



Comptroller of the Currency
Administrator of National Banks

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Chicago, Illinois 60605

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

June 17, 1996

Associated Bank Lakeshore, N.A.
Charter Number: 15972

1000 Franklin Street
Manitowoc, Wisconsin 54221

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Associated Bank Lakeshore, N.A.** prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agent.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of **June 17, 1996**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

ABBREVIATIONS

Associated Banc-Corp	ABC
Associated Bank Lakeshore, N.A.	ABL
Associated Commercial Mortgage, Incorporated	ACMI
Associated Mortgage Incorporated	AMI
Automated Teller Machine	ATM
Block Number Area	BNA
Board of Directors	Board
Census Tract	CT
Community Reinvestment Act	CRA
Family Service Association	FSA
Home Mortgage Disclosure Act	HMDA
Housing Cost Reduction Initiative	HRCI
Lakeshore Closing Assistance Program	LCAP
Low-to-Moderate Income	LMI
Metropolitan Statistical Area	MSA
Small Business Administration	SBA
Standby Letters of Credit	SLC
Veterans Administration	VA
Wisconsin Housing and Economic Development Authority	WHEDA

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, this institution is rated:
Satisfactory record of meeting community credit needs .

Community Profile:

Associated Bank Lakeshore, N.A. (ABL) has established a delineated community which encompasses all of the Sheboygan Metropolitan Statistical Area (MSA), and Manitowoc and Fond du lac Counties, Wisconsin. The Sheboygan MSA is comprised of Sheboygan County, Wisconsin. Based on 1990 Census Data, the population of the delineated community totals 274,000.

The delineated community has 65 census tracts (CT) and block number areas (BNA). There are no low-income CTs/BNAs in the community, with income levels between 0% and 49% of the median family income of the area. A total of three CTs/BNAs are moderate-income, with income levels between 50% and 79% of the median family income for the area; 50 CTs/BNAs are middle-income, with income levels between 80% and 119% of the median family income for the area; and 12 CTs/BNAs are upper-income, with income levels of 120% or more of the median family income for the area. The 1990 Census median family income level for the Sheboygan MSA is \$36,707. The 1990 Census State Non-Metropolitan median family income level, which is applied to Manitowoc and Fond du lac Counties is \$30,290. ABL's community has 107,000 housing units. A total of 73,000 (68%) of the housing units are owner-occupied, with 5,000 (5%) of these units located in moderate-income areas. The median housing value for the Sheboygan MSA is \$62,000. The median housing value for Manitowoc and Fond du lac Counties is \$53,000.

ABL's delineated community is home to many diversified services, and industrial companies. The largest employers for the Manitowoc area are Mirro/Foley Company, The Manitowoc Company, Hamilton Scientific, Pullman/Imperial Eastman, and Holy Family Memorial Medical Center. The largest employers for the Sheboygan area include: Kohler Company, Bemis Manufacturing, J.L. French, and the Sheboygan Memorial Medical Center. Fond du lac's largest employers include Mercury Marine, Quad Graphics, St. Agnes Hospital, and Giddings and Lewis.

Competition between financial institutions is strong. In 1994, approximately 100 financial institutions originated mortgage loans within ABL's delineated community. As of December 31, 1995, the unemployment rate for the area was stable at 3.2%, and approximates the state unemployment rate.

The scope of this evaluation included contact with several area community organizations and agencies. The individuals contacted held a generally favorable impression of ABL's involvement in the community. Some of the individuals we contacted did identify a need for more creative small business lending.

Bank Profile:

ABL is wholly owned by Associated Banc-Corp (ABC), a \$4 billion multi-bank holding company as of year-end 1995. Other ABC subsidiaries operating in the delineated community include Associated Commercial Mortgage, Incorporated (ACMI), and Associated Mortgage Incorporated (AMI).

ABL had total assets of \$348 million as of March 31, 1996. The bank had \$240 million in outstanding loans, and a loan-to-deposit ratio of 84%. ABL's loan portfolio consists of commercial loans (36%); residential real estate loans (33%); consumer loans (17%); commercial real estate loans (9%); and agricultural loans (5%). In addition, the bank has outstanding loan commitments of \$72 million, or 21% of total assets. As of March 31, 1996, ABL had earnings of \$1 million, or a return-on-assets of 1.3%.

ABL has six full-service locations in the delineated community. The bank also has two branches at local retirement villages, known as Felician Village and Pine Haven, which offer only deposit and trust facilities. The bank has five full-service and two cash-dispensing proprietary automated teller machines (ATMs) located within the delineated community. ABL has five full-service branches, one retirement village facility, and four full-service and one cash-dispensing ATM located in middle income areas; and one full-service branch, one retirement village facility, and one full-service and one cash-dispensing ATM located in upper income CTS/BNAs. ABL has no service facilities in moderate income CT/BNAs.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

- **ABL takes a proactive approach to assessing community credit needs through continuous contact with community members.**

ABL's Board of Directors (Board) and management are actively involved in meeting with local, state, and federal government officials, community development associations, economic development associations, housing authorities, small business

associations, non-profit organizations, public utilities, and other individuals. ABL's community involvement assisted bank management in identifying the following community credit needs: affordable home purchase, home refinance, and consumer loans; and small business and small farm financing.

The Board and senior management address community credit needs through product development activities. Since the January, 1994 evaluation, ABL has introduced a 100% financing home equity loan product. ABL also utilizes flexible underwriting standards in extending mortgages that do not meet secondary market guidelines. Additional information on these products is provided under Assessment Factors I and J in this evaluation.

Assessment Factor C - The extent of participation by the institution's Board of Directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

- **The Board is actively involved in the oversight of ABL's Community Reinvestment Act (CRA) program.**

ABL's Board is involved in the bank's CRA activities by establishing CRA policies and procedures, and approving the CRA Public Notice and the CRA Statement annually. ABL has expanded the CRA Statement to detail the bank's efforts in ascertaining, marketing, and originating loans; and analyzing the distribution of those loans. The Board has also established a CRA Committee, with Board member participation.

The Board and senior management support CRA training for all personnel. All new employees receive CRA training during employee orientation. Bank employees receive additional training on CRA on an on-going basis. The Board receives CRA training on a periodic basis.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

- **ABL's marketing program is designed to reach all segments of its community.**

ABL uses a variety of media to inform the community of its credit services, including: newspapers, radio, television, brochures, lobby posters, statement stuffers, and publications targeting

specific segments of the community. In addition to the general marketing plan, ABL and AMI provide periodic Homebuyer Seminars directed toward low- and moderate-income individuals. The advertising program is monitored for compliance with laws and regulations by the bank's compliance staff.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

- **ABL and AMI's lending levels within the delineated community reflect responsiveness to the credit needs of the community.**

As of March 31, 1996, ABL's loan-to-deposit ratio was 84%. This compares favorably to a national peer group average of 73%. To compare ABL's loan-to-deposit ratio with the 20 national and state chartered banks in the delineated community, December 31, 1995 information was used. As of that date, ABL's loan-to-deposit ratio of 82% was slightly above the 20 bank average of 80% and ranked tenth highest among the twenty. The banks in ABL's delineated community have loan-to-deposit ratios ranging from 58% to 103%. ABL's ratio does not include the volume of residential mortgage loans originated in conjunction with AMI in ABL's trade area. The dollar amount originated by AMI in 1995 totaled \$23 million.

ABL's overall loan growth since the last evaluation has been below that of the banks in its delineated community. In 1994, ABL exhibited net loan growth of 4%. ABL's net loan growth during 1995 equaled 12%. The average loan growth for the bank's in ABL's delineated community was 12% in both 1994 and 1995. ABL's overall loan growth since the last evaluation has also been slightly below its national peer group average. The national peer group net loan growth averaged 11% and 10% in 1994 and 1995, respectively. ABL's loan portfolio increased by approximately \$7 million in early 1995 when the Fond du lac branch of Associated Bank Milwaukee was transferred to ABL. This accounted for 28% of the bank's \$25 million net loan growth that year. In addition to ABL's loan growth, AMI mortgage loan origination volume in the delineated community grew 65% in 1995. The dollar volume of AMI loan activity in the delineated community grew by 137% in 1995.

Mortgage Loan Activity:

A significant majority of ABL's and AMI's mortgage-related loans are made within the delineated community. In 1994, 96% of all HMDA originations were made within the delineated community. A total of 96% of the dollar volume of HMDA reportable loans were made within the delineated community. In 1995, these percentages were 95% and 95%, respectively.

Table 1 provides an overview of the total number and dollar volume of loans originated by ABL and AMI within the delineated community:

TABLE 1						
HMDA LOANS ORIGINATED BY ABL AND AMI WITHIN DELINEATED COMMUNITY						
Loan Type	1994		1995		March 31, 1996**	
	#	\$*	#	\$*	#	\$*
Home Purchase	230	14,786	326	23,129	25	1,947
Home Improvement	66	1,202	95	1,640	14	272
Refinance	70	3,747	177	12,862	10	479
Multi-Family	0	0	0	0	0	0
Total	366	19,735	598	37,631	49	2,698

* Dollars are in thousands. Numbers are actual data.

** AMI data is not available for March 31, 1996.

Included in Table 1 are loans originated under special programs that are in addition to ABL's traditional lending activities. These programs and origination information follows:

- Lakeshore Closing Assistance Program (LCAP): This program provides funds to LMI borrowers for purchase money mortgage loans. This program is supplemented by the City of Manitowoc's Housing Cost Reduction Initiative (HCRI) program which provides down payment assistance to qualified borrowers. When the borrower sells the house purchased under this program, the HCRI funds are repaid. Between the HCRI grant period of July 1, 1995 and May 31, 1996, ABL originated seven loans under the LCAP program totaling \$275 thousand.
- Advocacy Committee Action Program, Incorporated (ADVOCAP): ADVOCAP assists LMI borrowers through the home purchase/rehabilitation application process. ADVOCAP directs its clients to financial institutions that are members of the ADVOCAP Homeowner Development Program's Loan Committee (HDPLC) for possible loan funding. ABL is a member of the HDPLC and commits up to \$100,000 annually under this program. Since 1994, ABL has originated five loans totaling \$186 thousand under this program.
- City of Manitowoc Homestead Opportunity Program: ABL provides the borrower with funds for purchase money mortgages while the City of Manitowoc's Home Grant funds are used to finance down payment and closing costs. The borrower repays the Home Grant Funds when the house is sold. Between 1994 and 1996, ABL originated seven loans totaling \$308 thousand under this City of Manitowoc program.
- Table 1 also includes loans guaranteed by the Wisconsin Housing and Economic Development Authority (WHEDA). Details

on ABL's originations under this program can be found under Assessment Factor J.

ABL's and AMI's volume of mortgage originations is good in relation to the bank's resources and community credit needs. In 1994, ABL was not required to report data on borrower income levels for loans originated in non-MSA areas. As a result, market share data is available only for the Sheboygan County MSA. Although market share data is available only for Sheboygan County, HMDA originations in Sheboygan County represented 91% of ABL's and AMI's total amount of HMDA originations in 1994. An analysis of 1994 mortgage-related market share in Sheboygan County census tracts indicates that ABL and AMI ranked fourth in total mortgage-related loans originated with an 8% market share. ABL and AMI ranked fourth in market share of purchase money mortgage lending with an 8% market share; second in mortgage refinance lending with a 12% market share; and fourteenth in home improvement lending with a 1% market share. There were approximately 100 institutions that originated HMDA related loans in Sheboygan County in 1994. Data on market share for 1995 is not available at the time of this writing.

Small Business and Small Farm Loans:

ABL extends a good volume of small business and small farm loans. Small business loans are defined as loans with an original amount of \$1 million or less. Small farm loans are defined as those having an original amount of \$500 thousand or less. On a combined basis, commercial, commercial real estate and agricultural loans approximate 50% of ABL's loan portfolio. This segment of the portfolio has grown 6% since the last evaluation.

Based on publicly available comparable data, ABL had 516 small business loans on June 30, 1994 with an outstanding amount of \$49 million. On June 30, 1995, ABL had 692 small business loans with \$58 million outstanding. In comparison to all banks in ABL's delineated community, and based on the June 30, 1995 small business loan information, ABL ranked fifth in both the number and outstanding dollar amount. ABL's percentage increase in the number and outstanding dollar amount of small business loans from June 30, 1994 to June 30, 1995 was 34% and 18%, respectively. This placed the bank third in its custom peer group in percentage growth of the number of small business loans outstanding. In terms of dollar percentage growth, ABL ranked sixth. In 1994 ABL originated 74 agricultural-related loans. Of these, 71 were made within the delineated community for a total of \$8 million. In 1995, ABL originated 67 agricultural-related loans totaling \$10 million. As of March 31, 1996, ABL's outstanding agricultural loan portfolio equaled \$13 million. This represents a \$3 million, or 34%, increase in agricultural loans outstanding since the last evaluation.

Consumer Activity:

ABL originates a good level of consumer loans. ABL considers credit card, automobile, installment and home equity loans as consumer loans. In 1994, ABL originated 263 consumer loans; however, the dollar volume of 1994 originations is not available. ABL originated 287 consumer loans in 1995 totaling \$5 million.

Consumer loans comprise approximately 17% of the bank's loan portfolio and have grown 19% since the last evaluation. Approximately 94% of the consumer loans originated in 1995 were within ABL's delineated community.

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

- **ABL actively participates in a variety of government-related loan programs.**

Table 2 details the volume of ABL and AMI government-related loan originations:

TABLE 2				
1994 AND 1995 ABL AND AMI GOVERNMENT LOAN ORIGINATIONS*				
Loan Type	1994		1995	
	# Originated***	\$ Originated***	# Originated***	\$ Originated***
SBA	15	2,944	17	3,025
FMHA	1	20	0	0
WHEDA Home Improvement**	1	15	3	21
WHEDA Mortgage**	23	892	32	1,497
WHEDA CROP	3	60	3	60
WHEDA Linked Deposit	1	45	0	0
VA Mortgage**	14	827	17	868
Total	58	4,803	72	5,471

* Dollar figures are in thousands. Number of originations are actual data.

** Sold in the secondary market.

*** Originations are within the calendar year.

The following loan categories from Table 2 require additional explanation:

- Small Business Administration (SBA): ABL offers SBA loans under the programs detailed below. ABL is a Certified SBA Lender which substantially reduces the time necessary to process loan applications.
 - ▶ SBA 7A Program: This program provides guaranteed term

loans over \$100,000 for business expansion; financing of real estate purchases; or construction of new facilities.

- ▶ SBA 504 Program: This program provides businesses with guaranteed term loan financing through Community Development Corporations. The funds are used to purchase real estate or fixed assets.
- ▶ SBA LowDoc Program: This program provides guaranteed term loans under \$100,000 for business purposes. The application process for these loans has been streamlined to expedite the approval process.
- Wisconsin Housing and Economic Development Authority (WHEDA): ABL offers WHEDA loans under the programs described below:
 - ▶ WHEDA Home Improvement: This program provides a subsidized interest rate home improvement loan for individuals within specified income brackets.
 - ▶ WHEDA Mortgage: This program provides long-term, fixed-rate purchase money mortgage loans at below-market interest rates to first-time homebuyers purchasing property in a targeted area. This program also provides funds for the renovation of older homes in targeted areas.
 - ▶ WHEDA Credit Relief Outreach Program (CROP): This program provides funds for agricultural-related operating expenses. Loans are generally up to \$20,000 and mature in one year or less.
 - ▶ WHEDA Linked Deposit Program: This program provides funds for businesses that are headed by either a woman or a minority and are more than 50% owned by a woman or a minority. Loans under this program are up to \$100 thousand and are to be used for real estate or fixed asset purposes. Funds are provided via WHEDA's purchase of a below market rate bank certificate of deposit with the funds then being loaned to the borrower at 1% below prime. In addition to the one originated in 1994, ABL originated another loan under this program in 1996 for a total of \$75 thousand.
- Farmers Home Administration (FmHA): This program provides agricultural term loans to farmers. The FmHA typically guarantees up to 80%-90% of the principal amount of these loans.

ABL also participates in WHEDA's Business Development Bond program. ABL provides standby letters of credit (SLC) for business borrowers that issue tax-exempt bonds through the WHEDA

Business Development Bond program. In 1994, ABL issued one SLC for a total of \$3.5 million. ABL issued two SLC's under this program in 1995 for a total of \$2.6 million.

In 1994, a total of 79 SBA loans were originated in ABL's delineated community by all financial institutions. ABL originated 15 of the 79 (19%). A total of 136 SBA loans were originated in the delineated community by all institutions in 1995. ABL originated 17 of the 136 (13%). One of the SBA loans originated in 1995 was a joint project with the City of Manitowoc's Industrial Revolving Loan Fund program. Through June of 1996, ABL had originated 2 SBA loans totaling \$125 thousand.

Through May of 1996, ABL originated 14 WHEDA loans for a total of \$618 thousand. ABL has also originated 8 VA loans through May 31, 1996 totaling \$592 thousand.

The increase in government loan originations from 1994 to 1995 is attributed to management's increased concentration on WHEDA guaranteed loan originations. ABL is the only certified lender in the area to conduct WHEDA seminars for first-time home buyers. WHEDA also raised the maximum income requirement and lowered down payment requirements making WHEDA guaranteed loan programs more accessible.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

- **ABL's delineated community is reasonable and does not arbitrarily exclude low- or moderate-income areas.**

Refer to the Community Delineation discussion on page 5 of this Evaluation for a detailed description of ABL's community delineation. The delineated community is reasonable and meets the requirements of the CRA. The community delineation is based on the area where the majority of the bank's loans are derived.

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

- **The distribution of ABL's loan originations reflects a reasonable pattern throughout the delineated community.**

ABL's lending activity is reasonably disbursed throughout the bank's delineated community. Senior management and the Board utilize a variety of reports to ascertain the bank's lending activity. Management analyzes the distribution of all of ABL's loans on a quarterly basis.

Mortgage Loan Activity:

Table 3 reflects ABL's and AMI's total number and dollar volume of mortgage-related loan originations by CT/BNA characteristic within the delineated community. The time frames covered in this table are 1994, 1995 and the first quarter of 1996. ABL data is available through March 31, 1996 and is presented below; however, 1996 AMI data is not yet available.

TABLE 3												
ABL AND AMI HMDA ORIGINATIONS BY CT/BNA CHARACTERISTIC*												
Tract Type	1994				1995				1996**			
	#	%	\$	%	#	%	\$	%	#	%	\$	%
Low***	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Mod	9	2%	227	1%	10	2%	479	1%	0	0%	0	0%
Mid	311	85%	16,476	84%	485	81%	29,543	79%	42	86%	2,194	81%
Upper	46	13%	3,032	15%	103	17%	7,609	20%	7	14%	504	19%
N/A****	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	366	100%	19,735	100%	598	100%	37,631	100%	49	100%	2,698	100%

- * Numbers are in actual amounts. Dollars are in thousands.
- ** 1996 data is through March 31 and includes information from ABL only.
- *** There are no low income census Tracts or block numbering areas in ABL's delineated community.
- **** N/A means census tract data was not available.

The 63% increase in overall mortgage originations in 1995 is primarily attributed to an increase in personnel to manage additional loan volume, increased marketing efforts, and a favorable market interest rate environment. Because only 5% of the CT's in ABL's delineated community are moderate income level tracts, the loan penetration in these tracts is generally lower than in other income level CT's.

Table 4 on the next page reflects ABL's and AMI's total number and volume of mortgage loans by borrower income level within the delineated community. The data for 1996 includes only originations by ABL as AMI information was not yet available.

TABLE 4												
ABL AND AMI HMDA ORIGINATIONS BY BORROWER INCOME LEVEL*												

Income Level	1994				1995				1996**			
	#	%	\$	%	#	%	\$	%	#	%	\$	%
Low	16	4%	422	2%	14	2%	349	1%	1	2%	20	1%
Mod	46	13%	1,645	8%	82	14%	3,513	9%	5	10%	123	5%
Mid	140	38%	6,459	33%	181	30%	9,229	25%	13	27%	654	24%
Upper	150	41%	9,933	50%	314	53%	24,146	64%	29	59%	1,833	68%
N/A***	14	4%	1,276	7%	7	1%	394	1%	1	2%	68	2%
Total	366	100%	19,735	100%	598	100%	37,631	100%	49	100%	2,698	100%

* Numbers are in actual amounts. Dollars are in thousands.

** 1996 data is through March 31 and includes information from ABL only.

*** N/A means borrower income level data was not available.

The overall increase in mortgage-related originations from 1994 to 1995 was explained under Table 3. This table indicates that while ABL increased the overall lending volume to LMI borrowers, the bank's percentage of loans to LMI individuals is below that of the delineated community's percentage of LMI families. Based on 1990 census data, 13% of the families in ABL's delineated community are considered low income. Moderate income families comprise 18% of the population and 28% are middle income. The remaining 41% are upper income families.

Tables 5 and 6 on the next page reflect ABL's and AMI's market share of 1994 HMDA lending activity. The data contained in the tables includes originations in Sheboygan County only; however, Sheboygan County HMDA originations represent 91% of ABL's and AMI's total amount of HMDA reportable originations. In 1994 ABL was not required to report HMDA information in non-MSA's and consequently data from Sheboygan County is the only market data available. Table 5 illustrates ABL's and AMI's market share of mortgage-related loan activity by census tract characteristic, while Table 6 shows the bank's market share by borrower income level. Data on the bank's market share for 1995 was not available at the time of this writing.

TABLE 5															
1994 ABL, AMI AND MARKET* HMDA LOAN ORIGINATIONS BY CENSUS TRACT CHARACTERISTICS IN SHEBOYGAN COUNTY**															
Tract Type	Purchase			Refinance			Home Improvement			Multi-Family			Total		
	Bank	Market	%	Bank	Market	%	Bank	Market	%	Bank	Market	%	Bank	Market	%
Low****	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%
Moderate	8	107	7%	6	100	6%	1	43	2%	0	1	0%	15	251	6%
Middle	122	1,310	9%	165	1,270	13%	7	612	1%	0	8	0%	294	3,200	9%
Upper	9	154	6%	15	128	12%	0	34	0%	0	1	0%	24	317	8%
NA***	0	71	0%	0	102	0%	0	1	0%	0	0	0%	0	174	0%
Total	139	1,642	8%	186	1,600	12%	8	690	1%	0	10	0%	333	3,942	8%

* Market means the total for all institutions that originated mortgages in the community.

** Table reflects percentages based on the actual number of loan originations and purchases.

*** NA means the census tract data was not available.

**** There are no Low Income census tracts in Sheboygan County.

Except for refinances in moderate income level income CT's, Table 5 indicates that ABL's and AMI's HMDA-related mortgage loan originations by CT income level were reasonably disbursed. It is noted that ABL's Sheboygan branch location is not directly adjacent to the moderate income CT. In relation to ABL's overall market share ranking of HMDA reportable loans in LMI census tracts, the bank was tied for fourth at 6%. ABL ranked fifth in market share rank for home purchase, home improvement and refinances in moderate income level census tracts.

TABLE 6															
1994 ABL, AMI AND MARKET* HMDA LOAN ORIGINATIONS BY APPLICANT CHARACTERISTICS IN SHEBOYGAN COUNTY**															
Applicant Type	Purchase			Refinance			Home Improvement			Multi-Family			Total		
	Bank	Market	%	Bank	Market	%	Bank	Market	%	Bank	Market	%	Bank	Market	%
Low	4	88	5%	4	105	4%	1	47	2%	0	0	0%	9	240	4%
Moderate	34	363	9%	35	332	11%	1	172	1%	0	0	0%	70	867	8%
Middle	66	602	11%	76	514	15%	3	265	1%	0	0	0%	145	1,381	10%
Upper	34	461	7%	71	504	14%	3	179	2%	0	0	0%	108	1,144	9%
NA***	1	128	1%	0	145	0%	0	27	0%	0	10	0%	1	310	0%
Total	139	1,642	8%	186	1,600	12%	8	690	1%	0	10	0%	333	3,942	8%

* Market means the total for all institutions who originated mortgages in the community.

** Table reflects percentages based on the actual number of loan originations and purchases.

*** NA means the census tract data was not available.

Table 6 indicates that ABL's and AMI's overall market share of

mortgage loans to low-income borrowers in Sheboygan County is reasonable; however, home purchase and mortgage refinancing loans to LMI borrowers lags their overall market share in those categories. The bank ranks fourth in terms of market share of overall originations to LMI borrowers. In home purchase loans to LMI borrowers, the bank ranks fourth in market share. ABL also ranks fourth in overall market share of refinances to LMI borrowers. ABL ranks 12th in overall market share of home improvement loans to LMI borrowers.

Consumer Lending:

Bank management conducts an annual analysis of its consumer lending activity. Bank management defines LMI as having an income level less than the annual WHEDA median family income figure. The WHEDA median family in ABL's delineated community for 1995 was \$35,600. Using this definition of LMI, a bank management prepared report indicates that 53 of the 263 (20%) consumer loans originated in 1994 were for LMI borrowers. A similar report for 1995 indicates that 81 of the 287 (28%) consumer loans originated were for LMI borrowers. This indicates a good distribution of consumer loans to borrowers of different income levels.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

- **ABL's office locations provide reasonable access to all segments of its community.**

The reader is encouraged to refer back to the Bank Profile section discussed on page 6 of this report for a detailed description of ABL's service locations.

ABL's offices are easily accessible through public transportation in the Cities of Manitowoc, Sheboygan, and Fond du lac. The bank's office hours are reasonable and tailored to meet the needs of the customers. ABL also has a 24-hour D.A.T.A. Line with deposit account information services.

In February, 1995, ABL acquired an existing Fond du lac branch office of the affiliated Associated Bank Milwaukee.

ABL closed two drive-through only facilities since the January, 1994 evaluation. In June, 1994, the Eleventh Street Auto Bank was closed, and the Maritime Drive facility was consolidated with the bank's main branch location in May, 1996. These locations were closed as a result of traffic pattern analyses indicating a low volume of activity at that location. ABL's branch closing policy requires that an impact analysis be performed to determine its effect on the local community. The community's access to financial services was not negatively impacted by these branch closures due to the low traffic patterns at those locations and

the close proximity of other ABL facilities.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

- **There is no evidence of practices which would discourage credit applications.**

ABL solicits credit applications from all segments of its delineated community. The Board and management have adopted written policies and operating procedures to ensure that all loan applications are treated in a fair and consistent manner. All lending and customer contact personnel receive periodic fair lending training.

ABL and AMI have a second review program for all 1-4 family, owner-occupied, first mortgages to ensure that every effort is made to approve each loan. Denied loan applications are provided a second chance to qualify by an underwriter independent of the original credit decision. Small business and consumer loan applications are, at a minimum, reviewed by a supervisor prior to denial. This program ensures that the bank's established credit policies and underwriting guidelines are consistently applied to all mortgage, consumer, and small business applications.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

- **ABL is in compliance with the substantive provisions of the antidiscriminatory laws and regulations.**

During our examination, we tested a sample of 11 individual female purchase money loan originations on the basis of loan terms and conditions. The approved individual female home purchase loans were compared to a sample of 19 approved individual male home purchase originations to determine if all approved loans received similar loan terms.

To accomplish our objective, we conducted an analysis of the loan groups. In each case, successful female applicants were compared to successful male applicants to evaluate the loan terms and conditions received by each group. Our examination did not identify any disparate treatment of successful applicants on a prohibited basis.

V. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

- **ABL maintains an awareness of local community and redevelopment programs and participates in such programs.**

Associated Commercial Mortgage, Incorporated (ACMI), a holding company affiliate, extends construction loans for housing projects targeted toward LMI individuals. Since the last evaluation, the following projects have been or are being financed by both ACMI and ABL:

- **Lakeshore Park Apartments:** This is a 32 unit apartment complex located in Two Rivers, Wisconsin. All 32 units are designed for LMI individuals. ACMI and ABL combined to finance the \$1.4 million construction project.
- **Oak Ridge Apartments:** All 24 units of this Wrightstown, Wisconsin apartment complex are designed for LMI individuals. ACMI and ABL combined to finance the \$1.3 million construction project.
- **Harvest View Apartments:** This is a 24 unit apartment complex located in Brillion, Wisconsin. All 24 units are designed for LMI individuals. ABL and ACMI combined to finance the \$1.1 million construction project.

ABL has also committed \$600 thousand to finance the Mill Pond Apartments in Westfield, Wisconsin. This project will consist of 24 apartment units with all of the units targeted towards LMI individuals. The total construction loan amount is \$1.2 million with ACMI financing the remaining \$600 thousand.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions, and other factors.

- **ABL generally supports the development and implementation of specific projects promoting economic revitalization and growth, in a manner consistent with the bank's size, financial capacity, location, and current local economic conditions.**

The reader is encouraged to refer back to the Community Profile and Bank Profile sections discussed on pages 5 and 6 of this report for a detailed description of ABL's financial capacity and local economic conditions.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

- **ABL has demonstrated a willingness to explore other ways to help meet community credit needs.**

ABL originates student loans through the Great Lakes Higher Education Authority which are 100% guaranteed by the Federal government. A total of 771 student loans were extended in 1994. In 1995, 833 student loans were extended.

ABL participates in the Family Service Association's (FSA) Consumer Credit Counseling Debt Consolidation Program. The bank evaluates opportunities to extend FSA credit counseling clients credit for debt consolidation purposes.

ABL also provides both monetary and time donations to community groups and charitable organizations throughout the delineated community. These groups include residential housing organizations targeted toward LMI areas and individuals such as the Association for Home and Community Education.

ADDITIONAL INFORMATION

A portion of ABL's community is comprised of the Sheboygan MSA, which encompasses Sheboygan County, Wisconsin (MSA #7620).