

# **PUBLIC DISCLOSURE**

January 13, 2000

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## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

### **M&I LAKEVIEW BANK**

RSSD Number: 1017377

1441 N. Taylor Drive  
Sheboygan, Wisconsin 53081

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 Lakeview Bank, Sheboygan, Wisconsin**, prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **January 13, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

**INSTITUTION'S RATING:** This institution is rated **Satisfactory**.

M&I Lakeview Bank has a generally strong record of serving its combined assessment area, based upon a review of its lending, qualified investments and services activity. Management has taken an active role in meeting community credit needs within its combined assessment area as demonstrated in its lending to low- and moderate-income individuals and to small businesses. A significant percentage of the bank's loans were originated within its combined assessment area, and its lending efforts reflect strong penetration among businesses of different revenue sizes. Residential real estate lending and small business lending also reflect a reasonable geographic distribution in the bank's combined assessment area. The bank has a reasonable level of community development lending. Furthermore, the bank had an adequate level of qualified investments that benefit small businesses and low- and moderate-income individuals and families.

The bank also provides a significant level of qualified community development services that benefit low- and moderate-income individuals and families. The accessibility of the bank's delivery systems and reasonableness of business hours provide adequate access to individuals and businesses in its combined assessment area. The bank has nine automated teller machines and offers alternative access via personal computer home banking. M&I offers a customer service hotline, MI Line II, separate from its MI Line, its toll-free account access number. MI Line II is toll-free and it accepts complaints and comments from M&I customers 24 hours per day.

The following table details the performance level of **M&I Lakeview Bank, Sheboygan, 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 LAKEVIEW BANK		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

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

**DESCRIPTION OF M&I LAKEVIEW BANK'S ASSESSMENT AREA**

The bank's main office is located in Sheboygan, Wisconsin. The bank has eight branch facilities including three in Sheboygan, one in Manitowoc, one in Plymouth, two in Port Washington and one in Sheboygan Falls. Currently, the bank has three assessment areas – all of Manitowoc County, all of Sheboygan County (the Sheboygan MSA) and four census tracts in the northern third of Ozaukee County.

The bank had an additional assessment area in 1997, which was comprised of Shawano and Waupaca counties. The bank had an office in Clintonville within Waupaca County that was transferred to M&I Bank of Shawano in early 1998. Thus, the bank's performance in 1997 will be reviewed within this additional assessment area.

**Manitowoc County Assessment Area**

The bank's first assessment area is Manitowoc County, which is comprised of 19 census tracts of which 15 are middle- and 4 are upper-income. Manitowoc County is located in east central Wisconsin along Lake Michigan directly north of the Sheboygan MSA. Manitowoc County is less than 40 miles southeast of Green Bay and is approximately 80 miles north of Milwaukee; both cities are readily accessible via Interstate 43.

The assessment area population is 80,421 and there are 21,733 families based upon 1990 census data. The median family income is \$33,004, which is higher than that of all non-metropolitan areas statewide at \$30,290. Approximately 13.3 percent of the families in the county are considered low-income, 16.9 percent are moderate-income, 27.0 percent are middle-income and 42.8 percent are upper-income. In addition, approximately 5.7 percent of the population had incomes below the poverty level.

The population of Manitowoc County increased by an estimated 4,013 (or 5 percent) between 1990 and 1998 to 84,434.<sup>1</sup> This rate of increase is slightly lower than that of the state with a growth rate of 7.0 percent. The majority of the growth (70 percent) is due to migration with the remainder coming from births. The City of Manitowoc, in which the bank's branch is located, had a population of 33,910 in 1996 and an estimated 2000 population of 34,850.

The economy of Manitowoc County is generally strong. The county's unemployment rate has been above the state average throughout the 1990s, but below the national average. This trend has continued as Manitowoc's unemployment rate, consistent with that of the nation and the state, has benefited from a healthy economy and has declined steadily. The unemployment rate has been below 4.0 percent from 1995 to 1998 and many employers have actually experienced difficulty in finding qualified workers. The

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1 Wisconsin Department of Workforce Development (DWD), Division of Workforce Excellence, Bureau of Workforce Information. *Manitowoc County Workforce Profile*, July 1999.

unemployment rate for the county was 4.0 percent as of January 2000 according to the Wisconsin Department of Workforce Development (DWD).

The top five private sector employers in Manitowoc as of March 1998 were Newell Operating Company (household utensils), Holy Family Memorial Group (hospital services), DAYCO Eastman (hose and coupling manufacturing), Fisher Hamilton, Inc. (laboratory apparatus and furniture), and Manitowoc Cranes, Inc. (construction machinery/cranes).<sup>2</sup> The first two employers each have more than 1,000 employees and the remaining three have between 500 and 999 employees.

There are a significant percentage of jobs in the manufacturing sector within Manitowoc County. Manufacturing employment increased by 13.2 percent between 1992 and 1997 and in 1997 made up 38 percent of the county's nonfarm employment.<sup>3</sup> The majority of the labor force works within the county with just over 16 percent working outside of the county. Sheboygan County is the destination for over one-third of the outbound commuters; approximately one-sixth each travel to Brown and Calumet counties. Companies in the manufacturing industry were hurt during the recessions of the 1980s and early 1990s and have been slower to recover.

There are 31,843 housing units in Manitowoc County based upon 1990 census data, of which 69.9 percent are owner-occupied and 24.7 percent are renter-occupied. The median housing value for the assessment area at \$49,209 is considerably lower than that of the state at \$62,141 and only slightly lower than for all non-metropolitan areas statewide at \$50,092. The price range of a three-bedroom home anywhere in Manitowoc County rarely exceeds \$100,000, according to an area realtor with houses in Two Rivers City averaging about \$10,000 less than a comparable one in the City of Manitowoc. In contrast, lakefront lots of three to four acres have recently reached the \$100,000 sales mark.

Banks and credit unions within the county are providing the credit products needed by the community, such as mortgage, consumer and small business loans. Several banks in the area have successful first-time homebuyer programs and participate in FHA and Wisconsin Housing and Economic Development Authority (WHEDA) loan programs. There is also one active non-profit housing organization within the county, the Lakeshore Community Action Program, Inc.

### **Sheboygan MSA Assessment Area**

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2 Wisconsin DWD, Division of Workforce Excellence, Bureau of Workforce Information. *Manitowoc County Workforce Profile*, July 1999.

3 Wisconsin DWD, Bureau of Workforce Information. *Manitowoc County Workforce Profile*, July 1999.

The bank's second assessment area is the Sheboygan MSA, which is comprised of 24 census tracts including 1 upper-, 21 middle- and 2 moderate-income tracts. The assessment area is located in east central Wisconsin along Lake Michigan, directly south of Manitowoc County. The City of Sheboygan is centrally located on the eastern edge of the county and is 57 miles north of Milwaukee off Interstate 43.

The population of the assessment area is 103,877 and there are 28,195 families, based upon 1990 census data. Approximately 14.7 percent of the families are considered low-income, 19.6 percent are moderate-, 31.2 percent are middle- and 34.5 percent are upper-income. Approximately 4.5 percent of families had incomes below the poverty level. The median family income is \$36,708, which exceeds that of the state at \$35,082.

The population of the Sheboygan MSA increased by an estimated 7.3 percent to 111,427 between 1990 and 1998.<sup>4</sup> The increase was at a slightly higher rate than the State of Wisconsin with a 7.0 percent growth rate. The City of Sheboygan had the largest increase in absolute numbers during this time; however, the growth for the city is the second lowest at 3.0 percent of the ten largest municipalities in the county. The Town of Sheboygan experienced the largest growth rate during this period at 32.3 percent, increasing to an estimated 1998 population of 5,114.

The economy of the Sheboygan MSA is strong with a low unemployment rate. The MSA is the home to the corporate headquarters of several large manufacturing firms that offer relatively high wages. Between 1992 and 1997, the number of nonfarm wage and salary jobs in the Sheboygan MSA increased 11.1 percent to 58,000.<sup>5</sup> During that same time period, the number of people in the Sheboygan MSA who reported being employed had increased 8.4 percent to 60,800. The continued increase in employment in the MSA has led to a substantial decline in unemployment. The county's annual unemployment rate has been below the state average since 1992. From 1992 to 1998 the average annual unemployment rate dropped from 4.3 percent to 2.4 percent. The unemployment rate for the Sheboygan MSA as of January 2000 is 2.1 percent according to the Wisconsin DWD. The unemployment rate for the City of Sheboygan as of December 31, 1999 is at an even lower rate of 1.6 percent according to the Sheboygan County Chamber of Commerce.

The top five private sector employers in Sheboygan as of March 1998 were Kohler Company (bathroom fixtures manufacturing), Bemis Manufacturing Company (plastics manufacturing), J. L. French Corporation (die casting), Richardson Industries Inc. (furniture/wood products), and Schultz Savo (food sales/warehousing).<sup>6</sup> Kohler Company is the largest employer in the Sheboygan MSA with 7,000 employees followed by Bemis Manufacturing with 1,500 employees. The remaining three employers each have between 500 and 999 employees.

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4 Wisconsin DWD, Division of Workforce Excellence, Bureau of Workforce Information. *Sheboygan County Workforce Profile*, July 1999.

5 Wisconsin DWD, Bureau of Workforce Information. *Sheboygan County Workforce Profile*, July 1999.

6 Wisconsin DWD, Bureau of Workforce Information. *Sheboygan County Workforce Profile*, July 1999.

A strong base of large, locally owned manufacturers has contributed to the county's large base of manufacturing employment. Investments by local firms have contributed to the growth in this sector. Manufacturing employment grew by 14.4 percent between 1992 and 1997; however, overall growth slowed during 1996. This may be attributable to a tight labor market and a shortage of workers in some occupations. Growth picked up slightly in 1997 at a rate of 1.6 percent.

The largest employment growth between 1992 and 1997 occurred within the construction industry at 28.3 percent.<sup>7</sup> This growth was the result of strength within the commercial and residential segments of the industry. Growth of new businesses and expansion of existing businesses in several industrial parks has kept commercial builders busy. Residential construction continues to be generally strong.

A community representative indicated that housing affordable to low- and moderate-income families is available within the MSA. There were 335 home sales in the Sheboygan MSA in the third quarter of 1999 with a median sales price of \$98,800 according to the Wisconsin Realtors Association. There were 1,157 home sales for all of 1998 with a median sales price of \$88,700. An area realtor indicated that housing developments are underway all around the MSA and the existing housing stock is in good condition. The average price of a single family home is approximately \$120,000. There are a total of 40,695 housing units in the MSA based upon 1990 census data, of which 66.6 percent are owner-occupied and rental units represented 28.2 percent of the total housing units. The median housing value for the assessment area at \$59,187 is lower than that of the State of Wisconsin at \$62,141 and significantly higher than that of all non-metropolitan areas statewide at \$50,092.

A Reader's Digest Magazine survey conducted in April 1997 selected the City of Sheboygan the "Number 1 Best Place in the Nation to Raise a Family." The factors considered in selecting Sheboygan were affordable cost of living, extracurricular school activities, absence of crime, low rates of drug and alcohol abuse, good public schools, first-rate health care, a clean environment and strong economic growth. Sheboygan has also been ranked by Money Magazine as a "most livable city" for the past six consecutive years.

The financial institutions within the MSA are providing the credit products needed by the area, such as mortgage, consumer, and small business loans. Several banks participate in FHA and WHEDA loan programs. There are two active non-profit organizations within the Sheboygan MSA - Partners for Community Development and the Hmong Mutual Assistance, an organization assisting Laotian immigrants. The Lakeshore Community Action Program, Inc. in Manitowoc County is also active within the Sheboygan MSA. These organizations actively participate with area financial institutions to assist borrowers in obtaining necessary down payment funds and providing other housing-related assistance.

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<sup>7</sup> Wisconsin DWD, Bureau of Workforce Information. *Sheboygan County Workforce Profile*, July 1999.

### **Ozaukee Assessment Area**

The bank's third assessment area consists of the four census tracts within the northern third of Ozaukee County. Ozaukee County is part of the Milwaukee-Waukesha Primary Metropolitan Statistical Area (PMSA). The bank's performance within the PMSA will not be reviewed separately as the four Ozaukee County census tracts are not considered to extend substantially beyond the Sheboygan MSA border. The bank's Ozaukee County census tracts represent only 1 percent of the 392 census tracts within the PMSA and only 1.6 percent of the PMSA population. Ozaukee County is comprised of only upper- and middle- census tracts; the four tracts within the bank's Ozaukee assessment area are middle-income.

The population of the four census tracts is 22,223 including 6,100 families, based upon 1990 census data. Approximately 11.7 percent of the families are considered low-income, 18.8 percent are moderate-, 34.6 percent are middle- and 35.0 percent are considered upper-income families within this assessment area. Approximately 2.2 percent of the families had incomes below the poverty level. The significant percentage of assessment area families considered middle or upper income and a median family income of \$44,014 compared to that of the state at \$35,082 are reflective of the affluence of the area.

The economy of Ozaukee County is strong with a relatively low unemployment rate. Between 1992 and 1997, the unemployment rate declined steadily from 3.9 percent to 2.1 percent in 1997 with an increase to 2.2 percent in 1998. The unemployment rate of Ozaukee County as of January 2000 is 2.0 percent. A combination of factors contributed to the unemployment rate decline during the 1990s. First, the resurgence of the manufacturing sector in the entire Milwaukee area, and in the Midwest in general, has led to strong growth in jobs in all sectors of the economy. A strong growth in jobs combined with slow growth in the labor supply over that same time period, resulted in a declining unemployment rate. Almost half of all employed residents of Ozaukee County work outside of the county. Milwaukee County is the destination for 75 percent of the outbound commuters, with Waukesha County being the destination of 20 percent of the outbound commuters.

The top five private sector employers in Ozaukee County as of March 1998 were Seek, Inc. (help supply services), Allen Bradley (relays and industrial controls), St. Mary's Hospital (medical and surgical hospital), Leeson Electric (electric motors and generators), and Leggett & Platt (aluminum die-castings), each with between 500 and 999 employees. Manufacturing accounts for approximately 33 percent of the county's employment, and manufacturing employment increased nearly 30 percent between 1992 and 1997. Within the manufacturing

sector, durable goods manufacturing job growth was particularly strong, increasing over 35 percent between 1992 and 1997. The construction industry has also posted a substantial 27 percent gain during this same period.



There are 8,095 housing units in the four Ozaukee County census tracts that comprise the bank's assessment area, based upon 1990 census data. Approximately 66.4 percent of the units were owner-occupied and 30.1 percent were renter-occupied. The median housing value for the assessment area at \$75,856 is much higher than that of the State of Wisconsin at \$62,141 and significantly higher than that of all non-metropolitan areas statewide at \$50,092. There were 361 home sales in Ozaukee County with a median sales price of \$185,900 in the third quarter of 1999 according to the Wisconsin Realtors Association. There were 1,202 home sales for all of 1998 with a median sales price of \$169,200.

### **Shawano/Waupaca Counties Assessment Area**

The bank's fourth assessment area consists of Shawano and Waupaca Counties, which is comprised of 23 census tracts and block number areas - 22 are considered middle-income and 1 is considered upper-income. The assessment area is located in northeast Wisconsin just west of Green Bay. The population is 183,261 and there were 22,607 families, based upon 1990 census data. Approximately 16.9 percent of the families are considered low-income, 19.7 percent are moderate-income, 27.0 percent are middle-income, and 36.5 percent are considered upper-income. Approximately 7.1 percent of the families had incomes below the poverty level. The significant percentage of assessment area families considered middle or upper income and a median family income of \$47,811 compared to that of the state at \$35,082 are reflective of the affluence of the area.

The population of Shawano County is estimated to have increased by only 4.2 percent to 38,730 between 1990 and 1998.<sup>8</sup> This was at a lower rate than the State of Wisconsin with a 7.0 percent growth rate. In absolute numbers, the City of Shawano had the largest increase during this time; however, the growth rate of the city was the fourth highest at 5.6 percent of the ten largest municipalities in the county. The Town of Lessor experienced the largest growth rate during this period at 11.0 percent, increasing to an estimated 1998 population of 990.

The population of Waupaca County is estimated to have increased by 7.9 percent to 49,751 between 1990 and 1998.<sup>9</sup> This was at a slightly higher rate than that of the State of Wisconsin with a 7.0 percent growth rate. The largest municipality in Waupaca County is New London, with an estimated population of 7,023 in 1998, representing a growth rate of 5.5 percent since 1990. The Town of Dayton experienced the largest growth rate during this period at 16.6 percent, to an estimated 1998 population of 2,323.

Approximately 25 percent of the labor force in Shawano County commute outside of the county.<sup>10</sup> Brown County is the destination for over 30 percent of the employees that commute. About 20 percent travel to Waupaca County, while the remainder travel to Outagamie, Marathon, Menomonee, Langlade and Oconto Counties. The reasons for the large number of commuters are diverse.

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8 Wisconsin DWD, Bureau of Workforce Information. *Shawano County Workforce Profile*, July 1999.

9 Wisconsin DWD, Bureau of Workforce Information. *Waupaca County Workforce Profile*, July 1999.

10 Wisconsin DWD, Bureau of Workforce Information. *Shawano County Workforce Profile*, July 1999.

Shawano County, like other areas in the Midwest, experienced an economic downturn in the 1980s. As a result, workers were forced to pursue employment opportunities outside of the county. The number of outbound commuters increased 77 percent between 1980 and 1990. In addition, wages paid by employers in larger metropolitan areas on average have been and continue to be higher than wages for similar positions in Shawano County. Nevertheless, the number of nonfarm jobs in Shawano County increased by 26 percent to 12,300 between 1992 and 1997.

The top five employers in Shawano County are the Mohican North Star Casino (gaming operations), Little Rapids Corp. (paper products manufacturing), Arrocast, Inc. (castings), Shawano Medical Center, Inc (health care provider), and Stockbridge-Munsee Community Band (community services). The first four employers have between 250 and 499 employees while Stockbridge-Munsee has between 100 and 249 employees. The unemployment rate fell from 6.6 percent in 1992 to 4.6 percent in 1997. The employment rate for Shawano County as of January 2000 is 4.3 percent.

Approximately 24 percent of the labor force in Waupaca County commutes outside the county for employment.<sup>11</sup> More than 50 percent of these commuters travel to Outagamie County for employment in the manufacturing sector. There has also been a recent trend in larger number of workers in Outagamie and Winnebago Counties moving to the Waupaca County area to improve their quality of life in a less populated area; while maintaining their jobs in those counties. This trend is expected to continue.

The top five private sector employers in Waupaca County as of March 1998 were Waupaca Foundry, Inc. (iron castings), A Sturm & Sons, Inc. (powdered drink mixes), Krause Publications, Inc. (printing and publishing), FWD Corporation (transportation equipment), and Presto Products (plastic bags). Waupaca Foundry has over 1,000 employees while the remaining firms have between 250 and 499 employees. The unemployment rate for Waupaca County fell from 5.0 percent in 1992 to 3.6 percent in 1997. The unemployment rate as of January 2000 is 3.8 percent.

There were 36,878 housing units in the Shawano and Waupaca county assessment area of which 63.9 percent were owner-occupied, 19.6 percent were rental and 16.4 percent were vacant based upon 1990 census data. The median housing value for the assessment area at \$47,811 is lower than that of all non-metropolitan areas statewide at \$50,092 and significantly lower than that of the State of Wisconsin at \$62,141. There were 147 home sales in Waupaca County in the third quarter of 1999 with a median sales price of \$83,300 according to the Wisconsin Realtors Association. There were 503 home sales for all of 1998 with a median sales price of \$80,300. Similar figures were not available for Shawano County.

Competition within this assessment area in 1997 was reasonable and included approximately 20

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11 Wisconsin DWD, Bureau of Workforce Information. *Waupaca County Workforce Profile*, July 1999.

financial institutions within a 16-mile radius of Clintonville, where the bank's branch was located. These financial institutions included other M&I affiliates as well as smaller local banks and credit unions. These financial institutions had been providing those credit products needed by the area, including mortgage, consumer and small business loans.

## **DESCRIPTION OF INSTITUTION**

M&I Lakeview Bank is wholly owned by Marshall & Ilsley Corporation, a multi-bank holding company based in Milwaukee, Wisconsin. Marshall & Ilsley Corporation had \$23,588,250,000 in total assets as of September 30, 1999. M&I Lakeview Bank had total assets of \$352,912,000 as of December 31, 1999; no financial or legal impediments exist that might affect this institution's ability to meet the credit needs of its combined assessment area. The Office of Thrift Supervision most recently evaluated the bank's CRA performance as of February 10, 1997, at which time it was rated satisfactory.

The bank's branch network consists of its main office and 8 branches. The bank has 6 offices within the Sheboygan MSA assessment area including four in the City of Sheboygan, one in Sheboygan Falls and one in Plymouth. There are two offices in Port Washington within the Ozaukee assessment area. There is one location in Manitowoc within the Manitowoc County assessment area. All of the bank's offices are located within middle-income census tracts. Consumers may apply for consumer credit products at eight of the bank's nine locations. The bank also has nine automated teller machines (ATMs) located within its combined assessment area; one is located at a local shopping mall and all but one branch location has an ATM.

Competition within the bank's combined assessment area is strong and is derived from very large financial institutions and also includes a number of smaller local banks, thrifts and credit unions. The largest institutions competing for customers within the bank's combined assessment area are Firststar Bank, N.A. (Cincinnati, Ohio); Norwest Bank Wisconsin, N.A. (branch of Milwaukee); Associated Bank Lakeshore, N.A. (Manitowoc); Mutual Savings Bank (branch of Milwaukee); and Community Bank & Trust (Sheboygan).

The bank offers a variety of credit products to meet its combined assessment area's credit needs. The types of credit offered by the bank include commercial, residential real estate mortgage (including home equity lines, fixed- and adjustable-rate mortgages, and variable-rate construction loans), agricultural, consumer and student loans. The bank also participates in several loan programs including the Small Business Administration (SBA), the State and Federal Veterans Administration (VA), its corporate Neighborhood Home Loan Program (NHLP) and the Wisconsin Housing and Economic Development Authority (WHEDA) programs. Finally, the bank offers residential real estate mortgage loans through its participation in the secondary market.

Loans and leases totaled \$195,957,000 or 55.53 percent of total assets based upon the bank's December 31, 1999 Report of Condition. The composition of the bank's loan portfolio as of the same

date is detailed in Table 1.

<b>Table 1</b>		
<b>M&amp;I Lakeview Bank's Loan Portfolio as of December 31, 1999</b>		
<b>Loan Type</b>	<b>Amount (\$000s)</b>	<b>Percent</b>
1-4 Family Residential Real Estate	106,419	54.3
Commercial Real Estate	32,874	16.8
Commercial and Industrial	28,340	14.5
1-4 Family Residential Real Estate – Revolving	12,747	6.5
Consumer	9,122	4.7
Multifamily Real Estate	3,382	1.7
Construction and Land Development	1,610	0.8
Credit Cards	899	0.4
States and Political Subdivisions	475	0.2
Other	74	<0.1
Agricultural	15	<0.1
<b>Total</b>	<b>195,957</b>	<b>100.0</b>

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 as shown in Table 1. All open- and closed-end residential real estate lending represents 60.8 percent while all commercial lending, including commercial real estate lending, represents 31.3 percent of the bank's loan portfolio. Consumer lending represents the next largest percentage at 4.7 percent.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

M&I Lakeview Bank's performance under the lending, investment, and service tests is summarized in each section. Lending data and pertinent supporting information regarding performance characteristics for the bank's three assessment areas follow in detail.

### **LENDING TEST**

The assessment of M&I Lakeview Bank's performance includes its overall lending activity; assessment area lending concentration; geographic distribution of lending; 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 a generally strong responsiveness to credit needs within its combined assessment area. The bank's average net loan-to-deposit ratio over the past six quarters is 76.58 percent. The bank's ratio is similar to that of its national peer, which is 75.15 percent. However, it is lower than those of five of the six of its local competitors with ratios ranging from 58.79 percent to

93.7 percent.

The bank's third quarter 1999 loan to deposit ratio was negatively impacted by a very large short-term deposit. The deposit was approximately \$115 million and was deposited for only about two weeks. As the bank's total deposits as of September 30, 1999 were only \$317,258,000, this large short-term deposit made a significant difference in its loan-to-deposit ratio representing 36 percent of total deposits. The bank's adjusted loan-to-deposit ratio for the third quarter 1999 was 91.5 percent to more accurately reflect its activity without this deposit. The bank's average loan-to-deposit ratio over the six quarters is 82.12 percent using this adjusted ratio. This adjusted ratio ranks fourth highest when compared to those of the bank's six competitors.

In addition, the bank's average loan-to-deposit ratio does not fully capture its lending activity since the bank also originates and sells home mortgage loans through its affiliate, M&I Mortgage Corp. M&I Mortgage Corp. originated 584 residential real estate loans in 1998 from all applications forwarded by M&I Lakeview Bank for a total of \$59,129,000; 85 percent or 496 loans totaling \$49,667,000 were from within its combined assessment area. In 1999, M&I Mortgage Corp. originated 203 residential real estate loans totaling \$21,637,000 from all applications forwarded by the bank; 89 percent or 180 loans totaling \$18,986,000 were from within its combined assessment area.

### Assessment Area Concentration

A substantial percentage of the bank's total lending was originated within its combined assessment area in 1997. The analysis is based upon the bank's 1997 HMDA-reportable lending and all 1997 small business and small farm loan originations. Table 2 details the percentage and dollar amount of loans that were originated within the bank's combined assessment area by product type.

Loan Product	Total Originations		Within the Combined Assessment Area			
	#	\$(000s)	#	%	\$(000s)	%
Home Purchase	176	\$14,040	152	86.4	\$11,554	82.3
Refinancing	116	\$7,135	110	94.8	\$6,823	95.6
Home Improvement	123	\$1,774	118	95.9	\$1,687	95.1
Total Mortgage Loans	415	\$22,949	380	91.6	\$20,064	87.4
Small Business	81	\$13,042	68	84.0	\$10,613	81.4

Small Farm	5	\$112	4	80.0	\$85	75.9
<b>TOTAL</b>	501	\$36,103	452	90.2	\$30,762	85.2

As Table 2 illustrates, 90 percent of the bank's total number of loans and 85 percent of its total dollar volume of loans were originated within its combined assessment area in 1997. The following table reflects the bank's home mortgage, small business and small farm lending in its combined assessment area in 1998.

<b>Table 3</b>						
<b>M&amp;I LAKEVIEW BANK'S 1998 LENDING</b>						
<b>WITHIN ITS COMBINED ASSESSMENT AREA</b>						
<b>Loan Product</b>	<b>Total Originations</b>		<b>Within the Combined Assessment Area</b>			
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Purchase	196	\$17,487	157	80.1	\$13,793	78.9
Refinancing	423	\$25,966	371	87.7	\$22,305	85.9
Home Improvement	89	\$1,415	75	84.3	\$1,164	82.3
Multifamily Housing	2	\$506	2	100.0	\$506	100.0
Total Mortgage Loans	710	\$45,374	605	85.2	\$37,768	83.2
Small Business*	122	\$24,362	105	86.1	\$21,028	86.3
Small Farm	1	\$75	1	100.0	\$75	100.0
<b>TOTAL</b>	833	\$69,811	711	85.3	\$58,871	84.3

\* Small business originations and purchases.

As Table 3 illustrates, 85 percent of the bank's total number of loans and 84 percent of its total dollar volume of loans were originated within its combined assessment area in 1998. It is important to note that the bank's volume of home mortgage refinancing lending increased by 265 percent from 1997 to 1998. Interest rates decreased during 1998, prompting many homeowners across the country, including those in northeast Wisconsin, to refinance their home mortgage loans. The balance of the bank's lending remained fairly consistent. The following table reflects the bank's home mortgage, small business and small farm lending within its assessment area in 1999.

<b>Table 4</b>						
<b>M&amp;I LAKEVIEW BANK'S 1999 LENDING</b>						
<b>WITHIN ITS COMBINED ASSESSMENT AREA</b>						
<b>Loan Product</b>	<b>Total Originations</b>		<b>Within the Combined Assessment Area</b>			
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Purchase	282	\$28,686	240	85.1	\$21,813	76.0
Refinancing	335	\$23,198	308	91.9	\$20,699	89.2
Home Improvement	79	\$1,374	75	94.9	\$1,318	95.9
Multifamily Housing	5	\$1,860	5	100.0	\$1,860	100.0
Total Mortgage Loans	701	\$55,118	628	89.6	\$45,690	82.9

Small Business	118	\$18,719	97	82.2	\$16,870	85.6
Small Farm	0	0	0	0.0	0	0.0
<b>TOTAL</b>	819	\$74,837	725	88.5	\$62,560	83.6

As Table 4 illustrates, 89 percent of the bank’s total number of loans and 84 percent of its total dollar volume of loans were originated within its combined assessment area in 1999. The bank’s home mortgage refinancing lending decreased somewhat between 1998 and 1999; however, overall lending remained at a relatively high level. In addition, the bank’s volume of home purchase lending increased by 44 percent. The remainder of the bank’s lending was fairly consistent. The bank’s lending levels in 1997, 1998 and 1999 within its combined assessment area reflect a high responsiveness to area credit needs.

**Geographic Distribution**

The geographic distribution of the bank’s lending reflects a generally strong penetration within its assessment area, including moderate-income census tracts. The focus of this analysis is to determine the level of the bank’s lending within low- and moderate-income census tracts within its assessment area. The bank has only two moderate-income census tracts within its Sheboygan MSA assessment area. The remaining assessment areas are comprised of only middle- and upper-income census tracts or block numbering areas. There are no low-income census tracts or block numbering areas within any of the bank’s assessment areas. Accordingly, the geographic distribution of the bank’s lending will be reviewed only within the Sheboygan MSA assessment area.

The following tables and data illustrate the geographic distribution of the bank’s HMDA-reportable and small business lending in 1997, 1998 and 1999. The bank did not originate any small farm loans within the Sheboygan MSA between 1997 and 1999. The two moderate-income census tracts within the Sheboygan MSA are located in the City of Sheboygan and would not support any agricultural lending.

The following table details the distribution of 1997 loan originations by the income level of the census tracts within the Sheboygan MSA.

<b>Table 5 GEOGRAPHIC DISTRIBUTION OF M&amp;I LAKEVIEW BANK’S 1997 LENDING Sheboygan MSA</b>									
Income Level of Census Tracts	Percentage of HMDA Loans Reviewed				Percentage of Small Business Loans Reviewed				Percentage of Census Tracts within Assessment Area**
	Bank		Market*		Bank		Market*		
	#	%	#	%	#	%	#	%	
Moderate-Income	20	9.9	285	6.2	1	2.9	96	7.8	8.3

Middle-Income	171	84.2	3,916	85.2	28	82.4	1,064	86.7	87.5
Upper-Income	12	5.9	396	8.6	5	14.7	65	5.3	4.2

\* Market originations less lender activity.

\*\* Based upon 1990 census data.

The bank’s 1997 HMDA-reportable lending within moderate-income census tracts compares favorably to that of the aggregate of all reporting lenders (indicated as “market” in the following tables), and is consistent with the percentage of moderate-income census tracts in the Sheboygan MSA. The bank’s small business lending within moderate-income census tracts is somewhat lower than that of the aggregate, and the percentage of moderate-income census tracts within the MSA; however, its geographic distribution is reasonable given its overall volume of small business lending. Table 6 details the distribution of 1998 loan originations by the income level of the census tracts within the Sheboygan MSA assessment area.

Table 6 GEOGRAPHIC DISTRIBUTION OF M&I LAKEVIEW BANK’S 1998 LENDING Sheboygan MSA									
Income Level of Census Tracts	Percentage of HMDA Loans Reviewed				Percentage of Small Business Loans Reviewed				Percentage of Census Tracts within Assessment Area**
	Bank		Market*		Bank		Market*		
	#	%	#	%	#	%	#	%	
Moderate-income	35	9.4	411	5.3	7	14.6	70	6.7	8.3
Middle-income	321	86.1	6,697	85.7	38	79.2	921	88.0	87.5
Upper-income	17	4.6	709	9.1	3	6.3	51	4.9	4.2

\* Market originations less lender activity.

\*\* Based upon 1990 census data.

The bank’s geographic distribution in its assessment area compares favorably to the geographic distribution of the aggregate during 1998 within moderate-income census tracts. The bank’s percentage of HMDA-reportable and small business lending within moderate-income census tracts is greater than that of the aggregate and the percentage of moderate-income census tracts within the MSA. The bank’s small business lending within the moderate-income census tracts improved considerably from 1997 to 1998. The following table represents the distribution of 1999 loan originations by the income level of the census tracts within the Sheboygan MSA assessment area. There is no market data available for 1999 at this time.

Table 7 GEOGRAPHIC DISTRIBUTION OF M&I LAKEVIEW BANK’S 1999 LENDING Sheboygan MSA						
Income Level of Census Tracts	Percentage of HMDA Loans Reviewed		Percentage of Small Business Loans Reviewed		Percentage of Census Tracts within Assessment Area*	
	Bank		Bank			
	#	%	#	%		
Moderate-income	40	10.0	2	4.0	8.3	
Middle-income	334	83.3	41	82.0	87.5	
Upper-income	27	6.7	7	14.0	4.2	

\* Based upon 1990 census data.



The bank's HMDA-reportable lending within moderate-income census tracts remained relatively consistent between 1997 and 1999. The bank's small business lending volume within moderate-income census tracts decreased in 1999 to reflect similar levels to those of 1997.

There are specific characteristics of the Sheboygan MSA that impact the overall level of lending within moderate-income census tracts. The moderate-income census tracts contain only 6.2 percent of the total number of owner-occupied housing units. In addition, there are 301 business within moderate-income tracts or 10.6 percent of the total number of businesses within the Sheboygan MSA according to Dun and Bradstreet data as of July 1998. These factors limit the opportunities for banks to originate loans in the moderate-income census tracts. The bank's geographic distribution of lending is generally strong given its volume of lending and the assessment area demographic characteristics.

### **Lending Distribution by Borrower's Income or Business Revenue**

The bank's lending to borrowers of different income and businesses of different revenue sizes reflects a strong level of penetration. The bank's small farm lending is nominal; therefore, an analysis of the small farm lending would have little meaning and is not included in this performance evaluation. The following tables and narrative illustrate the distribution of the bank's HMDA-reportable lending by borrower income characteristics and small business lending based upon the loan size and revenue size of the business. The bank's performance will first be analyzed within the Sheboygan MSA for which aggregate market data is available, and then within the combined assessment area including the Sheboygan MSA.

#### **Sheboygan MSA Assessment Area**

The bank has a generally strong record of HMDA-reportable lending considering the income characteristics of the assessment area population and the housing market within the Sheboygan MSA. Approximately 34 percent of the population are low- and moderate-income families based upon 1990 census data. In addition, 4.5 percent of families have incomes below the poverty level. The median housing value for the assessment area is \$59,187, which is somewhat lower than that of the State of Wisconsin at \$62,141 based upon 1990 census data. However, the median sales price of a single family home in Sheboygan County at the end of the first quarter of 1999 was \$98,800 according to the Wisconsin Realtors Association. An area realtor contacted during the examination indicated that a single-family home in Sheboygan County is currently valued at \$120,000. The housing market is strong and has a sufficient supply of affordable housing as well as rental units.

As illustrated in tables 8, 9 and 10, the distribution of HMDA loans to low- and moderate-income borrowers is strong given the MSA demographic characteristics and the lending of the aggregate of all reporting lenders.

<b>Table 8</b> <b>1997</b> <b>INCOME DISTRIBUTION OF M&amp;I LAKEVIEW BANK'S</b> <b>AND M&amp;I MORTGAGE CORP.'S</b> <b>HMDA-REPORTABLE LENDING COMPARED TO MARKET DISTRIBUTION</b> <b>Sheboygan MSA</b>					
Income Level of Borrower	Percentage of HMDA Loans Reviewed				Percentage of Families Within Assessment Area (1990 census data)
	Bank		Market*		
	#	%	#	%	
Low-income	32	15.8	277	6.0	14.7
Moderate-income	52	25.6	947	20.6	19.6
Middle-income	76	37.4	1,671	36.3	31.2
Upper-income	43	21.2	1,386	30.2	34.5
Borrowers for which income is not Available	0	0.0	316	6.9	

\* Market originations less lender activity.

The distribution of the bank’s lending compares favorably to the income distribution of the lending of the aggregate of all reporting lenders. The bank’s distribution of lending to low- and moderate-income families is higher than both the market and the percentage of low- and moderate-income families within the Sheboygan MSA. The bank ranked sixth among all 144 reporting lenders in 1997 for total originations within the MSA with 4.78 percent of the market. The percentage of the bank’s HMDA-reportable lending in low- and moderate-income census tracts remained relatively consistent from 1997 to 1998, as shown in tables 8 and 9.

<b>Table 9</b> <b>1998</b> <b>INCOME DISTRIBUTION OF M&amp;I LAKEVIEW BANK'S</b> <b>AND M&amp;I MORTGAGE CORP.'S</b> <b>HMDA-REPORTABLE LENDING COMPARED TO MARKET DISTRIBUTION</b> <b>Sheboygan MSA</b>					
Income Level of Borrower	Percentage of HMDA Loans Reviewed				Percentage of Families Within Assessment Area (1990 census data)
	Bank		Market*		
	#	%	#	%	
Low-income	41	11.0	427	5.5	14.7

Moderate-income	91	24.4	1,426	18.2	19.6
Middle-income	124	33.2	2,653	33.9	31.2
Upper-income	111	29.8	2,526	32.3	34.5
Borrowers for which income is not available	6	1.6	785	10.0	

\* Market originations less lender activity.

The distribution of the bank’s 1998 lending to low- and moderate-income borrowers exceeds the aggregate of all reporting lenders, and the percentage of its lending to moderate-income borrowers exceeds the percentage of moderate-income families within the MSA. The bank’s lending to low-income families is generally consistent with assessment area demographic characteristics since a significant percentage of the 4.5 percent of families with incomes below the poverty level are low- or moderate income. There were a total of 228 lenders reporting HMDA loans within the Sheboygan MSA in 1998. The bank ranked seventh among all lenders for total originations within the MSA with 4.14 percent of the market.

Table 10 illustrates the bank’s distribution of HMDA-reportable lending in 1999. Aggregate market data representing 1999 lending is not available at this time.

<b>Table 10</b> <b>1999</b> <b>INCOME DISTRIBUTION OF M&amp;I LAKEVIEW BANK’S</b> <b>AND M&amp;I MORTGAGE CORP.’S</b> <b>HMDA-REPORTABLE LENDING COMPARED TO MARKET DISTRIBUTION</b> <b>Sheboygan MSA</b>				
Income Level of Borrower	Percentage of HMDA Loans Reviewed		Percentage of Families Within Assessment Area (1990 census data)	
	Bank			
	#	%		
Low-income	42	10.5	14.7	
Moderate-income	138	34.4	19.6	
Middle-income	119	29.7	31.2	
Upper-income	93	23.2	34.5	
Borrowers for which income is not Available	9	2.2		

The bank’s lending to moderate-income families continues to increase while the level of lending to low-income families remains relatively consistent with its lending in 1998. Again, the bank’s lending to low-income families is generally consistent with assessment area demographic characteristics. The level of lending to moderate-income families significantly exceeds the percentage of moderate-income families within the MSA. The bank’s lending to borrowers of different income levels generally reflects a trend of increasing penetration overall, among low- and moderate-income borrowers. The bank’s lending within the MSA to low- and moderate-income borrowers is strong given the demographic characteristics of the area.

The bank’s overall small business lending within the Sheboygan MSA is generally strong. The bank originates the majority of its reported small business loans in amounts of \$100,000 or less, amounts typically needed by small businesses. The following table illustrates the distribution of the bank’s 1997 reportable small business lending by loan size.

<b>Table 11</b> <b>M&amp;I LAKEVIEW BANK’S</b> <b>1997 DISTRIBUTION OF SMALL BUSINESS LOANS BY LOAN SIZE</b> <b>Sheboygan MSA</b>		
<b>Loan Value Category</b>	<b>Bank</b>	
	<b>Number of Loans Reviewed</b>	<b>Percentage of Loans Reviewed</b>
Less than or equal to \$100,000	23	67.7
Greater than \$100,000 but less than or equal to \$250,000	3	8.8
Greater than \$250,000	8	23.5
Total	34	100.0

As the table indicates, 68 percent of the reportable small business loans were in amounts of \$100,000 or less. In addition, The bank originated 23 loans or 68 percent of all 1997 reportable small business loans within the Sheboygan MSA to those small businesses with gross annual revenues of \$1 million or less. In addition, the bank was sixth among those 32 reporting lenders with offices in the MSA with total loans to those businesses with gross annual revenues of \$1 million or less with 3.9 percent of the market, and eighth among all lenders with 2.7 percent of the market for the total number of loans. Firstar Bank ranked first in the market for the total number of small business loans with 22.1 percent of the market followed by Associated Bank Lakeshore, National Association with 12.2 percent of the market.

The following table details the distribution of the bank’s 1998 reportable small business loans by loan size within the Sheboygan MSA.

<b>Table 12</b> <b>M&amp;I LAKEVIEW BANK’S</b> <b>1998 DISTRIBUTION OF SMALL BUSINESS LOANS BY LOAN SIZE</b> <b>Sheboygan MSA</b>		
<b>Loan Value Category</b>	<b>Bank</b>	
	<b>Number of Loans Reviewed</b>	<b>Percentage of Loans Reviewed</b>

Less than or equal to \$100,000	26	54.2
Greater than \$100,000 but less than or equal to \$250,000	13	27.0
Greater than \$250,000	9	18.8
Total	48	100.0

As the table indicates, 54 percent of the reportable small business loans were in amounts of \$100,000 or less. In addition, approximately 88 percent of all businesses within the Sheboygan MSA assessment area had gross annual revenues of less than \$1 million based upon 1998 Dun and Bradstreet data. The bank originated 83 percent of its 1998 reportable small business loans within its Sheboygan MSA assessment area to those small businesses with gross annual revenues of \$1 million or less.

The bank ranked eighth among all lenders with offices in the MSA with 4.5 percent of the market of total number of small business loans. In addition, the bank was sixth among all lenders with total loans to those small businesses with gross annual revenues of \$1 million or less with 6.8 percent of the market. Firststar Bank, NA was ranked first in the market with 26.5 percent of the total number of small business loans followed by National Exchange Bank and Trust (Fond du Lac) with 12.7 percent of the market.

The following table details the distribution of the bank’s 1999 reportable small business loans within the Sheboygan MSA by loan size.

<b>Table 13</b> <b>M&amp;I LAKEVIEW BANK’S</b> <b>1999 DISTRIBUTION OF SMALL BUSINESS LOANS BY LOAN SIZE</b> <b>Sheboygan MSA</b>		
Loan Value Category	Bank	
	Number of Loans Reviewed	Percentage of Loans Reviewed
Less than or equal to \$100,000	30	60.0
Greater than \$100,000 but less than or equal to \$250,000	12	24.0
Greater than \$250,000	8	16.0
Total	50	100.0

As the table indicates, sixty percent of the reportable small business loans were in amounts of \$100,000 or less. In addition, the bank originated 33 loans or 66 percent of all its 1999 small business lending within its Sheboygan MSA assessment area to those small businesses with gross annual revenues of \$1 million or less.

The bank’s overall 1997-1999 reportable lending to small businesses within the Sheboygan MSA is strong given the demographic characteristics of the area, the proportion of lending in amounts of \$100,000 or less and the percentage of lending to small businesses with gross annual revenues of \$1 million or less.

Combined Assessment Area

The bank has a generally strong record of HMDA-reportable lending considering the demographic characteristics of the combined assessment area population including the housing market. The bank’s combined assessment area in 1997 was comprised of Manitowoc, Sheboygan, Shawano, and Waupaca Counties, and the four most northern census tracts within Ozaukee County. Approximately 34 percent of the families within the combined assessment area, are considered low- or moderate-income based upon 1990 census data. In addition, 5.4 percent of families have incomes below the poverty level. The assessment area median housing value is \$54,917, which is lower than that of the State of Wisconsin at \$62,141 based upon 1990 census data.

As illustrated in Tables 14, 15, and 16, the distribution of HMDA-reportable lending to low- and moderate-income borrowers is strong given the demographic characteristics of the combined assessment area.

<b>Table 14</b> <b>1997</b> <b>INCOME DISTRIBUTION OF M&amp;I LAKEVIEW BANK’S</b> <b>AND M&amp;I MORTGAGE CORP.’S</b> <b>HMDA-REPORTABLE LENDING COMPARED TO MARKET DISTRIBUTION</b> <b>Combined Assessment Area</b>					
Income Level of Borrower	Percentage of HMDA Loans Reviewed				Percentage of Families within Assessment Area (1990 census data)
	Bank		Market*		
	#	%	#	%	
Low-income	46	12.1	527	5.1	14.7
Moderate-income	93	24.5	1,932	18.8	18.8
Middle-income	125	32.9	3,435	33.4	29.1
Upper-income	116	30.5	3,700	36.0	37.4
Borrowers for which income is not available	0	0.0	679	6.6	

\* Market originations less lender activity.

The distribution of the bank’s lending compares favorably to the income distribution of the aggregate of all reporting lenders. In addition, approximately 5.4 percent of the families have incomes below the poverty level based upon 1990 census data. The bank’s distribution of lending to low- and moderate-income families combined exceeds both the market and the percentage of low- and moderate-income families within its combined assessment area.

The bank’s combined assessment area was revised in 1998 to include only Manitowoc and Sheboygan Counties and the four most northern census tracts within Ozaukee County. Approximately 32 percent of the population within this combined assessment area **are** considered low- or moderate-income

families based upon 1990 census data. In addition, 4.7 percent of families have incomes below the poverty level. The median housing value for the assessment area is \$57,290, which is somewhat lower than that of the State of Wisconsin at \$62,141 based upon 1990 census data. Tables 15 and 16 illustrate the distribution of the bank’s 1998 and 1999 HMDA-reportable lending to low- and moderate-income borrowers.

<b>Table 15</b> <b>1998</b> <b>INCOME DISTRIBUTION OF M&amp;I LAKEVIEW BANK’S</b> <b>AND M&amp;I MORTGAGE CORP.’S</b> <b>HMDA-REPORTABLE LENDING COMPARED TO MARKET DISTRIBUTION</b> <b>Combined Assessment Area</b>					
Income Level of Borrower	Percentage of HMDA Loans Reviewed				Percentage of Families Within Assessment Area (1990 census data)
	Bank		Market*		
	#	%	#	%	
Low-income	55	9.1	615	4.4	13.8
Moderate-income	144	23.8	2,422	17.2	18.4
Middle-income	203	33.6	4,573	32.5	30.0
Upper-income	195	32.2	5,183	36.8	37.8
Borrowers for which income is not available	8	1.3	1,285	9.1	

\* Market originations less lender activity.

The distribution of the bank’s 1998 HMDA-reportable lending to low- and moderate-income borrowers exceeds the aggregate of all reporting lenders, and the percentage of its lending to moderate-income borrowers exceeds the percentage of moderate-income families within the MSA. Approximately 4.7 percent of the families have incomes below the poverty level based upon 1990 census data. The bank’s lending to low-income families is generally consistent with these demographic characteristics.

Table 16 illustrates the bank’s distribution of 1999 lending; 1999 aggregate market data is not available at this time.

<b>Table 16</b> <b>1999</b> <b>INCOME DISTRIBUTION OF M&amp;I LAKEVIEW BANK’S</b> <b>AND M&amp;I MORTGAGE CORP.’S</b> <b>HMDA-REPORTABLE LENDING COMPARED TO MARKET DISTRIBUTION</b> <b>Combined Assessment Area</b>					
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Income Level of Borrower	Percentage of HMDA Loans Reviewed		Percentage of Families Within Assessment Area (1990 census data)
	Bank		
	#	%	
Low-income	54	8.6	13.8
Moderate-income	184	29.3	18.4
Middle-income	194	30.9	30.0
Upper-income	177	28.2	37.8
Borrowers for which income is not available	19	3.0	

The bank’s 1999 HMDA-reportable lending to moderate-income families continues to increase while the level of lending to low-income families remains relatively consistent with its lending in 1998. Again, the bank’s lending to low-income families is consistent with the area demographic characteristics. The level of lending to moderate-income families significantly exceeds the percentage of moderate-income families within the combined assessment area. The bank’s lending to borrowers of different income levels generally reflects a trend of increasing penetration among low- and moderate-income borrowers. The bank’s lending within its combined assessment area to low- and moderate-income borrowers is strong given the demographic characteristics of its area.

The bank’s 1997 reportable small business lending within its combined assessment area is generally strong. The bank originates a majority of its reported small business loans in amounts of \$100,000 or less, amounts typically needed by small businesses. The following table demonstrates the distribution of the bank’s 1997 reportable small business loans by loan size.

<b>Table 17</b> <b>M&amp;I LAKEVIEW BANK’S</b> <b>1997 DISTRIBUTION OF SMALL BUSINESS LOANS</b> <b>BY LOAN SIZE</b> <b>Combined Assessment Area</b>		
Loan Value Category	Bank	
	Number of Loans Reviewed	Percentage of Loans Reviewed
Less than or equal to \$100,000	43	63.2
Greater than \$100,000 but less than or equal to \$250,000	12	17.7



Greater than \$250,000	13	19.1
Total	68	100.0

Approximately sixty percent of the loans were in amounts of \$100,000 or less, amounts typically needed by small businesses. The bank originated 48 loans or 71 percent of all 1997 reportable small business lending within its combined assessment area to those small businesses with gross annual revenues of \$1 million or less. The following table details the distribution of the bank’s 1998 reportable small business loans compared to the aggregate of all market lenders within its combined assessment area.

<b>Table 18</b> <b>M&amp;I LAKEVIEW BANK’S</b> <b>1998 DISTRIBUTION OF SMALL BUSINESS LOANS</b> <b>BY LOAN SIZE</b> <b>Combined Assessment Area</b>		
Loan Value Category	Bank	
	Number of Loans Reviewed	Percentage of Loans Reviewed
Less than or equal to \$100,000	55	52.9
Greater than \$100,000 but less than or equal to \$250,000	23	22.1
Greater than \$250,000	26	25.0
Total	104	100.0

Approximately 53 percent of the reportable small business loans were in amounts of \$100,000 or less, amounts typically needed by small businesses. In addition, the bank originated 79 or 76 percent of its reportable small business loans to businesses with gross annual revenues of \$1 million or less.

The following table details the distribution of the bank’s 1999 reportable small business loans compared to the aggregate of all market lenders within its combined assessment area.

<b>Table 19</b> <b>M&amp;I LAKEVIEW BANK’S</b> <b>1999 DISTRIBUTION OF SMALL BUSINESS LOANS</b> <b>BY LOAN SIZE</b> <b>Combined Assessment Area</b>		
Loan Value Category	Bank	
	Number of Loans Reviewed	Percentage of Loans Reviewed
Less than or Equal to \$100,000	55	56.7

Greater than \$100,000 but less than or equal to \$250,000	23	23.7
Greater than \$250,000	19	19.6
Total	97	100.0

Loans in amounts of \$100,000 or less represented 57 percent of the total reportable small business loans within the combined assessment area. Loans of these amounts are typically needed by small businesses, which indicates the bank’s willingness to meet small business credit needs. The bank originated 64 loans or 66 percent of its small business loans to those businesses with gross annual revenues of \$1 million or less.

The bank’s overall 1997-1999 reportable small business lending within its combined assessment area is generally strong given the demographic characteristics of the area, the proportion of lending in amounts of \$100,000 or less and the percentage of lending to small businesses with gross annual revenues of \$1 million or less.

**Community Development Lending**

The bank engages in lending to support affordable housing, small business expansion and other community development activities. The bank extended a total of 4 commercial loans having a community development purpose totaling \$1,943,831 since its previous CRA examination. However, each of these loans was reported among the bank’s small business loans in accordance with Regulation BB. The following table illustrates these individual loans made by the bank having community development as a primary purpose.

<b>Table 20 M&amp;I LAKEVIEW BANK’S LOANS HAVING A COMMUNITY DEVELOPMENT PURPOSE</b>		
<b>Program/ Organization</b>	<b>Loan Amount</b>	<b>Community Development Purpose</b>
Partners of Community Development	\$25,000	Line of credit for administrative expenses. Organization targeting affordable housing.
Lakeshore Child Care Center	\$183,831	Operating expenses for non-profit child care center.
Workbound, Inc.	\$10,000	Line of credit for operating expenses to an organization providing a mentoring program for career assistance to students; bank assisting those wanting to enter the financial industry.
Hawthorn Woods Ltd. Partnership	\$1,725,000	Loan to development multifamily housing 59 percent of which is affordable housing.

In addition to the above loans, the bank also funded the Custer Street Joint Venture in the amount of \$1,513,417 for the development of senior citizens housing, 20 percent of the units are considered affordable housing.

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. The bank participates in several government-sponsored loan programs such as the HOME program sponsored by WHEDA. This program provides mortgage loans for low- and moderate-income individuals and families. The bank also offers the M&I Neighborhood Home Loan Program (NHLP), which allows applicants to access long-term fixed-rate, adjustable-rate and balloon mortgage loans. These mortgage loans have a maximum loan-to-value of 97 percent, and are available for single- and multi-family residences. The bank made 16 loans through WHEDA for \$1,041,000, 43 Federal Veterans Administrations (VA) loans for \$3,428,000, 6 State VA loans for \$512,000 and 135 NHLP loans for \$8,986,000 in the period between January 1998 and December 1999.

The bank participates in two loan programs through Partners for Community Development (Partners). The first involves lending directly to Partners so that it can purchase homes and then lease them to qualified families. The second program involves lending directly to qualified families to purchase homes from Partners. The bank reports these loans in accordance with the Home Mortgage Disclosure Act. Under the first program, the bank originated two loans for \$93,740 in 1998 and three loans for \$146,880 in 1999. Under the second program, the bank originated three loans for \$140,780 in 1998.

In August 1998, Sheboygan and Manitowoc Counties experienced considerably flooding. In an effort to provide some relief to community residents, the bank allowed customers in good standing to extend loans or defer up to two loan payments on mortgages, auto loans, home improvement loans, leases, equity lines and credit card balances. The bank also offered 10-year, fixed-rate home equity loans and personal equity lines to customers and non-customers with all closing costs waived.

Finally, the bank has two products that are beneficial to low- and moderate-income individuals. The first is a 100 percent loan-to-value home equity line of credit (HELC). This HELC allows borrowers to access the line at the time of a home purchase closing for minor repairs associated with the purchase, to obtain additional money for closing costs or to increase the down payment. The second product was initiated in 1998 and is called the Turbo Mortgage loan. This product is for mortgage refinancings of \$75,000 and less, for a term of no greater than 10 years. The Turbo Mortgage product closing costs are typically close to \$75 as compared to average closing costs of \$750 for a conventional mortgage loan. The turn around time is quick at a maximum time allowed for approval at 60 minutes with closings in as little as 72 hours. The product has been successful with 6,623 originations totaling \$348 million in 1998 and 6,904 originations totaling \$391 million in the first six months of 1999, corporate-wide.

## **CONCLUSION**

The bank's overall performance under the Lending Test is considered strong based upon several factors. The bank's loan to deposit ratio is considered reasonable; its ratio is higher than that of its national peer but lower than a few of its local competitors. A significant majority of its lending activity is originated within its combined assessment area. The geographic distribution of lending within its combined assessment area is generally strong and lending to businesses of different sizes and borrowers of different income levels is strong, given the demographic characteristics of its combined assessment area. The bank's community development lending is considered adequate, based upon the total number and dollar amount of loans. Discussions with community representatives support the bank's 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 the 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**

Discussions with bank management and community development representatives revealed that qualified investment opportunities within the combined assessment area are limited. Nevertheless, the bank did have significant grant activity benefiting organizations targeting low- and moderate-income individuals and families and community development. The grants are made through the M&I Foundation to support projects that benefit low- and moderate-income households or target significant population segments such as the disabled, women and racial minorities. The Foundation considers projects involving housing and neighborhood development activities, economic and small business development, community facility improvements and community-based education. The following table summarizes the bank's qualified grant activity since the previous CRA examination.

<b>Organization</b>	<b>Amount</b>
Partners for Community Development (affordable housing)	\$6,000
Optimist Club of Sheboygan for Back for School Basis (school supplies for low- and moderate-income families)	\$300
Heritage Square Merchants Association (funds for bike race organized to support small business within Sheboygan)	\$100
Sheboygan Area United Way ( <b>over 50 percent of all funds donated represent activities having a community development purpose</b> )	\$2,800
Sheboygan County Interfaith Organization for the Bridgeway Shelter (abuse shelter)	\$500
Hmong Mutual Assistance Association of Sheboygan (business and housing assistance for Laotian immigrants)	\$450

<b>Table 21</b>	
<b>M&amp;I LAKEVIEW BANK'S QUALIFIED INVESTMENT (GRANT) ACTIVITY</b>	
<b>Organization</b>	<b>Amount</b>
Operation Santa for the Mental Health Grocery Gift Certificate (food assistance to low- and moderate-income families)	\$100
Sheboygan Falls Chamber for the Main Street Program (all businesses on Main Street are small businesses)	\$100
Clintonville Chamber for the Main Street Program (all businesses on Main Street are small businesses)	\$100
<b>Total</b>	<b>\$10,450</b>

The bank made a total of \$106,144 in donations since the previous CRA examination. Qualified investments represent almost 10 percent of all donations made from February 1997 to December 1999.

#### Responsiveness to Available Opportunities

The bank's current opportunities to respond to community development initiatives are limited; however, its grant activity indicates its willingness to take advantage of the opportunities that exist within its combined assessment area. The bank's volume of qualified investments (grants) is reasonable.

### **CONCLUSION**

The bank's performance under the Investment Test is considered generally strong. The bank has exhibited an adequate level of responsiveness to the needs of the community including community development organizations. The bank has a reasonable level of grant activity based upon the available opportunities in its combined 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; changes in branch locations; and the level of community development services.

#### Retail Banking Services

M&I Lakeview Bank is a full-service bank with 9 bank locations and 9 ATMs located within its combined assessment area. There are also more than 200 ATMs located within the State of Wisconsin operated by M&I affiliates; bank customers can use any of these without a service charge. 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 provides alternative delivery

of banking services through its personal computer home banking; MI Line, a toll-free account access system; and MI Line II, a toll-free customer service hotline manned 24 hours a day.

#### Distribution of Branches Among Geographies

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.

BRANCH LOCATION	COUNTY/ CENSUS TRACT	INCOME LEVEL	HOURS OF OPERATION		
			Lobby:	Drive-Up:	Days
<b>Manitowoc</b> 1013 S. 8 <sup>th</sup> Street Manitowoc	Manitowoc 8.00	Middle	Lobby: 9:00am - 5:00pm 9:00am - 6:00pm	Drive-Up: 9:00am - 5:00pm 9:00am - 6:00pm 8:30am - 12:00pm	Monday – Thursday Friday Monday – Thursday Friday Saturday
<b>Plymouth</b> 2002 Eastern Avenue Plymouth	Sheboygan 105.00	Middle	Lobby: 9:00am - 5:00pm 9:00am - 6:00pm 8:30am - 5:30pm 8:30am - 7:00pm 8:30am - 12:00pm		Monday – Thursday Friday Monday – Thursday Friday Saturday
<b>Port Washington</b> 122 N. Franklin Street Port Washington	Ozaukee 6301.00	Middle	Lobby: 9:00am - 5:00pm 9:00am - 6:00pm 9:00am - 12:00pm		Monday – Thursday Friday Saturday
<b>Port Washington Auto Bank</b> 120 E Washington Port Washington	Ozaukee 6301.00	Middle	Drive-Up: 8:00am - 5:00pm 8:00am - 6:00pm 9:00am - 12:00pm		Monday – Thursday Friday Saturday
<b>Sheboygan Downtown</b> 512 S. 8 <sup>th</sup> Street Sheboygan	Sheboygan 6.00	Middle	Lobby: 9:00am - 5:00pm 9:00am - 6:00pm		Monday – Thursday Friday
<b>Sheboygan Falls</b> 414 Buffalo Street Sheboygan Falls	Sheboygan 106.00	Middle	Lobby: 9:00am - 5:00pm 9:00am - 6:00pm	Drive-Up: 8:30am - 5:30pm 8:30am - 7:00pm 8:30am - 12:00pm	Monday – Thursday Friday Monday – Thursday Friday Saturday
<b>Sheboygan North</b> 2109 North Avenue Sheboygan	Sheboygan 3.00	Middle	Lobby: 9:00am - 5:00pm 9:00am - 6:00pm	Drive-Up: 8:30am - 5:30pm 8:30am - 7:00pm 8:30am - 12:00pm	Monday – Thursday Friday Monday – Thursday Friday Saturday

BRANCH LOCATION	COUNTY/ CENSUS TRACT	INCOME LEVEL	HOURS OF OPERATION		
<b>Sheboygan South</b> 2315 South Business Drive Sheboygan	Sheboygan 10.00	Middle	Lobby:	9:00am - 5:00pm 9:00am - 6:00pm 8:30am - 5:30pm 8:30am - 7:00pm 8:30am - 12:00pm	Monday – Thursday Friday Monday – Thursday Friday Saturday
<b>Sheboygan Taylor Drive Main Office</b> 1441 N. Taylor Drive Sheboygan	Sheboygan 4.00	Middle	Lobby:  Drive-Up:	9:00am - 5:00pm 9:00am - 6:00pm 8:30am - 5:30pm 8:30am - 7:00pm 8:30am - 12:00pm	Monday – Thursday Friday Monday – Thursday Friday Saturday

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 relocated two branch locations and transferred one branch to an affiliate since the previous CRA examination. Discussions with management indicated that the first two branches were moved to smaller more efficient accommodations. Both were moved to locations within the same census tract as the original location. The first branch was moved to a location one block away and the second was moved to another location approximately one mile away.

The third branch located in Clintonville was transferred to the bank’s affiliate, M&I Bank of Shawano. The assessment areas of this bank and its affiliate overlapped; therefore, the bank transferred the branch and deleted Shawano and Waupaca Counties from its combined assessment area. The bank’s Clintonville branch was its only branch location within that assessment area.

Community Development Services

The bank provides a strong level of community development services within its combined assessment area, particularly within the Sheboygan MSA assessment area. These services include providing technical assistance related to the provision of financial services to individuals and nonprofit organizations that serve low- and moderate-income individuals and families, and to small businesses to promote community revitalization and development. The following are examples of community development services provided by the bank.

- The bank provides coupons representing a free budget and credit counseling session through Family Services with "Consumer Credit Counseling Services."

- There is no fee charged for cashing non-customer government checks.
- The bank provided a letter of support to the Lakeshore Indo-Chinese Mutual Assistance Association, Inc. to aid in its receiving a housing grant from the Division of Housing. The grant was to establish a program to allow low-income minority families to purchase a home, rehab their current home, provide housing counseling to first time home buyers and home owners interested in improving their homes and provide information and referrals to renters.
- In conjunction with Lakeland College, the bank has hosted a series of “Economic Breakfast Briefings” geared toward small business from 1997 through 1999.
- A bank representative is a board member and Downtown Committee member of the Sheboygan Development Corporation.
- A bank representative was a finance committee member of the Clintonville Main Street Corporation.
- A bank representative is a member of the Planning and Housing Committee of Partners for Community Development.
- A bank representative act as a facilitator presenting housing seminars and workshops for the Lakeshore Indo-Chinese Mutual Assistance Association, Inc. to aid Hmong families.
- A bank representative is a board member and acts as a facilitator for home buying seminars sponsored by the Lakeshore Community Action Program.
- A bank director is a charter member of the Milwaukee Inner-city Congregations Allied for Hope, Inc. (MICAH), a coalition of more than 30 multiracial interfaith congregations committed to addressing justice issues which impact upon the community in which they live.
- A bank representative acts as a mentor for high school students interested in pursuing a job in the financial industry on behalf of Workbound, Inc.
- A bank representative acts as a financial advisor to the Sheboygan Service Foundation, providing investment and banking services.
- Loan officers meet on a regular basis with the real estate agents in the community to review the special loan programs that are targeted to low- and moderate-income families.
- The bank was established as an explorer post for Boy Scouts 14 to 18 years of age to come into the bank once a month to learn about finance and banking.
- An officer of the bank conducted a presentation for the Mortgage Workshop sponsored by Lakeshore CAP, Inc. Homebuyer Education and Assistance Program. The program is designed to assist low- and moderate-income households in five different communities, including Sheboygan and Manitowoc, with the purchase of homes through down payment cost, closing costs, and rehabilitation loans. One of the eligibility requirements is that applicants are required to attend three homebuyer education meetings.
- Three bank representatives are working with the Boy Scouts on their “Career Development” program. A minimum of seven, one and half-hour sessions are held at the bank. Banking fundamentals are taught to focus on career opportunities and on consumer awareness.

## **CONCLUSION**



The bank's performance under the service test is considered strong. The bank's delivery systems, including electronic delivery systems and branches, are easily accessible to all census tracts and block numbering areas within its combined assessment area. In addition, the bank provides a high level of community development services for all segments of the combined assessment area, which demonstrates its attentiveness to the community development needs within its combined assessment area. Bank officers and staff provide technical expertise and are otherwise involved in many community development organizations.

**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.