

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 CRA performance of **Baylake Bank, Sturgeon Bay, Wisconsin** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **September 15, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION-S RATING: This institution is rated Outstanding.

The bank's lending performance is strong, based upon its loan-to-deposit ratio, the high concentration of loans within the combined assessment area and its strong record of lending to businesses of different revenues. The bank's community development lending and service efforts also evidence this performance. The distribution of loans within the combined assessment area and lending to borrowers of different incomes were reasonable.

Review of local economic conditions and discussions with community representatives indicate that the bank's opportunities for qualified community development investments within the bank's combined assessment area are limited; however, the bank has provided cash and in-kind donations to a number of community development organizations.

Banking services are generally accessible to all portions of the bank's combined assessment area. The bank's merger with State Bank of Kewaunee increased the number of offices to 17, and expanded operations into Kewaunee, Waupaca and Manitowoc Counties. The bank provides a high level of community development services to various organizations.

The following table details the performance level of **Baylake Bank, Sturgeon Bay Wisconsin**, with respect to the lending, investment and service tests. Based on the component test ratings for large banks, the assigned composite rating is **Outstanding**.

LARGE INSTITUTION PERFORMANCE CRITERIA	BAYLAKE BANK PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
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 BAYLAKE BANK ASSESSMENT AREAS

Sturgeon Bay is located in northeastern Wisconsin, approximately 45 miles northeast of Green Bay in Door County. The bank has three distinct assessment areas: 1) the Green Bay Metropolitan Statistical Area (MSA-3080) including all of Brown County; 2) all of Door and Kewaunee Counties and a portion of Manitowoc County; and 3) Waupaca County, which is located approximately 40 miles west of Green Bay. The Green Bay assessment area contains 13 low- and moderate-income census tracts, all of which are located within the City of Green Bay. There are no other low- or moderate-income geographies in either of the bank's other assessment areas. The following charts depict the geographies comprising each assessment area:

Green Bay MSA Assessment Area

County/Type of Tract	Census Tracts
Brown	
Low-Income	8.00, 10.00 and 211.00
Moderate-Income	1.00, 2.00, 5.00, 7.00, 9.00, 11.00, 12.00, 14.00, 16.00 and 208.00
Middle- and Upper-Income	3.01, 3.02, 3.03, 4.01, 4.02, 6.00, 13.00, 17.00, 18.02, 20.02, 20.03, 101.00, 102.01, 102.02, 103.00, 201.98, 202.00, 203.00, 205.01, 205.02, 206.00, 207.01, 207.02, 209.00, 213.01, 213.03, 214.00, 215.00, 15.01, 15.02, 18.01, 20.01, 204.00, 210.00, 212.00 and 213.02

Door/ Kewaunee/Manitowoc Assessment Area

Counties	Census Tracts/Block Numbering Areas (BNAs)
Door	9801.00, 9802.00, 9803.00, 9804.98, 9805.98, 9806.00, 9807.00, 9808.00, 9809.00, 9810.00
Kewaunee	9601.00, 9602.00, 9603.00, 9604.00, 9605.00, 9606.00
Manitowoc	101.00, 102.00

Waupaca County Assessment Area

County	BNAs
Waupaca	9901.00, 9902.00, 9903.00, 9904.00, 9905.00, 9906.00, 9907.00, 9909.00, 9910.00, 9911.00, 9912.00, 9908.00

Combined Assessment Area Geography Information

Geography	Median Family Income (\$)	Number of Households	Geography	Median Family Income (\$)	Number of Households
8.00*	13,527	886	9801	30,972	573
10.00*	13,182	515	9802	24,375	260
211.00*	0	0	9803	30,664	836
1.00*	21,167	1,072	9804.98	29,857	791
2.00*	28,723	2,618	9805.98	33,246	1,123
5.00*	28,077	1,277	9806	30,712	1,139
7.00*	27,844	2,194	9807	29,562	2,028
9.00*	21,828	1,606	9808	32,058	2,090
11.00*	25,820	870	9809	29,342	612
12.00*	20,233	1,313	9810	30,192	640
14.00*	29,508	1,620	9601	30,625	1,423
16.00*	28,470	2,465	9602	30,755	896
208.00*	28,214	1,143	9603	34,425	1,304
101.00	34,568	1,564	9604	35,550	1,007
102.00	34,304	1,867	9605	29,962	1,149
9901	29,364	1,338	9606	35,084	1,037
9902	29,545	882	3.01	43,963	996
9903	31,217	1,211	3.02	35,744	2,220
9904	29,514	1,472	3.03	31,645	1,226
9905	31,296	652	4.01	30,439	2,314
9906	34,315	1,466	4.02	37,713	1,023
9907	32,409	1,140	6.00	35,574	1,818
9909	32,970	2,181	13.00	35,250	1,360
9910	32,342	2,198	17.00	30,183	2,560
9911	27,762	2,067	18.02	42,969	843
9912	33,833	1,096	20.02	38,312	1,199
101.00	44,488	1,641	20.03	39,479	435

Geography	Median Family Income (\$)	Number of Households	Geography	Median Family Income (\$)	Number of Households
102.01	39,142	1,413	102.02	42,934	1,137
103.00	36,195	1,689	201.98	41,607	1,429
202.00	42,609	1,725	209.00	44,250	1,158
203.00	35,603	1,518	213.01	39,655	1,406
205.01	41,547	2,061	213.03	30,386	1,566
205.02	36,303	1,406	214.00	38,108	1,260
206.00	35,600	1,414	215.00	37,219	837
207.01	39,833	2,763	9908	37,743	1,321
207.02	42,014	662	15.01	45,842	1,077
15.02	46,875	1,070	18.01	44,722	1,125
20.01	45,558	2,741	204.00	48,864	1,698
210.00	51,727	1,064	212.00	52,118	1,759
213.02	45,117	3,192	*Low or Moderate-income geography		

The following charts depict population, income and housing information for the bank's three assessment areas, compared to State of Wisconsin demographic data.

Family Income Levels								
Assessment Area Total # of Families Median Family Income	Low-Income Families		Moderate-Income Families		Middle-Income Families		Upper-Income Families	
	#	%	#	%	#	%	#	%
Combined Assessment Areas # 78,322 \$ 35,300	12,808	16.4	14,141	18.1	21,755	27.8	29,618	37.8
Green Bay MSA # 50,732 \$ 37,121	8,670	17.1	9,071	17.9	14,528	28.6	18,463	36.4
Door/Kewaunee/Manitowoc # 15,177 \$ 32,148	2,316	15.3	2,653	17.5	4,001	26.4	6,207	40.9
Waupaca County # 12,413 \$ 31,646	1,822	14.7	2,417	19.5	3,226	26.0	4,948	39.9
State of Wisconsin # 1,284,297 \$ 35,082	230,129	17.9	240,790	18.7	339,926	26.5	473,452	36.9

Housing in the assessment areas consists primarily of owner-occupied, single-family units. The following charts depict assessment area housing information:

HOUSING DATA	Combined Assessment Area		Green Bay MSA		Door/Kewaunee/Manitowoc		Waupaca County	
Owner-Occupied Units	76,647	61.7%	47,423	63.4%	16,263	55.6%	12,961	64.4%
Total Rental Units	32,978	26.6%	24,857	33.3%	4,045	13.8%	4,076	20.2%
Vacant Units	14,515	11.7%	2,460	3.3%	8,951	30.6%	3,104	15.4%
Total Housing Units	121,140	100.0%	74,740	100.0%	29,259	100.0%	20,141	100.0%

HOUSING DATA	Combined Assessment Area	Green Bay MSA	Door/Kewaunee/Manitowoc	Waupaca County	State of Wisconsin
1- Unit (Single-Family)	71.8%	67.7%	78.1%	77.8%	67.7%
2 - 4 Units	11.5%	14.5%	6.9%	7.2%	13.5%
5 or More Units	11.0%	15.0%	4.3%	5.8%	12.6%
Built Pre-1950	31.6%	25.7%	40.3%	41.2%	36.8%
Median Housing Value	\$59,670	\$62,219	\$57,955	\$49,347	\$62,141

Tourism and agriculture are the primary industries in the bank’s non-MSA assessment areas. The shipbuilding industry also plays a role in the Sturgeon Bay economy, despite industry cutbacks as a result of a reduction in government defense spending. Door County in particular, has a high level of tourist activity and a significant number of vacation homes. Dairy and fruit farming are the major agricultural activities throughout the rural portions of the combined assessment area, while shipbuilding and light industry are found in Green Bay and Sturgeon Bay.

The following chart details major employers in the bank's combined assessment area:

Name	Product/Service	# of Employees
Emerson Motor Company	Electric Motors	490
Bay Shipbuilding	Ship Repair/Steel Fabrication	250
Hatco	Commercial Kitchen Equip	226
Palmer Johnson Incorporated	Recreational Boat Building	200
Therma-Tron-X Incorporated	Industrial Ovens	135
Peterson Builders Inc.	Defense Industry Procurement	133
Dorco Manufacturing	Wire Products	121
Midwest Wire Products	Wire Products	100
KI (Kruger International)	Office Furniture	700
Packerland Packing Co., Inc.	Meat Processing	850
Paper Converting Machine Co.	Printing & paper equipment	900
Proctor & Gamble Paper Products Co.	Toilet & facial tissues, paper towels	1,700
Marine Travelift Inc.	Boat/Industrial Hoists	70

The seasonally adjusted unemployment rates for the counties comprising the assessment areas were; 3.2% for Brown, 3.3% for Door, 3.1% for Kewaunee, and 2.9% for Waupaca County as of August, 1997, according to Wisconsin Labor Market information.

DESCRIPTION OF INSTITUTION

Baylake Bank, with total assets of \$405,905,000 as of June 30, 1997, is a subsidiary of Baylake Corporation, a bank holding company located in Sturgeon Bay, Wisconsin. The bank merged with State Bank of Kewaunee, expanding its operations in Kewaunee, Waupaca and Manitowoc Counties, as of January 1, 1996. The bank offers an array of banking services including commercial, real estate, consumer and agricultural loans through the bank's branch network, which now consists of seventeen offices located throughout Door County (including the bank's Egg Harbor and Ellison Bay offices operated as summer facilities); three offices in Green Bay and two offices in Waupaca County. The bank competes with a number of large financial institutions located in Green Bay and smaller, local financial institutions located throughout each assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

The bank is in compliance with the substantive provisions of the antidiscrimination laws and

regulations, including the Equal Credit Opportunity (ECOA) and Fair Housing Acts.

LENDING TEST

The bank's loan portfolio was reviewed to evaluate the bank's lending volume, geographic distribution of loans, the distribution of lending by borrower characteristics and community development lending activities.

Lending Volume

A review of the bank's June 30, 1997 Consolidated Report of Condition revealed a net loan-to-deposit ratio of 85.03% and a net loan-to-asset ratio of 69.49%. The distribution, by loan type, was as follows:

LOAN TYPE	DOLLAR AMOUNT OUTSTANDING (\$000)	PERCENT OF TOTAL LOANS
REAL ESTATE		
Construction	11,558	4.04
Secured by Farmland	7,794	2.73
Revolving open-end (1-4)	13,899	4.86
Residential (1-4)	77,986	27.29
Commercial	105,979	37.08
Multi-family	1,282	0.45
CONSUMER		
Open-end Credit	2,015	0.71
All Other	12,282	4.30
COMMERCIAL AND INDUSTRIAL	39,966	13.99
AGRICULTURAL	6,158	2.15
STATE AND POLITICAL OBLIGATIONS	6,719	2.35
OTHER	136	0.05

A review of the loan portfolio indicated that commercial/industrial lending and commercial real estate loans together comprise approximately 51% of the portfolio, followed by residential real estate lending (revolving and closed-end) which comprise approximately 32% of the loan portfolio.

According to the March 31, 1997 Uniform Bank Performance Report (UBPR), the bank's loan portfolio compared to peer is illustrated in the following chart:

LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
REAL ESTATE LOANS		
Construction/Development	3.94	4.00
1 - 4 Family Residential	31.63	30.90
Home Equity	4.21	2.38
Other Real Estate	39.15	24.56
Farmland	3.01	0.50
Multi-family	0.48	1.29
Commercial	35.66	20.65
TOTAL REAL ESTATE LOANS	74.73	63.26
LOANS TO INDIVIDUALS	5.56	12.82
CREDIT CARD LOANS	0.75	0.55
COMMERCIAL & INDUSTRIAL LOANS	15.08	16.72
AGRICULTURAL LOANS	2.27	0.44
MUNICIPAL LOANS	2.24	0.42
OTHER LOANS*	0.12	0.30
*Excludes Financial Institution Loans, Acceptances of Other Banks, Foreign Office Loans and Leases, and Lease Financing Receivables		

BANK NET LOAN/LEASE TO DEPOSIT RATIO	PEER NET LOAN/LEASE TO DEPOSIT RATIO
85.38	74.93

The bank's loan portfolio mix is consistent with the types of credit needed within each assessment area, as identified by community representatives contacted during the examination.

The bank's loan-to-deposit ratio for the seven quarters ending June 30, 1997 averaged 82.31%. The seven-quarter average loan-to-deposit ratios for the bank and a sample of its local competitors are detailed in the following chart:

Institution (Location)	Asset Size (000)	Loan-to Deposit Ratio %
Associated Bank Green Bay, N.A.	\$1,240,616	96.29
Union State Bank (Kewaunee)	\$43,184	82.95
Baylake Bank (Sturgeon Bay)	\$405,905	82.31
M&I Bank Northeast (Green Bay)	\$ 689,061	79.23
F&M Bank- Algoma	\$58,992	50.30

Lending in Assessment Areas

The bank's 1997 commercial lending activity and real estate lending activity for 1996 and 1997 were reviewed to evaluate the bank's level of lending within its combined assessment area. Analysis of lending within the Door/Kewaunee/Manitowoc assessment area and Waupaca County is limited to real estate mortgages due to data availability. The following chart highlights 1997 year-to-date small business and small farm lending within the combined assessment area:

Loan Type	Total Number	# In Assessment Area	Percent
Small Farm	110	103	93.64
Small Business	555	523	94.23
Total	665	626	94.14

The bank's real estate lending activity within the combined assessment area for 1996 and 1997 are detailed in the following charts:

Loan Type	Total Number	# In Assessment Area	Percent
Purchase	149	141	94.63
Refinancing	192	190	98.96
Home Improvement	135	133	98.52
Total	476	464	97.48

1997 Real Estate Lending			
Loan Type	Total Number	# In Assessment Area	Percent
Purchase	109	107	98.17
Refinancing	109	106	97.25
Home Improvement	124	122	98.39
Multifamily	5	5	100.00
Total	347	340	97.98

Real Estate Lending in Green Bay MSA

A review of the bank’s lending activity in the Green Bay MSA revealed that 7.77% of the bank’s total 1996 originations (37 of 476 originations) and 12.94% of 1997 year-to-date originations (44 of 340 originations) were generated within the MSA. The bank’s lending penetration in the MSA is strong, in consideration of the bank’s size, limited presence and the length of time it has had operations in the Green Bay MSA.

Real Estate Lending in Door/Kewaunee and Manitowoc Assessment Area

A review of the bank’s lending activity indicated that 89.29% of 1996 originations (425 of 476 originations) and 82.94% of 1997 year-to-date originations (282 of 340 originations) were extended within Door, Kewaunee and Manitowoc Counties. The bank’s lending penetration in this assessment area is strong, reflecting its historical lending strength in this assessment area.

Real Estate Lending in Waupaca County

A review of the bank’s lending activity indicated that 0.42% of 1996 originations (2 of 476 originations) and 4.12% of 1997 year-to-date originations (14 of 340 originations) were within Waupaca County. The bank’s loan penetration in Waupaca County is reasonable, based upon the bank’s limited presence and the length of time it has had operations in this assessment area.

Geographic Distribution

Real estate lending activity for 1996 and 1997 was reviewed to assess the geographic distribution of lending within each assessment area, especially within low- and moderate- income tracts. Thirteen of the 79 geographies in the combined assessment areas are low- or moderate-income census tracts, based upon 1990 census data; all of these census tracts are located in the City of Green Bay. Approximately 21% of the population (43,222 individuals) in the combined assessment area reside within these low- and moderate-income census tracts. The following charts detail the geographic distribution of 1996 and 1997 real estate lending activity by census tract income:

Green Bay MSA - 1996 Lending in Low- and Moderate-Income Census Tracts		
Census Tract	% of MSA Income	# of Originations
9.00	58.80	1
12.00	54.51	1
14.00	79.49	1
208.00	76.01	1
Total Originations		4

Green Bay MSA - 1997 Lending in Low- and Moderate-Income Census Tracts		
Census Tract	% of MSA Income	# of Originations
2.00	77.38	1
5.00	75.64	1
11.00	69.56	1
12.00	54.51	2
14.00	79.49	3
208.00	76.01	1
Total Originations		9

Approximately 11% of 1996 originations (4 of 36 total originations in the Green Bay MSA) were in moderate-income census tracts; 21.4% of 1997 originations (9 of 42 total originations in the MSA) were within moderate-income census tracts in the City of Green Bay. The bank did not have any originations in low-income census tracts; however, this is not unreasonable as only 489 families reside in low-income census tracts, 8.00 and 10.00; census tract 211.00 has no population.

The bank's 1996 lending to small businesses in all assessment areas was reviewed to assess lending in low- and moderate-income census tracts. The bank analysis indicated that a total of 622 new business loans were extended for the period, with nine loans totaling \$1,064,000 extended in low- and moderate-income census tracts.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The bank's 1996 and 1997 real estate lending activity was reviewed to assess lending to borrowers of different income levels. The bank's 1996 business and farm lending activity was also reviewed to assess lending to small businesses and small farms. The following charts detail 1996 and year-to-date 1997 real estate originations by applicant income:

Green Bay MSA - 1996 Originations by Applicant Income				
Type of Geography	Applicant Income Level			
	Low-income	Moderate-income	Middle-income	Upper-income
Low-income	0	0	0	0
Moderate-income	1	2	2	2
Middle-income	35	87	113	203
Upper-income	1	0	4	6
Totals	37	89	119	211

Excludes 20 loans for which income was not reported

Approximately 27% of the bank's 1996 real estate originations were to low- and moderate-income borrowers (126 of 476 total originations). The majority of the bank's low- and moderate-income originations were to borrowers living in middle-income geographies.

Green Bay MSA - 1997 Originations by Applicant Income				
Type of Geography	Applicant Income Level			
	Low-income	Moderate-income	Middle-income	Upper-income
Low-income	0	0	0	0
Moderate-income	0	4	2	3
Middle-income	21	49	88	133
Upper-income	0	0	1	5
Totals	21	53	91	141

Excludes 34 loans for which income was not reported

Approximately 24% (74 of 306 originations) of 1997 originations were to low- and moderate-income borrowers. Approximately 35% of the families in the combined assessment area are low- and moderate-income, based upon 1990 census data.

The following chart depicts the distribution of small business and small farm loans extended in the combined assessment area during 1996:

Distribution of Loans by Loan Amount						
Loan Type	Loans \$100,000 or Less		Loans \$100,000+ to \$250,000		Loans Greater than \$250,000	
	#	\$	#	\$	#	\$
Small Business	577	15,387,000	87	13,756,000	38	16,445,000
Small Farm	98	2,259,000	11	1,358,000	3	2,107,000
Totals	675	17,646,000	98	15,114,000	41	18,552,000

The following table illustrates lending to businesses and farms with gross annual revenues of less than one million dollars:

Loan Type	Business/Farm Gross Revenue \$1,000,000 or Less	
	#	\$
Small Business	555	36,541,000
Small Farm	106	3,959,000
Total	661	40,500,000

Approximately 83% of the total number of small business and farm loans were extended for amounts of \$100,000 or less; 81.20% of the loans sampled (661 of 814 loans) were extended to businesses and farms with gross annual revenues of \$1,000,000 or less.

Community Development Lending

The bank regularly engages in lending targeting affordable housing and other community development opportunities that will benefit low- and moderate-income areas or individuals.

The following chart illustrates examples of small business loans made by the bank since the previous examination, having a community development purpose:

Loan Amount	Community Development Purpose
\$300,000	Series of three \$100,000 loans to Sturgeon Bay Waterfront Re-development Authority for business & downtown revitalization.
\$579,000	Loan to assist community-based retirement facility providing assisted living to senior citizens.
\$112,149	A series of six below market-rate loans to local small businesses toward expansion/facade improvements.

The bank's lending efforts are further evidenced by the use of government guaranteed and flexible lending programs. The bank participates in Wisconsin Housing & Economic Development Authority (WHEDA) First-Time Homebuyers Program and has developed a new home equity lending program designed to provide more flexible lending criteria. Since the previous examination, the bank has originated 14 First-Time Homebuyers loans. During first quarter of 1997, the bank introduced Equity Plus, a home equity product that provides up to 100% loan-to-value, and a slightly higher housing debt-to-income ratio in order to help applicants with lower incomes qualify. The bank has originated approximately 40 Equity Plus loans for \$1,332,250 since the inception of the program.

CONCLUSION

The bank's overall lending volume, lending in the assessment area and geographic distribution are considered strong. The bank's loan-to-deposit ratio exceeded that of its national peer group and generally that of its local competitors, during the examination review period. Lending to businesses and farms of different revenue sizes and lending with a community development purpose were strong. The bank's lending was further strengthened by the use of flexible lending criteria. Real estate lending to borrowers of different income levels demonstrated strong penetration among low- and moderate-income borrowers. The bank's overall penetration of loans in low- and moderate-income census tracts was reasonable. A substantial majority of real estate, small business and small farm loans were originated within the assessment area.

INVESTMENT TEST

The bank's investment portfolio, donations and special programs that foster community development were reviewed. Qualified investments or grants were reviewed for innovativeness, responsiveness to community development needs and the degree to which these investments are not routinely provided by private investors. Discussions with management and community representatives revealed that investment opportunities within the assessment area are limited. Although no qualified investment activity in the assessment area was noted in the bank's portfolio, significant grant activity benefiting organizations providing affordable housing alternatives and other services promoting community development within the combined assessment area were noted.

The bank provides a high level of investment in the form of grants, which are essential to the ongoing viability of nonprofit organizations in its combined assessment area. Operating grants are not routinely available from private investors. The bank subsidizes rent for local community development organizations such as the Door County Economic Development Corporation (EDC). The bank has provided \$14,537 in rent subsidies since the previous examination. The bank made additional donations totaling \$17,801 to the Door County EDC since the previous examination. The following chart summarizes the bank's qualified grants since the previous examination:

ORGANIZATION	AMOUNT (\$)
Door County EDC	32,338
FISC (Financial Counseling)	4,860
Legal Aid Society	3,325
Green Bay Neighborhood Housing Services	3,000
Main Street Waupaca	2,500
Door County Habitat For Humanity	2,000
College Scholarships	4,750
TOTAL	52,773

In August, 1997 the bank made a \$25,000 commitment (over three years) to the Green Bay Urban Partnership Loan Fund which will provide interest-free loans for housing and business ownership; no bank funds have been advanced to-date.

The current level of investment reflects the limited opportunities available to the bank according to community representatives and discussions with bank management.

CONCLUSION

The bank's performance under the investment test demonstrates a high level of responsiveness to the needs of community and economic development organizations. The bank has a high level of qualified grant activity and a reasonable level of investment based upon the available opportunities in the combined assessment area.

SERVICE TEST

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

Retail Banking Services

Baylake Bank is a full-service bank with 17 branches and ten ATMs located in Door, Brown, Kewaunee, Waupaca and Manitowoc Counties. The bank provides loans to consumers, organizations, businesses and government entities in accordance with uniform nondiscriminatory standards. In addition, the bank offers various checking and interest-bearing accounts and telephone banking services.

Distribution of Branches Among Geographies

The bank's assessment area includes Door, Brown, Waupaca counties and a portion of Manitowoc County. The following chart illustrates the bank's branch locations and the income levels of communities in which they are located:

BRANCH LOCATION	COUNTY/ CENSUS TRACT	INCOME LEVEL
2260 Bay Settlement Road, Green Bay	Brown/18.02	Middle-Income
2450 Velp Avenue, Suite 101*, Green Bay	Brown/205.02	Middle-Income
920 Huron Road, Green Bay	Brown/20.03	Middle-Income
217 N. 4th Avenue, Sturgeon Bay	Door/9808	Upper-Income
636 Bayshore Drive, Sister Bay	Door/9803	Middle-Income
9679 Highway 57, Brussels*	Door/9806	Middle-Income
34 West Maple, Sturgeon Bay*	Door/ 9808	Middle-Income
Rt #1 Box 10B, Main Road, Washington Island*	Door/9802	Middle-Income
9405 Highway 42, Fish Creek*	Door/9803	Middle-Income
7842 Egg Harbor Road, Egg Harbor**	Door/9804.98	Middle-Income
Highway 42, Ellison Bay**	Door/9801	Middle-Income
205 Clark Street, Algoma	Kewaunee/9601	Middle-Income
519 Main Street, Kewaunee	Kewaunee/9605	Middle-Income
18923 Tisch Mills Road, Tisch Mills*	Manitowoc/101	Middle-Income
1614 Center Street, Kewaunee	Kewaunee/9605	Middle-Income
431 South Bridge Street, Manawa	Waupaca/9904	Middle-Income
N2723 Highway QQ, King	Waupaca/9905	Middle-Income

*Lenders available by appointment

**Seasonal facility

None of the bank's branches are located in low- and moderate-income geographies. A number of the bank's offices in Door County have either limited banking hours or are closed during the winter months due to the seasonal nature of the economy. The following chart depicts these branches:

Office	Time Period	Effect
Washington Island	November - May	Shortened daytime hours; no Saturday hours
Egg Harbor	January - April	Closed
Ellison Bay	January - April	Closed
Fish Creek	January - April	Closed Saturday only

During the winter months, full banking services are provided at the nearby Sturgeon Bay and Sister Bay bank locations.

Record of Opening and Closing Offices

The bank's record of opening and closing of branches has increased the accessibility to products and services in the combined assessment area. The bank's offices and services are reasonably available to residents of low- and moderate- income census tracts within Green Bay, with consideration given to competition and the bank's resources. The bank does not have any offices located in low- or moderate-income census tracts. Since the previous examination, the bank has not closed any branch offices; the bank expanded operations in Green Bay by opening two full-service offices in 1996. The bank's merger with State Bank of Kewaunee added six branches and expanded the assessment area into Kewaunee, Waupaca and Manitowoc counties.

Alternative Systems for Delivering Retail Banking Services

The bank has ten full-service ATMs throughout the combined assessment area, in an effort to make banking services accessible to essentially all portions of the assessment area.

ATM locations and the income levels of the communities in which they are located are listed in the following chart:

ATM LOCATION	CITY/ GEOGRAPHY	INCOME LEVEL
217 N. 4th, Street	Sturgeon Bay/9808	Middle-Income
636 Bayshore Drive	Sister Bay/9803	Middle-Income
920 Huron Road	Green Bay/20.03	Middle-Income
1614 Center Street	Green Bay/9605	Middle-Income
9405 Hwy 42	Fish Creek/9803	Middle-Income
9679 Hwy 57	Brussels/9806	Middle-Income
2260 Bay Settlement Road	Green Bay/18.02	Middle-Income
2450 Velp Avenue	Green Bay/205.02	Middle-Income
7842 Egg Harbor Road	Egg Harbor/9804.98	Middle-Income
5138 Sturgeon Bay Road	Green Bay/18.01	Upper-Income

Additional services offered by the bank include Bank by Mail and Telebank. The Bank by Mail service provides necessary supplies and information packets to customers preferring to conduct their transactions by mail. Telebank provides a telephone access system for customers to obtain account information, transfer funds and leave messages for bank personnel. The bank plans to introduce PC Banking during the fourth quarter of 1997.

COMMUNITY DEVELOPMENT SERVICE ACTIVITY

The bank provides community development services to several organizations through a number of targeted programs, employee involvement, technical assistance and counseling activities. Examples of the bank's community development service efforts are listed below:

Organization	Bank Title/Affiliation	Activity/Role
Habitat for Humanity	Employee Officer Employee	Handle/Calculate escrow payments Secretary/Treasurer Underwriting/ Counseling
Green Bay Urban Partnership	Director Employee	Chairperson Applicant Counseling
Financial Information Service Center (FISC)	Employee	Director
Door County Economic Development	Officer	Chairperson
Door County Revolving Loan Fund	Employee	Committee Member
Door County Legal Aid	Employee	Counseling
Sturgeon Bay Community Development Corp.	Employee	Commercial Lending Expertise
Sturgeon Bay Revolving Loan	Employee	Underwriting/Credit Analysis
Sturgeon Bay Waterfront Redevelopment Authority	Director	Board member

Discussions with management indicate that bank officers and employees with key roles in organizations such as Door County Habitat for Humanity, perform certain duties during working hours.

In addition to the above services, a bank subsidiary, The Cornerstone Conference Center, provides meeting room space and services to businesses and groups. The space is provided free to non-profit organizations. The bank's records indicate that the bank has provided approximately \$3,390 in complementary office space since the previous examination.

Innovativeness and Responsiveness

The bank is responsive to credit and community development service needs. The bank's activities reflect a willingness to consider and participate in organizations or programs serving community needs.

Range and Accessibility of Services Provided to Geographies

All locations are generally full-service branches, and offer services that meet the needs of the combined assessment areas, including low- and moderate-income geographies. Loan applications are available and lenders are available by appointment, since certain offices, (particularly those with seasonal hours) do not have lenders on-site.

In addition to regular banking services, the bank also offers the following services:

- \$ Free Checking - targeted to low-income individuals. Free Checking features no minimum balance, no monthly maintenance fees and unlimited check- writing.

- C Basic Business Checking - 75 free transactions and no maintenance fee for maintaining a minimum balance of \$1,500.

- C Commercial Overdraft Checking- Overdraft protection program offering a fixed interest rate for business checking account customer overdraft lines of credit.

CONCLUSION

The bank's performance under the service test is considered highly satisfactory. The bank's delivery systems are reasonably accessible to all portions of the combined assessment areas, including low- and moderate-income geographies. The bank's branching activity has generally improved the delivery/accessibility of services within its assessment area. The bank provides a high level of community development services, particularly through its officers, directors and staff sharing financial expertise with community and economic development organizations.