

PUBLIC DISCLOSURE

July 26, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

M&I BANK OF RACINE

RSSD Number: 1000445

441 Main Street
Racine, Wisconsin 53401

FEDERAL RESERVE BANK
OF CHICAGO

230 South LaSalle
Chicago, Illinois 60604

Note: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **M&I Bank of Racine, Racine, Wisconsin**, prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **July 26, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION'S RATING: This institution is rated Satisfactory.

The bank's lending, service and investment efforts are considered generally strong based upon its size, local competition and available lending and investment opportunities. The bank's six-quarter average loan-to-deposit ratio was well below its peer level due to a substantial increase in the bank's deposit base as a result of merger activity. A high percentage of the bank's 1997 and 1998 loans were originated within its assessment area. The distribution of lending within low- and moderate-income census tracts reflects reasonable penetration, relative to the bank's size and competition within its assessment area. A review of loan originations also revealed solid loan penetration among low- and moderate-income borrowers and an adequate level of lending to small businesses.

The bank has a significant level of delivery systems in place to make its banking products and services available within its assessment area. The bank also provides a strong level of community development services, as bank officers, directors and staff, have taken leadership roles in a number of organizations promoting community development. The bank has an adequate level of investments and has increased its qualified investment activity since the previous examination.

The following table indicates the performance level of **M&I Bank of Racine, Racine, Wisconsin** with respect to the lending, investment and service tests.

PERFORMANCE LEVELS	M&I BANK of RACINE		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

DESCRIPTION OF M&I BANK OF RACINE'S ASSESSMENT AREA

Racine is located in southeastern Wisconsin, along the shores of Lake Michigan, approximately 25 miles south of Milwaukee. The bank defines its assessment area as census tracts 1.00 through 17.04 in Racine County, which constitutes a significant portion of the Racine MSA (6600). The assessment area contains four low- and two moderate-income census tracts. Approximately 131,920 individuals reside in the assessment area according to 1990 census data. The following table details demographic information for each census tract in the assessment area:

M&I BANK OF RACINE ASSESSMENT AREA CENSUS TRACTS					
Census Tract	Median Family Income	Number of Families	Census Tract	Median Family Income	Number of Families
1.00*	17,083	54	13.01	37,961	1,051
2.00**	20,952	1,337	13.02**	30,268	1,199
3.00*	14,104	942	14.00	39,789	2,039
4.00*	16,528	1,146	15.01	41,880	1,043
5.00*	17,397	1,469	15.02	43,765	1,454
6.00	34,099	1,605	16.01	43,598	1,479
7.00	35,383	1,623	17.02	36,227	1,137
8.00	32,008	1,343	17.03	44,837	877
9.01	36,392	1,048	9.03	48,750	1,204
10.01	30,641	700	9.04	48,405	1,139
10.02	32,557	838	15.03	50,473	1,982
11.00	42,813	2,088	16.02	58,394	755
12.01	32,386	1,015	17.04	43,625	2,287
12.02	34,757	1,774	10.03	33,973	1,097

* Low-income census tract

** Moderate-income census tract

Additional housing and population characteristics of the assessment area's low- and moderate-income census tracts are presented in the following table:

M&I BANK OF RACINE – Assessment Area Low- and Moderate-income Census Tracts – Housing and Population Characteristics			
Census Tract	Income Level	Population	Owner-Occupied Housing Units
1.00	Low	475	28
3.00	Low	3,974	447
4.00	Low	4,961	592
5.00	Low	6,376	713
2.00	Moderate	6,042	859
13.02	Moderate	4,548	997
TOTAL		26,376	3,636

The assessment area median family income of \$37,048 is comparable to the State of Wisconsin median family income (\$35,082). A summary of population based upon adjusted median family income levels for the assessment area and the State of Wisconsin, is presented in the following table:

M&I BANK OF RACINE – Summary of Population based upon Median Family Income								
Geographic Area	Low-Income Families		Moderate-Income Families		Middle-Income Families		Upper-Income Families	
	#	%	#	%	#	%	#	%
Assessment Area	7,456	20.9	6,233	17.4	9,312	26.1	12,724	35.6
State of Wisconsin	230,129	17.9	240,790	18.7	339,926	26.5	473,452	36.9

Approximately 38% of assessment area families are low or moderate-income; 9.3% of the assessment area's families have incomes below the poverty level. Assessment area housing characteristics are detailed in the following tables:

M&I BANK OF RACINE – Housing Characteristics – Occupancy		
Housing Type	Number of Units-Assessment Area	Percent of Total
Owner- Occupied Units	32,282	63.5
Rental Units	16,580	32.6
Vacant Units	1,958	3.9
Total Housing Units	50,820	100.0

M&I BANK OF RACINE – Housing Characteristics -Type and Age of Housing				
Housing Type	Assessment Area		State of Wisconsin	
	Number	Percent	Number	Percent
Single Family	32,028	63.0	1,341,491	65.3
2-4 Family	10,724	21.1	327,996	16.0
Multi-family	7,400	14.6	258,847	12.6
Built Pre-1950	21,261	37.8	757,204	36.8
Median Housing Value	\$59,432		\$62,141	

The assessment area housing stock consists of a large percentage of rental (32.6%) and one-to-four family units (84.1%). In comparison, 59.1% of housing statewide is owner-occupied and 81.3% of housing statewide is one-to-four family. The assessment area median housing values (\$59,432) reflect slightly lower values, when compared to the statewide median housing value of \$62,141.

The City of Racine is the county seat; it is located 25 miles south of Milwaukee and 60 miles north of Chicago. Its location along Interstate 94 that links these cities, enhances the level and types of employment opportunities for local residents with businesses and industries located in these cities. The following table depicts Racine County major manufacturing employers:

RACINE COUNTY MAJOR EMPLOYERS			
Employer	City	Number of Employees	Product/Service
U.S. Can Corporation	Racine	3,500	Aerosol cans
S.C. Johnson & Sons Inc.	Racine	1,400	Chemical specialties/household cleaners
Case Corp.	Racine	950	Agricultural tractors, transmissions
In-Sink-Erator	Racine	850	Hot water dispensers, waste disposals
Modine Manufacturing Co.	Racine	750	Heat transfer equipment
Jacobsen Div. of Textron Inc.	Racine	630	Turf and commercial mowing equipment
Ametek Inc.	Racine	500	Electric Motors
Rudd Lighting, Inc.	Racine	500	Outdoor and industrial light fixtures

Racine County's May, 1999 unemployment rate is slightly lower and has decreased more rapidly since May, 1998 in comparison to State of Wisconsin and national unemployment averages. The following table details May 1998 and 1999 seasonally unadjusted unemployment rates for Racine County, the State of Wisconsin and United States:

MAY 1999 and 1998 SEASONALLY-UNADJUSTED UNEMPLOYMENT RATES

Political Sub-Division	May, 1999	May, 1998
Racine County	4.4%	3.6%
State of Wisconsin	3.1%	2.9%
National	4.0%	4.2%

DESCRIPTION OF INSTITUTION

M&I Bank of Racine, with total assets of \$327,951,000, as of March 31, 1999, is an affiliate of Marshall & Ilsley Corporation, a Milwaukee-based, multi-bank holding company. M&I Bank of Racine is a full-service bank with one deposit-taking and three full-service branches. The bank provides a wide range of loan and deposit products, including loans through the Small Business Administration (SBA), Veterans Administration (VA), and the Wisconsin Housing and Economic Development Authority (WHEDA). The bank offers residential real estate loans directly; however, many of its residential real estate loan applications are subsequently originated by its affiliated mortgage company, M&I Mortgage Corp. Bank management identified its primary local competition as Bank of Elmwood, Johnson Bank, and branches of Firststar Bank Milwaukee NA, and Bank One, Wisconsin. Educators Credit Union, was also identified by management as an aggressive local financial institution. There are no legal impediments or financial restrictions limiting the bank's ability to meet community credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank's loan originations and loan portfolio were reviewed to evaluate the bank's lending volume, geographic distribution of loans, the distribution of lending by borrower characteristics, community development lending and the use of innovative and flexible lending practices.

Lending Volume

A review of the bank's March 31, 1999 Consolidated Report of Condition, revealed total net loans of \$127,742,000, total deposits of \$251,375,000 and a loan-to-deposit ratio of 50.8%. The composition of the bank's loan portfolio as compared to peer based upon the March 31, 1999 Uniform Bank Performance Report (UBPR) is illustrated in the following chart.

LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
REAL ESTATE LOANS		
Construction/Development	1.98	6.66
1 – 4 Family Residential	52.17	30.84
Other Real Estate**	16.45	28.42
TOTAL REAL ESTATE LOANS	70.60	65.92
LOANS TO INDIVIDUALS	4.74	11.62
COMMERCIAL and INDUSTRIAL LOANS	24.09	17.76

LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
AGRICULTURAL LOANS	0.00	2.25
MUNICIPAL LOANS	0.00	0.80
OTHER LOANS*	0.58	1.64
*Includes financial institution loans, acceptance of other banks, foreign office loans and leases, and lease financing receivables		
**Other real estate loans is a total of the following – farmland, multi-family and commercial real estate.		

The bank's average loan-to-deposit ratio for the six quarters ending March 31, 1999 is 47.02%; its loan-to-deposit ratio is well below the loan-to-deposit ratios of its local competitors and national peer group of those insured commercial banks with assets between \$300 million and \$500 million. Six-quarter loan-to-deposit ratios for the bank, its national peer group and a sample of its local competitors are presented in the following table:

COMPARATIVE LOAN-TO-DEPOSIT RATIOS- M&I BANK OF RACINE, NATIONAL PEER GROUP AND LOCAL COMPETITORS		
Institution	Asset Size (000)	Six Quarter Average Loan-to-deposit Ratio
M&I Bank of Racine	\$327,951	47.02%
Bank of Elmwood (Racine)	\$165,307	80.80%
Community State Bank (Union Grove)	\$229,236	78.27%
National Peer Group	\$300 to \$500 million	77.80%

The bank's average loan-to-deposit ratio is below its national and local peer group; however, the actual loan volume increased considerably from 1997 to 1998. The bank's loan-to-deposit ratio is a direct result of October 1997 Marshall & Ilsley Corporation merger activity, in which three former Security Bank branches were acquired by M&I Bank of Racine. Bank management reported that the bank acquired approximately \$120,000,000 in new deposits as a result of the merger, while only \$30,000,000 in new loans were acquired. The remainder of the loan portfolio was acquired by M&I Marshall & Ilsley Bank in Milwaukee.

Lending in Assessment Area

The bank's analysis reports of 1997 and 1998 real estate and small business loan originations were reviewed in order to evaluate overall lending volume and lending in its assessment area. Small business loans are defined in the regulation as loans to those businesses having original amounts of \$1,000,000 or less. The following table highlights lending in the assessment area as a percentage of total 1997 and 1998 lending by product type:

M&I BANK OF RACINE – 1997 and 1998 Lending in the Assessment Area				
PRODUCT	1997		1998	
	Number	Percentage	Number	Percentage

Real Estate – Purchase	136	79.07%	229	76.33%
Real Estate – Refinance	74	74.75%	370	78.06%
Home Improvement	45	88.24%	56	88.89%
Small Business	131	77.52%	141	81.98%
Small Farm	0	N/A	0	N/A
TOTALS	386	78.62%	796	78.89%

A review of the 1997 and 1998 loan originations revealed an overall strong lending volume within the assessment area. The bank extended a total of 491 new loans in 1997 and 1,009 new loans in 1998; a total of 115 small business loans were originated in the assessment area in 1996 in comparison. Approximately 79% of both 1997 and 1998 loan originations were extended within the assessment area reflecting a strong level of lending performance.

Geographic Distribution

The bank's analysis reports of 1997 and 1998 real estate and small business originations were reviewed to assess the geographic distribution of the bank's lending within its assessment area. The following tables highlight the geographic distribution of real estate and small business lending in low-, moderate-, middle- and upper-income census tracts:

M&I BANK OF RACINE - 1997 Geographic Distribution of Lending by Product Type in Low-, Moderate-, Middle- and Upper-income Census Tracts							
Product	Low and Moderate-Income		Middle-Income		Upper-Income		Total Loans (By Type)
	#	%	#	%	#	%	
Real Estate*	29	11.4%	175	68.6%	51	20.0%	255
Small Business	38	29.0%	88	67.2%	5	3.8%	131
Totals	67	17.4%	263	68.1%	56	14.5%	386

*Includes M&I Mortgage Corp. lending

M&I BANK OF RACINE - 1998 Geographic Distribution of Lending by Product Type in Low-, Moderate-, Middle- and Upper-Income Census Tracts							
Product	Low and Moderate-Income		Middle-Income		Upper-Income		Total Loans (By Type)
	#	%	#	%	#	%	
Real Estate*	36	5.5%	503	76.8%	116	17.7%	655
Small Business	40	28.3%	83	58.9%	18	12.8%	141
Totals	76	9.6%	586	73.6%	134	16.8%	796

*Includes M&I Mortgage Corp. lending

A review of 1997 and 1998 aggregate data for all of the lenders reporting HMDA loans in the MSA, revealed the bank's lending in low- and moderate-income census tracts to be consistent with or exceed lending levels of the aggregate of all reporting lenders. A review of aggregate 1997 and 1998 HMDA-reportable lending indicated that 7.75% and 6.92%, respectively, of all reported HMDA-reportable loans were made in low- and moderate-income census tracts. A review of the bank's year-to-date 1999 lending data indicates that 7.69% of HMDA-reportable

lending was originated in low- and moderate-income census tracts in comparison.

In addition, a review of 1997 and 1998 aggregate data for all of the lenders reporting small business loans in the MSA, revealed the bank's lending in low- and moderate-income census tracts to exceed aggregate lending levels. A review of aggregate 1997 and 1998 small business reportable lending indicated that 17.14% and 15.61%, respectively, of all reported small business loans were made in low- and moderate-income census tracts. A review of 1996 lending data indicates that 28.69% of small business lending was originated in low- and moderate-income census tracts in comparison.

A review of 1990 assessment area census data revealed that there were a total of twenty-eight census tracts comprising the assessment area, with six of the twenty-eight census tracts defined as low- or moderate-income. Low and moderate-income census tracts contain twenty percent of the population in the bank's assessment area. A review of bank analysis reports of 1997 MSA aggregate market lending data revealed the following:

- A total of 178 commercial loans were made in the aggregate in assessment area low-income census tracts;
- M&I Bank of Racine originated 28 commercial loans in assessment area low-income census tracts, resulting in a 15.7% share of the market;
- A total of 67 commercial loans were made in moderate-income census tracts; and
- M&I Bank of Racine originated 10 commercial loans in moderate-income tracts, resulting in a 14.9% share of the market in moderate-income census tracts.

The bank's overall lending reflects solid penetration in low- and moderate-income census tracts, with consideration given to the number of low- and moderate-income census tracts and the available lending opportunities.

Borrower Characteristics

Bank and Mortgage Corp. 1997 and 1998 real estate and bank small business loan originations were reviewed to assess the bank's lending to low- and moderate-income borrowers and to small businesses. Small business loans are defined in the regulation as those loans with original amounts of \$1 million or less. Bank small business lending to those businesses with gross annual revenues of one million dollars or less and to those firms in original amounts of \$100,000 or less was also reviewed.

A review of new real estate loan reports for the bank and M&I Mortgage Corp. combined, revealed that 255 real estate loans were originated in the assessment area in 1997 and 655 real estate loans were originated in 1998. Approximately 79 assessment area loans were originated to low- and moderate-income borrowers (31.1%) in 1997; 168 loans to low- or moderate-income borrowers (26.05%) were originated in 1998. Loan originations for both years reflect a reasonable performance with respect to low- and moderate-income borrowers, as approximately 38% of the families in the assessment area are considered low- or moderate-income.

An analysis of 1997 and 1998 small business loan originations based upon the original dollar amount is summarized in the following table:

M&I BANK OF RACINE – 1997 and 1998 Small Business Lending by Loan Amount						
Loan Type	\$100,000 or less		\$100,000-\$250,000		Over \$250,000	
	Number	Percent	Number	Percent	Number	Percent
1997 Small Business	89	67.9	24	18.3	18	13.7
1998 Small Business	89	63.5	33	23.6	18	12.9

A review of 1997 and 1998 loan originations, as noted in the preceding table, revealed that a majority of the bank’s commercial loans had original amounts of \$100,000 or less. In addition, a review of 1997 and 1998 CRA aggregate data for all of the lenders reporting small business loans in the MSA, revealed the bank’s lending in amounts of \$100,000 to be consistent with aggregate lending levels. A review of aggregate 1997 and 1998 small business lending indicated that 74.81% and 77.82%, respectively, of all reported small business loans were made in amounts of \$100,000 or less.

Approximately 58.7% of 1997 (77 of 131 loans), and 55.0% of 1998 small business lending (77 of 141 loans) were to businesses with annual revenues of \$1 million or less. In comparison, a review of 1997 and 1998 CRA aggregate data for all of the lenders reporting small business loans in the MSA, revealed the bank’s lending to businesses with revenues less than \$1 million to be consistent with aggregate lending levels. A review of aggregate 1997 and 1998 small business lending indicated that 53.67% and 64.25%, respectively, of all reported small business loans were made to firms with revenues less than \$1 million.

The bank’s overall lending reflects solid penetration among low- and moderate-income borrowers based upon assessment area demographics and to small businesses in comparison to aggregate small business lending levels.

Innovative or Flexible Lending Practices

The bank continues to participate in flexible and innovative lending programs designed to meet the credit needs of low- and moderate-income individuals. The bank offers the M&I Neighborhood Home Loan Program (NHLP) and Wisconsin Housing and Economic Development Authority (WHEDA) loans. The NHLP offers ARM loans with various amortization terms. There are no minimum loan amounts or fees associated with the program, which also features flexible underwriting standards (including higher debt-to-income, and loan-to-value ratios for single family and 2-4 family dwellings). The bank made 8 loans for \$509,000 under the program in 1997 and 2 loans for \$124,000 in 1998. The bank extended 23 WHEDA loans totaling \$1,255,000 in 1997 and 8 loans for \$481,000 in 1998. The bank’s participation in these flexible lending programs is generally strong and is indicative of its efforts to meet the credit needs of low- and moderate-income individuals.

CONCLUSION

The bank's overall lending performance is considered strong. The decrease in the bank's six-quarter average loan-to-deposit ratio to a level well below its national peer group was the result of merger activity, which led to substantial deposit growth without a corresponding increase in loans. A review of the bank's total loan originations, particularly real estate lending, indicated an increase since the previous examination while a substantial majority of these loans were originated within the assessment area. The bank's lending reflected solid geographic distribution within the assessment area, particularly small business lending in low-income census tracts. The bank's lending to low- and moderate-income borrowers and to small businesses also reflected a solid level of performance. The bank makes frequent use of flexible and innovative loan programs, although it did not have any qualifying community development loans.

INVESTMENT TEST

The bank's investment portfolio, donations and special programs that contribute to local community development efforts were reviewed. Qualified investments or grants were reviewed for innovativeness, responsiveness to credit and community development needs and the degree to which these investments are not routinely provided by private investors. Discussions with management and community representatives revealed that investment opportunities within the assessment area are limited; no qualified investment securities activity was noted in the bank's investment portfolio.

Degree to Which Investments are not Provided by Private Investors

The bank provides investment in the form of grants, which support the operating expenses of nonprofit community organizations in its assessment area. A review of the bank's internal CRA and marketing files revealed that the bank made a \$2,500 donation to a local community development organization and has paid approximately \$1,540 on an annual basis to the Racine Journal Times for a full-page bank advertisement which amongst other things, promoted a Racine social service agency.

Responsiveness to Available Opportunities

The bank has increased its level of investment since the previous examination; however, the bank's overall responsiveness to the available opportunities for qualified investment in the assessment area is still considered adequate. A review of local economic development organizations and community representatives contacted during this examination indicate that there may be additional opportunities available in the community for donations or grants to those organizations which qualify under the investment test criteria.

CONCLUSION

The bank's performance under the investment test is rated low satisfactory. Although the bank has not taken advantage of all available opportunities with qualifying organizations, the bank has increased grant and donation activity to community development organizations in the assessment area since the previous examination.

SERVICE TEST

The bank’s retail banking delivery system and community development services were reviewed. Bank services were reviewed based upon accessibility, innovativeness and responsiveness to the community’s credit needs. Alternative systems utilized for delivering those services were also reviewed to determine their effectiveness. In addition, the distribution of the bank’s branches, the record of opening and closing branch offices and the level of community development service activity were reviewed.

Retail Banking Services

M&I Bank of Racine is a full-service bank with one deposit-taking and three full-service branches. The bank provides a wide range of loan and deposit products, including loans through the SBA, VA and WHEDA. The bank offers residential real estate loans directly; however, a significant number of its residential real estate loans are originated by its affiliate, M&I Mortgage Corp.

Distribution of Branches

The bank’s main office is located in a low-income census tract, while the remaining four branches are located in middle-income census tracts. All four offices are located within the City of Racine. The following chart lists the bank locations and corresponding hours of business:

BRANCH NAME & LOCATION	HOURS OF BUSINESS		
	LOBBY	DRIVE-UP	WALK-UP
Downtown 441 Main Street	M-Th 9:00 am - 4:30 pm Friday 9:00 am – 5:00 pm	M-Th 8:00 am - 5:30 pm Friday 8:00 am - 6:00 pm Saturday 9:00 am - 12:00 pm	M-Th 8:00 am - 5:30 pm Friday 8:00 am - 6:00 pm Saturday 9:00 am - 12:00 pm
Caledonia 5005 Douglas Ave.	M-Th 9:00 am - 5:00 pm Friday 9:00 am – 6:00 pm Saturday 9:00 am – 12:00 pm	M-Th 8:00 am - 6:00 pm Friday 8:00 am - 7:00 pm Saturday 8:00 am - 12:00 pm	No Walk-up hours
Mt. Pleasant 5101 Spring Street	M-Th 9:00 am - 5:00 pm Friday 9:00 am - 6:00 pm Saturday 9:00 am – 12:00 pm	M-Th 7:00 am - 6:00 pm Friday 7:00 am - 7:00 pm Saturday 8:00 am - 12:00 pm	No Walk-up hours
Racine SMB Pick ‘N Save 2406 S Green Bay Rd	M-F 10:00 am - 7:00 pm Saturday 9:00 am – 3:00 pm	No Drive-up	No Walk-up hours
Durand 4100 Durand Ave.	M-Th 9:00 am - 5:00 pm Friday 9:00 am - 6:00 pm Saturday 9:00 am – 12:00 pm	M-Th 8:00 am - 6:00 pm Friday 8:00 am - 7:00 pm Saturday 8:00 am - 12:00 pm	No Walk-up hours

Record of Opening and Closing Offices

The bank has opened two branches since the previous compliance examination, a branch at 4100 Durand Avenue and a branch at 2406 S. Green Bay Road in the Pick ‘N Save supermarket. Both are located within middle-income census tracts inside the City of Racine. The Pick ‘N Save location is a deposit-taking branch and does not accept loan applications.

The bank’s supermarket branch located at 5201 Washington Avenue, Racine, was closed on April 17, 1998. This branch was closed as a result of the Pick ‘N Save branch acquired during the merger with Advantage Bank Group at that same time. These locations were close to each other.

The bank closed three branch locations acquired during a merger with Security Bank in October

of 1997; these locations were never opened as M&I bank branches. These branch closings did not adversely affect the accessibility of the bank's delivery system already in place; all three branches were located within two miles of an existing M&I bank location.

Alternative Systems for Delivering Retail Banking Services

The bank utilizes a variety of alternative delivery systems to serve its customers. The bank's bank-by-phone product MI Line is available 24-hours a day. MI Line allows customers to verify account balances and checks cleared, apply for a loan, transfer funds, and open deposit accounts. The bank also offers M&I Direct PC Banking and Internet Banking. PC Banking is similar to banking by phone, and is accessible 24-hours a day. Internet banking offers information on bank products, simple calculators and tools, articles about financial planning and a connection to the bank via e-mail. Additionally, the bank's mortgage and commercial loan officers are available to take applications and/or discuss loan products. The bank also has five automated teller machines (ATM) located at each of the five bank locations. These are available 24-hours a day; four are full-service and one is a cash-dispensing ATM.

Community Development Services

The bank provides community development services directly and indirectly through several different organizations. Examples of the bank's community development services are listed below:

- Housing Counselor - The bank is part of a group of banks that fund a housing counselor at the Family Service of Racine, Inc. The bank occasionally refers its customers to a counselor for various types of individual or group counseling, including budget and credit assistance, homebuyer education and consumer credit counseling. All services are free to the customer.
- Partners in Lending Committee – A bank officer is a representative on this committee sponsored by the Racine Interfaith Coalition. The committee members are from local congregations and banks promoting home ownership within Racine through affordable financing programs. The committee's efforts target low- and moderate-income census tracts within the community.
- Racine Lenders Consortium - A bank officer is a committee member of the Racine Lenders Consortium, which provides education to consumers regarding budgeting, credit reports, loan program, and home-buying procedures. The organization also supports the credit counselor at Family Service of Racine as mentioned above.
- Racine County Economic Development Corporation (RCEDC) – A bank officer sits on the Board of Directors of this organization. The focus of RCEDC is to promote economic development in all of Racine County. It promotes economic development by attracting new business to the area to create jobs and also acts on behalf of the SBA in financing small businesses. The RCEDC also provides some direct financing.

Range and Accessibility of Services Provided to Census tracts

Four of the bank's office locations are full-service, offering products and services that meet the needs of the assessment area, including low- and moderate-income individuals. The bank offers small business checking, Prestige and Prestige Plus accounts for individuals ages 50 and up, and M&I Kids.

M&I Kids is a savers club for infants through 14 years of age and has quarterly newsletters, contests and give-aways. Banking for Young Adults is generally targeted toward the 18-25 age group but is open to everyone, and offers a \$3 monthly maintenance fee, 10 free checks per month, no minimum balance and a no annual fee credit card (subject to credit approval). This account is most often offered to low- and moderate-income individuals, due to its low cost. Prestige and Prestige Plus accounts are targeted for individuals aged 50 and up, and provide a no annual fee credit card (subject to credit approval) and have no monthly fees.

CONCLUSION

The bank's delivery system of services is generally accessible to the majority of the assessment area. The record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income census tracts or to low- and moderate-income individuals. Business hours and services are reasonable and the bank provides a relatively high level of community development services.

GENERAL

The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts.