

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 **Johnson Bank, Racine, Wisconsin** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **April 13, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION-S RATING: This institution is rated Outstanding.

The bank's lending performance is strong, as evidenced by a loan-to-deposit ratio consistent with its peer group and local competitors; a significant majority of its loans within its three assessment areas; a representative distribution of loans among borrowers of different income levels; a strong level of lending to businesses of different revenue sizes; and a strong level of community development lending. The bank's participation in qualified community investments and services is also strong. Banking services including alternative systems are accessible within the bank's assessment areas; business hours and products meet the needs of the community. The bank also provides a significant level of community development services within its assessment areas.

The following table indicates the performance level of **Johnson Bank, Racine, Wisconsin**, with respect to the lending, investment and service tests. Based on the component test ratings for large banks, the assigned composite rating is **A** outstanding record of meeting community credit needs.@

JOHNSON BANK			
Performance Levels	Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance Noncompliance Noncompliance			
*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.			

DESCRIPTION OF JOHNSON BANK-S ASSESSMENT AREAS

The bank has defined three separate assessment areas: the Milwaukee/Racine Consolidated Metropolitan Statistical Area (CMSA), the Kenosha Metropolitan Statistical Area (MSA) and the Sheboygan MSA. The bank-s combined assessment area also includes census tract #1.00 in Walworth County, included in the discussion of the Milwaukee/Racine CMSA. In total, these three assessment areas include 85 low-income, 77 moderate-income, 236 middle-income and 88 upper-income census tracts.

The following chart depicts population and income information for the three assessment areas, as compared to State of Wisconsin levels:

ASSESSMENT AREA POPULATION LEVELS BY INCOME, BASED UPON 1990 CENSUS DATA								
AREA / Population	Low-Income Families		Moderate-Income Families		Middle-Income Families		Upper-Income Families	
	#	%	#	%	#	%	#	%
Overall Assessment Area 1,845,666	91,750	19.0	86,546	17.9	126,028	26.1	179,457	37.1
Milwaukee MSA 5080 1,438,574	72,783	19.5	65,741	17.7	95,280	25.6	138,531	37.2
Racine MSA 6600 175,034	8,815	18.6	8,289	17.5	12,916	27.3	17,347	36.6
Kenosha MSA 3800 128,121	5,820	17.0	6,783	19.8	8,626	25.5	12,955	37.9
Sheboygan MSA 7620 103,877	4,157	14.7	5,513	19.6	8,800	31.2	9,725	34.5
State of Wisconsin 4,891,769	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 chart depicts assessment area housing information:

ASSESSMENT AREA HOUSING DATA BASED UPON 1990 CENSUS DATA

HOUSING UNITS	MSA 5080 MILWAUKEE		MSA 6600 RACINE		MSA 3800 KENOSHA		MSA 7620 SHEBOYGAN		STATE OF WISCONSIN	
	#	%	#	%	#	%	#	%	#	%
Owner-Occupied Units	319,660	56.9	43,555	65.1	32,368	63.1	27,116	66.6	1,215,324	59.1
Total Rental Units	218,062	38.8	20,181	30.1	14,661	28.6	11,476	28.2	606,794	29.5
Vacant Units	24,309	4.3	3,209	4.8	4,233	8.3	2,103	5.2	233,656	11.4
Total Housing Units	562,031		66,945		51,262		40,695		2,055,774	

The following chart details median housing values, in comparison to median family incomes and gross monthly rents. A housing affordability index compares the median housing value to the median family income, which measures the affordability of housing; higher ratios indicate decreased affordability. The housing affordability indices range from 1.61 in the Sheboygan MSA assessment area to the Milwaukee MSA ratio of 1.95.

ASSESSMENT AREA HOUSING DATA BASED UPON 1990 CENSUS DATA					
	MSA 5080 MILWAUKEE	MSA 6600 RACINE	MSA 3800 KENOSHA	MSA 7620 SHEBOYGAN	STATE OF WISCONSIN
Median Housing Value	76,108	63,507	64,588	59,187	\$62,141
Median Family Income	39,005	37,922	35,657	36,708	35,082
Housing Affordability Ratio	1.95	1.67	1.81	1.61	1.77
Median Gross Monthly Rent	\$447	\$402	\$411	\$361	\$399
Age - % Built Pre-1950	37.8	39.8	37.4	48.2	36.8%

The combined assessment area is predominately urban in nature. The economy in the combined assessment area continues to be strong, with record low unemployment and growth occurring in most sectors of the economy.

DESCRIPTION OF THE MILWAUKEE/RACINE ASSESSMENT AREA

The Milwaukee/Racine assessment area includes the Milwaukee MSA 5080, which encompasses the four counties of Milwaukee, Waukesha, Washington and Ozaukee, and the Racine MSA 6600, which includes all of Racine County. The two MSAs together form the Milwaukee/Racine CMSA.

The Racine MSA includes five low-income census tracts, two moderate-income census tracts, 27 middle-income census tracts and four upper-income census tracts. The city of Racine is the largest city in the county and is home to the bank's main office and seven other branch locations. The unemployment rate for Racine County was 3.3% for April, 1998 compared to 2.7% for the State of Wisconsin. These unemployment rates reflect decreases from April, 1997 levels when they were 4.3% and 4.1%, respectively. The largest employers in this MSA include the following firms located in Racine: All Saints Healthcare System, Inc.; S. C. Johnson & Son, Inc.; Case Corp.; and Lincoln Lutheran of Racine, Inc.

The Milwaukee MSA (including census tract #1.00 in Walworth County) includes 78 low-income census tracts, 68 moderate-income census tracts, 169 middle-income census tracts and 78 upper-income census tracts. The largest cities in the MSA are Milwaukee, West Allis, Waukesha, Wauwatosa, Brookfield and New Berlin. This MSA is home to two branches of the bank, one in downtown Milwaukee and one in Mukwonago (in Waukesha County). The unemployment rate for the Milwaukee MSA was 2.6% for April, 1998 compared to 2.7% for the State of Wisconsin. These unemployment rates reflect decreases from April, 1997 levels when they were 3.6% and 4.1%, respectively. The Milwaukee MSA is home to a wide variety of companies, from small businesses to large international conglomerates.

Economic conditions in the Milwaukee/Racine CMSA are favorable, with the strongest indicators being a declining unemployment rate even as the labor force continues to expand.

DESCRIPTION OF THE KENOSHA ASSESSMENT AREA

The Kenosha assessment area includes all of Kenosha County MSA 3800 and is comprised of two low-income census tracts, five moderate-income census tracts, 19 middle-income census tracts and five upper-income census tracts. The City of Kenosha is the largest community in the county and is home to six branch office locations. The unemployment rate (unadjusted for seasonal variations) for Kenosha County was 2.5% for April, 1998 compared to 2.7% for the State of Wisconsin. These unemployment rates reflect decreases from April, 1997 levels when they were 3.4% and 4.1%, respectively. The largest employers in this MSA include the following firms located in Kenosha: Chrysler Corp., Kenosha Engine Division; Snap-On, Inc.; Kenosha Hospital and Medical Center; and St. Catherine's Hospital, Inc.

Economic conditions in the Kenosha assessment area are favorable as evidenced by a declining unemployment rate, an expanding population and labor force and growth in the number of housing units.

DESCRIPTION OF THE SHEBOYGAN ASSESSMENT AREA

The Sheboygan MSA 7620 includes all of Sheboygan County and is comprised of two moderate-income census tracts, 21 middle-income census tracts and one upper-income census tract. The city of Sheboygan is the largest community in the county; the bank maintains a branch office in the city of Kohler. The Sheboygan MSA has a population of 103,877, according to 1990 census

data. The unemployment rate for Sheboygan County was 1.7% for April, 1998 compared to 2.7% for the State of Wisconsin. Both of these unemployment rates reflect decreases from April, 1997 levels when they were 2.6% and 4.1%, respectively. The largest employers in this MSA include Kohler Co. in Kohler with 7,000 employees, Bemis Manufacturing Co. in Sheboygan Falls with 1,700 employees, and Aurora Medical Systems of Sheboygan County of Sheboygan with 1,070 employees.

Economic conditions in the Sheboygan MSA continue to remain favorable as evidenced by a declining unemployment rate, an increasing population and labor force and increased housing values.

DESCRIPTION OF INSTITUTION

Johnson Bank, with assets of \$799.8 million at March 31, 1998, is a wholly-owned subsidiary of Johnson International, Inc., a multi-bank holding company located in Racine, Wisconsin. The bank maintains 15 full-service branches and two limited-service locations within its three assessment areas. In addition, the bank operates 16 automated teller machines (ATMs), including four off-site locations.

Loan products offered by the bank include a variety of consumer, real estate and business loans. Consumer loan products include installment, single-payment and student loans, as well as credit card, home equity and personal lines of credit. Real estate loans include conventional fixed-rate mortgages, adjustable-rate mortgages (ARM) and construction loans. Business loan products include term loans, single-payment loans, operating lines of credit and commercial real estate mortgage loans. The bank offers government-sponsored loans through the Wisconsin Housing and Economic Development Authority (WHEDA), the Small Business Administration (SBA) and the Veterans Administration (VA) loan programs. The bank also participates in the State of Wisconsin's Petroleum Environmental Cleanup Fund Act (PECFA) loan program.

Competition within the bank's three assessment areas is extensive and includes very large institutions and a number of smaller local and regional institutions. The largest institutions competing with the bank in this market include Bank One, Wisconsin (with its main office located in Milwaukee and branches in Racine and Kenosha); Firststar Bank Milwaukee, NA (with its main office in Milwaukee and branches in Racine and Kenosha); Firststar Bank Wisconsin (with its main office in Madison and a branch in Sheboygan); Mutual Savings Bank (with its main office in Milwaukee and a branch in Sheboygan); and Norwest Bank Wisconsin, NA (with its main office in Milwaukee and branches in Racine and Sheboygan). Local and regional competition includes Bank of Elmwood (with its main office and branches in Racine); Guaranty Bank S.S.B. (with its main office in Milwaukee and branches in Racine); M&I Bank of Racine (with its main office and branches in Racine); Citizens Bank of Mukwonago (with its main office and branches in Mukwonago); Community Bank (with its main office in Sheboygan); and Mitchell Savings Bank (with a branch in Mukwonago).

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank's analysis of 1996, 1997 and the first two months of 1998 HMDA-reportable and small business originations was reviewed to evaluate the bank's lending volume, geographic distribution of loans and the distribution of lending by borrower characteristics. Discussions with bank management and reviews of loan documents were performed to identify and evaluate community development lending and the use of innovative and flexible lending practices.

Lending Volume

A review of the bank's quarterly Consolidated Reports of Condition and the Uniform Bank Performance Reports (UBPR) for the period June 30, 1996 through March 31, 1998 indicates that the bank's loan-to-deposit ratio was 77.7% at March 31, 1998 and averaged 71.8% during this two-year period. The bank's average loan-to-deposit ratio is slightly lower than its nationwide peer group's ratio of 76.3% and lower than most of its local competitors. However, this level of lending is deemed reasonable considering the bank's relative asset size compared to many of its competitors, management's lending philosophy and the growth that has occurred in the bank's loan portfolio impacting its loan-to-deposit ratio during this period. The following table illustrates these figures:

AVERAGE LOAN-TO-DEPOSIT RATIO OF JOHNSON BANK, ITS NATIONWIDE PEER GROUP AND OTHER LOCAL COMPETITORS		
Institution	Assets at 03-31-98 (Millions)	Eight-Quarter Average Loan-to-Deposit Ratio
Bank One, Wisconsin	\$9,007.0	115.1%
Guaranty Bank, S.S.B.	\$763.0	114.3%
Mitchell Savings Bank	\$85.6	105.5%
Firststar Bank Milwaukee, NA	\$7,841.2	89.9%
Firststar Bank Wisconsin	\$3,923.2	89.8%
Mutual Savings Bank	\$1,843.3	86.8%
Bank of Elmwood	\$150.9	80.3%
Community Bank	\$176.5	77.3%
National Peer Group	N/A	76.3%
Citizens Bank of Mukwonago	\$228.1	72.6%

AVERAGE LOAN-TO-DEPOSIT RATIO OF JOHNSON BANK, ITS NATIONWIDE PEER GROUP AND OTHER LOCAL COMPETITORS		
Institution	Assets at 03-31-98 (Millions)	Eight-Quarter Average Loan-to-Deposit Ratio
Johnson Bank	\$799.8	71.8%
M&I Bank of Racine	\$295.8	59.5%
Norwest Bank Wisconsin, NA	\$1,702.2	53.7%

The bank's average loan mix compared to its peer group's average loan mix, as shown in the March 31, 1998 Uniform Bank Performance Report, is as follows:

COMPOSITION OF JOHNSON BANK'S LOAN PORTFOLIO AT MARCH 31, 1998 IN COMPARISON TO PEER LEVELS		
LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
REAL ESTATE LOANS		
Construction/Development	3.64	4.00
1 - 4 Family Residential	31.04	29.51
Home Equity	8.58	2.73
Other Real Estate	22.91	23.42
Farmland	0.30	0.44
Multi-family	0.17	1.35
Commercial	22.44	19.65
TOTAL REAL ESTATE LOANS	57.59	61.27
LOANS TO INDIVIDUALS	5.96	12.77
CREDIT CARD LOANS	0.71	0.69
COMMERCIAL & INDUSTRIAL LOANS	30.67	16.31
AGRICULTURAL LOANS	0.22	0.39
MUNICIPAL LOANS	0.30	0.42
OTHER LOANS*	5.16	0.39
*Excludes Financial Institution Loans, Acceptances of Other Banks, Foreign Office Loans and Leases, and Lease Financing Receivables		

The preceding table illustrates that the bank's average loan mix on March 31, 1998 reflects a reasonable diversification among the broad lending categories (real estate, consumer and business). Loans secured by real estate represent 57.6% of its total loan portfolio. Loans to

individuals (residential 1-4 family, multi-family, loans to individuals and credit card lines of credit) represent 37.9% of its loan portfolio. Business loans (construction/development, farmland, commercial real estate, commercial and industrial, agricultural, municipal and all other loans) represent 62.7% of the bank's loan portfolio. The bank has a similar concentration of loans secured by real estate, as compared to peer; however, the bank's loan portfolio is more heavily concentrated in business loans and less concentrated in loans to individuals than its peer group.

Lending in the Assessment Area

The bank's analysis of its 1996, 1997 and year-to-date 1998 HMDA-reportable and small business originations was also reviewed to evaluate the bank's level of lending within the bank's combined assessment area. This review is summarized in the following table:

JOHNSON BANK-S HMDA-REPORTABLE AND SMALL BUSINESS LOANS MADE WITHIN THE COMBINED ASSESSMENT AREA						
Loan Type	1996		1997		1998*	
Number of Loans	#	% Within	#	% Within	#	% Within
HMDA-reportable loans	1,041	92%	1,027	88%	316	90%
Small business loans	400	97%	303	93%	60	92%
Dollar Amount	\$(000)	% Within	\$(000)	% Within	\$(000)	% Within
HMDA-reportable loans	\$ 85,048	90%	\$ 96,290	88%	\$ 30,001	89%
Small business loans	\$ 52,422	97%	\$ 45,698	87%	\$ 8,193	84%
* Through February 28, 1998						

The preceding table illustrates that a significant majority of the bank's HMDA-reportable (88%-92%) and small business loans (84%-97%) were originated within its combined assessment area. These figures also show that the overall number of small business-reportable originations declined from 400 loans for \$52.4 million in 1996 to 303 loans for \$45.7 million in 1997 even as the local and national economies were strong. The decline in the total number of small business loans is due to the reporting requirements for small business lending and not to any changes in the bank's lending strategy, based upon discussions with bank management and an analysis of the bank's financial statements during this period. In fact, from December 31, 1996 to December 31, 1997, the bank's gross loan portfolio grew from \$410.7 million to \$457.1 million.

Geographic Distribution

The bank's analysis of its 1996, 1997 and year-to-date 1998 HMDA-reportable and small business originations was also reviewed to evaluate the bank's level of lending within each of the bank's assessment areas. The primary emphasis in evaluating this data has been placed on the bank's performance in the Racine and Kenosha MSAs where the bank has a significant deposit and loan presence. The bank's originations within the Milwaukee and Sheboygan MSAs are relatively insignificant as compared to its overall operations and to aggregate lending by all reporting lenders in those MSAs.

Milwaukee/Racine Assessment Area

The bank's analysis of its 1996, 1997 and year-to-date 1998 HMDA-reportable and small business originations was also reviewed to evaluate the bank's geographic distribution within the Racine MSA; the information is summarized in the following tables:

JOHNSON BANK'S HMDA-REPORTABLE LENDING IN THE RACINE MSA										
Income Designation of Census Tract	# of Tracts	% of Total	1996		1997		1998*		Aggregate Lending** 1996	
			# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low	5	13.2	17	3.2	12	2.3	3	1.8	311	4.2
Moderate	2	5.3	22	4.1	21	4.0	7	4.3	284	3.8
Middle	27	71.0	389	72.4	362	69.8	113	69.8	6,170	82.5
Upper	4	10.5	109	20.3	124	23.9	39	24.1	713	9.5
Totals	38	100.0	537	100.0	519	100.0	162	100.0	7,478	100.0
* Through February 28, 1998 ** Total originations in 1996 by all HMDA reporters in the Racine MSA										

JOHNSON BANK-S SMALL BUSINESS LENDING

IN THE RACINE MSA										
Income Designation of Census Tract	# of Tracts	% of Total	1996		1997		1998*		Aggregate Lending** 1996	
			# of Loans	% of Total	# of Loans	% of total	# of Loans	% of Total	# of Loans	% of Total
			Low	5	13.2	27	14.3	13	9.3	4
Moderate	2	5.3	11	5.8	10	7.2	4	14.8	61	3.7
Middle	27	71.0	136	72.0	112	80.6	19	70.4	1,248	76.6
Upper	4	10.5	15	7.9	4	2.9	0	0.0	97	6.0
Totals	38	100.0	189	100.0	139	100.0	27	100.0	1,630	100.0

* Through February 28, 1998
 ** Total originations in 1996 by all reporters of small business loans in the Racine MSA

The preceding tables illustrate that the bank's lending in low- and moderate-income census tracts in the Racine MSA, as a percentage of total originations for both HMDA-reportable loans and small business loans, is generally consistent among the three reporting periods. In addition, the bank's lending in low- and moderate-income census tracts is consistent with levels noted in a review of loans made by all reporting lenders in the aggregate in 1996.

Furthermore, HMDA-reportable lending in low- and moderate-income census tracts is consistent with the housing characteristics of the area; specifically, of the 43,555 owner-occupied housing units in the Racine MSA, 4.1% and 4.3%, respectively, are located in low- and moderate-income census tracts. A review of the data that underlies the preceding tables reveals that the bank's distribution of mortgage and small business lending is generally strong.

As previously noted, the bank has a small presence in the Milwaukee MSA, serving this large geographic area consisting of 393 census tracts from just two branch offices. This is evidenced by the relatively small number (132 in 1996 and 175 in 1997) of the bank's HMDA-reportable originations, in comparison to a total of 48,926 loans having been made by all HMDA-reporting lenders in 1996. The total number of small business loans made by the bank in the Milwaukee MSA is similarly small, 96 loans in 1996 and 79 loans in 1997. An extensive analysis of these levels of HMDA-reportable and small business lending, in relation to the aggregate lending in the Milwaukee MSA, would be insignificant to the evaluation of the bank's overall CRA lending performance.

Kenosha Assessment Area

The bank's geographic analysis of 1996, 1997 and year-to-date 1998 HMDA-reportable and small business lending within the Kenosha assessment area is summarized in the following table:

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JOHNSON BANK-S HMDA-REPORTABLE LENDING IN THE KENOSHA ASSESSMENT AREA										
Income Designation of Census Tract	# of Tracts	% of Total	1996		1997		1998*		Aggregate Lending** 1996	
			# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low	2	6.5	4	1.5	2	0.8	0	0.0	94	1.6
Moderate	5	16.1	20	7.3	21	8.4	10	13.0	653	10.8
Middle	19	61.3	157	57.3	148	59.2	34	44.2	4,006	66.6
Upper	5	16.1	93	33.9	79	31.6	33	42.8	1,266	21.0
Totals	31	100.0	274	100.0	250	100.0	77	100.0	6,019	100.0

* Through February 28, 1998
** Total originations in 1996 by HMDA reporters in the Kenosha MSA

JOHNSON BANK-S SMALL BUSINESS LENDING IN THE KENOSHA ASSESSMENT AREA										
Income Designation of Census Tract	# of Tracts	% of Total	1996		1997		1998*		Aggregate Lending** 1996	
			# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low	2	6.5	6	5.9	14	20.0	2	12.5	135	10.0
Moderate	5	16.1	26	25.5	21	30.0	3	18.8	133	9.8
Middle	19	61.3	41	40.2	25	35.7	6	37.5	904	66.7
Upper	5	16.1	29	28.4	10	14.3	5	31.2	183	13.5
Totals	31	100.0	102	100.0	70	100.0	16	100.0	1,355	100.0

* Through February 28, 1998
** Total originations in 1996 by all reporters of small business loans in the Kenosha MSA

The two preceding tables illustrate that the bank's lending in low- and moderate-income census tracts in the Kenosha assessment area, as a percentage of total originations for both HMDA-reportable loans and small business loans, is generally consistent with 1996 aggregate lending data. In fact, the bank's small business lending in moderate-income census tracts in the Kenosha assessment area, ranging from 18.8% to 30.0%, is substantially higher on a percentage basis than for all lenders in the aggregate (9.8%) in 1996. Furthermore, HMDA-reportable lending in low- and moderate-income census tracts is consistent with the housing characteristics of the area; specifically, of the 32,368 owner-occupied housing units in the Kenosha MSA, 1.3% and 10.3%,

respectively, are located in low- and moderate-income census tracts. A review of the data that underlies the two preceding tables reveals that the bank's geographic distribution of mortgage and small business loans within the various census tracts in this assessment area is generally strong.

Sheboygan Assessment Area

As previously noted, the bank's lending activities in the Sheboygan assessment area are insignificant in comparison to its total lending volume and in relation to market penetration in the Sheboygan assessment area. The bank has one branch office in this assessment area, which consists of 29 census tracts. HMDA-reportable originations totaled just 98 loans in 1996 and 83 loans in 1997. This compares to 4,421 HMDA-reportable loans made in 1996 by all reporting lenders in the Sheboygan assessment area. Small business lending by the bank in this assessment area totaled 14 loans in 1996 and 15 loans in 1997. A comprehensive analysis of these loans has not been performed because it would be insignificant to the overall evaluation of the bank's CRA lending performance.

Borrower Characteristics

The bank's analysis of 1996, 1997 and year-to-date 1998 HMDA-reportable and small business originations was also utilized to evaluate the bank's lending to borrowers of different income levels within each of the bank's assessment areas. The evaluation of the bank's lending based upon borrower characteristics will primarily focus on the Racine and Kenosha MSAs.

Milwaukee/Racine Assessment Area

The bank's analysis of 1996, 1997 and year-to-date 1998 HMDA-reportable loans in the Racine MSA, to individuals of different income levels is summarized in the following table:

JOHNSON BANK-S HMDA-REPORTABLE LENDING WITHIN THE RACINE MSA BY BORROWER INCOME CHARACTERISTICS									
Borrower Income Designation	% of Families	1996		1997		1998*		Aggregate Lending 1996**	
		# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low-	18.6%	18	3.5%	30	6.1%	2	1.3%	452	6.2%
Moderate-	17.5%	71	14.0%	73	14.7%	9	6.0%	1,407	19.4%
Middle-	27.3%	140	27.5%	120	24.2%	24	16.0%	2,528	34.8%
Upper-	36.6%	280	55.0%	272	55.0%	115	76.7%	2,870	39.6%
Total	100.0%	509	100.0%	495	100.0%	150	100.0%	7,257	100.0%
* Through February 28, 1998									
** Total originations in 1996 by all HMDA reporters in the Racine MSA									

The preceding table indicates that 4.3% and 13.3%, respectively, of all loans made in 1996, 1997 and year-to-date 1998 within the Racine MSA were made to low- and moderate-income individuals. These figures are slightly below, but reasonably consistent with, the Racine MSA aggregate lending percentages to low- and moderate-income borrowers in 1996. These levels of bank lending are considered reasonable due to the improvement from 1996 to 1997 in the level of lending to low- and moderate-income borrowers. Furthermore, 7.9% of the families in the Racine MSA have incomes below the poverty level, limiting their eligibility for mortgage loans. The bank's significant level of lending to support affordable rental housing (as further described under community development lending) also supports the reasonableness of the bank's mortgage lending to low- and moderate-income borrowers.

The bank's analysis of 1996, 1997 and year-to-date 1998 small business loans in the Racine MSA, summarized by annual revenues of the borrower and by loan amount, are detailed in the following tables:

JOHNSON BANK'S SMALL BUSINESS ORIGINATIONS WITHIN THE RACINE MSA BY ANNUAL REVENUE OF THE BORROWERS												
Borrower Revenue Designation	1996				1997				1998*			
	# of Loans	%	Loan Amt \$(000)	%	# of Loans	%	Loan Amt \$(000)	%	# of Loans	%	Loan Amt \$(000)	%
Small**	112	59.2	8,661	42.2	80	57.6	6,506	33.2	15	55.6	470	13.3
Large	77	40.8	11,875	57.8	59	42.4	13,111	66.8	12	44.4	3,052	86.7
Total	189	100.0	20,536	100.0	139	100.0	19,617	100.0	27	100.0	3,522	100.0

* Through February 28, 1998
** Businesses having annual revenues of \$1 million or less

JOHNSON BANK'S SMALL BUSINESS ORIGINATIONS WITHIN THE RACINE MSA BY LOAN AMOUNT								
Year	\$100,000 or less		>\$100,000 to \$250,000		Greater than \$250,000		Totals	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
1996	134	4,647	33	4,814	22	11,075	189	20,536
1997	92	3,777	22	4,070	25	11,770	139	19,617
1998*	21	492	2	430	4	2,600	27	3,522

* Through February 28, 1998

The preceding tables illustrate that the bank has been responsive to the borrowing needs of small businesses in the Racine MSA. In total, 58.3% of the number of loans and 35.8% of the dollar amount of loans made during 1996, 1997 and year-to-date 1998 were made to businesses with annual revenues of \$1.0 million or less. In addition, 69.6% of the number of loans and 20.4% of the dollar amount of loans made during this period were in amounts of \$100,000 or less. These figures are generally consistent with aggregate lending data for the Racine MSA for 1996, which shows that 55.5% of the number of loans and 47.1% of the dollar amount of loans were made to small businesses, and 80.1% of the number and 22.8% of the dollar amount of loans were in amounts of \$100,000 or less.

The bank's HMDA-reportable and small business loan penetration among borrowers of different income levels and businesses of different revenue sizes is reasonable based upon the demographic characteristics of the assessment area, general consistency with Racine MSA aggregate lending levels and consistency with information provided by community representatives.

Kenosha Assessment Area

The bank's analysis of 1996, 1997 and year-to-date 1998 HMDA-reportable loans in the Kenosha MSA, by the income level of the borrower, is summarized in the following table:

JOHNSON BANK'S HMDA-REPORTABLE LENDING WITHIN THE KENOSHA ASSESSMENT AREA BY BORROWER INCOME CHARACTERISTICS									
Borrower Income Designation	% of Families	1996		1997		1998*		Aggregate Lending 1996**	
		# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low	17.0%	7	2.7%	3	1.3%	0	0.0%	283	4.8%
Moderate	19.9%	36	13.8%	28	11.6%	3	4.2%	1,054	18.0%
Middle	25.2%	77	29.5%	63	26.1%	14	19.4%	1,863	31.8%
Upper	37.9%	141	54.0%	147	61.0%	55	76.4%	2,662	45.4%
Total	100.0%	261	100.0%	241	100.0%	72	100.0%	5,862	100.0%
* Through February 28, 1998 ** Total originations in 1996 by all HMDA reporters in the Kenosha MSA									

The preceding table indicates that the bank's HMDA-reportable mortgage lending to low- and moderate-income borrowers is in percentages that are below 1996 aggregate lending percentages and are somewhat inconsistent with population characteristics. Interviews with community representatives did not reveal any concerns pertaining to any unmet mortgage loan demand from low- and moderate-income borrowers in this assessment area. Mortgage lending competition in the Kenosha assessment area also remains substantial. In addition, none of the bank's Kenosha branch offices are located in the two low-income or four moderate-income census tracts, impacting the bank's ability to attract applications from low- and moderate-income borrowers. As a result of this analysis, the bank's mortgage lending based on borrower characteristics in the Kenosha assessment area is considered to be generally strong.

The bank's 1996, 1997 and year-to-date 1998 small business loans in the Kenosha MSA, summarized by annual revenues of the borrower and by loan amount, are presented in the following tables:

JOHNSON BANK'S SMALL BUSINESS ORIGINATIONS WITHIN THE KENOSHA ASSESSMENT AREA BY ANNUAL REVENUE OF THE BORROWERS			
Borrower Revenue Designation	1996	1997	1998*

JOHNSON BANK'S SMALL BUSINESS ORIGINATIONS WITHIN THE KENOSHA ASSESSMENT AREA BY ANNUAL REVENUE OF THE BORROWERS												
	# of Loans	%	Loan Amt \$(000)	%	# of Loans	%	Loan Amt \$(000)	%	# of Loans	%	Loan Amt \$(000)	%
Small**	69	68%	6,123	54%	39	57%	3,281	41%	7	44%	869	49%
Large	33	32%	5,147	46%	30	43%	4,774	59%	9	56%	892	51%
Total	102	100%	11,270	100%	69	100%	8,055	100%	16	100%	1,761	100%

* Through February 28, 1998
** Businesses having annual revenues of \$1 million or less

JOHNSON BANK'S SMALL BUSINESS ORIGINATIONS WITHIN THE KENOSHA ASSESSMENT AREA BY LOAN AMOUNT								
	\$100,000 or less		>\$100,000 to \$250,000		Greater than \$250,000		Totals	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
1996	74	2,637	14	2,563	14	6,070	102	11,270
1997	49	2,204	13	2,266	8	3,715	70	8,185
1998*	12	487	1	250	3	1,024	16	1,761

* Through February 28, 1998

The preceding tables illustrate that the bank has been responsive to the borrowing needs of small businesses in the Kenosha assessment area. In total, 61.5% of the number of loans and 48.7% of the dollar amount of loans made during 1996, 1997 and year-to-date 1998 were made to businesses with annual revenues of \$1.0 million or less. In addition, 71.8% of the number of loans and 25.1% of the dollar amount of loans made during this period were in amounts of \$100,000 or less. These figures are generally consistent with 1996 aggregate lending levels in the Kenosha assessment area, which show that 56.7% of the number of loans and 54.3% of the dollar amount of loans were made to small businesses based upon revenue size, and 82.7% of the number and 30.5% of the dollar amount of loans were in amounts of \$100,000 or less.

The bank's mortgage and small business loan penetration among borrowers of different income levels and businesses of different revenue sizes is reasonable based upon the demographic characteristics of the assessment area, general consistency with Kenosha assessment area aggregate lending levels, competition within the assessment area and consistency with information provided by community representatives.

Innovative or Flexible Lending Practices

The bank offers a wide variety of loan products for consumers and businesses, including secured and unsecured personal loans and lines of credit, numerous fixed- and variable-rate real estate loans, and commercial loans and lines of credit. To facilitate customer access to certain consumer loan products, the bank operates a 24-hour toll-free phone number that allows applicants to apply for an auto, boat, home equity, or other personal installment loan with a one business day response time.

Included in the small business loans analyzed in this report are certain loans which merit special mention because of the nature of the lending programs utilized or due to the primary purpose of the loan as being community development.

\$ PECFA loans The bank has made seven PECFA loans totaling \$669,500 to six borrowers in the bank's assessment areas, since February 1996. Four loans were made in the Kenosha MSA of which one was in a low-income census tract; three loans were made in the Racine MSA, all within low-income census tracts.

\$ WHEDA loans The bank originated 49 loans totaling \$2.7 million in 1996 and 1997 under the WHEDA HOME loan program and 2 loans totaling \$29,758 in 1996 and 1997 under the WHEDA Home Improvement Loan program. All but one of these loans were made in the bank's assessment areas; two of the loans were in the Kenosha assessment area and 48 were in the Milwaukee/Racine assessment area.

\$ SBA loans In 1997, the bank originated eight SBA loans totaling \$1.5 million; the bank had 23 outstanding SBA loans totaling \$2.2 million as of February 28, 1998.

\$ Racine Interfaith Coalition (RIC) The bank works closely with RIC to provide home ownership counseling and has committed to provide funding to qualified applicants. In 1997, the bank originated 56 loans totaling \$3.2 million for home purchases, refinances and home improvements. Thirty-three of these loans totaling \$2.1 million were made in low- and moderate-income census tracts in Racine. Twelve of these loans totaling \$580,000 were made under the WHEDA HOME program and are included in the WHEDA figures cited above.

\$ Other Loans

Bank lending also included originations to help stabilize or revitalize low- and moderate-income areas.

In February, 1998, the bank extended a \$180,000 small business loan for the purchase and rehabilitation of a commercial building in downtown Racine, a low-income tract; secondary financing for this project was provided by the Racine Development Group and the City of Racine.

In January, 1998, the bank extended a \$405,000 loan for the purchase and renovation of a commercial building in a moderate-income census tract in Milwaukee; secondary financing was provided by the Milwaukee Economic Development Corporation (MEDC).

In November, 1996, the bank originated a \$1,000,000 for the purchase of a vacant commercial building in a moderate-income targeted redevelopment district in Milwaukee; secondary financing was provided by the MEDC.

In January, 1998, the bank provided a \$450,000 loan for the renovation and expansion of a theater in a low-income geography in downtown Kenosha.

In November, 1996, the bank participated in the amount of \$158,700 in a \$476,100 loan used for the renovation of single-family residents in low- and moderate-income neighborhoods in Kenosha.

Community Development Lending

In its efforts to meet the credit needs of the community, the bank regularly engages in community development lending, targeting affordable housing initiatives and other opportunities that benefit low- and moderate-income individuals.

In 1996, the bank provided a loan for \$2.3 million to a non-profit organization for the purchase of land in Kenosha County and for the subsequent construction of a 60-unit senior citizens housing project; 21 units are designated for low-income residents and 39 units are designated for moderate-income residents.

In 1997, the bank extended an \$80,000 loan to fund land improvements and miscellaneous costs on property that will eventually be developed into additional senior citizens housing for low- and moderate-income residents of Kenosha County.

In 1996, the bank provided a \$75,000 revolving line of credit to a health center that serves low-income and uninsured residents of Kenosha County.

In addition to these community development loans, as previously noted in the discussion of innovative and flexible lending practices, the bank has provided funding to various businesses and individuals for the purchase and renovation of commercial and residential properties in low- and moderate-income census tracts in Racine, Milwaukee and Kenosha.

CONCLUSION

The bank's overall lending performance is considered *outstanding*. The bank's loan-to-deposit ratio is slightly lower than its nationwide peer group and is reasonable when considering the bank's relative asset size compared to many of its local competitors. A significant majority of the

bank's 1996, 1997 and year-to-date 1998 lending activity was within its assessment areas. The geographic distribution of loans within its assessment areas is considered to be reasonable when compared to aggregate lending data, demographic information and comments from community representatives. Lending to borrowers of different incomes was reasonable and lending to businesses of different revenue sizes was strong. The bank's level of community development lending was also strong. The bank is an active lender under various programs that enhance the opportunities for low- and moderate-income families and small business owners to receive credit.

INVESTMENT TEST

The bank's investment portfolio, grants and special programs that contribute to community development were reviewed. Investments were also reviewed for innovativeness and responsiveness to the community development needs within the bank's assessment area. Interviews with bank management and with community representatives revealed that the bank's assessment areas, especially the Racine MSA, offer a number of opportunities for qualified investments and grants.

The bank's qualified investment activity is summarized in the following table:

JOHNSON BANK'S QUALIFIED COMMUNITY DEVELOPMENT INVESTMENTS			
Organization	Investment Amount		Description
	1996	1997	
Racine Development Group	\$ 61,938	-	Community development corporation owned by a consortium of Racine area banks that serves low- and moderate-income persons through housing renovations, small business loans and redevelopment of commercial real estate. This is a continuing investment by Johnson Bank.
Racine Area United Way	\$ 11,840	\$ 10,145	Provides financial support to a number of community organizations serving Racine. The investment amounts shown represent an allocation of the bank's total contributions to this United Way. Allocations were based on data supplied by the recipient organization; only the funding to agencies specifically benefiting low- and moderate-income persons is included.
Family Service of Racine	\$ 5,000	\$ 2,900	Contributions to fund the salary of a housing counselor who advises first-time homebuyers, primarily low- and moderate-income persons. Many homes are located in low- and moderate-income census tracts in Racine.
Neighborhood Housing			Racine chapter of a national organization whose

JOHNSON BANK'S QUALIFIED COMMUNITY DEVELOPMENT INVESTMENTS			
Organization	Investment Amount		Description
	1996	1997	
Services	\$ 7,500	\$ 7,500	mission is to stabilize and revitalize low- and moderate-income neighborhoods by promoting home ownership and improving existing housing,
Downtown Racine Corp.	\$ 2,000	\$ 1,100	Economic development corporation focused on revitalization of downtown Racine, a low-income area.
The Youth Leadership Academy, Inc.	\$ 2,000	\$ 2,000	School-linked early intervention program that serves mostly low- and moderate-income, African-American males within the greater Racine community.
Kenosha Boys and Girls Club	\$ 500	\$ 3,200	Youth guidance organization in Kenosha which primarily serves low- and moderate-income children, ages 6 - 16.
Habitat for Humanity	\$ 100	\$ 100	Racine chapter of a national organization dedicated to building affordable housing for low- and moderate-income families.
Racine Neighborhood Watch	-	\$ 150	Grassroots organization that strengthens low- and moderate-income neighborhoods by working with local police to protect property and residents from crime.

In addition to the qualified investments and grants identified in the preceding table, the bank is a generous contributor within each of its assessment areas to a variety of other organizations that provide community development services and support to low- and moderate-income individuals. For example, the bank makes annual contributions to the United Way in Kenosha, Milwaukee, Waukesha and Sheboygan; however, allocations from the agency specifically to groups to benefit low- and moderate-income families could not be obtained. Similarly, the bank makes contributions to the YMCA, the Women's Resource Center, the Urban League and Junior Achievement, among others; these organizations provide community development services and other support to low- and moderate-income persons among others.

Another grant made by the bank was a donation of \$20,000 in 1997 by the bank to save the Racine area fishing contest known as Salmon-A-Rama, which attracts as many as 400,000 visitors to the city's lakefront. This annual event provides significant economic stimulus to the economy of Racine, including the low-income census tracts of the downtown Racine and nearby neighborhoods. This \$20,000 donation was significant and is indicative of the bank's commitment to its local community.

CONCLUSION

The bank’s performance under the investment test is considered *high satisfactory*. The bank’s performance under this category is considered strong, based upon the nature of the assessment area and the number of investment opportunities available. The bank has undertaken significant community development investment efforts and committed significant funds to them. Discussions with bank management and community representatives, as well as a review of local economic conditions and demographic data, reveals that bank’s efforts are consistent with the level of available opportunities.

SERVICE TEST

The bank’s retail banking delivery system and community development services were reviewed. The services provided by the bank were evaluated for range, accessibility, innovativeness, and responsiveness; alternate delivery systems for delivering these 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

Johnson Bank is a full-service institution operating 15 full-service offices, 2 limited-service offices and 16 ATMs within its three assessment areas. The bank provides a wide range of deposit and loan products to consumers, businesses, organizations and governmental units. Included in the deposit products offered are no minimum balance, no monthly fee accounts, affordable for low- and moderate-income individuals.

Distribution of Branches Among Census tracts

The following chart lists the bank’s branch locations, drive-up facilities and hours of operation:

JOHNSON BANK’S FACILITIES AND HOURS OF OPERATION				
Branch Name/Address	Census Tract Number	Hours of Operation		
		Lobby		Drive-Up
Main Place Office (1) 245 Main Street Racine, Wisconsin 53403-1034	0001.00	M-Th Friday	9:00 am - 5:00 pm 9:00 am - 5:30 pm	N/A
Douglas Office 4959 Douglas Avenue Racine, Wisconsin 53402	0014.00	M-Th Friday Saturday	9:00 am - 5:00 pm 9:00 am - 6:00 pm 9:00 am - Noon	M-Th 7:30 am - 5:30 pm Friday 7:30 am - 6:30 pm Saturday 8:00 am - Noon
Motorbank Office (2) 5417 Washington Avenue Racine, Wisconsin 53406-4240	0010.01	M-Th Friday Saturday	7:00 am - 5:00 pm 7:00 am - 7:30 pm 8:00 am - 2:00 pm	M-Th 7:00 am - 5:30 pm Friday 7:00 am - 7:30 pm Saturday 8:00 am - 2:00 pm

JOHNSON BANK-S FACILITIES AND HOURS OF OPERATION				
Branch Name/Address	Census Tract Number	Hours of Operation		
		Lobby		Drive-Up
Racine Office 5220 Washington Avenue Racine, Wisconsin 53406-4239	0011.00	M-Th 9:00 am - 5:00 pm Friday 9:00 am - 6:00 pm Saturday 9:00 am - Noon	M-Th 9:00 am - 5:30 pm Friday 9:00 am - 6:00 pm Saturday 9:00 am - Noon	
West Office 6700 Washington Avenue Racine, Wisconsin 53406-3985	0017.04	M-Th 9:00 am - 5:00 pm Friday 9:00 am - 6:00 pm Saturday 9:00 am - Noon	M-Th 8:00 am - 5:30 pm Friday 7:30 am - 6:30 pm Saturday 8:00 am - Noon	
Northwestern Avenue Office 6520 Northwestern Avenue Racine, Wisconsin 53406-1300	0016.02	M-Th 9:00 am - 5:00 pm Friday 9:00 am - 6:00 pm Saturday 9:00 am - Noon	M-Th 7:30 am - 5:30 pm Friday 7:30 am - 6:30 pm Saturday 8:00 am - Noon	
Wind Point Office 4001 N. Main Street Racine, Wisconsin 53402-3108	0015.03	M-Th 9:00 am - 5:00 pm Friday 9:00 am - 6:00 pm Saturday 9:00 am - Noon	M-Th 7:30 am - 5:30 pm Friday 7:30 am - 6:30 pm Saturday 8:00 am - Noon	
Mt. Pleasant Office 5901 Durand Avenue Racine, Wisconsin 53406-5098	0009.04	M-Th 9:00 am - 5:00 pm Friday 9:00 am - 6:00 pm Saturday 9:00 am - Noon	M-Th 7:30 am - 5:30 pm Friday 7:30 am - 6:30 pm Saturday 8:00 am - Noon	
Kenosha Main Office 7500 Green Bay Road Kenosha, Wisconsin 53142-4015	0026.00	M-Th 9:00 am - 5:00 pm Friday 9:00 am - 6:00 pm Saturday 9:00 am - Noon	M-Th 7:30 am - 5:30 pm Friday 7:30 am - 6:30 pm Saturday 8:00 am - Noon	
Midtown Office 3928 60th Street Kenosha, Wisconsin 53144-2769	0013.00	M-Th 9:00 am - 5:00 pm Friday 9:00 am - 6:00 pm Saturday 9:00 am - Noon	M-Th 7:30 am - 5:30 pm Friday 7:30 am - 6:30 pm Saturday 8:00 am - Noon	
North Office 2729 18th Street Kenosha, Wisconsin 53140-4666	0005.00	M-Th 9:00 am - 5:00 pm Friday 9:00 am - 6:00 pm Saturday 9:00 am - Noon	M-Th 7:30 am - 5:30 pm Friday 7:30 am - 6:30 pm Saturday 8:00 am - Noon	
South Office 8046 39th Avenue Kenosha, Wisconsin 53142-4940	0024.00	M-Th 9:00 am - 5:00 pm Friday 9:00 am - 6:00 pm Saturday 9:00 am - Noon	M-Th 7:30 am - 5:30 pm Friday 7:30 am - 6:30 pm Saturday 8:00 am - Noon	
Bristol Office 7700 120th Avenue Kenosha, Wisconsin 53142-7844	0027.00	M-F 8:30 am - 3:00 pm Saturday 8:30 am - Noon	N/A	
Lakeside Marketplace Office (2) 11211 120th Avenue Kenosha, Wisconsin 53142	0026.00	M-F 9:00 am - 2:00 pm Saturday 9:00 am - Noon	N/A	
Milwaukee Office 611 E. Wisconsin Avenue Milwaukee, Wisconsin 53202-4606	0153.00	M-F 8:30 am - 5:00 pm	N/A	

JOHNSON BANK-S FACILITIES AND HOURS OF OPERATION				
Branch Name/Address	Census Tract Number	Hours of Operation		
		Lobby		Drive-Up
Mukwonago Office 1000 Fox Street Mukwonago, Wisconsin 53149	2039.00	M-Th 9:00 am - 5:00 pm Friday 9:00 am - 6:00 pm Saturday 9:00 am - Noon	M-Th 7:00 am - 6:00 pm Friday 7:00 am - 6:30 pm Saturday 8:00 am - Noon	
Kohler Office 815 E. Woodlake Road Kohler, Wisconsin 53044-1324	0107.00	M-Th 8:00 am - 5:00 pm Friday 8:00 am - 6:00 pm Saturday 8:00 am - Noon	M-Th 8:00 am - 5:00 pm Friday 8:00 am - 6:00 pm Saturday 8:00 am - Noon	
(1) Located in a low-income census tract (2) Limited-service facility		N/A - Not applicable		

The preceding chart indicates that the bank's branches are located in 5 cities in the bank's assessment areas. Ten offices and nine ATMs are in the Milwaukee/Racine assessment area, six offices and five ATMs are in the Kenosha assessment area and one office and two ATMs are in the Sheboygan assessment area. One office is located in a low-income tract in Racine.

Record of Opening and Closing Offices

The bank has not opened or closed any branches during the period covered by this examination.

Alternative Systems for Delivering Retail Banking Services

The bank has a number of alternate delivery systems to allow customers access to account information and to other bank products and services. Automated Account Access, available 24 hours every day, is an automated voice response system that allows customers access to checking, savings and money market accounts. The Telephone Banking Center operates as an extension of the branch personnel delivery system; available from 8:00 AM to 8:00 PM Monday through Friday and 8:00 AM to 2:00 PM on Saturdays, these telephone bankers can handle a variety of deposit inquiries and transactions and can process requests for draws or payoffs under certain consumer lines of credit. As previously noted, the bank operates a 24-hour loan application service for most consumer loan requests. The bank maintains a website where information on mortgage lending products can be accessed; the website also includes a user calculator to assist individuals with determining loan payments and home affordability. PC banking provides customers 24-hour banking, including a complete on-line electronic bill-paying package, through the use of a personal computer.

Community Development Services

The bank provides community development services and support for various organizations within its assessment areas. These services and support are provided through employee, officer

and director involvement in these organizations, including serving in leadership roles within these organizations. Included among these organizations are Racine Development Group, Kenosha Housing Partnership, Racine County Economic Development Corp., Neighborhood Housing Services, United Way of Racine, Habitat for Humanity, Downtown Racine Corp., Future Wisconsin, Inc., Racine Mutual Housing Association, Kenosha Area Business Alliance, City of Racine-Housing Steering Committee, City of Racine-Committee on Housing and Neighborhoods and WHEDA.

Community development services provided by the bank also include administering Affordable Housing and C-Cap grants provided by the Federal Home Loan Bank of Chicago. These grants represent subsidies to assist low- and moderate-income households in acquiring affordable housing and are used for down-payments and closing costs. In 1996 and 1997, the bank administered seven Affordable Housing grants and five C-Cap grants.

The bank is an active participant with the Racine Interfaith Coalition (RIC) in promoting home ownership in Racine's central city, which is primarily low- and moderate-income census tracts. RIC periodically sponsors community events and public forums where banks, including Johnson Bank, have information booths and loan representatives to discuss the mortgage lending process. The bank also sponsors its own Community Home Buyer's Program in Racine County, where bank personnel and representatives from local community organizations provide home ownership counseling to first-time home buyers. This program, conducted four times each year, is available to all interested persons but primarily targets low- and moderate-income households and encourages candidates to use government assistance programs and grants such as those offered by WHEDA and the Federal Home Loan Bank of Chicago.

The bank provides other community development services in unique ways. The bank has a **ACommunity Relations Officer@**who serves as an outreach liaison to the low- and moderate-income and the minority community within the bank's assessment areas. His responsibilities include conducting adult education programs and home buyers seminars. In addition, Johnson Bank moved approximately 100 of its employees to its downtown Racine office building in the fall and winter of 1997-98, to help promote the economic prosperity and viability of the downtown area.

The bank is also actively involved in the Personal Economics Program (PEP), which is a community educational program sponsored by the Wisconsin Bankers Association. Under this program, bank representatives volunteer their time to go into their communities to discuss banking and money management with social services groups, senior citizens groups and students.

CONCLUSION

The bank's performance under the service test is considered *high satisfactory*. The bank's system of delivering services, including alternate delivery systems, makes its products and services accessible to all portions of the assessment area. The bank offers a wide variety of financial products and services to consumers and businesses within its market. Business hours

and services are reasonable, and community development services provided by the bank are significant.

GENERAL

The bank is in compliance with the substantive portions of antidiscrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. 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.