

PUBLIC DISCLOSURE

December 20, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

M&I BANK SOUTH CENTRAL

RSSD Number: 349044

205 No. Second Street
Watertown, Wisconsin 53049

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 South Central, Watertown, Wisconsin**, prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **December 20, 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 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**.

M&I Bank South Central has a generally strong record of serving its assessment area based upon its lending, investment and service test performance. The bank's average twelve-quarter loan-to-deposit ratio is higher than all but two of its competitors and significantly exceeds its nationwide peer ratio. Bank mortgage, small business and small farm lending within its assessment area ranged between 70% and 85% as a percentage of its overall lending for the entire period analyzed. Lending to businesses and farms of different revenue sizes is strong. Approximately 80% of the bank's small business and small farm originations have original amounts of \$100,000 or less, while more than 80% of small business and more than 95% of small farm lending is to businesses and farms with gross annual revenues of \$1 million or less. The bank's share of total reportable small business lending and total small farm lending is substantial in its assessment area. The bank's originations represented over 40% of the assessment area's small business originations and over 80% of the number of small farm originations, based upon the lending of all reporting small business/small farm lenders in the assessment area. The bank's lending to low- and moderate-income borrowers is adequate considering the percentage of low- and moderate-income families in the assessment area. Community development lending, qualified investments and services are adequate given the size of the organization and the available opportunities. Community representatives have stated that opportunities for community development lending and investments remain limited in the assessment area.

The following table details the performance level of **M&I Bank South Central, Watertown, Wisconsin**, with respect to the lending, investment and service tests. Based on the component test ratings for large banks, the assigned composite rating is **Satisfactory**.

PERFORMANCE LEVELS	M&I BANK SOUTH CENTRAL		
	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 INSTITUTION

M&I Bank South Central is a wholly owned subsidiary of Marshall & Ilsley Corporation, a multi-bank holding company based in Milwaukee, Wisconsin. Marshall & Ilsley Corporation had total assets of approximately \$25.2 billion as of June 30, 2000. M&I Bank South Central had total assets of \$278.8 million as of September 30, 2000. No financial or legal impediments exist that should impact this institution's ability to meet the credit needs of its assessment area.

The bank's branch network consists of its main office and 2 branches. The main office is located in the city of Watertown in Jefferson County and the two branches are located in the cities of Beaver Dam and Juneau in Dodge County. Each of the bank's offices provides full service banking, and the Watertown and Beaver Dam offices provide automated teller machines (ATMs) for their retail and commercial customers.

Competition within the bank's assessment area is intense as both large financial institutions from Madison and Milwaukee and smaller banks, thrifts and credit unions in the area compete for deposits and loans. The primary depository institutions competing for customers within the bank's assessment area are highlighted in Table 1 below:

Table 1 Competitors within M&I Bank South Central's Assessment Area		
Competitor Name	Headquarters	Competing Locations
Bank One, Wisconsin	Milwaukee	Watertown and Beaver Dam
Ixonia State Bank	Ixonia	Watertown
Lebanon State Bank	Watertown	Watertown
State Bank of Reeseville	Reeseville	Watertown
Associated Bank Milwaukee	Milwaukee	Watertown
Associated Bank South Central	Madison	Beaver Dam
Horicon State Bank	Horicon, WI	Beaver Dam
American National Bank	Beaver Dam	Beaver Dam
Hartford Savings Bank	Hartford	Juneau

The bank offers a variety of credit products to consumers, small businesses and small farm owners in its assessment area. The types of credit offered by the bank include commercial, residential real estate mortgage (including fixed- and adjustable-rate, home equity and construction loans), agricultural, consumer and student loans. The bank also participates in several government-sponsored or guaranteed loan programs including those offered by the Small Business Administration (SBA), the State and Federal Veterans Administration (VA), and the Wisconsin Housing and Economic Development Authority (WHEDA).

The bank's loan portfolio as of September 30, 2000 reflects a significant level of diversification among

consumer, commercial and agricultural loans. The composition of the bank's loan portfolio as of this date is detailed in Table 2.

Loan Type	Amount (\$000s)	% of Total Loans
1-4 Family Residential Real Estate	59,346	29.9%
Commercial Real Estate	31,772	16.0%
Commercial and Industrial	24,694	12.5%
1-4 Family Residential Real Estate – Revolving	14,600	7.4%
Consumer	12,145	6.1%
Multifamily Real Estate	3,760	1.9%
Construction and Land Development	2,952	1.5%
States and Political Subdivisions	3,529	1.8%
Other	2,536	1.3%
Agricultural (including farmland)	42,895	21.6%
Total	198,229	100.0%

Note: Loans and Leases totaled 71.1% of total assets as of September 30, 2000.

The largest percentage of the bank's portfolio based upon dollar amount is 1-4 family residential real estate loans followed by commercial real estate loans. Total residential real estate lending represents 37.3% of the bank's loan portfolio, while all commercial lending - including commercial real estate lending - represents 28.5% and agricultural lending represents 21.6% of the bank's loan portfolio.

DESCRIPTION OF M&I BANK SOUTH CENTRAL'S ASSESSMENT AREA

The size of the bank's assessment area has been reduced. The assessment area included 33 block numbering areas (BNAs) until 1998, encompassing all of Dodge County (17 BNAs) and a large portion of Jefferson County (16 of 20 BNAs - excluding the south and southwest portions of the county). In 1998, the bank reduced its assessment area by 16 BNAs in relatively equal proportion from each county; it now includes primarily the western portion of Dodge County (13 BNAs) and the northernmost portion of Jefferson County (four BNAs) north of Interstate 94. Bank management stated that the size of the assessment area was reduced primarily based on an analysis of its branch network and effective marketing area. It was determined that M&I Bank South Central's assessment area should actually be much smaller, based on the location of the bank's main office and two branches, and the location of M&I affiliates in the two-county region.

Demographic and economic data is generally made available on a county, MSA or statewide basis. Since the bank's assessment area encompasses only portions of Jefferson and Dodge Counties, portions of the discussion below focus on demographic and economic characteristics of each county rather than a focus on the assessment area in particular.

Jefferson County is located in south central Wisconsin almost midpoint between Madison to the west

and Milwaukee to the east; both metropolitan areas are readily accessible from the county via Interstate 94. Dodge County is contiguous to Jefferson County and it borders the county on the north.

The following table provides the population, median family income and percentage of families in each income designation for the assessment area, both counties, all non-metropolitan areas in the state and the State of Wisconsin (State) in comparison, based upon 1990 census data:

Table 3						
Comparisons of Selected Demographic Information for M&I Bank South Central's Assessment Area						
Region	Population	Median Family Income	% of Families in each income level by Income			
			Low-Income Families	Moderate-Income Families	Middle-Income Families	Upper-Income Families
Assessment Area	65,416	\$32,737	11.8%	18.5%	27.0%	42.7%
Dodge County	76,559	\$33,472	11.8%	17.8%	26.4%	44.0%
Jefferson County	67,783	\$35,752	11.0%	15.4%	24.9%	48.7%
All Non-metropolitan Areas in Wisconsin	1,560,597	\$30,290	17.6%	19.5%	25.4%	37.5%
State	4,891,769	\$35,082	17.9%	18.7%	26.5%	36.9%
<small>Note: Approximately 5.0% of the families in the assessment area, 4.8% in Dodge County, 4.8% in Jefferson County, 7.9% in all Non-metropolitan areas in the State and 7.6% in the State have incomes below the poverty level.</small>						

The bank’s assessment area, which is comprised of 17 BNAs, includes 15 BNAs that are designated as middle-income and 2 BNAs that are designated as upper-income. There are no low- or moderate-income BNAs in the assessment area.

The populations of Jefferson and Dodge Counties increased by an estimated 9.96% and 11.18%, respectively, between 1990 and 2000 to 74,535 in Jefferson County and 85,119 in Dodge County according to the State of Wisconsin Department of Administration (WDA). This rate of increase is slightly higher than the State’s 7.0% increase. Watertown is the largest city in Jefferson County, with a population of 12,388. Beaver Dam is the largest city in Dodge County with a population of 14,196 followed by the portion of Watertown in Dodge County with a population of 6,754.

The economies of Jefferson and Dodge Counties are generally strong. Selected unemployment figures for the two-county region and the State are provided below:

Table 4			
Selected Unemployment Data			
By County and State			
Region	September 2000	1999	1998
Dodge County	2.3%	2.5%	2.8%
Jefferson County	2.4%	2.4%	2.7%
State of Wisconsin	3.1%	3.0%	3.4%

Table 4 Selected Unemployment Data By County and State			
Region	September 2000	1999	1998
Note: The unemployment figures above are not seasonally adjusted. Source: Wisconsin Department of Workforce Development (DWD)			

The region’s unemployment rates have declined substantially over the past decade from highs of 5.8% for Dodge County, and 5.5% for both Jefferson County and the State in 1991, mirroring state and national trends. Further evidence of the strength of the local economies is the ranking of each county by its unemployment rate relative to all counties in the State. Of 72 counties in Wisconsin, Dodge County’s unemployment rate was the 10th lowest and Jefferson County’s was the 14th lowest as of September 2000. Dane County was the lowest at 1.5% and Menominee County’s was the highest at 9.2% at that time.

The largest private sector employers (250 employees or more) in the two-county region include Trek Bicycle Corporation (bicycle manufacturer), Quad/Graphics Inc. (commercial printing), and Deere & Co. (lawn and garden tractor manufacturer). There are also a number of durable and nondurable goods manufacturers and hospitals and nursing homes in the area with 250 employees or more, according to the DWD. Both counties are considered “manufacturing counties” by the DWD since each has more than 30% of its total nonfarm workers in manufacturing jobs. Manufacturing jobs in Jefferson and Dodge County represent 36.7% and 37.0%, respectively, of all jobs.

There are 24,767 housing units in the assessment area based upon 1990 census data, of which 65.3% are owner-occupied and 28.3% are renter-occupied. There has been an approximately 18% increase in the number of total housing units built or otherwise made available in the past 10 years according to the WDA. The increase in housing units however has not offset the increase in housing costs over the past decade as evidenced by the declining “affordability ratio”. The affordability ratio is calculated by dividing a county’s median family income by the median house value. The higher the ratio, the more affordable a community is considered. In 1990 the median housing value for the assessment area at \$54,479 was considerably lower than that of the State at \$62,141; however, it is higher than that of all non-metropolitan areas statewide at \$50,092. Based on 1990 Census data, the affordability ratios in Jefferson and Dodge Counties were 0.52 and 0.53, respectively. Based on information provided by the Wisconsin Realtor Association (WRA), the median sales price of homes sold in the first quarter of 1997 was \$79,000 in Dodge County and \$97,500 in Jefferson County; however, by the 3rd quarter of 1999, these prices had increased to \$89,400 and \$128,300, respectively. The affordability ratios for Dodge and Jefferson counties may have declined in 1999 to 0.48 and 0.37, respectively, using information gathered by the WRA and the adjusted median family income for all non-metropolitan areas provided by Housing and Urban Development (HUD) as proxies for median housing values and median family incomes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

M&I Bank South Central's performance under the lending, investment and service tests is summarized in the following sections.

LENDING TEST

The assessment of M&I Bank South Central's performance includes its overall lending activity; assessment area lending concentration; distribution of lending to borrowers of different income levels; community development lending; lending to small businesses and small farms and product innovation and flexibility.

Lending Volume

The bank's overall lending levels reflect strong responsiveness to credit needs within its assessment area. The bank's average net loan-to-deposit ratio over the past twelve quarters is 91.63%, and compares favorably to that of its national peers, which is 74.66%. The following table compares the bank's net loan-to-deposit ratio to that of its competitors and peers:

Table 5 A Comparison of Net Loan-to-Deposit ratios for M&I Bank South Central and its Competitors		
Bank	Total Assets (\$ in millions)	12-Quarter average through 9/30/00
Bank One, Wisconsin	\$7,915.8	125.22%
Horicon State Bank	\$291.2	106.89%
M&I Bank South Central	\$278.8	91.63%
Associated Bank Milwaukee	\$3,016.1	86.80%
Associated Bank South Central	\$144.1	85.62%
Ixonia State Bank	\$166.7	83.00%
Hartford Savings Bank	\$14.1	82.02%
Peer Group	N/A	74.66%
Lebanon State Bank	\$18.8	71.60%
State Bank of Reeseville	\$32.1	65.17%
American National Bank	\$108.3	64.57%

The bank's net loan-to-deposit ratio ranks 3rd highest when compared to those of its nine competitors.

Assessment Area Concentration

A substantial percentage of the bank's total 1998, 1999 and year-to-date 2000 lending was originated within its assessment area. The analysis of the bank's mortgage lending in its assessment area is based solely based upon the lending of its affiliate, M&I Mortgage Corp. since the bank is not subject to the reporting requirements of the Home Mortgage Disclosure Act (HMDA). Only that lending of M&I

Mortgage Corp. that has been referred by this bank to this affiliate is included in the analysis. Table 6 details the volume and percentage of 1998, 1999 and year-to-date 2000 loans that were originated within the bank's assessment area by product type:

Loan Product	Total number of mortgages			Percentage of lending activity within the Assessment Area		
	1998	1999	2000*	1998	1999	2000*
Home Purchase	146	116	65	68%	78%	75%
Refinancing	197	81	17	81%	79%	65%
Total Mortgage Loans	343	197	82	76%	78%	73%

*Represents lending through September 30, 2000

The following table reflects the bank's 1998 and 1999 small business and small farm lending in its assessment area based upon number and dollar amount. Small business loans are defined in the regulation as commercial loans with original amounts of \$1 million or less and small farm loans are defined as agricultural purpose loans with original amounts of \$500,000 or less.

Year	Loan Product	Total Originations		Within the Assessment Area			
		#	\$(000s)	#	%	\$(000s)	%
1998	Small Business	421	\$36,928	337	80%	\$27,739	75%
	Small Farm	372	\$22,791	271	73%	\$15,807	69%
1999	Small Business	398	\$34,552	334	84%	\$30,524	88%
	Small Farm	323	\$20,482	252	78%	\$14,921	73%

Note: year-to-date data for 2000 is not available.

As Tables 6 and 7 illustrate, a significant majority of the bank's number and dollar amount of loans was originated within its assessment area. The bank's 1998, 1999 and year-to-date lending levels in its assessment area reflects a high responsiveness to the area's credit needs.

Geographic Distribution

An analysis of the geographic distribution of the bank's lending was not performed since the bank's assessment area does not include any low- or moderate-income BNAs.

Lending Distribution by Borrower's Income or Business Revenue

The bank’s overall lending to borrowers of different income levels and businesses and farms of different revenue sizes reflects a generally strong level of penetration. The following tables and narrative illustrate the distribution of M&I Mortgage Corp.’s HMDA-reportable mortgage lending by borrower income characteristics and small business and small farm lending based upon the original loan amount and revenue size of the business or farm.

The bank has an adequate record of mortgage lending considering the income characteristics of the assessment area population and the housing market within the two-county region. Approximately 30% of the assessment area families are considered low- or moderate-income, with 5% of families having incomes below the poverty level, based upon 1990 census data. The bank’s lending to low- and moderate-income families increased from 11% in 1998 to 19% in 1999 and then back to 15% for year-to-date 2000 lending, despite an increasing interest rate environment. Table 8 provides the distribution of mortgage loans to low- and moderate-income borrowers in the assessment area over the 3-year period:

Table 8							
INCOME DISTRIBUTION OF M&I BANK SOUTH CENTRAL’S							
HMDA-REPORTABLE LENDING							
Income Level of Borrower	Percentage of HMDA Loans Reviewed						Percentage of Families Within Assessment Area* (1990 census data)
	1998		1999		YTD 2000		
	#	%	#	%	#	%	
Low-income	5	2%	5	3%	1	2%	11.8%
Moderate-income	23	9%	24	16%	8	13%	18.5%
Middle-income	70	27%	41	27%	26	43%	27.0%
Upper-income	160	62%	83	54%	25	42%	42.7%

Note: HMDA-reportable loans are loans originated and reported by the bank’s affiliate, M&I Mortgage Corp.
 *5% of families have incomes below the poverty level.

The bank’s lending to low- and moderate-income families has been impacted by two recent trends - increasing housing costs and increasing interest rates. Housing costs in the assessment area have generally been higher than in all other non-metropolitan areas in the state. The assessment area’s median home price was \$54,479 compared to \$50,092 for all non-metropolitan areas based upon 1990 census data. By the 3rd quarter of 1999, the average price of a home sold in Dodge and Jefferson Counties had increased to \$89,400 and \$128,300, respectively, based on information obtained through the WRA. The rapidly rising housing costs have not been offset by a comparable increase in median family income as evidenced by a declining affordability ratio as noted earlier, making the purchase of a home more difficult for low- and moderate-income families. In addition, the increases in interest rates in 1999 and 2000 have impacted all borrowers; however, this has significantly impacted low- and moderate-income individual’s ability to acquire homes.

The bank’s overall small business and small farm lending within its assessment area is strong. The bank

originates the majority of its reported small business and small farm loans in amounts of \$100,000 or less, amounts typically needed by small businesses and small farms. The following table details the bank's distribution of 1998 reportable small business and farm lending by loan size:

Table 9 M&I BANK SOUTH CENTRAL'S 1998 DISTRIBUTION OF SMALL BUSINESS AND SMALL FARM LOANS BY LOAN SIZE IN THE ASSESSMENT AREA				
Loan Value Category	Small Business		Small Farm	
	# of Loans	Percentage of Loans	# of Loans	Percentage of Loans
< \$100,000	268	80%	226	83%
> \$100,000 but < \$250,000	41	12%	37	14%
> \$ 250,000 up to \$1 million	28	8%	8	3%
Total	337	100%	271	100%

A significant majority of the bank's small business lending is in original amounts of \$100,000 or less. In addition, 82% of small business loans and 98% of small farm loans were originated to businesses and farms with revenues of \$1 million or less. While the bank's small business and farm lending was strong, the bank's overall share of these businesses in the assessment area was significant as well. M&I Bank South Central originated approximately 51% of the number of all *reportable* small business and approximately 85% of all *reportable* small farm loan originations in the assessment area. The bank is ranked number 1 or 2 in both counties in both categories based upon the aggregate of all small business and small farm loan reporters. Its most significant competition is from its affiliates, including M&I Bank of Mayville in Mayville and M&I Bank South in Janesville.

The following table details the bank's distribution of 1999 reportable small business and farm lending by loan size:

Table 10 M&I BANK SOUTH CENTRAL'S 1999 DISTRIBUTION OF SMALL BUSINESS AND SMALL FARM LOANS BY LOAN SIZE IN THE ASSESSMENT AREA				
Loan Value Category	Small Business		Small Farm	
	# of Loans	Percentage of Loans	# of Loans	Percentage of Loans
< \$100,000	257	77%	210	83%
> \$100,000 but < \$250,000	43	13%	32	13%
> \$250,000 up to \$1 million	34	10%	10	4%
Total	334	100%	252	100%

The bank continued to provide a significant majority of loans to small businesses and farms based on both the percentage of loans having original amounts of \$100,000 or less, and the percentage of loans to business and farms with revenues of \$1 million or less. In 1999, 81% of the bank's small business

loans and 98% of its small farm loans were to businesses and farms with revenues of \$1 million or less. The bank was also a significant participant in both its assessment area and the two-county region as in 1998. In 1999, the bank's small business lending represented 42% of all *reportable* small business lending and 82% of all *reportable* small farm lending; the bank's performance by both dollar amount and number of originations was one of the two highest in the two-county region.

Community Development Lending

The bank's community development lending is adequate. The bank extended \$21,541 to low- and moderate-income borrowers under the Jefferson County Community Housing Initiative (CHI). The CHI program provides low cost home improvement loans for low- and moderate-income individuals; the bank has committed a maximum of \$50,000 under the program. The bank has also extended \$40,000 under Dodge County's Homebuyer Assistance Program, a program that provides funds for both a down payment and improvements on a 0% interest deferred payment plan to qualified borrowers.

There are a limited number of community development lending opportunities in the assessment area according to bank management. Dodge and Jefferson County community representatives that were contacted in conjunction with this exam supported this view. Several community representatives stated that there were low- and moderate-income families in the area; however, there were no affordable housing or employment initiatives in which banks could participate. One community representative stated that there is no concentration of low- or moderate-income individuals in the two-county region, which may suggest the reason there is limited activity in developing new affordable housing.

M&I Bank South Central also has a \$650,000 loan outstanding to the Health and Wellness Center of Watertown (HWAC). Although the loan to HWAC does not qualify as a community development loan, certain services provided by organizations housed at the location would qualify as community development services. The Watertown Woman's Center (provides individual and group counseling to women and their families), Watertown Family Center (provides services to enhance the social, emotional, physical and intellectual well-being of children and their parents), Jefferson and Dodge Head Start, Rainbow Hospice, Big Brothers/Big Sisters and Dodge County Human Services (offering 0-3 year old programs) are available to all members of the local communities. The agencies and HWAC have set aside funds to subsidize the cost for those unable to pay for services. The bank's significant lending participation in this venture indicates management's desire to fulfill its community obligations.

The bank provides innovative products and has flexible lending standards designed to assist and meet the credit needs of low- and moderate-income individuals and families and small business and small farm owners. The bank participates in several government-sponsored loan programs. The bank made 21 loans through Farm Service Agency for \$2.46 million, 11 loans through SBA for \$400,000, 9 loans through WHEDA for \$513,000, 22 Federal Housing Administration Loans (FHA) for \$1.5 million, 37 Federal and State VA loans for \$4.2 million, and 24 State Petroleum Environmental Cleanup Fund Act

(PECFA) loans for \$470,000.

CONCLUSION

The bank's overall performance under the Lending Test is considered generally strong based upon several factors. The bank's loan to deposit ratio is strong and is higher than that of its national peers and all but two of its local competitors. A significant majority of its lending activity is originated within its assessment area. Lending to businesses of different revenue sizes is strong; however, lending to low- and moderate-income borrowers is adequate, given the demographic characteristics of the bank's assessment area. The bank's community development lending is considered adequate, based upon its lending under the two programs in which it participates. Nevertheless, discussions with community representatives support the bank's generally strong performance with statements that the bank meets the credit needs of the communities it serves. Furthermore, the bank participates in loan programs that are innovative and responsive to its assessment area's credit needs.

INVESTMENT TEST

A review was conducted of the bank's qualified investment and grant activity including responsiveness to community development needs, to assess its performance under the Investment Test.

Qualified Investment Activity

M&I Bank South Central's community development investments and donations totaled \$700 including \$350 in 1998 and 1999 to the Watertown East Community Project located in a housing facility for low-income individuals. Community members contacted during the examination indicated that there were limited qualified investment opportunities within the assessment area.

Although donations to the following organizations do not qualify as investments, bank management stressed that these organizations did, to an extent, also benefit low- and moderate-income families in the assessment area. These organizations included Jefferson County Head Start, local United Way organizations and Big Brothers/Big Sisters. Total donations to these organizations exceeded \$10,000 in 1998 and 1999 and more than \$15,000 through September 30, 2000.

Responsiveness to Available Opportunities

The bank's current opportunities to respond to community development initiatives are limited, according to community representatives; however, there were a small number of agencies that serve low- and moderate-income families. The bank should investigate these opportunities further including one that was in the process of obtaining approval to provide housing for low-income individuals.

CONCLUSION

The bank’s performance under the Investment Test is considered adequate. The level of the bank’s total qualified investments and level of responsiveness to the assessment area needs is considered adequate despite the limited number of opportunities for it to make qualified investments or donations in its assessment area.

SERVICE TEST

The assessment of the bank’s performance under the Service Test includes an evaluation of the accessibility of its delivery systems; reasonableness of business hours and services in meeting the needs of its combined assessment area; opening and closing of branch locations; and the level of community development services.

Retail Banking Services

M&I Bank South Central is a full-service bank with 3 bank locations and 2 ATMs located within its assessment area. Bank customers may also conduct banking business at any one of more than 200 ATM locations within the state operated by M&I affiliates at no cost. The bank provides a variety of conventional and government loan products, various checking and interest-bearing deposit accounts, and cash management and investment services. The bank’s Basic Checking account is a low fee/no minimum balance checking account to benefit low- and moderate-income individuals. The bank provides alternative delivery of banking services through its personal computer home banking; MI Line, a toll-free 24 hour account access system; and MI Direct, a toll-free customer service hotline available 24 hours a day.

Distribution of Branches Among Geographies

The bank’s assessment area is composed entirely of middle- and upper-income BNAs. The following table details the bank’s branch and drive-up facility locations, the income levels of the communities in which they are located, and the days and hours of service.

Table 11 M&I BANK SOUTH CENTRAL’S BRANCH NETWORK			
BRANCH LOCATION	COUNTY/ BNA	INCOME LEVEL	HOURS OF OPERATION

<p>Beaver Dam 120 Park Avenue (ATM on site)</p>	<p>Dodge 9610.00</p>	<p>Middle</p>	<p>Lobby: Drive-up:</p>	<p>9:00am – 4:30pm 9:00am – 6:00pm 9:00am - 12:00pm 8:00am – 5:00pm 8:00am – 6:00pm 9:00am – 12:00pm</p>	<p>Monday – Thursday Friday Saturday Monday – Thursday Friday Saturday</p>
<p>Juneau 146 South Main Street</p>	<p>Dodge 9611.00</p>	<p>Middle</p>	<p>Lobby: Drive-up:</p>	<p>9:00am – 4:00pm 9:00am – 6:00pm 8:00am – 4:00pm 8:00am – 6:00pm 9:00am – 1:00pm</p>	<p>Monday – Thursday Friday Monday – Thursday Friday Saturday</p>
<p>Watertown 205 North 2nd Street (ATM on site)</p>	<p>Jefferson 9902.00</p>	<p>Middle</p>	<p>Lobby: Drive-up:</p>	<p>9:00am – 5:00pm 9:00am – 6:00pm 9:00am – 12:00pm 7:30am – 6:00pm 7:30am – 12:00pm</p>	<p>Monday – Thursday Friday Saturday Monday – Friday Saturday</p>

The bank’s office and drive-up hours are reasonable given the needs of the communities within which it operates.

Record of Opening and Closing Offices

The bank has not opened or closed branches since the previous CRA examination.

Community Development Services

The bank has provided limited community development services within its assessment area since 1998 due in part to the limited opportunities in the assessment area. The following, however, are a small representative sample of services provided by the bank:

- A bank representative is a board member of the Beaver Dam Economic Development Corporation.
- A bank representative is a member of the Dodge County Revolving Loan Committee that provides financing for start up businesses. This individual is involved with the Beaver Dam Chamber of Commerce, and the Dodge County Board of Realtors, which provides fair housing information to realtors.
- An officer of the bank served as the past president of the Watertown Chamber of Commerce and is currently the treasurer of an organization that helps promote new business development in the area.

CONCLUSION

The bank’s performance under the service test is considered generally strong. The bank’s delivery

systems, including electronic delivery systems and branches, are easily accessible to BNAs within its assessment area. There are limited opportunities for community development services in particular. Bank staff did provide a large list of organizations in which bank staff participates; a limited number qualify as 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, which has been reviewed in a separate examination of centralized loan underwriting functions. 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.