provided a relatively high level of community development services throughout the assessment area.

Retail Services

The bank's main office (Burlington, WI), three branches, and one motor bank are located in this assessment area. These branches are situated throughout Racine County and are accessible to essentially all portions of the assessment area, including low- and moderate-income individuals. Since the previous evaluation one cash-only ATM in Burlington was closed at the decision of the retailer. There have been no branch openings or closing in the assessment area since the previous evaluation.

Branch hours are typically 9:00 a.m. to 5:00 p.m. Monday through Thursday, with some locations remaining open until 6:00 p.m. on Fridays. Most locations are also open until noon on Saturday. Business hours and banking services are reasonable and do not vary in a way that inconveniences certain portions of the assessment area including low- and moderate-income individuals. Electronic banking services and information are available via a network of six ATMs, as well as, First Touch telephone banking and Bank@Home internet banking services.

Loan officers are available at the main office and three branch locations (the motor bank does not have any loan officers). Areas of lending expertise vary by the size and location of the branches; however, lenders are also available to meet with customers by appointment at a location convenient to the customer.

Community Development Services

The bank provided a relatively high level of community development services in the Racine assessment area during the review period. Bank employees served as board members, treasurers, and presidents for a wide variety of organizations that provide affordable housing and community

services to low- and moderate-income individuals. Examples of organizations benefiting from these community development services include Love Inc, Neighborhood Housing Services, the Salvation Army, and CBR Foundation.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE KENOSHA, WI, METROPOLITAN STATISTICAL AREA

The Kenosha assessment area consists of 19 census tracts in the central and western portions of Kenosha County, which is located in southeastern Wisconsin. The assessment area is comprised of three low-, seven moderate-, nine middle-, and no upper-income geographies. One low-income tract (0010.00) in the City of Kenosha was added to the assessment area since the previous evaluation. The assessment area is served by two full-service branches, each with a full-service ATM; one of these branches is also located in a moderate-income census tract.

As of June 30, 2008, First Banking Center maintained a 2.79% market share of FDIC-insured deposits, which ranked 8th out of 15 FDIC-insured financial institutions with at least one branch in Kenosha County. By comparison, the top three institutions by market share were: Marshall & Ilsley Bank (18.48%), Southport Bank (16.86%), and JP Morgan Chase Bank N.A. (16.10%). The bank’s low deposit market share is due to its limited branching network in this assessment area.

According to 2008 Census Bureau estimates, the population of Kenosha County (164,465) has grown steadily since the previous CRA evaluation (162,896) and 2000 census (149,577) and is the 8th largest county in Wisconsin. The City of Kenosha (96,950) represents the largest population center in the county and is also the county seat.

Education and health (24.4%), trade, transportation, and utilities (20.5%), and manufacturing (17.0%) are the primary industries in Kenosha County. Within these industries, educational services, food services and drinking places, and administrative and support services represent the largest subsectors. The largest employers in the county are illustrated in Exhibit 23.

Exhibit 23		
Major Employers in the Kenosha Assessment Area*		
Company	Location	Description
Kenosha Public Schools	Kenosha	Elementary and secondary schools
United Hospital System, Inc.	Kenosha	Medical services
City of Kenosha	Kenosha	Executive and legislative offices
County of Kenosha	Kenosha	Executive and legislative offices
U.W. Parkside	Kenosha	Colleges, universities and professional schools
Carthage College	Kenosha	Colleges, universities and professional schools
Aurora Health Care	Kenosha	General Medical and Surgical Hospitals
Gateway Voctech	Kenosha	Junior Colleges
*Source: WI DWD		

Exhibit 24 illustrates the unemployment rate for Kenosha County and the State of Wisconsin for July 2008 and July 2009. The unemployment rate in Kenosha County has increased significantly in the past year and remains above the State. The increase in unemployment from July 2008 to July 2009 is due to regional economic factors including layoffs and business closings. Community representatives also attributed the increase in unemployment to the large number of people looking for jobs who have moved to the area. According to WI DWD, plant closings and layoffs in 2008 and 2009 contributed to 710 job losses in Kenosha County, a majority of which occurred in the cities of Kenosha and Pleasant Prairie. Job losses occurred in a variety of industries including manufacturing, retail, transportation, and media.

Exhibit 24		
Unemployment Statistics*		
Location	July 2009	July 2008
Kenosha County	10.5	5.3
State of Wisconsin	8.7	4.6
*Source: WI DWD		

Selected demographic information for the Kenosha assessment area is provided in Exhibit 25.

Exhibit 25								
Kenosha Assessment Area Demographics*								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	3	15.8	2,064	7.6	382	18.5	7,181	26.4
Moderate-income	7	36.8	8,260	30.4	701	8.5	6,075	22.3
Middle-income	9	47.4	16,865	62.0	440	2.6	7,162	26.4
Upper-income	0	0.0	0	0.0	0	0.0	6,771	24.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	19	100.0	27,189	100.0	1,523	5.6	27,189	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%**	%	#	%	#	%
Low-income	4,021	1,130	4.2	28.1	2,510	62.4	381	9.5
Moderate-income	12,356	8,158	30.1	66.0	3,456	28.0	742	6.0
Middle-income	25,186	17,814	65.7	70.7	5,356	21.3	2,016	8.0
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	41,563	27,102	100.0	65.2	11,322	27.2	3,139	7.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	544	13.4	493	13.7	24	7.7	27	21.1
Moderate-income	995	24.6	905	25.1	64	20.5	26	20.3
Middle-income	2,508	62.0	2,209	61.2	224	71.8	75	58.6
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	4,047	100.0	3,607	100.0	312	100.0	128	100.0
	Percentage of Total Businesses:			89.1		7.7		3.2
*Information regarding businesses by tract and revenue size is based on 2008 data. All other information is based on 2000 census data.								
**Percentage of total owner-occupied housing, by census tract income, in the assessment area.								

Although not depicted in the table, there are a total of 138 farms located in the Kenosha assessment area, a majority of which (133) have revenues of \$1 million or less.

Of the 19 census tracts in the Kenosha assessment area, ten (52.6%) are low- or moderate-income. Additionally, 38.0% of all families in the assessment area live in these low- or moderate-income census tracts. A total of 16,377 (39.4%) housing units are located in the low- and moderate-income

census tracts with rental properties representing 62.4% of all housing units within the low-income census tracts and 28.0% within moderate-income census tracts. This data suggests there are lending opportunities in the low- and moderate-income census tracts.

According to the table above, 48.7% of all families in the assessment area are designated as low- and moderate-income. Additionally, 89.1% of all businesses and 96.4% of all farms have total revenues of \$1 million or less. This data indicates that there are also lending opportunities to borrowers of different income levels and businesses and farms of different sizes within the Kenosha assessment area.

Information obtained through two community representatives was considered for this assessment area. The community representatives were in the areas of economic development and affordable housing. The representatives stated that the credit needs of the community are generally being met and that local financial institutions are actively involved in the community. Representatives cited affordable housing and financial counseling as the major credit needs in the area. The representatives stated that financial institutions can help meet these credit needs by contributing to revolving loan funds, providing financial education and counseling, and sponsoring affordable housing program initiatives.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE KENOSHA, WI METROPOLITAN STATISTICAL AREA

First Banking Center's performance on the investment and service test in the Kenosha assessment area is high satisfactory, while performance on the lending test is low satisfactory.

LENDING TEST

Performance under the lending test in the Kenosha assessment area is low satisfactory. During the review period, the bank originated 592 CRA-reportable and 70 HMDA-reportable loans in this assessment area. Loan volume was taken into account when assessing the bank's geographic and borrower distribution performance. Geographic distribution of loans reflects adequate penetration of CRA-reportable loans, while HMDA-reportable loans reflect good penetration throughout the assessment area. Borrower distribution is adequate as loan penetration among businesses and farms of different sizes is good, while penetration among borrowers of different income levels is poor. Lastly, the bank makes a low level of community development loans in this assessment area.

Geographic Distribution

Geographic distribution of CRA- and HMDA-reportable loans is adequate. The analysis revealed that CRA-reportable loans reflect adequate penetration, while HMDA-reportable loans reflect good penetration throughout the assessment area. The Racine assessment area is comprised of three low-, seven moderate-, nine middle-, and no upper-income census tracts.

CRA-Reportable Loans

Geographic distribution of CRA-reportable loans is adequate. In 2007, the bank originated 48 (18.2%) small business loans and no small farm loans in low- and moderate-income census tracts, respectively. By comparison, the aggregate lending level within low- and moderate-income census tracts was 29.3% and 6.9% for small business and small farm loans, respectively. In 2008, the bank originated 54 (20.1%) small business loans and no small farm loans in low- and moderate-income census tracts, respectively. The aggregate lending level for 2008 was 29.6% for small business and 1.5% for small farm loans. The bank's performance was below the aggregate lending level for both 2007 and 2008 as well as assessment area demographics as 38.0% of all businesses and 7.2% of all farms are located in low- and moderate-income census tracts. However, as mentioned in the combined section, this performance is expected given the bank's limited branch network and market presence in this assessment area. Specifically, the bank has no branches in low-income census tracts and only one branch in the moderate-income census tracts.

HMDA-Reportable Loans

Exhibit 26 Geographic Distribution 2007 and 2008 HMDA-Reportable Lending									
Income Level of Tract	Bank				Aggregate ¹				% of Owner-Occupied Units by census tract
	2007		2008		2007		2008		
	#	%	#	%	#	%	#	%	
Low-income	1	4.4	5	10.6	422	5.7	251	4.7	4.2
Moderate-income	7	30.4	13	27.7	2,017	27.3	1,408	26.3	30.1
Middle-income	15	65.2	29	61.7	4,942	67.0	3,691	69.0	65.7
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	23	100.0	47	100.0	7,381	100.0	5,350	100.0	100.0

¹Aggregate data includes the bank's lending activity.

The geographic distribution of HMDA-reportable loans is good. In 2007, the bank originated 34.8% of HMDA-reportable loans within low- and moderate-income census tracts. By comparison, the aggregate lending level within low- and moderate-income census tracts was 33.0%. In 2008, the bank originated 38.3% of HMDA-reportable loans within low- and moderate-income census tracts, while aggregate lenders originated 31.0% in low- and moderate-income census tracts. The bank's performance was above the aggregate lending levels for both 2007 and 2008, and comparable to assessment area demographics as 34.3% of owner-occupied housing units are located and 38.0% of all families live in the low- and moderate-income census tracts.

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

Given the demographics of, and competition within the Kenosha assessment area, borrower distribution is considered adequate. The loan distribution across businesses and farms of different sizes reflects good penetration, while loan distribution across borrowers of different income levels reflects poor penetration.

CRA-Reportable Loans

The borrower distribution of CRA-reportable loans is good. The bank originated 123 of 264 (46.6%) small business loans and 24 of 28 (85.7%) small farm loans to businesses and farms with revenues of \$1 million or less in 2007. By comparison, the aggregate lenders originated 40.5% of small business and 82.8% of small farm loans to businesses and farms with revenues of \$1 million or less. In 2008, the bank originated 126 of 268 (47.0%) small business loans and 20 of 32 (62.5%) small farm loans to businesses and farms with revenues of \$1 million or less. By comparison, aggregate lenders originated 33.2% and 67.6% of small business and small farms loans to businesses and farms with revenues of \$1 million or less. Overall, the bank's performance was above the aggregate lenders, while below assessment area demographics as 89.1% of businesses and 96.4% of farms have \$1 million or less in revenues.

Further, the bank originated 139 of 264 (52.7%) small business loans and 23 of 28 (82.1%) small farm loans in amounts of \$100,000 or less in 2007. By comparison, the aggregate lending level for small business loans was 92.0% and 82.8% small farm loans. In 2008, the bank originated 136 of 268 (50.7%) small business loans and 25 of 32 (78.1%) small farm loans in amounts of 100,000 or less. By comparison, the aggregate lending level was 89.6% and 79.4% for small business and small farm loans, respectively. Performance in this area is expected given the bank's business strategy and is not weighted as heavily as performance to businesses and farms with revenues of \$1 million or less. Therefore, the bank's level of CRA-reportable lending to businesses and farms of different revenue levels demonstrates good support for small businesses and farms.

HMDA-Reportable Loans

Exhibit 27 Income Distribution 2007 and 2008 HMDA-Reportable Lending									
Income Level of Borrower	Bank				Aggregate ¹				% of Families Within Assessment Area
	2007		2008		2007		2008		
	#	%	#	%	#	%	#	%	
Low-income	2	8.7	5	10.6	817	11.1	745	13.9	26.4
Moderate-income	2	8.7	6	12.8	1,815	24.6	1,337	25.0	22.3
Middle-income	4	17.4	10	21.3	2,048	27.7	1,349	25.2	26.4
Upper-income	6	26.1	11	23.4	1,854	25.1	1,186	22.2	24.9
Unknown ²	9	39.1	15	31.9	847	11.5	733	13.7	0.0
Total	23	100.0	47	100.0	7,381	100.0	5,350	100.0	100.0

¹Aggregate data includes the bank's lending activity.
²Primarily includes employee, multi-family, or business/farm entity loans for which income information is not required to be collected.

Borrower distribution of home mortgage loans is poor. In 2007, the bank originated 17.4% of its HMDA-reportable loans to low- and moderate-income borrowers. The bank's performance was below aggregate lending levels, which originated 35.7% of HMDA-reportable loans to low- and moderate-income borrowers. The bank originated 23.4% of its HMDA-reportable loans to low- and moderate-income borrowers in 2008, representing an increase from 2007 levels. The bank's 2008 performance was below the aggregate lending level of 38.9%. Overall, the bank's performance was significantly below the aggregate lenders and assessment area demographics as 48.7% of the families in the assessment area were low- and moderate-income according to 2000 census data.

As previously mentioned, the bank's limited branching network and market presence in Kenosha contributed to performance in this area. Additionally, both branches are located in commercial areas where demand and opportunities for home mortgage lending is limited. Lastly, given the low loan volumes, percentages are significantly impacted with minimal increases or decreases in the number of loans originated.

Community Development Lending

First Banking Center makes a low level of community development loans in the Kenosha assessment area as no loans were originated during the review period. The bank's performance is similar to prior year levels as no community development loans were originated in the Kenosha assessment area during the previous evaluation. Factors contributing to the lack of loans originated include the bank's limited branching network and minimal market share in the assessment area, as well as, strong competition from other financial institutions, which have a much larger market share and branching network.

While no community development loans were originated, the bank does have a \$64,000 standby letter of credit to an organization that provides community development services to low- and moderate-income borrowers in the Kenosha assessment area.

Flexible Lending

A majority of the flexible lending programs that First Banking Center participates in are available throughout the bank's entire assessment area and are described in detail under the combined assessment area section.

INVESTMENT TEST

Performance under the investment test in the Kenosha assessment area is high satisfactory based on the significant level of qualified community development investments and donations made in the assessment area, occasionally in a leadership position. The bank also demonstrated good responsiveness to the assessment area's credit and community development needs, making occasional use of innovative and/or complex investments to support community development initiatives.

The bank made ten qualified donations of \$16,020 during the evaluation period to food pantries and organizations that provide youth programs and services to low- and moderate-income individuals in the assessment area. These donations also include contributions of office furniture to multiple organizations that provide various services to low- and moderate-income individuals. These figures represent an increase in dollar volume from the previous evaluation where the bank made 12 qualified donations totaling \$12,175.

The bank also has one outstanding investment in a mortgage-backed security that addresses affordable-housing needs as it benefits low- and moderate-income individuals and census tracts within the Kenosha assessment area. The security was originally purchased in 2005 with a principle balance of \$307,366. The current outstanding balance is \$139,604.

SERVICE TEST

Performance under the service test in the Kenosha assessment area is high satisfactory based on retail services being accessible to essentially all portions of the assessment area and banking hours and services not varying in a way that inconveniences any portions of the assessment area, including low- and moderate-income borrowers and geographies. Bank employees also provided a relatively high level of community development services throughout the assessment area.

Retail Services

The assessment area is served by two full-service branches, one of which is located in a moderate-income census tract in the City of Kenosha. There have been no branch openings or

closings in the assessment area since the previous evaluation. Each branch has a full-service ATM and both locations are accessible via public transportation. Delivery systems in this assessment area are accessible to essentially all portions of the assessment area, including low- and moderate-income individuals and geographies.

Branch hours are 9:00 a.m. to 5:00 p.m. Monday through Thursday, with both locations open until 6:00 p.m. on Fridays. Both locations are also open from 9:00 a.m. until noon on Saturdays. Business hours and banking services are reasonable and do not vary in a way that inconveniences certain portions of the assessment area including low- and moderate-income individuals or geographies. Electronic banking services and information are available via a network of two ATMs, as well as, First Touch telephone banking and Bank@Home internet banking services.

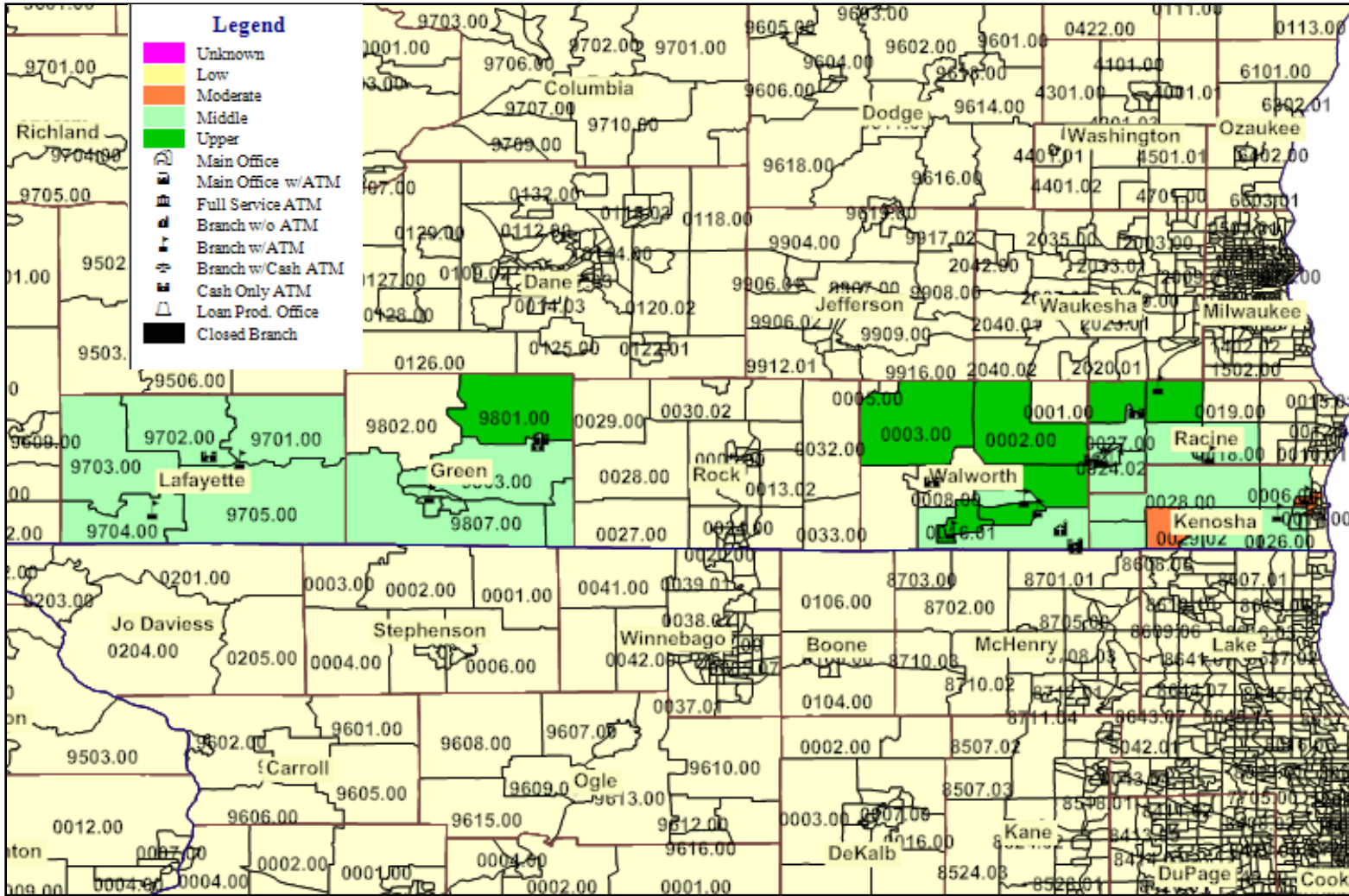
Community Development Services

The bank provided an adequate level of community development services in the Kenosha assessment area during the review period. Bank employees served as board members, vice president, and volunteers for a variety of organizations that provide community services to low- and moderate-income individuals and support small businesses in and around Kenosha. Examples of organizations benefiting from these community development services include the Boys and Girls Club, the Salvation Army, Women & Children's Horizons, and the Wisconsin Women's Business Initiative Corporation.

First Banking Center also participates in the "Get Checking" program, which is offered through the Consumer Credit Counseling Service of Kenosha. The course provides financial education to individuals who do not deal with financial institutions on a regular basis, a majority of which are low- or moderate-income. The course shows the individuals how to obtain and maintain a checking account and assists them in accessing a local financial institution for their financial needs.

CRA APPENDIX A

MAP OF FIRST BANKING CENTERS COMBINED ASSESSMENT AREA



CRA APPENDIX B

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals, activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies,

Consumer loan: A loan to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, home equity, other secured loan, and other unsecured loan.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Full review: Performance under the lending, investment, and service tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography: A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Limited review: Performance under the lending, investment, and service tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Metropolitan area: Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”), or consolidated metropolitan area (“CMSA”), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a geography.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Optional loans: Includes any unreported category of loans for which the institution collects and maintains data for consideration during a CRA examination. Also includes consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small loans to business: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small loans to farms: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.