

PUBLIC DISCLOSURE

August 29, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Legacy Bank
RSSD# 2727990

2102 West Fond du Lac Avenue
Milwaukee, Wisconsin 53206

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 COMMUNITY REINVESTMENT ACT (CRA) RATING: Legacy Bank's performance is rated **Outstanding**.

Legacy Bank (the Bank) demonstrates outstanding performance in meeting community credit needs through the origination of small business, residential real estate and consumer installment loans. The Bank also participates in state/government-sponsored loan programs such as the Wisconsin Housing and Economic Development Association's (WHEDA) low-income homebuyer programs, the US Small Business Administration's (SBA) guaranteed loan program and the Milwaukee Economic Development Corporation's (MEDC) small business capital access program. These programs enable the Bank to provide credit to the low- and moderate-income residents and small businesses in its assessment area. These efforts are evidenced by a reasonable loan-to-deposit (LTD) ratio; the majority of loans originated within the assessment area; and the distribution of loans reflecting excellent penetration among low and moderate income census tracts in the assessment area. Legacy Bank's strong record of retail and community development services as well as its community development investments make the Bank a leader in serving the credit needs of the low and moderate income residents in its assessment area. Additionally, there were no CRA-related complaints received by the institution or this Reserve Bank during the evaluation period.

The institution was rated *Outstanding* under the CRA at its previous evaluation conducted on July 5, 2000.

DESCRIPTION OF INSTITUTION

Legacy Bank is a wholly owned subsidiary of Legacy Bancorp, a one-Bank holding company located in Milwaukee, Wisconsin. The Bank operates one full-service office and four cash dispensing automated teller machines (ATMs) in northern Milwaukee. In 2002, the US Department of Treasury re-certified the Bank as a Community Development Financial Institution (CDFI). A CDFI is an institution that has a mission and responsibility to provide credit, capital, and financial services to underserved populations and communities in the United States. The CDFI designation allows the Bank access to financial assistance programs which include, but are not limited to, the New Markets Tax Credit (NMTC) program, the Bank Enterprise Award (BEA) program, and the Financial Assistance Awards program.

The Bank offers traditional deposit products and services, as well as residential real estate, consumer and small business loans. The Bank is primarily a small business lender with particular emphasis on loans to businesses that specialize in rehabbing distressed residential properties. Additionally, due to the demographics of its assessment area and its mission to serve the "unBanked population," the Bank offers a number of services that target low-income persons and small businesses.

According to the Uniform Bank Performance Report, the Bank had \$105.96 million in total assets as of June 30, 2005. Exhibit 1 illustrates the distribution of the Bank's loan portfolio as of that date. The Bank's asset size has grown by almost \$90 million since the prior evaluation in 2000 and inception in 1999. This growth can be attributed to the Bank graduating from its De Novo status and establishing itself as a successful CDFI. The Bank's loan portfolio predominately consists of 1-4 family residential real estate loans (74.66%).

Exhibit #1	
Loan Mix as of June 30, 2005	
Construction & Development	1.00%
1-4 Family	74.66%
Home Equity Lines of Credit	3.88%
TOTAL REAL ESTATE	79.54%
Commercial & Industrial	17.88%
Loans to Individuals	2.48%
All other Loans	0.10%

The Bank's peer group includes all commercial banks with assets between \$100 and \$300 million, with two or fewer Banking offices, and located in a metropolitan area. The Bank's local competitors for loans and deposits include North Milwaukee State Bank, North Shore Community Bank (branch), Columbia Savings and Loan Association, M&I Marshall & Ilsley Bank (branch), US Bank (branch), and Wells Fargo Bank(branch), all of which are located in Milwaukee, Wisconsin.

The Bank offers loan products that address the credit needs within its assessment area. There are no apparent factors relating to the Bank's financial condition, size, or local economic conditions that would prevent it from meeting the credit needs of the community.

DESCRIPTION OF ASSESSMENT AREA

An institution's assessment area(s) will include the towns, counties, or other political subdivisions where its branches are located and a substantial portion of its loans are made. Assessment area(s) must consist of one or more geographies defined by block numbering areas (BNAs) or census tracts, which are statistical subdivisions of a county. Census tracts are primarily used in metropolitan areas, while BNAs are used in non-metropolitan areas. 2000 U.S. Bureau of Census data is used in this evaluation, unless stated otherwise.

Legacy Bank expanded its assessment area by 84 census tracts since its previous examination. This change was made to incorporate distressed areas that the Bank has targeted to serve under CDFI status and to incorporate the new communities the Bank is now able to serve due to its significant growth. The Bank's assessment area, shown in Appendix A, consists of 150 census tracts in Milwaukee County which is a part of the Milwaukee-Waukesha Primary Metropolitan Statistical Area (PMSA). The assessment area includes 77 low-, 60 moderate-, 10 middle- and 1 upper-income census tracts. Two additional tracts do not have an income determination due to a small population. One tract is largely comprised of Wood National Cemetery and the remaining tract includes an industrial corridor near the Milwaukee River.

The Bank's only office is located in a low-income census tract within the Milwaukee County Urban Renewal Community as designated by the US Department of Housing and Urban Development (HUD). Renewal Communities are distressed areas in urban and rural communities that the Federal government has targeted for development. Milwaukee was designated as a Renewal Community in 2002 and is comprised of 53 census tracts in which more than 120,000 residents live. Milwaukee's Renewal Community designation will expire in 2009.

Population Changes

The population of the Bank's assessment area is 370,041, of which 72.6% are minorities. In contrast minorities comprise 25.6% of the population of the entire Milwaukee-Waukesha PMSA and 12.7% of the population of the state. Blacks that are not Hispanic comprise the largest racial group, accounting for 51.2% of the residents of the assessment area. Community representatives indicated that Milwaukee has experienced a population decline over the last decade as residents relocate in the surrounding suburban areas. This is evidenced by the 5% decline in population in the City of Milwaukee from 1990 to 2000 and a 5% increase in the population of the Milwaukee-Waukesha PMSA during the same time period. As a result of this movement Milwaukee has become a "majority minority" population. From 1990 to 2000 the minority population increased from 42.9% to 57.5% of the city's population.

Income Characteristics

Exhibit 2 compares the income levels for the assessment area to Milwaukee County, the Milwaukee-Waukesha PMSA and the State of Wisconsin based on 2000 U.S. Bureau of Census data. In contrast to the 2000 data, the 2005 HUD-adjusted median family income for Milwaukee-Waukesha PMSA and the State of Wisconsin are \$65,200 and \$60,800 respectively. The median family income for the assessment area is significantly lower than that of the surrounding county and the Milwaukee-Waukesha PMSA. The percentage of families that are low-income in the assessment area is more than double the percentage in the Milwaukee-Waukesha PMSA. Additionally, the percentage of families below poverty level in the assessment area is more than triple the percentage of the Milwaukee-Waukesha PMSA.

Exhibit #2						
Distribution of Families by Income Level						
Location	Median Family Income(\$)	Percent of Families				
		Low	Moderate	Middle	Upper	Below Poverty Level
Assessment Area	29,724	47.58	21.91	16.51	14.00	24.83
Milwaukee County	47,175	27.26	20.49	22.57	29.67	11.67
Milwaukee- Waukesha PMSA	56,640	19.64	17.74	23.49	39.14	7.66
State of Wisconsin	52,911	17.39	19.09	26.20	37.31	5.60

Low-income is defined as less than 50% of median family income; moderate-income as 50% to less than 80% of median family income; middle-income as 80% to less than 120% of median family income; and upper-income as 120% or more of median family income.

Housing Characteristics and Affordability

The assessment area contains 147,061 housing units, of which only 33.83% are owner-occupied. In comparison the owner-occupancy rate in the Milwaukee-Waukesha PMSA is 58.08%, indicating a much lower rate of home-ownership in the assessment area. The median housing value in the assessment area is \$57,345, less than half the \$130,775 median housing value in the PMSA. The median age of the housing stock in the assessment area is 56 years, which is 15 years older than the median age of the housing stock in the PMSA. In addition, 42.19% of individuals who rent are considered "rent-burdened" because annual rent payments account for more than 30% of their income.

Affordability ratios, developed by dividing the median household income by the median housing value for a given area or groups of geographies, 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 ratio for the assessment area is .45 which is significantly higher than the affordability ratios of Milwaukee County and the Milwaukee- Waukesha PMSA which are .37 and .35, respectively. This indicates that housing is generally less affordable in the assessment area.

Labor and Employment

According to the Wisconsin Department of Workforce Development, the unemployment rate for the City of Milwaukee was 7.1% as of August 2005. This represents a steady decrease in the unemployment rate since it reached a high of 8.7% in 2003. However, the unemployment rate remains significantly higher than those of the Milwaukee-Waukesha PMSA and the State of Wisconsin, which were 4.8% and 4.6%, respectively as of August 2005.

Major employers in the assessment area are listed in Exhibit 3. Although manufacturing dominated Milwaukee's economy for many decades, healthcare and financial services now also fulfill a significant role in the city's economy.

Exhibit #3			
Major Employers in the Assessment Area			
Company	Location	Employees	Description
Aurora Health Care	Milwaukee	14,200	Health care system
Covenant Healthcare System, Inc.	Milwaukee	9,100	Health care system
Marshall & Ilsley Corp.	Milwaukee	6,800	Bank holding company
SBC Wisconsin	Milwaukee	6,000	Telecommunication services
Columbia – St. Mary's	Milwaukee	5,600	Health care system
Quad/Graphics Inc.	Sussex	5,100	Commercial printer
GE Healthcare Technologies	Waukesha	5,000	Medical diagnostic imaging systems
Kohl's Corp	Menomonee	5,000	Department stores
ProHealth Care Inc.	Waukesha	5,000	Health care system
Rockwell Automation	Milwaukee	5,000	Industrial automation products & systems
US Bank	Milwaukee	5,000	Commercial bank

Source: 2005 MMAC Business Resource Guide & The Business Journal, December 10, 2004.

Community representatives contacted during the evaluation indicated that local financial institutions are actively involved in the community and are adequately meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small Banks consist of the following, as applicable: the Bank's loan-to-deposit (LTD) ratio, the percentage of loans and other lending-related activities located in the Bank's assessment area, the record of lending to borrowers of different income levels and farms and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the preceding standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the Bank's assessment area.

Loan-to-Deposit Ratio

The Bank's average loan-to-deposit ratio, calculated from data contained in the Consolidated Reports of Condition, was evaluated giving consideration to the Bank's capacity to lend, competitor and peers' loan-to-deposit ratios, as well as demographic factors, economic conditions and lending opportunities present in the assessment area.

The Bank's eight-quarter average Loan to Deposit (LTD) ratio is reasonable given the Bank's size, financial condition and the credit needs of its assessment area. For this analysis the Bank's LTD ratio was compared to its national peer group and a sample of local competitors. The Bank's average LTD ratio is 77.88% and has improved significantly since the previous CRA evaluation in 2000, when the Bank's average LTD ratio was 57.31%. Although the Bank's LTD average is slightly below its peer group of 79.08%, its has improved each quarter. Exhibit 4 shows the comparison for the eight-quarters ending June 30, 2005.

Exhibit #4									
LTD Ratios									
Bank Name, City, 6/05 Assets \$(Millions)	6/05 (%)	3/05 (%)	12/04 (%)	9/04 (%)	6/04 (%)	3/04 (%)	12/03 (%)	9/03 (%)	Avg.
M&I Marshall and Ilsley, Milwaukee, \$36,871,488	116.76	112.54	104.19	106.58	101.94	106.80	106.81	105.09	107.59
North Milwaukee State Bank, Milwaukee, \$64,364	107.29	96.14	96.24	96.44	90.22	83.22	81.85	79.23	91.33
North Shore Community Bank and Trust, Milwaukee, \$954,830	82.56	84.83	83.71	86.36	91.24	87.19	85.47	85.95	85.91
Peer Group*	83.98	84.23	79.35	79.00	77.66	76.57	76.52	75.40	79.08
Legacy Bank, Milwaukee, \$105,958	84.74	83.63	78.78	78.57	75.44	73.46	75.31	70.44	77.55

*Due to a growth in asset size, the Bank moved from peer group ten in 3/05 to peer group six. Peer group ten includes all insured commercial Banks in a metropolitan area with assets between \$50 and \$100 million and fewer than two full service offices. Peer group six includes all insured commercial Banks in a metropolitan area with assets between \$100 and \$300 million and fewer than two full service offices.

Lending in the Assessment Area

To assess the extent of lending within the assessment area, the following were reviewed: Home Mortgage Disclosure Act (HMDA) data, direct installment loans, and small business loans. The sample period for HMDA data was January 1, 2003 to December 31, 2004. The sample period for direct installment and small business loans was May 1, 2004 to April 30, 2005. Information from the performance context, such as economic conditions present within the assessment area, loan demand, Bank size, financial condition, branching network, and business strategies, were considered when evaluating the Bank’s performance.

Overall, consumer, commercial and residential real estate lending within the Bank’s assessment area meets the standards for satisfactory performance under this criterion.

The majority of Legacy Bank’s loans are originated within the assessment area. The Bank’s primary business line involves loans for the purchase and rehabilitation of 1-4 family properties. This type of lending is captured in the Bank’s HMDA data. For the years 2003 and 2004, the Bank originated an average of 88% of HMDA loans in its assessment area. Approximately 76% of the Bank’s loans are HMDA reportable, with the remaining loans, 24%, being commercial and consumer loans. However, the majority of the commercial and consumer loans, 72%, were not originated in the assessment area. Although the Bank is no longer considered a De Novo institution, it remains relatively new to the area and the community is in the beginning stages of economic revitalization. The Bank has created a number of outreach services for members of the community in order to build additional relationships with the community. The distribution of the Bank’s primary loan products is illustrated in Exhibit 5.

Exhibit #5			
Distribution of Loans in/out of Assessment Area (AA)			
Loan Type	Number of Loans		
	# in Sample	# in AA	% in AA
2003 HMDA	167	146	87.4
2004 HMDA	164	145	88.4
Commercial	28	8	28.6
Consumer	77	21	27.3
Totals	436	320	73.0

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

The distribution of loans among borrowers of different income levels was determined by reviewing HMDA data, direct installment loans, and small business loans. The sample period for HMDA data was January 1, 2003 to December 31, 2004. The sample period for direct installment loans was May 1, 2004 to April 30, 2005. The Bank’s small business loan distribution was taken from its June 30, 2005 Consolidated Report of Condition. Information from the performance context, such as economic conditions present within the assessment area, demographics, loan demand, Bank size, financial condition, branching network, and business strategies, was considered when evaluating the Bank’s performance.

The distribution of Legacy Bank loans reflects reasonable penetration among borrowers of different income and revenue levels, as supported by a review of residential real estate, direct installment, and commercial loan data.

Residential Real Estate Loans

Exhibits 6 and 6a show the distribution of 1-4 family residential real estate loans, originated during the years ended 2003 and 2004, by income level. As shown, loans to low- and moderate-income borrowers averaged 28% for 2003 and 2004. This figure is significantly lower than that of the Bank's peer group, which averaged 40% for the same time period. However, the Bank's primary lending focus is 1-4 family investment properties, which are not HMDA reportable, in an effort to rehabilitate the housing stock in the investment area and thus it does not actively market consumer real estate loans. The Bank's loan distribution among low- and moderate- income individuals for this product type is reasonable.

Exhibit #6			
Loan Distribution of Residential Real Estate Loans by Income Level			
2003 HMDA Data			
Income Level*	Total Number of Loans	Percent of Total Loans	Percent of Families
Low	21	14.4	47.7
Moderate	20	13.7	21.9
Middle	36	24.7	16.5
Upper	15	10.3	13.9
Unknown	54	37.0	0.00
Totals	146	100.0	100.0

Exhibit #6a			
Loan Distribution of Residential Real Estate Loans by Income Level			
2004 HMDA Data			
Income Level*	Total Number of Loans	Percent of Total Loans	Percent of Families
Low	16	11.0	47.6
Moderate	25	17.2	21.9
Middle	22	15.2	16.5
Upper	17	11.7	14.0
Unknown	65	44.8	N/A
Totals	145	100.0	100.0

*The income level is determined by using the HUD median family income for 2003 and 2004, respectively.

Consumer Installment Loans

Exhibit 7 shows the distribution of consumer installment loans originated between May 1, 2004 and April 30, 2005 and reflects excellent penetration among individuals of different income levels. As shown, the percentage of loans to low- and moderate-income borrowers is 71.4% for the sample period. This product is the Bank's primary consumer product and represents the largest number of originations of any consumer product.

Exhibit #7 Loan Distribution of Consumer Installment Loans by Income Level			
Income Level*	Total Number of Loans	Percent of Total Loans	Percent of Families
Low	8	38.1	47.6
Moderate	7	33.3	21.9
Middle	3	14.3	16.5
Upper	0	0	14.0
Unknown	3	14.3	N/A
Totals	21	100.0	100.0

* HUD's estimated 2004 median family income was used to determine the income level of the applicants.

Commercial Loans

The distribution of commercial loans, as shown in Exhibit 8, reflects an excellent penetration among small businesses. The distribution, based on information from the Consolidated Report of Condition as of June 30, 2005. The Bank does not offer agricultural products due to its urban location. Small business loans represent 95% of the Bank's commercial and industrial loan portfolio. As Exhibit 8 shows, small business loan originations in the \$100,000 or less category represent 75% of the number and 33% of the dollar amount of small business loans.

Exhibit #8		
Distribution of Small Business Loans		
Original Dollar Amount	Outstanding Number	Outstanding Dollar Amount (000's)
Loans Secured by Non-Farm Nonresidential Properties		
Less than or equal to \$100,000	0	0
Greater than \$100,000 through \$250,000	0	0
Greater than \$250,000 through \$1 million	0	0
Total	0	0
Commercial and Industrial Loans		
Less than or equal to \$100,000	118	4,501
Greater than \$100,000 through \$250,000	22	3,369
Greater than \$250,000 through \$1 million	17	5,858
Total	157	13,728
Loans Secured by Non-Farm Nonresidential Properties and Commercial and Industrial Loans		
Grand totals	157	13,728

According to community contacts, area financial institutions are meeting the needs of the business owners in the area.

Geographic Distribution of Loans

The distribution of lending among geographies of different income levels within the assessment area, particularly those defined as low- and moderate-income, was reviewed. To assess the Bank's performance, the following were reviewed: HMDA data, direct installment loans, and small business loans. The sample period for HMDA data was January 1, 2003 to December 31, 2004. The sample period for direct installment loans and small business loans was May 1, 2004 to April 30, 2005. Loans for which census tracts were unknown were not included in the analysis. Demographic characteristics of census tracts, such as housing types and income level, were considered in the evaluation.

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The Bank originated 97.2% of its HMDA loans within the assessment area in low- or moderate-income census tracts. Of the direct installment loans and small business loans originated within its assessment area, 100% and 87.5% respectively, were made to borrowers or businesses residing in low- or moderate-income census tracts. Low- and moderate income tracts comprise 91% of the Bank's assessment area.

Other Lending Related Activities

Legacy Bank serves its community by participating in a number of flexible and innovative lending programs that are targeted toward low- and moderate-income borrowers and small businesses. The programs include several affordable housing initiatives for low- and moderate-income borrowers offered through Wisconsin Housing and Economic Development Association (WHEDA)

such as the HOME Program, Major Rehabilitation Program and the Lindsay Heights New Construction Program. The Bank also offers loans that are guaranteed by the United States Small Business Administration (SBA) to help qualified small businesses obtain financing when they might not be eligible for business loans through traditional lending channels. Additionally, the Bank participates in the Capital Access and Second Mortgage Programs developed by the Milwaukee Economic Development Corporation (MEDC). The MEDC Capital Access Program is structured as a portfolio reserve program designed to assist local businesses that may not be able to access traditional financing. The MEDC Second Mortgage Program coordinates financing between MEDC and the Bank to provide businesses with access to capital to finance larger projects in distressed neighborhoods that will in turn create or retain jobs. These loans demonstrate the Bank's commitment to provide capital to low- and moderate-income individuals and small businesses within its community.

Exhibit 9 lists examples of loans originated under these programs since the previous examination.

Exhibit #9		
Other Lending Related Activities		
Government Subsidized Programs	Number	Original Dollar Amount
Wisconsin Housing and Economic Development Association (WHEDA)	12	\$1,234,560
Small Business Administration (SBA)	9	\$2,267,424
Milwaukee Economic Development Corporation Capital Access Program (MEDC CAP)	133	\$6,735,904
Milwaukee Economic Development Corporation Second Mortgage Program	12	\$2,818,702

Services

Legacy Bank's retail and community development services were reviewed. The Bank's record of providing retail and community development services enhances credit availability in all parts of the assessment area.

Retail Services

Legacy Bank's retail services enhance credit availability to all parts of the assessment area, with particular focus on the low- and moderate-income areas. The Bank operates its only Banking office and two cash-dispensing only ATMs in low-income census tracts. A third cash-dispensing only ATM is located in a moderate- income census tract. In addition, the Bank is located in a low-income census tract, within the Milwaukee Urban Renewal Community.

The Bank offers standard deposit products to its customers, as well as services designed to meet the needs of low- and moderate-income individuals. In 2002, the Bank introduced its Financial Liberty First Accounts program, which is designed to serve the “unbanked” market. The program includes low cost checking, savings and money market accounts. These accounts include low minimum balances, free check cashing, free Legacy Bank ATM transactions and unlimited access to phone Banking services. The Bank also offers complimentary financial education seminars and income tax preparation. Income tax preparation includes electronic filing and is intended to provide customers with a simple means of accessing Earned Income and Homestead Tax Credits. As of August 2005, over 1,000 customers have opened Liberty First Accounts. This service demonstrates the Bank’s commitment to educating underserved individuals and providing them with access to banking services.

In addition to standard loan products and flexible lending programs through WHEDA, SBA and MEDC, the Bank also offers a “Credit Builder Loan” targeted to low-income individuals. The product was introduced in 2003 and is provided in conjunction with Making Connections Milwaukee, an initiative sponsored by the Annie E. Casey Foundation. The Credit Builder Loan allows individuals with poor credit history to open a certificate of deposit (CD) with income tax refunds and then apply for a loan secured by the CD. This enables the borrower to demonstrate his or her ability to manage credit while building a credit history. The Bank promotes this product every spring during tax season and approximately 10 individuals participate in the program each year.

The Bank also offers telephone banking that is accessible 24 hours a day through a toll-free number. This service allows customers to obtain account information, transfer funds and perform account maintenance. This service provides vital banking access to customers who are largely dependent on public transportation and may not easily reach a physical branch location.

Community Development Services

Legacy Bank is a leader in providing community development services within its assessment area. In 2003, Legacy Bancorp started Legacy Redevelopment Corporation, a non-profit Community Development Financial Institution. This organization focuses on affordable housing, as well as commercial and retail development in the Lindsay Heights Community, which is located in the Bank’s assessment area. Legacy Redevelopment Corporation is a wholly-owned subsidiary of Legacy Bancorp and receives funding and support from the Bank.

Legacy Bank was instrumental in bringing the New Markets Tax Credits Program (NTMC) to Milwaukee. As part of the NMTC program, an allocation of tax credits are provided to CDFIs which enable them to attract investments from the private sector and reinvest these amounts in low-income communities. The Wisconsin Community Development Legacy Fund, LLC (WCDLF) is one of the community development entities that applied for NMTC. WCDLF is a joint venture between Legacy and the Wisconsin Housing and Economic Development Authority (WHEDA). In

2004, WCDLF was awarded \$100 million in NMTC, \$65 million of which was allocated to Greater Milwaukee Community and \$35 million to the Madison Community.

The Bank provides free financial management classes for agencies and organizations that provide services to low- and moderate-income clients. From January 2004 to May 2005 the Bank provided 99 financial management classes that served more than 1,755 participants. Some of the organizations for which the Bank regularly provides financial management classes are Maximus Max Academy, META House, Annie E. Casey Foundation Making Connections Program and the Benedict Center for Women. The majority of participants are low-income individuals completing job-readiness programs. Bank personnel also teach classes on savings and financial management as part of the University of Wisconsin at Milwaukee's Saturday college preparation program for at-risk middle school students.

Legacy Bank directors, officers and employees contribute their skills and expertise to a number of local organizations that focus on community development. These organizations include, but are not limited to Habitat for Humanity, Milwaukee YWCA, Annie E. Casey Foundation, New Markets Tax Credit Initiative, Friends of Housing, North Avenue Community Development Corporation and the Women's Fund of Greater Milwaukee Foundation. This participation solidifies the Bank's continued commitment to serve its community.

Investments

Legacy Bank's qualified investments and donations were also reviewed. A qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. The Bank's investment record enhances credit availability in the assessment area. The Bank's short time in operation and rapid growth have limited the resources available for community development investment. Nevertheless, the Bank provided \$18,191 in qualified community development donations to community groups in Milwaukee since the previous CRA evaluation. Among the organizations that receive donations are Habitat for Humanity, Milwaukee Urban League and the United Negro College Fund. The Bank donated an additional \$75,000 to Legacy Redevelopment Corporation which began operations in 2003 and is sponsored by Legacy Bancorp.

In 2003 and 2004, the Bank invested \$2.2 million to renovate its main office at 2102 West Fond du Lac Avenue in Milwaukee. The renovations restored the building to its original condition. This improvement will serve to stabilize and revitalize the distressed commercial area along Fond Du Lac and North Avenues.

Complaints

Neither the Bank nor this Reserve Bank has received any CRA-related complaints regarding Legacy Bank since the previous examination.

Fair Lending

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.