

PUBLIC DISCLOSURE

June 27, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Mitchell Bank
13029**

**1039 West Mitchell Street
Milwaukee, Wisconsin 53204**

**Federal Deposit Insurance Corporation
Division of Supervision and Consumer Protection
Chicago Regional Office
500 West Monroe, Suite 3500
Chicago, Illinois 60661**

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.

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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 operation 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 the **Mitchell Bank, Milwaukee, Wisconsin** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **June 27, 2003**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

The bank's CRA performance depicts an excellent practice of providing for the credit needs of its assessment area. This rating is supported by the following:

- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income).
- A substantial majority of loan originations since the previous evaluation are within the bank's assessment area.
- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.
- The institution's record of providing branches, ATMs, other delivery systems, and community development services enhances credit availability in its assessment area.
- The institution's investment record enhances credit availability in its assessment area.

DESCRIPTION OF INSTITUTION

Mitchell Bank is a \$75 million community bank that is wholly owned by Mitchell Bank Holding Company, a one-bank holding company located in Milwaukee, Wisconsin. The bank operates out of ten banking offices, nine in Milwaukee County and one in Waukesha County.

Mitchell Bank is at the forefront of the push to reach Hispanic communities and is a leader in reaching the unbanked (persons outside the financial mainstream). Mitchell Bank was founded in 1907, and the location of the bank's main office has remained the same since the initial organization. When its initial customer base of German and Polish immigrants moved to outlying towns, Mitchell Bank went with them, building branches in places like Muskego. The bank found that it was difficult to compete in the suburbs with banks on every corner. Meanwhile, immigrants from Mexico and Central America had moved into its core Milwaukee neighborhoods in large numbers. It did not make sense for Mitchell Bank to promote itself as the bank for German immigrants in a largely Hispanic neighborhood. Rather than relocating its inner city location, Mitchell Bank embarked on a plan to reach out to the essentially Hispanic community surrounding the main office. Mitchell Bank changed its focus to those that had never had a relationship with a financial institution, rather than compete to take away the banked population from other lenders. The bank started competing with check cashing places and payday lenders, five of which are located on Mitchell Street near the main office.

To reach the unbanked, Mitchell Bank has tried to make the banking environment as welcoming and comfortable as possible. The bank has hired an essentially bilingual staff at the main office and has provided all products and documents in a bilingual format. Convenient laminated cards with months and numbers in both Spanish and English were created as an aid in writing checks. Advertising in Spanish is conducted through print, radio, and television media, as well as through Spanish only banners and posters in the window of the main office building.

The bank offers 18 different types of deposit accounts for consumers, including low or no minimum balance and low or no service charge checking and savings accounts. To compete with payday lenders and check cashing places, the bank determined what services are being provided by these entities and then offered similar services at lower prices. All types of credit products and services are offered, including residential mortgage loans, home improvement loans, consumer loans, and commercial loans including small business loans.

According to the Consolidated Reports of Condition dated March 31, 2003, the bank has total loans of \$62,457,000 and total assets of \$74,950,000. The composition of the bank's loan portfolio as of March 31, 2003, is shown in Table 1. The bank's primary lending focus is small business loans. Table 1 shows that commercial real estate and commercial and industrial loans make up 88 percent of total loans.

Table 1 – Loan Distribution as of 3/31/2003		
Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Construction and Land Development	\$0	0 %
Secured by Farmland	\$0	0 %
1-4 Family Residential	\$5,879	9 %
Multi-Family (5 or more) Residential	\$518	1 %
Commercial	\$2,903	5 %
Total Real Estate Loans	\$9,300	15 %
Agricultural	\$0	0 %
Commercial and Industrial	\$51,684	83 %
Consumer	\$1,461	2 %
Other	\$12	0 %
Less: Unearned Income	\$0	0 %
Total Loans	\$62,457	100 %

Source: Report of Condition

There are no financial constraints, legal impediments, or any other factors that hinder the bank's ability to provide credit within the assessment area. Mitchell Bank received a rating of "Satisfactory" during the previous Community Reinvestment Act (CRA) Public Evaluation dated September 25, 1998. Small bank CRA procedures were used for that evaluation, and are also being used at the current evaluation.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of Milwaukee and Waukesha Counties, which are the two southern counties in the group of four counties that make up the Milwaukee-Waukesha Metropolitan Statistical Area (MSA). The assessment area meets the requirements of the CRA regulation, and does not arbitrarily exclude any categories of geographies. The bank's assessment area consists of 361 census tracts. Three census tracts (145.00, 154.99, and 2040.00) are not designated an income level category, as they do not have a large enough population to categorize into an income category. Table 2 reflects demographic information on the assessment area according to 1990 U.S. Census data.

Income Level	Census Tracts	% of Census Tracts	Population	Families	% of Families
Low	75	21%	182,288	39,213	12%
Moderate	68	19%	194,448	47,366	15%
Middle	148	41%	554,045	148,026	45%
Upper	67	18%	332,324	91,299	28%
Unknown	3	1%	885	0	0%
Totals	361	100%	1,263,990	325,904	100%

The U.S. Department of Housing and Urban Development (HUD) issues annual estimates for updated median family income (MFI). HUD bases its annual estimates on the most recent U.S. Census data and factors in inflation and other economic variables to arrive at a MFI that more closely reflects current economic conditions. Table 3 identifies the MFI for the benchmark year 1990, and the HUD adjusted MFI for 2001 and 2002. The 1990 MFI is used to determine the income category of each geography or census tract, and the HUD adjusted MFI's are used to determine the income category of the borrowers of each loan. Table 3 also includes the income ranges for the respective income level designations.

Year	MFI	Low-Income <50% of MFI	Moderate – Income 50% - <80% of MFI	Middle-Income 80% - <120% of MFI	Upper-Income ≥ 120% of MFI
1990	\$39,005	<\$19,503	\$19,503 - < \$31,204	\$31,204 - <\$46,806	\$46,806 +
2001	\$63,500	<\$31,750	\$31,750 - <\$50,800	\$50,800 - <\$76,200	\$76,200 +
2002	\$67,200	<\$33,600	\$33,600 - <\$53,760	\$53,760 - <\$80,640	\$80,640 +

Source: HUD; < - Less than; ≥ - Greater than or equal to

The assessment area contains businesses of different sizes as reflected in Table 4. A business with gross annual revenues of \$1 million or less is considered a small business for purposes of this evaluation. Dun & Bradstreet data for 2002 indicates that the assessment area contains 53,181 non-farm businesses with 41,230, or 77 percent, having revenues of \$1 million or less. This data indicates that when the bank serves business customers within its assessment area, it is most likely serving small businesses. Over one-half of the businesses in the assessment area have fewer than five employees, indicating that very small businesses are prevalent. A community contact stated that the area banks do a very good job with assisting small and start-up businesses. He indicated that area banks are participating in federally-funded programs that make materials on business operations and business training available to their customers for reference.

Business	Revenues \$1 Million or Less		Revenues Over \$1 Million		Revenues Not Reported		Total
	#	% of Total	#	% of Total	#	% of Total	
Farm	843	91%	69	7%	14	2%	926
Non-Farm	41,230	77%	5,608	11%	6,343	12%	53,181
Total	42,073	78%	5,677	10%	6,357	12%	54,107

Source: Dun & Bradstreet data for 2002

Labor market information from the Department of Workforce Development indicated that during the 1990's, Waukesha County's population increased by nearly 51,000 residents, or 16.7 percent, while Milwaukee County's population declined by 0.5 percent. In comparison, the United States

grew by 8.7 percent and Wisconsin grew by 8.5 percent. The primary motivation for new residents to move into Waukesha County is to capitalize on the large number of career opportunities that exist in the area.

The City of Milwaukee is the largest city in the state with a population of 596,974 as of the 2000 Census, which is down 5 percent from 1990 Census data of 628,088 people. The pattern of out-migration from the City of Milwaukee to suburbs both in Milwaukee County and surrounding counties continues. Milwaukee County's population has been experiencing a steady state of decline since reaching its peak in 1960. Nonetheless, 17.4 percent of the state's population resided in Milwaukee County in 2001. This population concentration continues to affirm the County's status as the center of the state's largest economy and labor market. While the City of Milwaukee continues to lose residents, the cities of Franklin and Oak Creek have experienced a decade of phenomenal growth over the 1990's with increases of 32 and 41 percent, respectively.

Private industry employment in Milwaukee County is dominated by the healthcare field, with nearly 1,500 firms and nearly 60,000 employees. Five of the top ten employers in Milwaukee County relate to healthcare and include Aurora Health Care Metro, Medical College of Wisconsin, Aurora Health Care, Froedert Memorial Lutheran Hospital, and the Children's Health Systems Group. Northwestern Mutual Life Insurance, U.S. Bank National Association, Allen-Bradley Co. LLC, Metavante Corp., and Home Depot USA Inc. are also included in the top ten employers in Milwaukee County. The industrial machinery industry, service-related industries tied to tourism, and government services are also important in Milwaukee County. In Waukesha County, the importance of retail trade is evidenced by Kohl's Department Stores, The Gap, Target Stores, and Wal-Mart Associates being included in the top ten employers in the County. Quad/Graphics, which was the top employer in 2000, remained strong in 2001, ranking number two despite significant job losses in the printing industry over the past years. Cooper Power Systems, United Parcel Service, and three healthcare providers make up the remainder of the top ten employers in Waukesha County. These top ten employers employ 9 percent of the Waukesha County's workforce.

The Wisconsin Realtors Association reports that the 2002 median housing price was \$121,400 for Milwaukee County and \$205,300 for Waukesha County. Given the high housing costs in Waukesha County, many low- and moderate-income employees cannot afford to live within the county. Business contacts in Waukesha County have stated the lack of affordable housing is a major concern for economic growth within the county. As a result, some businesses have addressed this concern by providing alternative transportation options for workers. Some companies have established bus routes that transport workers from Milwaukee. However, this has led to other concerns including a reduced sense of community, higher child care expenses, and other "quality of life" issues.

According to a recent interview with a community organization, the banks in the Greater Milwaukee Area are doing a good job of making loans to low- and moderate-income persons seeking home ownership and of offering outreach programs to help people qualify for home loans. Another contact with a community organization indicated that bilingual customer service representatives are needed, and that banks and other entities need to keep up with the shift in population as the Spanish-speaking community increases in number.

Competition from financial institutions for home mortgage loans is strong. According to 2001 Home Mortgage Disclosure Act (HMDA) loan data, Mitchell Bank originated 28 loans and ranked 170th out of 414 lenders making at least one loan in the assessment area. The top two lenders, Countrywide Home Loans and Wells Fargo Home Mortgage, each captured 5 percent of the market and originated 4,661 and 4,487 home mortgage loans, respectively. The number of lenders originating at least 100 home mortgage loans in 2001 in the assessment area totals 97, with 32 lenders originating at least 1,000 home mortgage loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Scope of Evaluation

Mitchell Bank's CRA evaluation is based upon a review of bank-provided data of all small business and home mortgage loans originated in 2001 and 2002. A small business loan is a commercial or commercial real estate loan with an original loan amount of \$1 million or less. For purposes of this evaluation, home mortgage loans are all loans reported pursuant to the Home Mortgage Disclosure Act (HMDA) requirements. HMDA loans consist of home purchase, home improvement, refinance, and multifamily loans. Small business loans are given the most weight in this evaluation because this loan product was identified by bank management as the bank's primary lending focus and it is the largest loan category in the loan portfolio at 88 percent. Agricultural and consumer loans are not a bank business focus and represent a nominal portion of the bank's loan portfolio. Therefore, agricultural and consumer loan products were not reviewed for purposes of this evaluation. A review of FDIC records, as well as the bank's CRA Public File, was conducted to ascertain the existence of any CRA-related complaints filed since the last evaluation. In addition to the bank's lending performance, community development investments and services were considered at the bank's request. An analysis of this additional information follows the analysis of the bank's lending performance.

Geographic Distribution of Loans

The geographic distribution of small business and home mortgage loans reflects excellent dispersion throughout the assessment area. Tables 5 and 6 reflect small business loans by census tract within the assessment area. For comparison, information from Dun & Bradstreet for 2002 relating to the number of small businesses by income level of the census tract is shown. Dun & Bradstreet data for 2001 is not shown as wide variations between the two years are not present. Small businesses, as referred to in this evaluation, are non-farm businesses with revenues of \$1 million or less. There are 147 small businesses that are located in three census tracts that are not designated with an income level category.

The bank's performance in the low-income census tracts is excellent as shown by the 18 percent by number of loans and 6 percent by dollar volume in 2001 and 2002 as compared to the 8 percent of small businesses located in the low-income census tracts. Greater weight is given to the comparison by number of loans since the comparison by dollar volume may be skewed due to the varying dollar amounts. The location of the bank's main office and two branch offices in and around low- and moderate-income census tracts helps the bank reach small businesses located in low-income census tracts.

The bank's performance in the moderate-income census tracts is excellent as shown by the 17 percent by number of loans and 15 percent by dollar volume in 2001 and 2002 as compared to the 11 percent of small businesses located in the moderate-income census tracts. The location of bank offices in and around low- and moderate-income census tracts helps the bank reach small businesses located in moderate-income census tracts.

Census Tract Income Level	Small Businesses		2001		2002		Total	
	#	%	#	%	#	%	#	%
Low	3,315	8%	14	20%	8	15%	22	18%
Moderate	4,282	11%	9	13%	12	22%	21	17%
Middle	18,628	45%	31	44%	18	33%	49	39%
Upper	14,858	36%	16	22%	16	30%	32	25%
Unknown	147	0%	1	1%	-	-	1	1%
Total	41,230	100%	71	100%	54	100%	125	100%

Census Tract Income Level	Small Businesses		2001		2002		Total	
	#	%	\$(000)	%	\$(000)	%	\$(000)	%
Low	3,315	8%	\$679	7%	\$365	5%	\$1,044	6%
Moderate	4,282	11%	\$733	8%	\$1,812	23%	\$2,545	15%
Middle	18,628	45%	\$5,573	59%	\$3,398	42%	\$8,971	51%
Upper	14,858	36%	\$2,308	25%	\$2,431	30%	\$4,739	27%
Unknown	147	0%	\$100	1%	-	-	\$100	1%
Total	41,230	100%	\$9,393	100%	\$8,006	100%	17,399	100%

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Tables 7 and 8 reflect home mortgage loans by census tract within the assessment area. For comparison, the distribution of owner-occupied housing units by income level of the census tract is shown.

The bank's performance in low-income census tracts is excellent when compared to the performance of other lenders and to the percentage of owner-occupied housing units. The bank's performance in low-income census tracts in 2001 and 2002 is 38 percent both by number of loans and by dollar volume. Of all loans made within the assessment area by other lenders in 2001, only 3 percent by number and 2 percent by dollar volume were in low-income census tracts. Aggregate data for 2002 is not available. The low-income census tracts in the assessment area contain 6 percent (15,063) of the owner-occupied units. The bank's excellent performance is attributed to the location of bank offices in low-income census tracts, bank management's outreach efforts in the community, and the products and services tailored to meet the needs of low-income individuals.

The bank's performance in moderate-income census tracts is excellent when compared to the performance of other lenders and to the percentage of owner-occupied housing units. The bank's performance in moderate-income census tracts in 2001 and 2002 is 38 percent by number of loans and 35 percent by dollar amount. Other lenders only made 9 percent by number and 6 percent by dollar volume in moderate-income census tracts in 2001. Aggregate data for 2002 is not available. The moderate-income census tracts in the assessment area contain 12 percent (32,710) of the owner-occupied units. The bank's excellent performance is attributed to the location of the bank offices near moderate-income census tracts, bank management's outreach efforts in the community, and the products and services tailored to meet the needs of moderate-income individuals.

Table 7 – Distribution of Home Mortgage Loans by Income Category of the Census Tract

Census Tract Income Level	Owner-Occupied Housing Units		2001		2002		Total	
	#	%	#	%	#	%	#	%
Low	15,063	6%	11	39%	12	36%	23	38%
Moderate	32,710	12%	9	32%	14	43%	23	38%
Middle	136,522	49%	5	18%	5	15%	10	16%
Upper	91,854	33%	3	11%	2	6%	5	8%
Total	276,149	100%	28	100%	33	100%	61	100%

Table 8 – Distribution of Home Mortgage Loans by Income Category of the Census Tract

Census Tract Income Level	Owner-Occupied Housing Units		2001		2002		Total	
	#	%	\$(000s)	%	\$(000s)	%	\$(000s)	%
Low	15,063	6%	\$610	37%	\$581	38%	\$1,191	38%
Moderate	32,710	12%	\$438	27%	\$677	44%	\$1,115	35%
Middle	136,522	49%	\$211	13%	\$209	13%	\$420	13%
Upper	91,854	33%	\$369	23%	\$75	5%	\$444	14%
Total	276,149	100%	\$1,628	100%	\$1,542	100%	\$3,170	100%

Lending to Businesses of Different Sizes and Borrowers of Different Incomes

The distribution of borrowers reflects excellent penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income), given the

demographics of the assessment area. The bank's performance in lending to small businesses is exceptional. Small business loan originations were analyzed using loan size as a proxy for the size of the businesses being financed. The distribution among different loan sizes shown in Tables 9 and 10 reflects excellent performance in serving small businesses. The bank's lending to businesses in loan amounts of \$250,000 or less (79 percent by number and 39 percent by dollar volume in 2001 and 2002) compares favorably with the Dun & Bradstreet data that 77 percent of the non-farm businesses in the assessment area have revenues of \$1 million or less. The bank's percentage by dollar volume for loans of \$250,000 or less is understandably lower since the higher dollar amounts of larger loans skews the percentage downward for loans of \$250,000 or less. Therefore, more weight is placed on the comparison by number of loans. In addition, the performance to businesses in loan amounts less than or equal to \$100,000 is very good at 66 percent, compared to the 2002 Dun and Bradstreet figure of over one-half of businesses in the bank's assessment area reporting fewer than five employees.

Table 9: Distribution of Small Business Loans by Loan Size

Loan Size	2001		2002		Total	
	#	%	#	%	#	%
≤ \$100	47	66%	35	65%	82	66%
> \$100 ≤ \$250	10	14%	7	13%	17	13%
> \$250 ≤ \$1,000	14	20%	12	22%	26	21%
Total	71	100%	54	100%	125	100%

> Greater than; ≤ Less than or equal to

Table 10: Distribution of Small Business Loans by Loan Size

Loan Amount \$(000)	2001		2002		Totals	
	\$(000s)	%	\$(000s)	%	\$(000s)	%
≤ \$100	\$2,029	22%	\$1,818	23%	\$3,847	22%
> \$100 - ≤ \$250	\$1,803	19%	\$1,176	15%	\$2,979	17%
> \$250 - ≤ \$1,000	\$5,561	59%	\$5,012	62%	\$10,573	61%
Total	\$9,393	100%	\$8,006	100%	\$17,399	100%

> Greater than; ≤ Less than or equal to

In addition to the lending above, Mitchell Bank made a \$75,000 line of credit in 2003 to a real estate management firm to provide funds to purchase, renovate, and sell single family homes near the bank's main office. This loan is worthy of mention as it benefits low-income census tracts and low-income individuals.

The bank's performance in home mortgage loans is excellent. Tables 11 and 12 reflect home mortgage loans made by the bank within the assessment area, by number of loans and by dollar volume. For comparison, the percentage distribution of the assessment area's 325,904 families by income level is shown.

The bank's performance to low-income borrowers is excellent when compared to the performance of other lenders and to the percentage of total families. The bank's performance to low-income borrowers in 2001 and 2002 is 23 percent by number and 19 percent by dollar amount. The performance of all other lenders in 2001 to low-income borrowers in the assessment area is 7 percent by number and 3 percent by dollar amount. Aggregate data for 2002 is not available. The 21 percent of families within the assessment area that are designated as low-income families includes 10 percent of families that are designated as living below the

poverty level. Therefore, low-income families in the assessment area that have incomes above the poverty level and are considered financially capable of owning a home is 11 percent. The bank's excellent performance is attributed to the location of bank offices in low-income census tracts, bank management's outreach efforts in the community, and the products and services tailored to meet the needs of low-income individuals.

The bank's performance to moderate-income borrowers is excellent when compared to the performance of other lenders and to the percentage of total families. The bank's performance to moderate-income borrowers in 2001 and 2002 is 25 percent both by number and by dollar amount. The performance of all other lenders in 2001 to moderate-income borrowers in the assessment area is 19 percent by number and 13 percent by dollar amount. Aggregate data for 2002 is not available. Moderate-income families comprise 18 percent of total families within the bank's assessment area. The bank's excellent performance is attributed to the location of bank offices in low-income census tracts, bank management's outreach efforts in the community, and the products and services tailored to meet the needs of moderate-income individuals.

Table 11 – Distribution of Home Mortgage Loans by Borrower Income								
Borrower Income Level	Total Families		2001		2002		Total	
	#	%	#	%	#	%	#	%
Low	68,302	21%	5	18%	9	27%	14	23%
Moderate	58,090	18%	9	32%	6	18%	15	25%
Middle	82,148	25%	1	4%	3	9%	4	6%
Upper	117,364	36%	13	46%	15	46%	28	46%
Total	325,904	100%	28	100%	33	100%	61	100%

Table 12 – Distribution of Home Mortgage Loans by Borrower Income								
Borrower Income Level	Total Families		2001		2002		Total	
	#	%	\$(000s)	%	\$(000s)	%	\$(000s)	%
Low	68,302	21%	\$236	15%	\$366	24%	\$602	19%
Moderate	58,090	18%	\$647	40%	\$151	10%	\$798	25%
Middle	82,148	25%	\$55	3%	\$179	11%	\$234	7%
Upper	117,364	36%	\$690	42%	\$846	55%	\$1,536	49%
Total	325,904	100%	\$1,628	100%	\$1,542	100%	\$3,170	100%

Lending in Assessment Area

The bank originated a substantial majority of its loans within its assessment area, as detailed below in Table 13. This record of lending reflects excellent performance. For small business loans in 2001 and 2002, 95 percent by number (125 of 132) and 92 percent by dollar volume (\$17,399,000 of \$18,849,000) were made within the assessment area. For home mortgage loans in 2001 and 2002, 98 percent by number (61 of 62) and 95 percent by dollar volume (\$3,170,000 of \$3,328,000) were made within the assessment area.

Table 13 – Distribution of Loans Inside and Outside of the Assessment Areas										
Loan Category or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business										
2001	71	99%	1	1%	72	\$9,393	100%	\$16	0%	\$9,409
2002	54	90%	6	10%	60	\$8,006	85%	\$1,434	15%	\$9,440
Subtotal	125	95%	7	5%	132	\$17,399	92%	\$1,450	8%	\$18,849
Home Mortgage										
2001	28	97%	1	3%	29	\$1,628	91%	\$158	9%	\$1,786
2002	33	100%	0	0%	33	\$1,542	100%	\$0	0%	\$1,542
Subtotal	61	98%	1	2%	62	\$3,170	95%	\$158	5%	\$3,328
Total	186	96%	8	4%	194	\$20,569	93%	\$1,608	7%	\$22,177

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's average loan-to-deposit ratio is 89 percent over the last 19 quarters since the previous evaluation. The bank's loan-to-deposit ratio has experienced an upward trend and has fluctuated from a low of 66 percent as of December 31, 1998, to a high of 104 percent as of March 31, 2003. Similarly situated institutions' ratios have averaged from 68 to 99 percent over the same time period, with an average of 85 percent for this group of 11 financial institutions. Similarly situated institutions are Wisconsin banks in the Milwaukee-Waukesha MSA that have comparable marketing areas, loan products, and asset size. These similarly situated institutions have business loans that comprise between 44 to 79 percent of their loan portfolios, range in total asset size from \$55,421,000 to \$181,074,000, with an average asset size of \$115,032,000. Loans sold in the secondary market are not considered in any of the ratios mentioned. Over the past year from April 1, 2002, through March 31, 2003, Mitchell Bank sold 40 home mortgage loans totaling nearly \$4 million. As indicated in Table 13, the bank sold a higher volume of home mortgage loans in the secondary market than it retained in-house.

Response to Complaints

The bank has not received any complaints since the previous evaluation that relate to its performance in meeting the credit needs of its assessment area.

Compliance with Anti-discrimination Laws and Regulations

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified during the evaluation period.

Additional Information Considered

In addition to the previously mentioned performance factors that are considered for every small bank CRA evaluation, bank management requested that the following also be reviewed: Innovative and Flexible Lending Practices, Community Development Lending, Community Development Services, and Community Development Investments. This additional information enhances the bank's Outstanding lending performance, primarily due to the bank's leadership role in spearheading and participating in products, programs, and services aimed at meeting the credit needs of low- and moderate-income persons within the unbanked community (persons outside the financial mainstream), particularly those located in low- and moderate-income census tracts surrounding the main office.

Innovative and Flexible Lending Practices

Mitchell Bank has created the following innovative and flexible loan programs to assist individuals that do not qualify for conventional loans.

Community Mortgage Program – Mitchell Bank developed a Community Mortgage Program to assist those individuals that do not qualify for traditional residential mortgage loan products due to a limited credit history and the lack of proper identification. This program is geared towards low- and moderate-income individuals who are purchasing owner-occupied single family homes in low- and moderate-income census tracts. The program offers favorable loan terms and qualifications to assist these customers in building a credit history and establishing a record of repayment. All participants in the Community Mortgage Program are to have completed a Community Home Buyer Education program such as the G.E. Mortgage Insurance home study program offered through the bank. All borrowers are to have a checking account and savings account with Mitchell Bank and are expected to maintain these accounts in a satisfactory manner. Borrowers who need an expanded credit history are encouraged to open a credit card account (secured if necessary) to provide an additional credit reference and are counseled by the bank to pay the balance in full each month. A family budget is prepared by the bank to assist the borrowers in meeting their obligations in a timely manner. Since this program was started in June 2000, Mitchell Bank has originated 16 Community Mortgages totaling \$880,188 with an average loan amount of \$55,012. All 16 Community Mortgages were to low- and moderate-income individuals residing in low- and moderate-income census tracts.

Secured Loan Products that Help Create Good Credit Histories – Mitchell Bank offers secured loan products to customers with limited or poor credit histories. These secured loan products help create good credit histories for the customers and improve their credit scores. Customers deposit \$1,000 to \$2,000 in a certificate of deposit account that earns interest. At the same time, the bank lends the \$1,000 to \$2,000 in a loan secured by the account. Regular payments on the loan are taken from the deposit account. The payment records are reported to the credit bureaus,

and the payment record helps the credit scores improve. This innovative and flexible lending product receives less CRA credit as the bank has not started tracking the loans and was uncertain of the actual number extended during the evaluation period.

Community Development Lending

New or Rehabilitated Properties at Affordable Prices - Mitchell Bank made a \$1 million revolving line of credit available to South Community Organization (SCO) in 2001. SCO is a traditional neighborhood-based non-profit organization providing services to the south side of Milwaukee. SCO creates high-quality affordable housing in low-income neighborhoods for low- and moderate-income individuals. SCO also conducts home buying seminars in English and Spanish. Mitchell Bank provided the financing for SCO to acquire and rehabilitate housing units and for SCO to construct new homes on vacant lots. The completed homes are to be owner-occupied, and Wisconsin Housing and Economic Development Authority (WHEDA) is providing financing on favorable terms for the homes. Since this line was originated in 2001, total draws against the revolving line are nearly \$1,500,000 for 22 properties, all of which are located in low- or moderate-income census tracts.

Multi-family Housing for Low- and Moderate-Income Individuals – Mitchell Bank made a \$675,000 loan in 2002 to a real estate management firm to refinance loans secured by three rental properties. The three properties each consist of eight, one-bedroom units located on the south side of Milwaukee. Monthly rents are considered low with an average rent of \$475 per month. Although the rental properties are located in middle-income census tracts, the average rents indicate that these units are affordable by low- and moderate-income individuals.

Community Development Services

The bank's record of providing branches, ATMs, and other services and delivery systems enhances credit availability in the assessment area. Table 14 shows the distribution by geography of the banking offices along with the distribution of census tracts and families in the bank's assessment area. The bank operates out of ten banking offices, nine in Milwaukee County and one in Waukesha County. The main office and two branch offices are located on the south side of Milwaukee in low-income census tracts. Six branch offices were opened during the evaluation period, including the two offices located in low-income census tracts on the south side of Milwaukee. These six branch offices have limited hours of operation, are open two or three days per week, and are located in a local high school, a community center, and senior citizen care centers. All locations offer the same bank services and products, with the exception of safe deposit boxes that are offered at the main office only and night deposits that are accepted only at the main office and the West Milwaukee and Greenfield branches. The main office has drive-up and walk-in facilities. The bank has five ATMs, including two that are located in low-income census tracts and are bilingual (one at the main office and one at the Cardinal Branch inside South Division High School). The expansion of branches and ATMs in low-income census tracts since the previous evaluation is given favorable consideration in this evaluation.

Table 14: Distribution of Bank Offices by Income Category of the Census Tract					
Income Level	Census Tracts	% of Census Tracts	Families	% of Families	Bank Offices
Low	75	21%	39,213	12%	3 or 30% *
Moderate	68	19%	47,366	15%	0
Middle	148	41%	148,026	45%	6 or 60%
Upper	67	18%	91,299	28%	1 or 10%
Unknown	3	1%	0	0%	0
Totals	361	100%	325,904	100%	10

* 2 of the 3 offices were opened during this evaluation.

Community Development Services Targeted to Low- and Moderate-Income Individuals Located in Low- and Moderate-Income Census Tracts Surrounding the Main Office

During the evaluation period, Mitchell Bank took an active leadership role in designing and implementing numerous programs with the goal of reaching low- and moderate-income individuals, including the unbanked, within its assessment area. Bank management reviewed the demographics of its assessment area and decided to focus its outreach efforts on 9, low-income census tracts and 2, moderate-income census tracts surrounding the bank’s main office. These 11 census tracts encompass approximately one square mile with a total population of 40,499 according to the 2000 U.S. Census data.

These 11 census tracts qualify both as Economic Development Hot Zones and Housing Hot Zones in that the unemployment rate is at or above 1.5 times the national average, the poverty rate is at or above 20 percent of the area’s population, the median family income is at or below 80 percent of the metropolitan area median income, and the median monthly housing costs exceed 30 percent of the gross monthly income of a low-income household. The unemployment rate is 14 percent in this area, and over 37 percent of households have incomes below the poverty level. Educationally, it is a depressed area with 50 percent of the population not having a high school diploma. Home ownership rates are only 31 percent, as compared to the State average of 67 percent. The population pays a disproportionate amount of its income for housing with 44 percent paying more than 30 percent of their income for housing.

The area is largely inhabited with Hispanics and consists of many unbanked, low-income immigrants. It is estimated that there are approximately 300 immigrant families with children attending South Division High School, which is located approximately three blocks from the main office. Of the 1,610 students at South Division High School, 1,071 qualify for free meals and 130 qualify for reduced-price meals. The racial composition of the students is 68 percent Hispanic, 21 percent Black, 6 percent White and 5 percent Asian.

In late 1999, Mitchell Bank’s senior management held a series of meetings with approximately 30 community members, including community leaders, clergy, and educators, to discuss how the bank could serve the financial needs of the large Hispanic population surrounding the main office, including those of low- and moderate-incomes. Some barriers to serving the community that were discussed included: identification issues from a significant portion of the population that are recent immigrants, distrust of financial institutions, unfamiliarity with bank services, and language barriers. The bank has tried to eliminate barriers and help educate low- and moderate-income individuals in its community through the efforts enumerated below and on the following

pages. These efforts evidence the leadership role that Mitchell Bank has taken to reach low- and moderate-income individuals residing in low- and moderate-income census tracts within its assessment area.

Cardinal Bank – In September 2000, Mitchell Bank established a full-service branch called Cardinal Bank inside a local area high school in an effort to reach one of the least banked groups in America – immigrant teenagers. Cardinal Bank is believed to be the state’s first full-service bank branch that operates inside a school and is run by students. Named after the school’s mascot, Cardinal Bank was opened inside South Division High School, which is located in a low-income district of largely Hispanic immigrants and approximately three blocks from the main office.

As part of a co-op program, students actually run Cardinal Bank. The students earn credit towards graduation requirements while working under adult supervision. There are officers, board meetings, marketing efforts, budgets, etc. Cardinal Bank offers services such as check cashing, account opening, savings, and consumer loan origination to the students, their families, and the staff at South Division. A bilingual ATM is also located at this branch. At least 90 percent of the customers have never held bank accounts. The school setting and atmosphere is less intimidating than the traditional banking environment, particularly to the Hispanic population, and provides an alternative setting conducive to overcoming general mistrust, alienation, and suspicion of financial institutions.

The operating of this branch is done under the tutelage and supervision of Mitchell Bank officers. The success of Cardinal Bank has been noticed by the Federal Reserve, The Mexican Consulate, and other financial institutions nationwide. Financial seminars at the school are sponsored by the branch and presented by the student-officers to other students, their families, and other community members. The student-officers explain the bank’s services in powerpoint presentations and through the use of advertisements in school newsletters. The branch has more than 550 deposit accounts totaling \$790,000 and total loans of nearly \$190,000 as of May 31, 2003. Mitchell Bank’s Chairman volunteers his time to give presentations throughout the country about the bank’s experiences in setting up this student-run full-service branch.

Compete with Check Cashing Outlets – Mitchell Bank offers similar services and products as the check cashing outlets, but at lower prices in order to be competitive. Money orders, utility payments, prepaid telephone cards, bus passes, stamped envelopes, and wire transfer services are among the products and services offered to compete with the check cashing outlets. When the unbanked individuals start using these services and products, the bank then encourages the customers to open a deposit account. The bank tries to ease the transition from using check cashing outlets to using the banking system.

United Community Center branch – Mitchell Bank opened a branch at the United Community Center, a Hispanic facility and United Way social organization. The Center provides programs to Hispanics and near south side residents of all ages and incomes in the areas of education, cultural arts, recreation, community development, and health and human services. This branch is located in a low-income census tract within the bank’s targeted area.

Liberal Identification Requirements - In order to help low- and moderate-income customers residing in the low- and moderate-income census tracts near the main office, Mitchell Bank has allowed flexibility in its identification requirements for opening deposit accounts. In addition to Social Security numbers, driver's licenses, or other traditional forms of identification, Mitchell Bank accepts a card issued by the Mexican Consulate, known as the *matricula consular*, which can be obtained by immigrants. Mitchell Bank even accepts picture student ID cards at its high school branch and the main office. Due to a recent change in Wisconsin law, it is possible to obtain a State ID or driver's license without a social security number. Mitchell Bank assists individuals in preparing an affidavit of ineligibility for a social security number (State form) in order to obtain a State ID or driver's license from the Wisconsin Department of Motor Vehicles. The Wisconsin State ID or driver's license is a low-cost, convenient alternative to the *matricula consular*.

Individual Tax Identification Number (ITIN) Issuance – In 2002, Mitchell Bank applied for approval as an Accepting Agent of ITIN applications for the Internal Revenue Service. Since October 2002, the bank has helped nearly 240 individuals get ITIN numbers. With this identification, people are able to open banking relationships, pay taxes, and have access to services they otherwise would not be eligible for. The bank does not charge for this service. Besides helping nearly 240 individuals get ITIN numbers, the bank also opened more than 200 bank accounts for individuals who had previously never had a banking account or bank relationship.

International Transfer Accounts (ITA) – In November 2001, Mitchell Bank established an account that was designed to help bank customers who send money internationally on a regular basis. The International Transfer Account comes with two electronic access devices (ATM cards). The customer can fund the account directly and then have access at any International ATM. This account is non-interest bearing so the account can be opened without a social security number or tax identification number. The fee per transaction compares favorably with wire transfer fees charged by competitors, and the exchange rate for funds obtained through the ATM network is normally better than the rate of exchange for other methods of transfer. The bank has opened nearly 100 ITA accounts, and has averaged nearly 140 foreign money transfers per month.

Electronic Transfer Account (ETA) - Mitchell Bank is one of only three certified ETA providers in the 53204 zip code area surrounding the bank and the school. The other two ETA providers are U.S. Bank and Bank One, both multi-billion dollar institutions. Mitchell Bank makes the ETA account available to recipients of government benefits and payments. No minimum balance is required and the applicant's credit history is not considered. The Federal Government was planning to require all recipients of Federal compensation to receive these funds electronically. After becoming aware of the significant portion of the population that does not have any banking relationships, the Federal Government decided to encourage, but not require, that Government funds be received electronically. The bank only has six ETA accounts, due primarily to the fact that the bank has other deposit account products with more favorable terms.

First Accounts Grant Assistance – During the evaluation period, Mitchell Bank applied for, but was not awarded, grants monies under the First Accounts Grant Assistance program, which

encourages the unbanked to open their first bank account through providing grants monies for use in opening small deposit accounts. The bank was also hoping to use grant monies to hire a bilingual person to market and expand Cardinal Bank services and products to the area surrounding South Division High School. Even though Mitchell Bank was not awarded the grant, the bank is given positive consideration and credit in this evaluation for applying for such a program, as it reflects favorably upon the bank's creativity and commitment to reaching low- and moderate-income individuals within its assessment area.

Bank Initiative Between Mexican Consulate of Chicago and the FDIC – Mitchell Bank joined the Banking, Products, Services, and Education Task Force that was organized by the Mexican Consulate of Chicago and the FDIC in 2002 in order to develop new programs and products that will lead to a set of “best practices” to be shared across the country. In March 2002, U.S. President George Bush and Mexican President Vicente Fox launched the U.S.-Mexico Partnership for Prosperity to address the growing problem of the high cost of sending money from the U.S. to Mexico. The Partnership's Action Plan states that lowering remittance costs can be achieved by encouraging banks to market aggressively to Mexican workers the opening of accounts with remittance features, and indicates that financial education programs can introduce more people to the benefits of using financial institutions and offer alternatives to high-cost wire transfer services. The Mexican Consulate of Chicago and the FDIC embraced the agreement between the two countries and organized a voluntary initiative with bankers (including Mitchell Bank) on financial education and the expansion of banking services and products for immigrants.

Milwaukee Asset Building Coalition – Mitchell Bank is a member of the Milwaukee Asset Building Coalition, which is an organization that helps low-income households increase their assets. This organization is involved with such activities as helping low-income individuals obtain the Earned Income Tax Credits. The Internal Revenue Service (IRS) sets up Volunteer Income Tax Assistance (VITA) sites where volunteers prepare and file the tax forms for low-income individuals free of charge. A Mitchell Bank employee is present at the VITA sites located near the main office to encourage low-income individuals to open a deposit account and receive their tax refund by direct deposit, which is a faster and safer way to receive tax refunds and encourages the individual to save the money.

Legal Assistance Clinic – As part of the Cardinal Bank branch, Mitchell Bank established a Legal Assistance Clinic with volunteer lawyers providing advice and assistance on a monthly basis to low-income students and families of South Division High School. Mitchell Bank's Chairman of the Board is an attorney, and is one of the volunteers at this free legal clinic.

Co-Pastor of Local Church Located in a Low-Income Census Tract – A Mitchell Bank officer provides informal financial education to church members residing in the low- and moderate-income census tracts surrounding the main office.

Financial Education Seminars and Home Buying Seminars – Mitchell Bank officers and student-officers present financial education seminars to students, parents, and community members. The Spanish version of the FDIC's Money Smart program, which is an instructor-led financial education tool, is used at the financial education seminars. Mitchell Bank has also conducted many home buying seminars at the main office, local churches, and South Division High School.

These financial education classes and seminars directly benefit low- and moderate-income individuals and are located in low- and moderate-income census tracts. The bank has averaged three home buying seminars per year since 2000 in cooperation with bilingual realtors in the community.

Free Pre-Qualifications - Mitchell Bank reviews loan applications free of charge and provides the maximum dollar amount that an individual is qualified to borrow under the Community Mortgage Program. The Community Mortgage Program, as previously explained, is geared towards the needs of low- and moderate-income individuals and geographies. The bank has approved 38 such pre-qualifications since June 2000.

Mentoring Program – The Chairman and an officer of Mitchell Bank are involved with South Division High School Mentoring Program, and are role models for low-income students who may be interested in the banking industry. This Mentoring Program assigns an adult or peer mentor to those students who need support with academic performance, attendance, behavior, and social skills. Approximately 100 students currently participate in the program.

Center for Community Collaboration – A Mitchell Bank officer is a member of this organization, which consists of all the organizations involved with South Division High School. The acting principal of South Division High School created this organization as a means to more effectively coordinate both school-sponsored and community-sponsored activities occurring at the school on behalf of helping youth improve their academic performance. Members of this organization analyze how well current programs are serving the youth and identify programs that are working well and programs that need to be altered to better serve the youth. Over 20 community organizations are currently partnered with South Division High School.

Other Community Development Services

Although Mitchell Bank has focused in recent years on reaching the unbanked, the bank also continues its involvement with other community organizations that help small businesses and/or low- and moderate-income individuals. This continuing involvement in the community is detailed below.

Hispanic Chamber of Commerce – A Mitchell Bank officer is an Advisory Committee member of the Hispanic Chamber of Commerce, an organization that helps attract and retain businesses. This bank officer also serves on the Scholarship Committee, which reviews the financial needs of high school students in selecting those in need of scholarships. Both Mitchell Bank and South Division High School have developed an active and participating relationship with the Hispanic Chamber of Commerce of Milwaukee. Mitchell Bank officers and the student-officers regularly attend the meetings of the Chamber, and the Chamber has been supportive in publicizing the seminars and product offerings of Cardinal Bank. The Chamber is a depositor of Cardinal Bank and has, in various fashions, exhibited its support for the outreach efforts to the unbanked, low-income individuals.

Salvation Army – A Mitchell Bank officer serves on the Advisory Board of the Salvation Army, and helps determine how to use resources most efficiently to assist low- and moderate-income individuals. This officer also assists with fund raising efforts.

Greater Mitchell Street Association – Mitchell Bank is a member of the Greater Mitchell Street Association, an organization that provides technical and other assistance to small businesses on Mitchell Street. The bank provides bank space free of charge for the regular meetings of this organization.

Use of Bank Space Free of Charge – The bank donates the use of bank space to various community organizations that provide services to low- and moderate-income individuals and/or small businesses.

Community Development Investments

The bank's investment record enhances credit availability in the assessment area. Although the level of qualified investments is low at only \$13,500 since the previous evaluation, these qualified investments do reflect the bank's responsiveness to the needs of the community. The bank's qualified investments consist of charitable donations and membership fees. Included in the organizations receiving membership fees and donations is the Hispanic Chamber of Commerce and the Greater Mitchell Street Association. The bank's membership fees and donations help support the missions of these two community organizations. These organizations provide a variety of economic development services designed to retain and attract businesses. The businesses benefiting from these organizations are primarily small businesses.

The bank's most notable donation during the evaluation period was to a local church for use in establishing a revolving small dollar loan fund from which the church provides low- and moderate-income individuals with needed small dollar loans, as highlighted below. In addition, the bank has supported South Division High School and another local church, both of which are located within a few blocks of the bank's main office in low-income census tracts. Funds donated to these organizations have also benefited the area's low-income population.

In addition to financial contributions, the bank has provided bank space to a Hispanic bilingual realtor. Mitchell Bank formed a partnership with this realtor and provided offices, at no charge, at the main office. This realtor serves the low- and moderate-income area around the main office. This realtor participates in the home buying seminars that the bank conducts. These seminars target low- and moderate-income individuals that reside in the low- and moderate-income areas around the main office.

Donation for Revolving Loan Fund and Alternative to Payday Lenders – In 2000, Mitchell Bank donated \$3,000 to a local church for use in making small dollar loans, in order to provide an alternative to payday lenders. The bank became aware of the need for smaller dollar loans and was unable to meet this need directly due to prohibitive costs over profitability. In order to address the need, the bank partnered with a local church that is located near its main office. The church extends the loans, tracks their repayment, and re-lends the monies. This donation reflects the bank's responsiveness to the needs of its assessment area and local community.