

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 Mid-State Bank, Stevens Point, Wisconsin**, prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **April 27, 1998**. 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 Outstanding.

Lending, service and investment activity reviewed during the examination reflect the bank's efforts to support and foster community development. The bank's loan-to-deposit ratio and lending in the assessment area evidence its strong lending performance. The bank has a reasonable distribution of loans among borrowers of different income levels and to businesses and farms of different revenue sizes. The bank has a generally strong level of community development lending, and it offers a number of programs that offer flexible underwriting criteria targeted to meet the credit needs of low- and moderate-income borrowers and small business and small farm operators.

The assessment area only offers limited opportunities for community development investments and lending; nevertheless, the bank has taken advantage of available opportunities. The bank's system of delivering services, including alternate delivery systems, allows its products and services to be accessible to all portions of the assessment area. Bank officers and staff have been active in the community while frequently taking leadership roles to utilize their financial expertise within various community organizations.

The following table indicates the performance level of **M&I Mid-State Bank, Stevens Point, Wisconsin**, with respect to the lending, investment and service tests. Based on the component test ratings for large banks, the assigned composite rating is Outstanding.

PERFORMANCE LEVELS	M&I MID-STATE BANK		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance 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 MID-STATE BANK ASSESSMENT AREA:

The bank's assessment area includes all of Adams, Juneau, Portage, Marquette Counties; portions of Wood, Waushara and Monroe Counties; and two block numbering areas (BNAs), one each in Sauk and Columbia Counties. There are a total of 54 BNAs in the bank's assessment area; of these, there are no low- and five moderate-income BNAs. Four of the moderate-income BNAs are located in Adams County and one is located in Juneau County. The following table details demographic characteristics of the assessment area's moderate income BNAs:

DEMOGRAPHIC CHARACTERISTICS OF MODERATE-INCOME BNAs WITHIN THE ASSESSMENT AREA, BASED UPON 1990 CENSUS DATA						
BNA/County	Population	Total Families	Median Family Income	Total Households	Number of Low-income Households	Number of Moderate-income Households
9502/Adams	1,397	416	\$21,053	597	191	134
9503/Adams	1,765	692	\$24,141	692	181	136
9505/Adams	976	441	\$20,350	441	147	114
9506/Adams	3,059	856	\$21,930	856	280	173
9903/Juneau	1,736	717	\$22,426	717	215	162

The assessment area population is 193,942, based upon 1990 census data. A further review of this data reveals that 8,881 families (17.2%) of the 51,728 families living in the assessment area) are low-income, while 9,801 families (18.9%) are moderate-income; over 8% of the assessment area's families have incomes less than the poverty level.

There are a total of 92,271 housing units in the assessment area. A majority of the housing in the assessment area (58.1%) is owner occupied; 19.5% of the housing stock consists of rental units and vacant units comprise 22.5% of the housing stock. The relatively large percentage of vacant units is attributable to a high number of vacation properties. A large percentage of assessment area housing stock consists of single-family units. There are a total of 66,796 single family housing units in the assessment area (72.4%); by comparison, 67.7% of the overall State of Wisconsin housing stock and 57.1% of the combined state nonmetropolitan housing stock are single family. A larger percentage of mobile homes were noted in the assessment area (14.7%) than in the State of Wisconsin as a whole (4.9%) or within the combined nonmetropolitan areas within the state (9.8%).

The following chart details median housing values, in comparison to median family incomes and gross monthly rents. One measure of housing affordability compares the median housing value to

the median family income, which measures the affordability of housing; higher ratios indicate decreased affordability. The housing affordability indices for the assessment area and the entire combined nonmetropolitan areas within the state are identical and are less than the overall State of Wisconsin index of 1.77.

ASSESSMENT AREA HOUSING DATA BASED UPON 1990 CENSUS DATA			
	OVERALL ASSESSMENT AREA	NON-METROPOLITAN AREAS OF THE STATE	STATE OF WISCONSIN
Median Housing Value	\$51,185	\$50,092	\$62,141
Median Family Income	31,081	30,290	35,082
Housing Affordability Ratio	1.65	1.65	1.77
Median Gross Monthly Rent	\$346	\$327	\$399

The assessment area employment opportunities are well diversified including light industry, insurance and firms related to agriculture and food processing. The following table highlights some of the assessment area's major employers:

ASSESSMENT AREA MAJOR EMPLOYERS			
COMPANY	EMPLOYEES	CITY/TOWN	PRODUCT
University of Wisconsin	1,500	Stevens Point	Education/School
Sentry Insurance Co.	1,500	Stevens Point	Insurance
Best Power	750	Necedah	Power Systems
Worzalla Publishing Co.	400	Stevens Point	Printing Book Binding
Consolidated Papers, Inc.	305	Stevens Point	Food Wrappers
Farnam Meillor Sealing Systems	383	Necedah	Industrial and Automobile Gaskets

The assessment area also is home to producers of a number of different agricultural products including potatoes, cranberries, peas and dairy products. Regional Economic Information System (REIS) data for 1991-1995 reflects relative stability in total farm industry employment. REIS information indicated that there was less than a three percent decrease in the number of individuals employed by the farm industry in each of the assessment area counties (with the exception of Marquette County having a 3.6% decrease).

The following table details unemployment rates for each of the counties within the assessment area in comparison to State of Wisconsin levels:

1998 WISCONSIN COUNTY UNEMPLOYMENT RATES BY MONTH		
COUNTY	PERCENT UNEMPLOYED - JANUARY	PERCENT UNEMPLOYED - APRIL
Adams	6.6	3.5
Columbia	6.3	3.7
Juneau	8.4	5.6
Marquette	8.7	4.7
Monroe	5.1	3.0
Portage	4.9	3.0
Sauk	5.0	2.9
Waushara	6.5	3.8
Wood	6.2	3.6
State of Wisconsin	3.8	2.7

The State of Wisconsin's unemployment rate hit an all-time low in April giving the state the third lowest rate in the nation and shattering the previous low of 2.9 percent three decades ago, according to the Wisconsin Division of Workforce Excellence. Significant decreases in unemployment levels over this four month period as noted in the table, are related to seasonal factors. Economic conditions in this assessment area overall are favorable.

DESCRIPTION OF INSTITUTION

M&I Mid-State Bank, with total assets of \$561 million as of March 31, 1998, is an affiliate of Marshall & Ilsley Corporation, a multi-bank holding company based in Milwaukee. The bank offers a full array of loan and deposit services from its main office in downtown Stevens Point and through its branch network. The bank operates 13 branches and seven proprietary automated teller machines (ATMs) which are located in Portage, Adams, Waushara, Juneau, Marquette, Monroe, Columbia and Wood Counties. There are no apparent factors relating to the bank's prior performance, legal impediments, size and financial capacity, or local economic conditions that would prevent the bank from meeting the credit needs of its community.

The bank's primary competitors include Firststar Bank Wisconsin (a branch of Madison) with a

branch in Wisconsin Rapids; Bank One, Wisconsin (a branch of Milwaukee) with a branch in Stevens Point; Associated Bank (which recently acquired First Financial Bank) with branches in Wisconsin Rapids and Stevens Point; and Wood County National Bank with branches in Wisconsin Rapids. Additional competition is provided by F&M Bank-Portage County and branches of Community First Bank (a branch of Rosholt) and AnchorBank, S.S.B (a branch of Madison) all in Stevens Point.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank's loan portfolio and loan originations were reviewed to analyze the institution's overall lending volume, geographic distribution of loans, distribution of lending by borrower income characteristics and community development lending.

Lending Volume

A review of the bank's quarterly Consolidated Reports of Condition and the Uniform Bank Performance Reports (UBPR) for the six quarters ending March 31, 1998 indicates that the bank's quarterly loan-to-deposit ratio averaged 79.96%. The bank's average loan-to-deposit ratio is higher than its nationwide peer group's ratio of 76.82% and compares favorably with the bank's local competitors. The following table depicts six-quarter loan-to-deposit ratios for the bank and selected area competitors:

SIX-QUARTER AVERAGE LOAN-TO-DEPOSIT RATIO OF M&I MID-STATE BANK AND LOCAL COMPETITORS		
INSTITUTION	ASSET SIZE	SIX-QUARTER AVERAGE LOAN-TO-DEPOSIT RATIO
M&I Mid-State Bank	\$561,293,000	79.96%
Bank of Wisconsin Dells	\$153,709,000	77.84%
Associated Bank	\$604,002,000	80.86%
F&M Bank-Portage County	\$108,638,000	69.61%

MARCH 31, 1998 UNIFORM BANK PERFORMANCE REPORTS (UBPR)	
BANK NET LOAN/LEASE TO DEPOSIT RATIO	PEER NET LOAN/LEASE TO DEPOSIT RATIO
80.66	76.82

The composition of the bank's loan portfolio as compared to peer, according to the December 31, 1997 Uniform Bank Performance Report (UBPR), is illustrated in the following chart:

M&I MID-STATE BANK COMPOSITION OF LOAN PORTFOLIO AT MARCH 31, 1998 IN COMPARISON TO PEER LEVELS		
LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
REAL ESTATE LOANS		
Construction/Development	1.71	3.76
1 - 4 Family Residential	28.53	29.24
Home Equity	4.58	2.72
Other Real Estate	43.22	23.40
Farmland	11.81	0.46
Multi-family	3.87	1.42
Commercial	27.63	19.69
TOTAL REAL ESTATE LOANS	73.46	61.04
LOANS TO INDIVIDUALS	9.31	13.43
CREDIT CARD LOANS	1.11	0.74
COMMERCIAL AND INDUSTRIAL LOANS	12.77	16.24
AGRICULTURAL LOANS	3.06	0.38
MUNICIPAL LOANS	1.04	0.43
OTHER LOANS*	0.36	0.39
*Excludes Financial Institution Loans, Acceptances of Other Banks, Foreign Office Loans and Leases, and Lease Financing Receivables		

A review of the loan portfolio distribution revealed that the bank's overall level of other real estate lending significantly exceeded peer level, with lending concentrations relative to farm and commercial real estate consistent with assessment area credit needs. Although the level of bank consumer lending was slightly below peer level, consumer lending was not identified as an unmet credit need by those community representatives conducted during the examination.

Lending in Assessment Area

The bank's analysis of 1996 and 1997 real estate, small business and small farm originations was reviewed to measure the bank's loan volume within the assessment area. The following tables depict the bank's real estate purchase, refinance, small business and farm lending within its assessment area:

1996 TOTAL BANK LENDING IN THE ASSESSMENT AREA			
LOAN TYPE	LENDING IN ASSESSMENT AREA		PERCENT**
	NUMBER	DOLLAR AMOUNT	
Real Estate Purchase*	152	11,264,000	91%
Real Estate Refinance*	229	14,983,000	96%
Small Business	911	79,501,000	93%
Farm	301	18,567,000	93%
TOTALS	1,593	124,315,000	93%
*Totals do not include portfolio loans originated and kept by the bank prior to July 1, 1996; bank and corporate management attributed the large variances between 1996 and 1997 real estate loan volume to this fact.			
**Percent of total number of loans in the assessment area.			

Approximately 94% of 1996 real estate originations (381 of 488 total purchase and refinance originations), 96% of small business originations (911 of 985 small business loans) and 93% of small farm originations (301 of 325 farm loans) were made within the assessment area; 93% of all 1996 originations (1,593 of 1,715 total loans) were made within the assessment area.

1997 TOTAL BANK LENDING IN THE ASSESSMENT AREA			
LOAN TYPE	LENDING IN ASSESSMENT AREA		PERCENT*
	NUMBER	DOLLAR AMOUNT	
Real Estate Purchase	322	\$24,956,000	92%
Real Estate Refinance	223	\$16,323,000	94%
Small Business	655	\$64,618,000	93%
Farm	231	\$13,344,000	93%
TOTALS	1,431	\$119,241,000	93%
*Percent of total number of loans			

A review of the bank's 1997 lending also reflects a strong lending level within the assessment area. Approximately 93% of total 1997 real estate originations (545 of 587 purchase and refinance originations), 93% of small business originations (655 of 704 small business loans) and 93% of total farm originations (231 of 249 farm loans) were from within the assessment area; 93% of 1997 total originations (1,431 of 1,540 total loans) were from within the assessment area. Management attributed the overall small business and small farm lending volume decrease from

1,212 total loans in 1996 to 886 loans in 1997, to a revision in policy relative to the reporting of multiple loan renewals during the same year.

The previous tables illustrate that the bank is originating a significant majority of its real estate mortgage, small business and small farm loans within its assessment area.

Geographic Distribution

The bank’s analysis of the geographic distribution of 1996 and 1997 real estate, small business and small farm loan originations was reviewed to assess the bank’s lending within its assessment area.

The assessment area includes all or portions of nine counties, having a total of 54 BNAs, of which five are moderate-income.

A review of 1996 and 1997 real estate home purchase and refinance lending revealed a solid distribution within the assessment area. In 1996, the bank originated home purchase loans in 42 of the 54 BNAs (78%) comprising the assessment area; refinance loans were originated in 48 of 54 BNAs (89%). In 1997, the bank originated home purchase loans in 51 of 54 assessment area BNAs (94%); refinance loans were originated in 45 of the 54 assessment area BNAs (83%). In 1996 and 1997, the bank originated purchase and refinance loans in each of the assessment area’s moderate-income BNAs.

The bank generated 17 of 152 (11%) 1996 home purchase originations and 37 of 322 (12%) 1997 home purchase originations in moderate-income BNAs. The bank’s 1996 and 1997 lending analysis reports revealed that 7% of 1996 refinancings (17 of 229 loans) and 10% of 1997 refinancings (22 of 223 loans) were generated within moderate-income BNAs. Variances in the number of overall loan originations between 1996 and 1997 are attributable to the enhanced capabilities of the corporate loan analysis system to track small mortgage loans held by the bank after July 1, 1996.

A review of 1996 and 1997 lending to small businesses and small farms revealed strong penetration in the assessment area’s moderate-income BNAs. The following tables highlight the number and dollar amounts of 1996 and 1997 small business and farm originations in the assessment area’s moderate-, middle- and upper-income BNAs:

1996 SMALL BUSINESS AND FARM LENDING BY GEOGRAPHIC INCOME LEVEL							
Loan Type	Moderate-Income		Middle-Income		Upper-Income		Total #
	#	\$	#	\$	#	\$	
Small Business	141	\$7,021,000	620	\$59,782,000	150	\$12,698,000	911
Farm	56	\$2,589,000	223	\$14,677,000	22	\$1,031,000	301
Totals by Geography	197	\$9,880,000	843	\$74,459,000	172	\$13,729,000	1,212

1997 SMALL BUSINESS AND FARM LENDING BY GEOGRAPHIC INCOME LEVEL							
Loan Type	Moderate-Income		Middle-Income		Upper-Income		Total #
	#	\$	#	\$	#	\$	
Small Business	72	\$3,498,000	490	\$52,402,000	93	\$8,718,000	655
Farm	28	\$2,517,000	187	\$10,044,000	16	\$783,000	231
Totals by Geography	100	\$6,015,000	677	\$62,446,000	109	\$9,501,000	886

Approximately 16% of the bank's 1996 small business and farm originations (197 of 1,212 loans) were generated within moderate-income BNAs; 11% of 1997 originations (100 of 886 loans) were generated within moderate-income BNAs.

The bank's lending exceeds the 1996 aggregate small business and small farm lending levels within those counties with moderate-income BNAs; this data indicates that 5.91% and 9.32% of the numbers of all small business and small farm loan originations, respectively, were made in moderate-income BNAs.

Borrower Characteristics

The bank's analysis of 1996 and 1997 home purchase, refinance, small business and farm lending, was also reviewed to assess its lending to individuals of different income levels and to businesses and farming operations of different revenue sizes. The following charts detail the bank's real estate lending to individuals of different income levels:

1996 REAL ESTATE PURCHASE AND REFINANCE LENDING BY BORROWER INCOME LEVEL								
Loan Type	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
	#	%	#	%	#	%	#	%
Home Purchase	1	1%	25	16%	44	29%	82	54%
Refinance	10	4%	33	14%	75	33%	111	48%
Totals *	11	3%	58	15%	119	31%	193	51%

*Percentage based on 381 combined purchase-refinance loans for 1996.

1997 REAL ESTATE PURCHASE AND REFINANCE LENDING BY BORROWER INCOME LEVEL								
Loan Type	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
	#	%	#	%	#	%	#	%
Home Purchase	13	4%	59	18%	89	28%	158	29%
Refinance	9	4%	29	13%	67	30%	116	52%
Totals*	22	4%	88	16%	156	29%	274	51%

*Percentage based on 540 combined purchase-refinance loans for 1997.

Approximately 18% of total 1996 purchase and refinance loans were to low- or moderate-income borrowers; 20% of 1997 loans were to low- or moderate-income borrowers. The bank's purchase and refinance lending reflects solid performance with respect to low- and moderate-income borrowers. Based upon 1990 census data, 36% of the families in the assessment area are low- or moderate-income; 8% of the assessment area's families have incomes below the poverty level.

The following tables detail the bank's 1996 and 1997 small business and farm loan originations based upon the original loan amount:

1996 SMALL BUSINESS AND SMALL FARM LENDING BY ORIGINAL LOAN AMOUNT						
Loan Type	\$100,000 or Less		\$100,000-\$250,000		Greater than \$250,000	
	#	\$	#	\$	#	\$
Business	702	22,239,000	132	21,094,000	77	36,168,000
Farm	249	6,862,000	34	5,198,000	18	6,507,000
Total	951	29,101,000	166	26,292,000	95	42,675,000

1997 SMALL BUSINESS AND SMALL FARM LENDING BY ORIGINAL LOAN AMOUNT						
Loan Type	\$100,000 or Less		\$100,000-\$250,000		Greater than \$250,000	
	#	\$	#	\$	#	\$
Small Business	489	17,263,000	94	15,498,000	72	31,857,000
Small Farm	195	5,806,000	27	4,156,000	9	3,382,000
Total	684	23,069,000	121	19,654,000	81	35,239,000

Seventy-seven percent of the bank's 1996 reportable small business originations (702 of 911 business loans) were in amounts of \$100,000 or less; seventy-five percent of 1997 business originations (489 of 655 loans) were in amounts of \$100,000 or less. Approximately eighty-three percent of the bank's 1996 small farm originations (249 of 301 farm loans) were for amounts of \$100,000 or less; in comparison, 84% of 1997 small farm originations (195 of 231 farm loans) were in amounts of \$100,000 or less.

The bank's lending is generally consistent with the 1996 aggregate small business and small farm lending levels; this data indicates that 82.70% and 84.99% of the numbers of all small business and small farm loan originations, respectively, were for amounts less than \$100,000. The aggregate used in this comparison of the bank's small business and small farm lending consists of all reportable small business and small farm loan originations within Adams, Wood, Monroe, Juneau, Portage, Marquette and Waushara counties in 1996.

The bank's analysis of 1996 and 1997 small business and small farm lending was also reviewed to assess the bank's lending to businesses of different revenue sizes; this review is summarized in the following table:

1996 AND 1997 LENDING TO SMALL BUSINESSES AND SMALL FARMS WITH GROSS ANNUAL REVENUES OF <=\$1 MILLION				
Loan Type	Total Loans-1996		Total Loans-1997	
	#	\$ Amount	#	\$ Amount
Small Business	791	53,733,000	537	40,298,000
Small Farm	277	13,641,000	221	11,673,000
Totals	1,068	67,374,000	758	51,971,000

A review of the bank's lending to small businesses and farms based upon revenue size, revealed that 87% of the bank's 1996 small business loans (791 of 911) and 92% of 1996 small farm originations (277 of 301) were originated to businesses/farms with gross annual revenues of \$1 million dollars or less. Approximately 82% of 1997 small business loans (537 of 655) and 96% of small farm loans (221 of 231) were originated to small businesses and farms with gross annual revenues of \$1 million or less.

The bank's lending is also generally consistent with the 1996 aggregate small business and small farm lending data; this data indicates 70.59% and 89.73%, respectively, of the total number of small business and small farm loans were made to firms with revenues of less than \$1 million.

The bank also offers a number of loan programs with flexible lending features tailored to meet the credit needs of low- and moderate-income individuals, small business and small farm operators.

Among these products are the Wisconsin Housing and Economic Development Authority (WHEDA) Crop and Home Improvement (WHILP) Programs, Small Business Administration (SBA), Farm Service Agency (FSA), M&I Neighborhood Home Loan Program (NHLP). The bank also provides interim financing for commercial firms with petroleum product storage tank systems which are affected by the Petroleum Environmental Cleanup Fund Act (PECFA). The State of Wisconsin reimburses the cost of the clean-up of petroleum subsequent to its satisfactory completion.

The bank's participation in these loan programs is highlighted in the following chart:

M&I MID-STATE BANK ORIGINATIONS UNDER PROGRAMS WITH FLEXIBLE FEATURES			
Program	Time Period	Number	\$ Amount Origination (000)
SBA	1996 and 1997	28	2,963
WHEDA CROP	1997	8	120
WHEDA HOME	1996 and 1997	17	778
WHILP	1997	2	16
NHLP	1997	24	1,488
PECFA	1998	22	1,433*

*Balances outstanding as of May 19, 1998

Community Development Lending

A review of the bank's internal files, comments from community representatives and discussions with management indicate that the bank actively seeks opportunities to participate in community development lending. Despite the limited number of opportunities to participate in qualified community development lending in its assessment area, the bank has worked closely with intermediaries such as CAP Services Incorporated, a local nonprofit organizations, (which targets low- and moderate-income families/individuals) to identify community development opportunities. The organization is a designated community action agency for Marquette, Outagamie, Portage, Waupaca, and Waushara Counties; it operates a number of programs, providing business financing, business/personal mentoring and family services. The bank extended four loans totaling \$277,474 to CAP Services since the previous examination.

Additionally the bank extended loans for two business start-ups to moderate-income female CAP Services clients. One client received a series of four loans, consolidated into one \$45,000 loan in April of 1998 and another client received a loan for \$19,392 during the same time period. Both loans will not only provide employment opportunities for these moderate-income individuals, but will also provide additional employment opportunities as the businesses grow.

A further review of the bank's efforts since the previous examination revealed that the bank refinanced two FmHA mortgage loans to the Housing Authority of Portage County. The Housing Authority received FmHA funding for two projects which provided subsidizing housing for low-income elderly and disabled individuals. The first project consisted of 42 one-bedroom units; the second project consisted of eight two-bedroom and eight three-bedroom units. The original loan amount was \$1,060,000; \$685,611 remains outstanding as of 5/28/98. The bank also extended a \$10,000 zero interest rate loan to the organization, which will in turn be used in its revolving business loan fund.

The bank has made a commitment to a City of Stevens Point loan program. The program will target lower income renter families for home ownership. City qualification for the necessary Community Development Block Grant (CDBG) funding required the participation of a funding financial institution. In October 1997, the bank agreed to set aside \$400,000 in mortgage funds in support of the City of Stevens Point ~~A~~Homestead Opportunity program.

CONCLUSION

The bank's overall lending performance is considered very strong, based upon its total loan volume, high percentage of lending in the assessment area, and distribution of loans within the assessment area, including moderate-income BNAs. The bank's real estate lending reflects solid penetration in moderate-income BNAs and to low- and moderate-income borrowers. A substantial majority of small business and farm lending was for amounts of \$100,000 or less, and to businesses and farms with gross annual revenues of \$1 million or less. The bank's files also evidence efforts to identify significant community development lending opportunities and to work with organizations to develop these opportunities.

INVESTMENT TEST

The bank's investment portfolio, donations and programs that support community development were reviewed. Discussions with management and community representatives contacted during the examination, indicated that the bank's predominately rural assessment area, offers limited opportunities for qualifying investments.

In addition to its loans to economic development organizations, the bank also has donated office space to CAP Services and to the Juneau County Economic Development Corporation. Management estimated that the contributions of space and equipment to CAP Services for the period, was approximately \$4,000. The bank also provided office space (for two years) to the Juneau County EDC, under the arrangement, the organization was only required to pay \$100 for its monthly utilities.

A review of the bank listing of its charitable contributions for 1997 and 1998 year-to-date, revealed that the bank has made approximately \$10,000 in qualifying donations and scholarships.

CONCLUSION

The bank’s performance under this category is considered strong, based upon the nature of the assessment area and the limited number of investment opportunities available, the bank has undertaken significant community development investment efforts. Discussions with bank management and community representatives, as well as a review of local economic conditions and demographic data, revealed that the lack of investment activity is the result of limited opportunities rather than an unwillingness to make qualified investments within its assessment area.

SERVICE TEST

The bank’s systems for delivering retail banking and community development services was reviewed for range and accessibility, innovativeness and responsiveness, and alternative systems used for delivering those services. In addition, the distribution of the bank’s branches, record of opening and closing branch offices and community development service activity were reviewed.

Retail Banking Services

M&I Mid-State Bank is a full-service bank with multiple branches and ATMs located within its assessment area. The bank provides a full array of loans to consumers, businesses, farms and organizations in accordance with nondiscriminatory lending standards. Additionally, the bank offers a variety of deposit accounts, addressing all segments of the assessment area.

Distribution of Branches Among BNAs

The following table illustrates the bank’s branch locations and hours of operation within the assessment area:

BRANCH LOCATION	COUNTY/ CENSUS TRACT/BNA	HOURS OF OPERATION		
Adams** 121 North Main Street Adams, WI 53910	Adams/ 9504	Lobby: Drive-Up:	9:00am - 4:00pm 9:00am - 5:00pm 8:00am - 5:00pm 8:00am - 6:00pm 8:30am - 12:00pm	Monday - Thursday Friday Monday - Thursday Friday Saturday
Coloma 209 Front Street Coloma, WI 53930	Waushara/ 9604	Lobby: Drive-Up:	9:00am - 3:00pm 9:00am - 5:00pm 8:30am - 4:30pm 8:30am - 5:00pm 8:30am - 12:00pm	Monday - Thursday Friday Monday - Thursday Friday Saturday
Hancock 111 Main Street Hancock, WI 53943	Waushara/ 9604	Lobby:	9:00am - 3:00pm 9:00am - 6:00pm	Monday - Thursday Friday

BRANCH LOCATION	COUNTY/ CENSUS TRACT/BNA	HOURS OF OPERATION		
Mauston** 401 East State Street Mauston, WI 53948	Juneau/ 9905	Lobby: Drive-Up:	9:00am - 4:00pm 9:00am - 5:00pm 9:00am - 12:00pm 8:00am - 5:00pm 8:00am - 6:00pm 9:00am - 12:00pm	Monday - Thursday Friday Saturday Monday - Thursday Friday Saturday
Montello 65 West Montello Street Montello, WI 53949	Marquette/ 9903	Lobby: Drive-Up:	8:30am - 4:00pm 8:30am - 5:30pm 8:30am - 12:00pm 8:00am - 4:00pm 8:00am - 5:30pm 8:30am - 12:00pm	Monday - Thursday Friday Saturday Monday - Thursday Friday Saturday
New Lisbon** 129 East Bridge Street New Lisbon, WI 53950	Juneau/ 9904	Lobby: Drive-Up:	9:00am - 3:30pm 9:00am - 5:00pm 8:30am - 12:00pm 8:30am - 5:00pm 8:30am - 12:00pm	Monday - Wednesday Thursday, Friday Saturday Monday - Friday Saturday
Oxford 111 Ormsby Street Oxford, WI 53952	Marquette/ 9905	Lobby:	8:30am - 3:30pm 8:30am - 6:00pm 9:00am - 12:00pm	Monday - Thursday Friday Saturday
Plover** 2851 Post Road Plover, WI 54467	Portage/ 9607	Lobby: Drive-Up:	9:00am - 4:30pm 9:00am - 6:00pm 9:00am - 12:00pm 8:00am - 5:00pm 8:00am - 6:00pm 8:30am - 12:00pm	Monday - Thursday Friday Saturday Monday - Wednesday Thursday, Friday Saturday
Stevens Point Main Office** 1235 Main Street Stevens Point, WI 54481	Portage/ 9610	Lobby: Drive-Up:	9:00am - 4:30pm 9:00am - 6:00pm 9:00am - 12:00pm 8:00am - 5:00pm 8:00am - 7:00pm 8:30am - 12:00pm	Monday - Thursday Friday Saturday Monday - Thursday Friday Saturday
Tomah 102 East Veterans Street Tomah, WI 54660	Monroe/ 9506	Lobby: Drive-Up:	9:00am - 4:00pm 9:00am - 12:00pm 8:00am - 5:00pm 8:00am - 12:00pm	Monday - Friday Saturday Monday - Friday Saturday
Wautoma 310 West Main Street Wautoma, WI 54982	Waushara/ 9605	Lobby: Drive-Up:	8:30am - 4:00pm 8:30am - 5:00pm 8:30am - 4:30pm 8:30am - 5:00pm	Monday - Thursday Friday Monday - Thursday Friday
Westfield 203 South Main Street Westfield, WI 53964	Marquette/ 9905	Lobby: Drive-Up:	8:30am - 3:30pm 8:30am - 6:00pm 8:30am - 4:30pm 8:30am - 6:00pm 8:30am - 12:00pm	Monday - Thursday Friday Monday - Thursday Friday Saturday

BRANCH LOCATION	COUNTY/ CENSUS TRACT/BNA	HOURS OF OPERATION		
Wisconsin Dells 501 Washington Avenue Wisconsin Dells, WI 53965	Columbia/ 9703	Lobby: Drive-Up:	9:00am - 4:00pm 9:00am - 5:00pm 9:00am - 4:00pm 9:00am - 5:00pm 9:00am - 12:00pm	Monday - Thursday Friday Monday - Thursday Friday Saturday
Wisconsin Rapids 1341 Eighth Street South Wisconsin Rapids, WI 54494	Wood/ 114.00	Lobby:	9:00am - 5:00pm 9:00am - 5:30pm 9:00am - 12:00pm	Monday - Thursday Friday Saturday

**ATM at location

None of the bank's branch offices are located in moderate-income BNAs; nevertheless, certain bank branches are easily accessible to residents of moderate-income BNAs.

Record of Opening and Closing Offices

The bank sold its Camp Douglas and Endeavor branch locations to Royal Bank since the previous examination. Discussions with management indicate that the decision was based upon declining business at those two locations, neither of which were in moderate-income areas. A review of the bank's files indicate that the bank did not receive any negative comments regarding the sale of these branches and their impact upon customers. Additionally, community representatives conducted during the examination expressed no concerns regarding the bank's branch locations.

Alternative Systems for Delivering Retail Banking Services

In addition to the products and services available at the branch locations, the bank offers a variety of methods to make banking services more accessible to all individuals within the assessment area. The following table illustrates the ATMs maintained by M&I Mid-State Bank:

ATM LOCATIONS	ADDRESSES
Center Point Mall	Center Point Drive, Stevens Point, WI 54481

Shopko	1000 East Riverview, Wisconsin Rapids, WI 54494
The Store	1950 Stevenson Avenue, Iron Mountain, MI 45801**
UW Stevens Point	1015 Reserve Street, Stevens Point, WI 54481
The Store	2409 North Mountain Road, Wausau, WI 54401**
Blue Top Shell	3449 Church Street, Stevens Point, WI 54481**
Sonshire Swim and Sport	501 Broadway, Wisconsin Dells, WI 53965**

**Cash-dispensing only

In addition to the ATMs maintained by M&I Mid-State Bank, M&I customers are able to use any of the over 200 ATMs in the M&I network without charge. Twenty-four hour banking is available through AMiLINE®, a toll-free bank-by-phone service and through M&I Direct, a computer banking product. Corporate staff also maintains an Internet site which permits individuals with access to obtain information regarding M&I products and services.

Range and Accessibility of Services Provided to BNAs

The bank's 14 branch locations offer services to meet the needs of the assessment area, including those of low- and moderate-income individuals and small business and small farm owners. In addition to regular banking services, the bank offers the following products and services:

- C **Basic Checking** - a low-cost account featuring no minimum balance, a low monthly maintenance fee, and ten free withdrawals monthly.
- C **Young Adult Checking** - a low-cost account, targeting the 18-25 age group, offering no minimum balance, a low monthly maintenance fee, and a no annual fee credit card (subject to credit approval).
- C **Government Check Cashing** - with proper identification, the bank will cash, at no charge, any check issued to an individual by a city, county, state, or federal department or agency.
- C **Personal Economics Program (PEP)** - sponsored by the Wisconsin Bankers Association. Bank representatives provide financial education to physically-challenged and at-risk youth, minority groups, high school and elementary students, as well as adults and senior citizens. The bank has received PEP awards in 1996 and 1997; the bank has also met the requirements for an award in 1998.
- C **Small Business and Farm Specialists** - Bank lenders specialize in FSA, WHEDA, and SBA lending programs.

Community Development Services

The bank provides community development services to various organizations through employee involvement, technical assistance and the use of targeted programs. Examples of the bank's community development services are listed below.

- C **Interfaith for Care Volunteers** - a non-profit organization assisting elderly, and mentally or physically challenged individuals in their efforts to remain in their homes as long as possible. A bank employee provides technical expertise to the organization while serving on its board of directors.

- C **Coloma Business Development Corporation** - a non-profit organization that promotes business development and retention of existing businesses in Coloma. A bank staff member serves as a member of the finance committee of the organization, providing financial guidance.

- C **Juneau County Economic Development Corporation** - a non-profit organization recently established to develop industrial, tourist and housing growth in Juneau county. A bank employee serves as a member of the organization.

- C **Wautoma Main Street, Inc.** - an organization promoting the downtown area and the businesses located there. A bank employee serves as the treasurer of this organization.

- C **Dells 2000 Commission** - a committee comprised of business owners, business managers, bankers, Realtors, and private individuals that makes recommendations regarding improving the strength of the business district. A bank employee is a member of this commission.

- C **Wisconsin Housing & Economic Development Authority (WHEDA)** - The bank sponsored 12 WHEDA home buying seminars in 1998 and 23 in 1997. The seminars were conducted at various branch locations.

CONCLUSION

The bank's performance under the service test is considered generally strong. The bank's system of delivering services, including alternate delivery systems, allows its products and services to be accessible to all portions of the assessment area. The bank's record of closing branches has not adversely affected the accessibility of its products and services to residents of the moderate-income BNAs within the bank's assessment area. The bank offers a wide variety of financial products and services to consumers, businesses and farms within its market. Business hours and services are reasonable, and bank representatives provide the area with a number of community development services.

GENERAL

The bank is in compliance with the substantive portions of antidiscrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. A significant portion of consumer loan underwriting has been centralized. The review of bank underwriting conducted concurrent with this examination, supplemented an earlier review of centralized loan underwriting functions applicable to all Marshall & Ilsley Corporation affiliates. The credit transactions reviewed in this examination represent a sample of loan applications where the credit decision was made by bank lending personnel. The bank has developed standards, policies, and practices in compliance with the regulations and has applied them in a consistent manner. Interviews with community representatives revealed no evidence of prohibited discriminatory lending activity.