



PUBLIC DISCLOSURE

April 2, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Associated Bank, N.A.
Charter Number 23700**

**100 West Wisconsin Avenue
Neenah, Wisconsin 54956**

**Office of the Comptroller of the Currency
Milwaukee Field Office
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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 CRA performance of **Associated Bank N.A.** (AB) prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **April 2, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25. That section of the regulation became effective on January 1, 1996.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Public Disclosure. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Assessment Area (AA) - The geographic area which an institution selects as the community within which its regulator will assess the institution's record of CRA performance.

Associated Bank N. A. (AB) - Associated Bank N.A., Neenah, Wisconsin

Associated Mortgage Company (AMI) - An affiliate that focuses on originating fixed-rate home purchase and refinance loans. AMI's lending efforts in AB's AA are considered in the performance evaluation of AB.

Census Tract (CT) - Small, locally defined statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries and contain between 2,500 and 8,000 inhabitants. A CT is also called a "geography."

Community Development Purpose - A community development purpose is defined per 12 C.F.R. 25.12(h) as affordable housing (including multi-family rental housing) for low- and moderate-income (LMI) individuals; community services targeted to LMI individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of 13 C.F.R. 121.802(a)(2) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize LMI geographies.

Community Reinvestment Act (CRA) - A statute that requires federal regulators to evaluate a financial institution's record of meeting community credit needs in the institution's local community. *(This is a generic description of the bank's requirements and not a legal explanation of the requirements contained in 12 U.S.C. 2901, as amended, and 12 C.F.R. 25, as amended).*

Home Mortgage Disclosure Act (HMDA) - A statute that requires certain mortgage lenders that do business or have banking offices in Metropolitan Statistical Areas to file annual summary reports of their lending activity. The reports include such data as the race, gender, and the income of the applicant(s), the amount of loan requested and its disposition (e.g. made, turned down, withdrawn). The types of loan applications reported include governmentally-guaranteed home purchase and home improvement loans, conventional home purchase loans, home improvement loans, refinancing of home purchase and home improvement loans and loans for the purchase of multi-family (5 or more units) dwellings. *(This is a generic description of the bank's requirements and not a legal explanation of the requirements contained in 12 U.S.C. 2801, as amended, and 12 C.F.R. 203 as amended.)*

Income Levels - These relate to individuals, families, or the CT's in an MSA area.

- Low** = An income level that is less than 50 percent of the median income.
- Moderate** = An income level that is at least 50 percent and less than 80 percent of the median income.
- Middle** = An income level that is at least 80 percent and less than 120 percent of the median income.
- Upper** = An income level that is 120 percent or more of the median income.

Low- and Moderate-Income (LMI) - An income level that is less than 80 percent of the median income.

Median Family Income (MFI) - The median family income for a specific MSA as determined by the United States Census Bureau. The Department of Housing and Urban Development (HUD) updates this figure annually using an estimated inflation factor.

Metropolitan Statistical Area (MSA) - An area containing a city with a population of at least 50,000 or an urbanized area with a population of at least 50,000 and a total metropolitan population of at least 100,000. Generally, an MSA consists of one or more whole counties that have a high degree of interaction.

Small Business or Farm - A business or farm that has \$1 million or less in gross annual revenues.

Small Loan, at Origination, to a Business - A loan of \$1 million or less to a business of any size.

Institution’s CRA Rating: This institution is rated “**Outstanding record of meeting community credit needs.**”

The primary reasons for this rating are:

- C The bank’s penetration of loans to borrowers of different income levels and business customers of different size is excellent.
- C A substantial majority of AB’s loans are made in its AA.
- C The geographic distribution of loans reflects satisfactory penetration throughout the AA.
- C AB has demonstrated excellent responsiveness to community development lending needs. The bank’s dollar volume of community development loans is high in relation to the opportunities in the AA.
- C AB has an excellent level of community development investments and grants. The bank has taken a leadership position in several of these investments.
- C The institution provides a high level of community development services.
- C To the extent changes have been made, AB has improved the accessibility of its delivery systems by acquiring a branch located in a moderate-income geography.

The following table indicates the performance level of AB with respect to the lending, investment, and service tests.

| Performance Levels | Associated Bank, N.A. Performance Tests | | |
|---------------------------|--|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | X | X | X |
| High satisfactory | | | |
| Low satisfactory | | | |
| Needs to improve | | | |
| Substantial noncompliance | | | |

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

The last Performance Evaluation was dated March 3, 1996 when AB was rated as having an

“Outstanding record of helping to meet the community credit needs.”

Description of Institution

AB, an intrastate bank located in Neenah, Wisconsin, is the second largest bank in its AA with total assets of \$692 million as of December 31, 1998. AB is 100% owned by Associated Banc-Corp (ABC), an \$11.8 billion dollar multi-bank holding company headquartered in Green Bay, Wisconsin. ABC has over 200 banking locations in Wisconsin, Illinois and Minnesota. ABC also operates subsidiaries engaged in commercial banking, mortgage lending, trust services, investment services, and insurance activities. An ABC subsidiary, Associated Mortgage, Incorporated (AMI), is active in AB's AA. At the request of AB, we considered the lending activity of AMI in the performance evaluation of AB.

AB has eight banking offices located in Outagamie and Winnebago Counties. All eight of the offices are full-service locations. AB also owns and operates fourteen automatic teller machines (ATMs). The locations of the offices and ATMs are detailed in Table 7 - Distribution of Branch and ATM Delivery System in the Appendix.

The bank's business strategy is to operate with a community-bank orientation while offering a large-bank range of products. AB maintains a fairly balanced loan portfolio with their banking philosophy. Commercial banking has long been a strength of AB and small business lending is considered one of the bank's market niches. Residential real estate loans represent the majority of the bank's retail lending. Residential-related lending in the bank's AA is performed by both AB and its affiliate, AMI. AB primarily originates variable-rate home purchase and refinance loans as well as home improvement loans. AMI focuses on originating fixed-rate home purchase and refinance loans. Tables 1, 2, and 4, in the Appendix, relating to the bank's home purchase, home improvement, and home refinance lending show the combined performance of AB and AMI.

AB's agricultural-related loans comprise a very small portion of the bank's loan portfolio. As of December 31, 1998, agricultural loans represented less than 0.1% of AB's total loans. Only 2.5% of all businesses in the AA are farms. Furthermore, only 11 lenders reported farm loan originations in Winnebago and Outagamie Counties in 1997. Farm credit needs are being met by those lenders and more specialized agricultural lenders. As a result, AB's agricultural lending performance is not being considered as part of this evaluation.

There are no impediments which would hamper the bank's ability to help meet the needs of its communities. The institution's ability to meet various credit needs is based on its financial condition and size; product offerings; prior performance; legal impediments; and other factors. As of December 31, 1998, the bank had a return on average assets of 1.60%. Net loans represented 71.3% of total assets with earning assets accounting for 91.5% of total assets. AB's loan portfolio is broken down as follows: \$207.3 million in commercial and industrial loans (49.9% of total loans); \$156.0 million in residential real estate loans (37.5%); \$45.9 million in consumer loans (11.1%); and \$6.1 million (1.5%) in other loans. Based on June 30, 1998 Federal Deposit Insurance Corporation data, AB had the second largest market share of deposits in Winnebago and Outagamie Counties combined at 13%.

Description of Assessment Area

AB has established an AA that includes a majority of the Appleton-Oshkosh-Neenah MSA. AB's AA consists of 73 contiguous CT's; all 39 CT's in Winnebago County, 32 of the 35 CT's in Outagamie County, and 2 of the 10 CT's in Calumet County.¹ Much of the bank's AA is also known as the Fox Valley region. The bank's defined AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas.

Demographics

The bank's 73 CT AA consists of one low-income CT (1.4% of all CT's in the AA), eight moderate-income CT's (11.0%), 58 middle-income CT's (79.4%), and six upper-income CT's (8.2%). The 1990 census median family income level for the Appleton-Oshkosh-Neenah MSA is \$37,202. By family-income level, 11,329 of all families in the AA are low-income families (15.2% of all families), 13,771 are moderate-income families (18.5%), 22,425 are middle-income families (30.0%), and 27,043 are upper-income families (36.3%). Of the 11,329 low-income families, 7,559, or 67%, have incomes below the poverty level. These families may have difficulties qualifying for housing-related products. Details on the demographics of the AA are presented in Table A below:

| TABLE A Demographic Information for AB's Assessment Area | | | | | | |
|---|------------|----------------------------------|--------------------|------------------|-----------------|--------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA % of # |
| Geographies (Census Tracts) | 73 | 1.4 | 11.0 | 79.4 | 8.2 | 0.0 |
| Population by Geography | 281,361 | 0.5 | 8.8 | 79.8 | 10.9 | 0.0 |
| Owner-Occupied Housing by Geography | 72,098 | 0.1 | 5.6 | 82.9 | 11.4 | 0.0 |
| Businesses by Geography | 10,073 | 3.9 | 12.2 | 65.5 | 18.4 | 0.0 |
| Family Distribution by Income Level | 74,568 | 15.2 | 18.5 | 30.0 | 36.3 | 0.0 |
| Median Family Income | = \$37,202 | Median Housing Value | | = \$62,940 | | |
| HUD Adjusted Median Family Income for 1998 | = \$50,500 | Unemployment Rate* | | = 2.7%* | | |
| | | Families Below the Poverty Level | | = 7.2% | | |

Source: 1990 U.S. Census and 1998 HUD updated MFI.

* Source: Wisconsin Department of Workforce Development - December 1998 Seasonally Adjusted Figures

Economy, Major Industries and Employers

The economy of AB's AA is generally healthy. The unemployment rate in the Appleton-Oshkosh-

¹ The 2 CT's included in the AA in Calumet County are numbers 203.01 and 203.02. The 3 CT's excluded from the AA in Winnebago County are 130, 131, and 132.

Neenah MSA (see Table A above) is lower than the state-wide average of 3.5%. Manufacturing is the area's largest employment sector. This is primarily due to the predominance of the paper industry. Major employers in the area include: Kimberly Clark, Electronic Assembly, Wisconsin Tissue Mills, Oshkosh Truck, Pierce Manufacturing, and Mercy Medical Center.

Financial Competition

Financial competition in AB's AA is strong. Over 30 banks have offices located in the AA and this total does not include credit unions. Several of them are large regional institutions including Firststar, Bank One, and Marshall & Ilsley. In addition to banking competition, AB faces strong competition from credit unions, insurance companies, mortgage companies and loan brokers.

Community Contacts and Credit Needs

In an effort to assess credit needs of the area, we contacted a housing related community action agency in conjunction with this examination. In addition to our contact, we reviewed community contacts conducted by other regulatory agencies during 1997 and 1998. The most frequently cited credit need was first time home buyer and residential rehabilitation loans, particularly to low-income individuals. Other identified credit needs included affordable multi-family housing loans for the disabled and elderly and small business development loans. Small business borrower education services was also cited as a need in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

We evaluated AB's performance under the Lending Test in terms of the volume of lending, the geographic distribution of loans originated and purchased, the borrower dispersion of loans originated and purchased, the responsiveness to community needs, the level of innovation and flexible products offered as well as community development lending activities.

Conclusions

- C AB has exhibited an excellent distribution of loans to retail customers of different income levels and business customers of different size.
- C A substantial majority of loans are made in AB's assessment area.
- C The geographic distribution of loans represent satisfactory penetration throughout the AA.
- C AB has originated a high dollar level of community development loans. The type and volume of community development loans originated by AB demonstrates excellent responsiveness to AA needs.
- C AB makes frequent use of flexible lending products to help serve the AA's credit needs.

Supporting Information

Lending Activity

Lending levels reflect excellent responsiveness to AB's community credit needs. During 1997 and 1998, AB originated 3,811 HMDA reportable loans totaling over \$285 million within its assessment area. Based on 1997 market share information, the latest available, AB originated more than 9% of the 13,843 HMDA-reportable loans made in its AA in 1997. This performance placed AB first in market share among 222 lenders reporting HMDA loan originations in the AA in 1997. The bank also originated over 856 small loans to businesses totaling \$108 million during 1997 and 1998. AB ranked second in market share in its AA in this category of loans in 1997 (see Table 1 - Lending Volume in the Appendix). Because commercial and housing-related loans comprise the bulk of AB's loan portfolio, and based on information received from local community contacts regarding the AA's credit needs (see page 7 of this evaluation), we weighed both commercial and residential lending equally in determining the bank's performance under the lending test. We were also asked to analyze the bank's consumer loan activity under the lending test. Although this category of lending represents only 11% of total loans and was not weighted as significantly as residential and commercial lending in assessing the bank's

CRA performance, it was used to help analyze the bank's lending patterns.

Assessment Area Concentration

The bank made a substantial majority of loans originated during this evaluation period in its AA. During 1997 and 1998, AB originated 93% of the number and 91% of the dollar volume of HMDA-reportable loans within its the AA. This information is based on HMDA-Loan Application Register information for AB only and does not include loans originated by AMI. Based on AB's 1997 and 1998 Small Business Data Collection Register, 91% of the number of small loans to businesses and 85% of the dollar volume of small loans to businesses were originated within the bank's AA.

Borrower Distribution

The bank has exhibited an excellent distribution of loans to retail customers of different income levels and business customers of different size. Based on 1997 market share information, AB ranks second and first in HMDA-reportable loan originations to low- and moderate-income borrowers respectively. This performance is viewed positively as just over 25% of all HMDA-reportable loans originated by all lenders in the AA were made to LMI borrowers. AB also ranks second in market share in small loans to businesses with gross annual revenues of less than \$1 million. Details on the borrower distribution by individual HMDA product, small loans to businesses, and consumer lending follows.

Home Purchase Loans

Table 4 - Borrower Distribution - HMDA, in the Appendix, illustrates the bank's percentage of home purchase loans to families of different income levels as well as market share information. The bank's market share of home purchase loans to low-income borrowers, 10.9%, is above its overall market share of 10.1%. AB's market share of home purchase loans to moderate-income borrowers is comparable to its overall market share. In overall market rank, AB ranks first and second respectively in home purchase loans to low- and moderate-income borrowers. AB's percentage of home purchase loans to low-income borrowers is lower than the demographics of the AA; however, 67% of low-income families in the AA have incomes below the poverty level. These families may have difficulties qualifying for housing-related products. The bank's percentage of home purchase loans to moderate-income families exceeds the demographic characteristics of the AA. Overall, the bank has exhibited excellent responsiveness to the home purchase needs of the most economically disadvantaged borrowers. Considering that first-time home purchase loans to LMI borrowers was cited as a community need, we weighed AB's excellent performance in this category quite heavily in our assessment.

Home Improvement Loans

The bank's record of providing home improvement loans to low-income borrowers is excellent. AB's overall market share of home improvement loans is 7.7% while its market share of home improvement loans to low-income borrowers is 10.8%. The bank also has a good record of home improvement

lending to moderate-income borrowers. In 1997 and 1998 combined, the bank's percentage of home improvement loans to moderate-income borrowers exceeded the percentage of moderate-income borrowers in the AA. For reasons discussed above, the bank's percentage of home improvement loans to low-income borrowers in comparison to the number of low-income families in the AA is considered very good. Finally, home rehabilitation loans to LMI borrowers was cited as a community need therefore we also weighed AB's excellent performance in this category heavily in our assessment of the bank's performance. Details on AB's home improvement lending can be found in Table 4 in the Appendix.

Home Refinance Loans

The bank's distribution of home refinance loans to borrowers of different income levels is satisfactory. Based on 1997 aggregate HMDA data, AB ranks first in the AA in home refinance loans with a market share of 9.2%. The bank's market share in low- and moderate-income census tracts is 5.7% and 8.0% respectively for 1997. Nevertheless, AB's market rank in low- and moderate-income tracts is second. In 1997 and 1998, AB originated approximately 3.9% and 15.8% of its home mortgage refinance loans to low- and moderate-income borrowers respectively. The percentage of the bank's home refinance loans to moderate-income borrowers is slightly below the family distribution level of the AA. The percentage of the bank's home refinance loans to low-income borrowers lags the percentage of low-income families in the AA; however, the bank ranks second in market share in home refinance loans to low-income borrowers. Table 4, in the Appendix, illustrates AB's home refinance lending performance.

Small Loans to Businesses

The bank's record of lending to business customers of different sizes is excellent and is detailed in Table 5 in the Appendix. The bank's overall market share of small loans to businesses is 11.3% which ranked second in the AA in 1997. However, the bank's market share of loans to businesses with revenues below \$1 million is well above its overall market share at 16.2%. Market share information also reveals that AB made 83% of its business loans to businesses with gross annual revenues less than \$1 million. This compares very favorably to the overall market's percentage of loans to businesses with revenues of \$1 million or less. It also is quite comparable to the percentage of businesses within the AA that have revenues less than \$1 million. AB's percentage of small loans to businesses with revenues less than \$1 million declined as a percentage of overall business lending in 1998. However, the bank's lending to businesses with revenues less than \$1 million still represents a significant majority of the bank's business loans. Furthermore, it is expected that AB would be making more of the larger business loans in the AA as AB is one of the largest banks in the area. Finally, Table 5 reveals that the bank made 69.5% and 61.8% of its small loans to businesses in original amounts of less than \$100,000, in 1997 and 1998 respectively. These facts indicate that AB has been quite responsive to the needs of smaller businesses that may have a harder time accessing credit. This is especially true as community contacts cited small business development loans as a credit need in the AA.

Consumer Lending

The bank has an excellent borrower distribution of consumer loans. While low-income households represent 21% of all households in the AA, the bank made 24% and 32% of all consumer loans to low-income borrowers in 1997 and 1998 respectively. Moderate-income borrowers represent 17% of the households in the AA. However, the bank originated 25% and 28% of all consumer loans to moderate-income individuals in 1997 and 1998 respectively. Because consumer lending does not represent a significant portion of the bank's loan portfolio, and financial institutions in general exhibit good performance in this loan category, we placed less weight on AB's consumer lending performance than small business and residential-related lending. Details on the bank's consumer lending can be found in Table 8 in the Appendix.

Geographic Distribution

AB's geographic distribution of HMDA-reportable loans is satisfactory and does not exhibit any conspicuous gaps. This conclusion is based on an analysis of the percentage of AB's HMDA originations to the owner-occupied housing characteristics of the AA, analyzing the bank's market share in low- and moderate-income tracts in comparison to the bank's overall market share, and taking into account the context in which the bank operates. Based on 1997 aggregate market share information, AB ranks first in HMDA product originations with a market share of 10.15%. The bank's market rank for low- and moderate-income areas in the AA is second with a 6.57% market share. This is considered good as a higher percentage of the population in low- and moderate-income tracts are families with incomes below the poverty level than in other geographies in the AA. The bank's geographic distribution of HMDA-reportable loans is illustrated in Table 2 - Geographic Distribution: HMDA in the Appendix.

Only one of 73 CT's in the AA is low-income and only 0.1% of housing is owner occupied (75 units) in the low-income CT. Therefore, the number of loans to the one low-income CT is extremely small for all lenders (approximately 18) in the AA in 1997. In addition, the low income tract has the highest median housing value to median family income of all tracts in the AA. Because of the overall small volume of loans, low level of owner occupied units, and relatively low affordability of homes in the low-income CT, an analysis of lending in the low-income CT must be taken in context. Therefore, more weight is given to lending in moderate-income census tracts in this portion of the evaluation as there are a greater number of moderate-income CT's (eight) and the higher percentage of owner occupied units in these areas (5.56%).

The geographic distribution of small loans to businesses reflects good dispersion throughout the AA with no conspicuous gaps. AB's market share of small loans to businesses in low-income tracts exceeds the bank's overall market share. Details on the bank's geographic distribution of loans by individual HMDA product, small business, and consumer lending follows.

Home Purchase Loans

The bank's geographic distribution of home purchase loans is satisfactory. Although the bank's percentage of loans in moderate-income tracts is slightly below the percentage of owner-occupied units in those tracts, AB ranks second in terms of market share in moderate-income CT's, only four loans below the market share leader. As stated above, very few owner-occupied housing is located in the AA's low-income tract. All lenders in total only made five home purchase loans in this tract in 1997. Such a low number of owner-occupied housing and low volume of home purchase loans in this tract is not conducive to a meaningful analysis.

Home Improvement Loans

AB's overall geographic distribution of home improvement loans within the AA is considered good. Table 2 in the Appendix reveals that the bank's percentage of home improvement loans in moderate-income tracts is very comparable to the percentage of owner-occupied units in those tracts. Table 2 also indicates that AB has an overall market share of 7.7% in the AA for home improvement loans. This gives the bank an overall market share rank of third. AB's market rank is also third in moderate-income CT's, but only three loans below the market share leader in moderate-income geographies.

Home Refinance Loans

Table 2 in the Appendix indicates that the bank's geographic distribution of home refinance loans within the AA is satisfactory. Based on 1997 aggregate HMDA data, AB ranks first in the AA in home refinance loans with a market share of 9.2%. AB's market rank in moderate-income tracts is second of 67 lenders reporting a home refinance loan in these tracts in 1997. The bank's market share in moderate-income tracts is 6.3%. AB's percentage of home refinance loans in moderate-income geographies was slightly below the owner-occupied percentages in those tracts in 1997 and 1998.

Multifamily Loans

The bank has a good geographic distribution of multifamily loan originations. In its AA, the bank has an overall ranking of seventh in multifamily loan originations. The bank's market share rank in both low- and moderate-income census tracts is not applicable in 1997 as no lenders made any multifamily loans in these tracts. However, the bank reported making two multifamily loans in 1998 in moderate-income census tracts. Details on the bank's multi-family loan originations can be found in Table 2 in the Appendix. It should also be noted that the overall volume of multifamily lending in the AA from all lenders is not significant as only 51 loans were reported in 1997. As a result, we placed little weight on this category in assessing the bank's performance under the Lending Test.

Small Business Lending

AB has a satisfactory geographic distribution of small loans to businesses. This is detailed in Table 3 in the Appendix. Market share data for 1997 show AB ranked 2nd with an overall market share of 11.3%. AB's market share in low-income tracts is significantly higher than their overall market share at 17%. Also, the bank's percentage of small loans to businesses in low-income tracts is fairly

comparable to the percentage of businesses in those tracts. AB's percentage of small loans to businesses in moderate-income tracts was below the percentage of businesses in those tracts in 1997. However, AB ranked fourth in the AA in total small loans to businesses to moderate-income tracts. Also, AB made 89% of its small loans to businesses in moderate-income tracts to businesses with annual revenues less than \$1 million.

Consumer Lending

The bank has a good geographic distribution of consumer loans. Table 8 in the Appendix shows that during 1997 and 1998, the bank originated 6% and 8% respectively of its consumer loans in moderate-income tracts. This is comparable to the percentage of the population living in moderate-income geographies.

Community Development Lending

AB originated a high dollar volume of qualified community development loans during this assessment period, including one which was particularly complex. This is considered very positive as opportunities for qualified community development lending are not as prevalent as in larger metropolitan areas. Opportunities that exist in the AA include lending to agencies or corporations that assist in or provide housing for low- to moderate-income individuals and business development or redevelopment financing. AB has been involved in community development business financing; however, most of these loans have been reported as small loans to businesses. While gave these loans positive consideration under the other lending tests above they also certainly address community needs. AB's other community development lending activities primarily consist of loans to provide housing or other services to disabled or elderly individuals with low- or moderate-incomes. We viewed these projects very favorably as they help address needs in the AA and demonstrate AB's responsiveness to community development needs. Details on AB's community development lending activities are discussed below:

- C The bank has committed \$150,000 in first mortgage financing to a project providing housing for low-to moderate-income individuals and physically impaired home buyers in AB's AA. Anticipated completion of the project is late 1999. AB is the lead bank in this project which is being financed by three financial institutions. This project is particularly complex due to the number of entities participating in the project. The land for the project was donated by the City of Menasha, grant funds were obtained from the Federal Home Loan Bank by the bank and ADVOCAP, Incorporated (ADVOCAP), and a local chapter of a national housing agency will help with the construction of the facility. ADVOCAP is a community action agency helping low- to moderate-income individuals leave poverty and become self-sufficient.
- C AB provided the construction and interim financing for a 36 bed skilled nursing community-based residential facility in Oshkosh in 1997. The facility primarily benefits disabled and elderly low- to moderate-income individuals in the bank's AA by providing affordable housing. AB provided a total of \$2,200,000 in financing for construction and interim financing. We consider AB's involvement in this project as very positive as housing for disabled and elderly was cited

as a community need.

- C AB furnished the permanent financing for a 56,000 square foot commercial building in a moderate-income geography in downtown Neenah during 1998. The building was constructed with the purpose of helping to revitalize the downtown area by leasing to small businesses wishing to locate there. The owners operate the building for the improvement of downtown Neenah and not for financial gain. AB provided a total of \$3,372,000 in financing for this project.
- C In 1998, AB provided permanent real estate financing for a non-profit community service corporation serving the needs of LMI developmentally disabled in Outagamie county. AB provided a total of \$620,000 in financing for the administration and training building of the corporation. In addition, the bank provided \$95,000 in financing for multi-family housing used by developmentally disabled individuals with low- and moderate-incomes. These projects, too, address the credit needs of the area in an effective way.
- C AB provided the permanent financing for a multi-family apartment complex in a moderate-income CT within the bank's AA. The complex provides needed housing for students and others and helps revitalize and stabilize the geography. The bank provided a total of \$400,000 in financing for this project.

Flexible Lending Practices

AB makes frequent use of flexible lending products to help serve the AA credit needs. The flexible lending programs described below are geared to increase the volume of loans originated to small businesses and low- and moderate-income individuals.

The lending programs most often utilized by AB are U.S. Small Business Administration (SBA) programs. These programs include making long-term funds available for modernizing or renovating existing facilities, providing financing to small businesses unable to secure loans on reasonable terms, and to increase the availability of funds in amounts under \$150,000. AB was the largest originator of SBA loans in the Fox Valley area during 1997 and 1998 and is considered a Preferred Lender by the SBA. In addition, the bank was the largest SBA lender in 1997 among Wisconsin Banks with assets between \$500 million and \$1 billion and the third largest SBA lender in the state for the same year. In 1997 the bank originated 34 SBA loans totaling over \$5.1 million. In 1998, AB originated 30 SBA loans totaling over \$6.3 million. These loans have been positively considered under the "Borrower" and "Geographic Distribution" above, however, AB's utilization of the SBA programs indicates the bank's willingness to provide financing for the area's small businesses.

The bank is a frequent user of the Wisconsin Housing and Economic Development Authority (WHEDA) Home Ownership Mortgage Loan (HOME) program. The HOME program provides first-time home buyers with long-term, fixed-rate loans to purchase a principal residence. On single-family homes, only a minimum down payment of 3% is required. In 1997 and 1998, the bank assisted

borrowers in obtaining a total of 18 WHEDA HOME loans totaling nearly \$1.2 million. These loans are not captured in the HMDA tables as AB is not considered to be the originator of these loans.

The bank utilizes home buyer programs offered by ADVOCAP and CAP Services, Incorporated (CAP). These agencies offer programs to provide down payment and closing cost assistance of up to \$3,000 in the form of a forgivable grant to households with incomes of 80% or less of their county median income. The bank commits to lend \$100,000 to this program per year. The bank has exceeded this commitment in both 1997 and 1998. The bank has originated eight loans totaling \$436,000 since 1997. AB is the largest lender in this program.

AB has also utilized the City of Appleton's DOORS program. This program is designed to offer grants for down payment or closing cost assistance to Appleton residents with incomes at or below 80% of the county median income. The bank commits \$100,000 every year to lend toward this program. Since 1997, the bank has originated three loans totaling \$122,000.

AB committed to provide up to \$10,000 of financial aid loans to low-income, minority, disabled, or drop-out students. To be eligible for a loan, the student must complete training of the Action Employment & Training Agency of Goodwill Industries and be successfully placed in a position with a local employer. The funds are typically used to move into an apartment and become independent. The maximum loan amount is \$1,800 for a period 36 months. The bank has made four loans under this program totaling \$6,700.

INVESTMENT TEST

We evaluated AB's performance under the Investment Test in terms of the volume of qualified investments and grants; the level of innovation and complexity associated with the investments; the degree to which the investments and grants responded to the credit and community development needs of the bank's AA; and, the degree to which these investments and activities are not routinely provided by private investors.

Conclusions:

- C AB has an excellent level of qualified community development investments and grants. This conclusion is based on the opportunities that exist in the AA for investment and grant activity and the ability of the bank to make such investments. Please refer to page 5, Description of Institution, for information on the bank's ability to make community development investments. Investments and grants over the assessment period total approximately \$2,780,000.
- C The bank exhibits excellent responsiveness to credit and community economic needs. Many of AB's qualified investments address AA needs cited by community contacts (see page 7, Community Contacts and Credit Needs). For example, AB has arranged the financing and the subsequent purchase of Industrial Revenue Bonds (IRB's) for local community service organizations. These arrangements are complex and not routinely provided by the private sector. The financing arrangement and purchase of these bonds demonstrate AB's commitment to meeting the various needs of their community.

Supporting Information

AB's level of qualified community development investments is excellent in relation to the opportunities present in the AA. Qualified investment opportunities are not as prevalent as in larger metropolitan areas, but some do exist. For example, there are opportunities to invest or donate funds to Community Action Agencies and Community Service Agencies.

Table 6 - Qualified Investments, located in the Appendix, details the number and dollar amount of investments organized by affordable housing projects, community service projects, economic development or small business projects, and revitalizing or stabilizing projects. A few of AB's more prominent investments are detailed below:

- C The bank invested \$2,100,000 in an IRB to support a non-profit skilled nursing facility in the AA primarily benefitting LMI individuals. The IRB is being used to finance an addition to an existing health center that provides care and housing for elderly or infirm individuals.
- C The bank invested \$352,000 in an IRB to support the development of a commercial site for non-profit organizations. The building is rented to community service agencies that provide

affordable housing or community services for LMI individuals in AB's AA.

- C The bank invested \$233,000 in an IRB to support facility expansion of a non-profit community service organization. The organization provides health and supportive services to individuals at their homes and hospice care for terminally ill patients regardless of their ability to pay for the services. The primary beneficiaries of this agency are LMI individuals in the bank's AA.

In all three instances above, AB arranged the financing and subsequent purchase of these bond issues. This is a complex process and demonstrates AB's commitment to help meet AA needs.

- C In 1997 and 1998, AB donated a total of \$10,000 to ADVOCAP and CAP Services, Incorporated (CAP). Like ADVOCAP, CAP exists to create homebuying opportunities for LMI individuals or families in areas that include the bank's AA. The \$10,000 was used to help fund the Agencies Home Buyers Assistance Program (HBAP). This program provides funds for down payments, closing costs and housing rehabilitation to LMI borrowers. Community contacts cited the purpose of the HBAP as an important credit need in the AA.
- C During this assessment period, AB made donations totaling \$21,700 and \$6,000 to the United Way Fox Cities and Oshkosh Area United Way respectively. The United Way provides many services primarily benefitting LMI individuals including health counseling, legal aid, crisis intervention, home nursing care, substance abuse counseling and treatment, and day care for a child or dependent adult. This agency's services are provided in the bank's AA.
- C AB made donations totaling \$12,000 to a community development organization in Neenah during 1997 and 1998. The organization is involved with revitalization efforts through new small business recruitment as well as initiating projects for the physical improvement of existing downtown businesses. The organization's efforts promote community development by revitalizing LMI geographies in AB's AA.
- C Between 1997 and 1999, AB donated \$9,000 to a local retirement foundation. The bank has also committed to donating another \$3,000 in the year 2000. These funds are used to help pay for health services of LMI patients who are unable to pay for themselves.
- C AB donated \$1,000 a year to United Community Services (UCS) in 1997, 1998, and 1999. The bank has also committed to donating another \$1,000 in the year 2000. The UCS is a non-profit organization providing services to other agencies that serve LMI individuals in the bank's AA.
- C The bank has also made several smaller contributions to organizations that provide community services, affordable housing opportunities, or promote economic development within the AA. These donations are not detailed here but are included in Table 6 in the Appendix.

SERVICE TEST

We evaluated AB's performance under the Service Test in terms of Retail Banking Services (the accessibility of delivery systems, changes in branch locations and the reasonableness of business hours and services to help meet the assessment area's needs) and the level of community development services provided in the AA.

Conclusions:

- C AB provides a high level of community development services. Many of the services AB personnel are involved with help provide the AA with needs cited by community contacts.
- C The institution has improved the accessibility of its delivery systems. Since its last CRA examination, the bank acquired a branch in a moderate-income census tract. Overall, AB's delivery systems are readily accessible and exhibit no conspicuous gaps within the AA.
- C Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income individuals.

Supporting Information

Retail Banking Services

Branch Network

AB has eight full service branches located in the AA. There are no conspicuous gaps in the distribution of AB's branch network. All of the locations have a drive-up facility. The bank also operates 14 ATMs. Seven of the ATMs are not located at, or attached to, branch facilities. The geographic distribution of AB's branch and ATM network are commensurate with the population distribution of the AA. See Table 7 - Distribution of Branch and ATM Delivery System, located in the Appendix, for details.

All branches offer loan products and deposit services. The bank also offers trust services to customers in bank locations and at customer homes if requested.

AB's record of opening and closing offices since the last examination has improved the accessibility of its delivery systems. Since the last CRA examination, the bank acquired a branch located in a moderate-income CT. AB acquired this branch late during the assessment period.

Overall branch hours are reasonable and promote convenience. Branch locations are typically open from 9 a.m. to 5 p.m. on weekdays, including the branch located in the moderate-income CT. On weekdays, drive-through facilities are typically open before the branch opens and after the branch closes. This promotes convenience as many people who work in the Fox Valley region commute to and from work and need extended hours to conduct bank transactions. Drive-through hours on

Saturday are generally from 8:30 to 12:30.

Alternative Delivery Systems

AB's alternative delivery systems make services more accessible. The bank operates 14 proprietary ATMs within its AA. Eleven of the ATMs are accessible 24 hours a day and nine are deposit taking. The geographic distribution of the bank's ATMs are commensurate with the population distribution of the AA and add convenience to the provision of the bank's retail banking services.

We did not place significant weight on alternative delivery systems other than ATMs when assessing AB's performance under this test. However, the following services do add convenience or are tailored to meet the needs of specific customers:

- C **Direct Connect** - A telephone banking service where customers can access deposit and loan information. The service is available 24 hours a day, seven days a week. Specifically, the customer is able to transfer funds between accounts, check balances and inquire on the status of checks on deposit. The customer is also able to inquire on the status of payments, payoffs, interest, and balances on loans.

- C **Associated Basic Business Checking** - A checking account available for businesses with a low number of monthly transactions. This account is primarily for the benefit of small businesses. The account minimizes banking costs while enabling the bank to establish a relationship with the business. There is a monthly maintenance fee and transactions are generally charged a per item fee after 150 items are processed.

- C **Associated Student Checking** - A checking account available for students between the ages of 18-24. The account minimizes banking costs while enabling the bank to establish a relationship with the customer. The account offers a low opening deposit of \$25 and no fees, with the exception of a \$1 charge for ATM withdrawals in excess of 6 per statement at non-Associated terminals and a \$1 charge per debit after the first 10.

- C **TDD** - Access to information Via Telecommunications Devices for the Deaf is available.

Community Development Service

AB provides a high number of community development services which address the AA's needs. Many bank employees and officers provide community development services to organizations that have as their primary purpose economic development and revitalization, affordable housing and social services targeted to low- and moderate-income persons. The programs and organizations that AB has provided services for are detailed below:

A bank officer serves on the lending committee of ADVOCAP. ADVOCAP's mission is described under the Lending Test section above. The officer lends mortgage credit expertise to help the

committee make prudent lending decisions for the benefit of non-traditional borrowers through the allocation and administration of loan resources. The bank has also provided bank personnel to speak to individuals attending ADVOCAP seminars on “Getting a Bank Loan.” In addition, the bank has hosted ADVOCAP lenders consortium meetings in bank facilities. These meetings are held to promote affordable housing within the AA. ADVOCAP’s mission of providing affordable housing was cited as a need in the AA. The bank’s involvement with ADVOCAP demonstrates the bank’s commitment to help meet this need.

AB personnel have provided financial expertise to certain groups in obtaining grant funding from the Federal Home Loan Bank of Chicago (FHLB). The service provided by bank employees helped one agency receive \$100,000 to buy and rehabilitate housing for lower income individuals. Another agency the bank provided expertise for received a \$41,000 grant to build new housing for lower income individuals. This is an example of bank personnel taking a leadership role in helping to create more affordable housing options for LMI individuals.

A bank officer serves on the SBA Business Development Loan Committee. The officer lends commercial lending expertise to the committee for the benefit of small businesses. The committee approves all SBA 504 loans state wide, including AB’s AA. The 504 program provides growing businesses with long-term, fixed rate financing for major fixed assets, such as land and buildings. AB’s involvement with the SBA promotes economic development and also contributes to meeting another need in the AA.

A bank officer has provided expertise by speaking at Wisconsin Women’s Business Initiative (WBIC) and the Wisconsin Women’s Entrepreneurs (WWE) financing symposiums. The topics presented by the employee relate to the provision of financial services including information on obtaining loans, the overall credit approval process, and creative financing options for women seeking to start a small business.

A bank officer serves as Chairman of the Oshkosh River Front Committee. The purpose of the committee is to work toward developing the water front area which has been designated as an economically blighted area by local officials. The officer lends financial expertise to the committee by helping make decisions in the allocation of resources needed to finance the development of the area.

A member of senior management serves on the Board of a community development agency located in Neenah. The organization promotes community development by initiating revitalization efforts and civic development in LMI areas of downtown Neenah. The bank employee offers financial expertise to the committee by helping to make asset allocation decisions that primarily benefit small businesses

A bank officer has provided financial expertise by teaching classes at the Fox Valley Technical College on Small Businesses. Students learn what it takes to start a small business and how to obtain financing for a small business.

A member of senior management serves on the Board and holds the Treasurer position of Financial

Information Service Center, Incorporated (FISC). FISC provides credit counseling to people of all ages and primarily benefits LMI individuals. Counselors have an 80% success rate in helping consumers avoid bankruptcy and stabilize their finances. AB also provides donations to this group. The AB senior management member provides expertise by helping to make decisions on the allocation of credit counseling resources.

A bank officer serves on the Board and Finance Committee of the Visiting Nurses Association (VNA). The VNA primarily benefits LMI individuals by providing services to terminally ill patients regardless of their ability to pay. By serving on the Board and Finance committee, the officer provides financial expertise by helping the Association make the best use of its available resources.

A bank officer serves on the Board of the Oshkosh Foundation. The Foundation serves to distribute grant funds to non-profit, community service organizations within the city of Oshkosh and raises funds for community development projects. Community Service Agencies aided by the Foundation primarily serve LMI individuals. The officer provides expertise in regards to the distribution of the organization's resources.

The bank's trust department provides trust services to a significant number of non-profit and charitable community service and development organizations at reduced fees.

FAIR LENDING REVIEW

The OCC conducted a fair lending examination of AB concurrently with its CRA examination. Home purchase loans were targeted for the review using the bank's 1998 Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR). We compared 15 approved owner-occupied home purchase loans to females with no co-applicant to 19 approved owner-occupied home purchase loans to males with no co-applicant. The review focused on the terms and conditions granted to the borrowers to identify any loan term variances between the two groups. The emphasis was to determine if any variances in the terms and conditions granted was due to gender. The results of the comparative analysis showed no disparate treatment between female and male applicants during the time period reviewed with respect to home purchase loans. We did not perform a comparative analysis between minority denials and non-minority denials as there was an insufficient number of minority denials by product type to complete a meaningful analysis.

APPENDIX

Table 1. Lending Volume

| LENDING VOLUME | | State: Wisconsin | | Evaluation Period: January 1, 1997 to December 31, 1998 | | | | | |
|---------------------------|---------------|------------------|----------------|---|-----------------------|------------|----------------------|------------|--|
| Total In Assessment Area: | Home Mortgage | | Small Business | | Community Development | | Total Reported Loans | | |
| | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | |
| 1997 | 1,299 | \$99,458 | 429 | \$49,933 | 1 | \$2,200 | 1,729 | \$151,591 | |
| 1998 | 2,512 | \$186,436 | 427 | \$58,291 | 5 | \$4,637 | 2,943 | \$247,670 | |
| TOTAL | 3,811 | \$285,894 | 856 | \$108,224 | 6 | \$6,837 | 4,672 | \$399,261 | |

Table 2. Geographic Distribution HMDA

| State: Wisconsin Evaluation Period: January 1, 1997 to December 31, 1998 | | | | | | | | | | | | | | | | |
|--|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|-----|-----|------|------|------------------|------------|
| | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | | Total Home Loans | |
| | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total |
| HOME PURCHASE MORTGAGE LOANS | | | | | | | | | | | | | | | | |
| 1997 | 0.1% | 0.0% | 5.6% | 3.7% | 82.9% | 79.0% | 11.4% | 17.3% | 1 | 10.1 | 0.0 | 7.1 | 10.0 | 12.1 | 600 | 100% |
| 1998 | 0.1% | 0.2% | 5.6% | 2.5% | 82.9% | 77.6% | 11.4% | 19.9% | N/A | N/A | N/A | N/A | N/A | N/A | 589 | 100% |
| HOME IMPROVEMENT LOANS | | | | | | | | | | | | | | | | |
| 1997 | 0.1% | 0.0% | 5.6% | 5.0% | 82.9% | 77.1% | 11.4% | 17.9% | 3 | 7.7 | 0.0 | 7.4 | 7.0 | 13.5 | 140 | 100% |
| 1998 | 0.1% | 0.0% | 5.6% | 5.8% | 82.9% | 77.7% | 11.4% | 16.5% | N/A | N/A | N/A | N/A | N/A | N/A | 121 | 100% |
| HOME REFINANCE LOANS | | | | | | | | | | | | | | | | |
| 1997 | 0.1% | 0.0% | 5.6% | 3.8% | 82.9% | 78.2% | 11.4% | 18.0% | 1 | 9.2 | 0.0 | 6.3 | 8.9 | 12.0 | 557 | 100% |
| 1998 | 0.1% | 0.0% | 5.6% | 3.2% | 82.9% | 79.5% | 11.4% | 17.3% | N/A | N/A | N/A | N/A | N/A | N/A | 1800 | 100% |
| MULTI-FAMILY LOANS | | | | | | | | | | | | | | | | |
| 1997 | 3.7% | 0.0% | 11.8% | 0.0% | 73.6% | 100.0% | 11.0% | 0.0% | 10 | 3.9 | 0.0 | 0.0 | 4.4 | 0.0 | 2 | 100% |
| 1998 | 3.7% | 0.0% | 11.8% | 100.0% | 73.6% | 0.0% | 11.0% | 0.0% | N/A | N/A | N/A | N/A | N/A | N/A | 2 | 100% |

(*) Based on 1997 Aggregate HMDA Data only.

Table 3. Geographic Distribution of Small Business Loan Originations

| Geographic Distribution: SMALL BUSINESS | | | | | | | | | | | | | | | | State: Wisconsin | | Evaluation Period: January 1, 1997 to December 31, 1998 | |
|---|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|------|-----|------|------|----------------------------|------------------|--|---|--|
| | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | | Total Small Business Loans | | | | |
| | % of Businesses | % BANK Loans | % of Businesses | % BANK Loans | % of Businesses | % BANK Loans | % of Businesses | % BANK Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total | | | |
| SMALL BUSINESS LOANS | | | | | | | | | | | | | | | | | | | |
| 1997 | 3.9% | 3.7% | 12.4% | 7.5% | 65.3% | 72.7% | 18.4% | 16.1% | 2 | 11.3 | 17.0 | 8.6 | 14.1 | 11.0 | 429 | 100% | | | |
| 1998 | 3.9% | 2.1% | 12.4% | 10.1% | 65.3% | 72.3% | 18.4% | 15.5% | N/A | N/A | N/A | N/A | N/A | N/A | 427 | 100% | | | |

(*) Based on 1997 Aggregate Small Business Data only.

Table 4. Borrower Distribution HMDA

| State: Wisconsin Evaluation Period: January 1, 1997 to December 31, 1998 | | | | | | | | | | | | | | | | |
|--|----------------------|---------------|---------------------------|---------------|-------------------------|---------------|------------------------|---------------|----------------------|-----------------------------------|------|-----|------|------|------------------|------------|
| | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Overall Market Rank* | Market Share by Borrower Income** | | | | | Total Home Loans | |
| | % of Families | % BANK Loans* | % of Families | % BANK Loans* | % of Families | % BANK Loans* | % of Families | % BANK Loans* | | Overall | Low | Mod | Mid | Upp | # | % of Total |
| HOME PURCHASE LOANS | | | | | | | | | | | | | | | | |
| 1997 | 15.1% | 5.8% | 18.5% | 19.2% | 30.1% | 32.8% | 36.3% | 40.7% | 1 | 10.1 | 10.9 | 9.5 | 10.4 | 11.8 | 600 | 100% |
| 1998 | 15.1% | 6.3% | 18.5% | 21.2% | 30.1% | 39.1% | 36.3% | 32.3% | N/A | N/A | N/A | N/A | N/A | N/A | 589 | 100% |
| HOME IMPROVEMENT LOANS | | | | | | | | | | | | | | | | |
| 1997 | 15.1% | 8.6% | 18.5% | 16.4% | 30.1% | 33.6% | 36.3% | 38.5% | 3 | 7.7 | 10.8 | 6.6 | 6.7 | 8.5 | 140 | 100% |
| 1998 | 15.1% | 7.4% | 18.5% | 21.5% | 30.1% | 28.1% | 36.3% | 40.5% | N/A | N/A | N/A | N/A | N/A | N/A | 121 | 100% |
| HOME REFINANCE LOANS | | | | | | | | | | | | | | | | |
| 1997 | 15.1% | 3.8% | 18.5% | 15.8% | 30.1% | 30.0% | 36.3% | 48.8% | 1 | 9.2 | 5.7 | 8.0 | 8.9 | 12.1 | 557 | 100% |
| 1998 | 15.1% | 3.9% | 18.5% | 15.8% | 30.1% | 34.6% | 36.3% | 45.2% | N/A | N/A | N/A | N/A | N/A | N/A | 1800 | 100% |

(*) The percent of bank loans by family level may not add up to 100%. This is due to the unavailability of income information on some borrowers.

(**) Based on 1997 Aggregate HMDA Data only.

Table 5. Borrower Distribution of Small Business Loan Originations

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | | State: Wisconsin | Evaluation Period: January 1, 1997 to December 31, 1998 | | | | | | |
|--|---|--------------|------------------|---|--------------------------|----------------------------|---------------|-------------------------|----------------------------|-----------------------|
| | Businesses with Revenues of \$1 million or less | | | Loans by Original Amount Regardless of Business Size | | | Market Share* | | Total Small Business Loans | |
| | % of Businesses | % BANK Loans | % Market Loans | \$100,000 or Less | > \$100,000 to \$250,000 | > \$250,000 to \$1,000,000 | All | Rev \$1 million or less | # | Avg Loan Size (000's) |
| 1997 | 88% | 83% | 58% | 298 | 78 | 53 | 11.3 | 16.2 | 429 | 116 |
| 1998 | 88% | 63% | N/A | 264 | 100 | 63 | N/A | N/A | 427 | 137 |

(*) Based on 1997 Aggregate Small Business Data only.

Table 6. Qualified Investments

| QUALIFIED INVESTMENTS | | State: Wisconsin | | Evaluation Period: January 1, 1997 to December 31, 1998 | | | |
|-----------------------|--------------------|-------------------|---|---|-------------------|--|--|
| | Affordable Housing | Community Service | Economic Development/ Small Business | Revitalize or Stabilize | Total Investments | | |
| 1997 and 1998 | 7 : \$2,111 | 34 : \$650 | 3 : \$7 | 3 : \$12 | 47 : \$2,780 | | |

Table 7. Distribution of Branch and ATM Delivery System

| Branches | | | | | ATMs | | | | | Population | | | |
|--------------------------|--|-------|-------|-------|----------------------|--|-------|-------|-------|--|-------|-------|-------|
| # of BANK Branches | Location of Branches by Income of Geographies | | | | # of BANK ATMs | Location of ATMs by Income of Geographies | | | | % of the Population within Each Geography | | | |
| | % Low | % Mod | % Mid | % Upp | | % Low | % Mod | % Mid | % Upp | % Low | % Mod | % Mid | % Upp |
| 8 | 0.0% | 12.5% | 75.0% | 12.5% | 14 | 0.0% | 7.1% | 85.8% | 7.1% | 0.5% | 8.8% | 79.8% | 10.9% |

Table 8. Geographic and Borrower Distribution of Consumer Loan Originations

| Geographic and Borrower Distribution: CONSUMER LOANS | | | | | | | | | | | | | | | | | | | | State: Wisconsin | | Evaluation Period: January 1, 1997 to December 31, 1998 | |
|--|-------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|-----------------------|--------------|---------------------------|--------------|-------------------------|-------------|------------------------|--------------|-------|------------|----------------------|------------------|--|---|--|
| | Geographic Distribution | | | | | | | | Borrower Distribution | | | | | | | | | | Total Consumer Loans | | | | |
| | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | # | % of Total | | | | | |
| | % of Pop* | % Bank Loans | % of Pop* | % Bank Loans | % of Pop* | % Bank Loans | % of Pop* | % Bank Loans | % of Hshlds* | % Bank Loans | % of Hshlds* | % Bank Loans | % of Hshlds* | % Bank Loan | % of Hshlds* | % Bank Loans | | | | | | | |
| 1997 | 0.5% | 0% | 8.8% | 6% | 79.8% | 77% | 10.9% | 17% | 21% | 25% | 17% | 25% | 23% | 23% | 39% | 27% | 2,195 | 100% | | | | | |
| 1998 | 0.5% | 0% | 8.8% | 8% | 79.8% | 74% | 10.9% | 18% | 21% | 32% | 17% | 28% | 23% | 19% | 39% | 21% | 1,569 | 100% | | | | | |

(*) The percentage of the population and/or households in the Assessment Area within these geographies.

Scope of Examination

| | | | |
|---|-------------------------------|-------------------------|--|
| Time Period Reviewed: January 1, 1997 through December 31, 1998 for HMDA reportable, Community Development, Small Loans to Businesses, and Consumer loans. | | | |
| Financial Institution Associated Bank, N.A. | | | Products Reviewed Home Mortgage Loans Small Business Loans Community Development Loans Consumer Loans |
| Affiliate(s) | Affiliate Relationship | | Products Reviewed |
| Associated Mortgage, Inc. | Mortgage Company | | Home Mortgage Loans |
| List of Assessment Areas and Type of Examination | | | |
| Assessment Area | Type of Exam | Branches Visited | Other Information |
| The majority of the Appleton-Oshkosh-Neenah MSA | on-site | 1 | None |

Loans Reviewed

Home Mortgage Loans: Associated Bank and Associated Mortgage's 1997 and 1998 HMDA-LARs were used in assessing the bank's performance under the Lending Test.

Business Loans: Associated Bank's 1997 and 1998 Small Business Data Collection Registers were used in assessing the bank's performance under the Lending Test.

Consumer Loans: Associated Bank's 1997 and 1998 Consumer Loan Register was also used in assessing the bank's performance under the Lending Test.

