

FEDERAL RESERVE SYSTEM

Associated Banc-Corp
Green Bay, Wisconsin

Order Approving the Acquisition of a Savings Association

Associated Banc-Corp (“Associated”), a bank holding company within the meaning of the Bank Holding Company Act (“BHC Act”), has requested the Board’s approval under sections 4(c)(8) and 4(j) of the BHC Act and section 225.24 of the Board’s Regulation Y to acquire First Federal Capital Corporation (“First Federal Capital”) and its wholly owned subsidiary, First Federal Capital Bank (“FFCB”), a federally chartered savings association, both in La Crosse, Wisconsin.¹

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in the Federal Register (69 Federal Register 39,935 (2004)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 4 of the BHC Act.

Associated, with total consolidated assets of \$15.6 billion, is the 64th largest depository organization in the United States, controlling deposits of \$9.7 billion.² Associated operates depository institutions in Illinois, Wisconsin, and Minnesota. Associated is the third largest depository organization in Wisconsin, controlling deposits of \$6.1 billion.

First Federal Capital, with total consolidated assets of approximately

¹ 12 U.S.C. §§ 1843(c)(8) and (j); 12 C.F.R. 225.24.

² Asset data are as of March 31, 2004, and nationwide ranking data are as of May 31, 2004. Statewide deposit and ranking data are as of June 30, 2003. In this context, the term “insured depository institution” includes insured commercial banks, savings associations, and savings banks.

\$3.8 billion, is the eighth largest depository organization in Wisconsin and operates one depository institution in the state, FFCB, that controls deposits of \$2.7 billion. FFCB also has branches in Illinois and Minnesota.

On consummation of the proposal, Associated would have consolidated assets of approximately \$19.4 billion and would control deposits of \$12.4 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Associated would remain the third largest depository organization in Wisconsin, controlling deposits of approximately \$8.1 billion, which represent 8.4 percent of the total amount of deposits of insured depository institutions in Wisconsin.

The Board previously has determined by regulation that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act.³ The Board requires that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4 of the BHC Act. Associated has committed to conform all the activities of FFCB to those permissible under section 4(c)(8) of the BHC Act and Regulation Y.⁴

In reviewing the proposal, the Board is required by section 4(j)(2)(A) of the BHC Act to determine that the proposed acquisition of First Federal Capital and FFCB “can reasonably be expected to produce benefits to the public that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking

³ 12 C.F.R. 225.28(b)(4)(ii).

⁴ FFCB also engages through its subsidiaries in credit insurance activities and investing and trading activities that are permissible nonbanking activities under sections 225.28(b)(11)(i) and 225.28(b)(8)(ii) of Regulation Y. 12 C.F.R. 225.28(b)(11)(i) and 225.28(b)(8)(ii).

practices.”⁵ As part of its evaluation of the public interest factors, the Board reviews the financial and managerial resources of the companies involved, the effect of the proposal on competition in the relevant markets, and the public benefits of the proposal.⁶ In acting on notices to acquire a savings association, the Board also reviews the records of performance of the relevant insured depository institutions under the Community Reinvestment Act (“CRA”).⁷

Competitive Considerations

As part of the Board’s consideration of the public interest factors under section 4 of the BHC Act, the Board has considered carefully the competitive effects of the proposal in light of all the facts of record. Associated’s subsidiary banks and FFCB compete directly in 18 banking markets.⁸ The Board has reviewed carefully the competitive effects of the proposal in these banking markets in light of all the facts of record, including the number of competitors that would remain in the market, the relative share of total deposits in depository institutions controlled by Associated’s subsidiary banks and FFCB in the market (“market deposits”),⁹ the concentration level of market deposits and the increase in

⁵ 12 U.S.C. § 1843(j)(2)(A).

⁶ See 12 C.F.R. 225.26; see, e.g., BancOne Corporation, 83 Federal Reserve Bulletin 602 (1997).

⁷ 12 U.S.C. § 2901 et seq.

⁸ These banking markets are defined in Appendix A.

⁹ Deposit and market share data are based on annual branch reports filed as of June 30, 2003, and on calculations in which the deposits of thrift institutions are included at 50 percent. The Board has previously indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743

this level as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Merger Guidelines (“DOJ Guidelines”),¹⁰ and other characteristics of the markets.

On consummation of the proposal, Associated’s market share in the Green Bay, Wisconsin, banking market (“Green Bay Market”) would increase by a small percentage to slightly more than 35 percent of market deposits. Associated’s largest subsidiary bank, Associated Bank, National Association, also in Green Bay (“Associated WI”), is the largest depository organization in the market, controlling approximately \$1.5 billion in deposits, which represents 33.7 percent of market deposits. FFCB is the 16th largest depository organization in the market, controlling deposits of approximately \$42.8 million, which represent approximately 1 percent of market deposits. On consummation of the proposal, Associated WI would remain the largest depository organization in the market,

(1984). Thus, the Board regularly has included thrift deposits in the calculation of market share on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991). Because the Board has analyzed the competitive factors in this case as if Associated WI and FFCB were a combined entity, the deposits of FFCB are included at 100 percent in the calculation of pro forma market share. First Banks, Inc., 76 Federal Reserve Bulletin 669 (1990).

¹⁰ Under the DOJ Guidelines, 49 Federal Register 26,823 (1984), a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI is more than 1800. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

controlling deposits of \$1.5 billion, representing approximately 35.4 percent of market deposits.

The Green Bay Market, however, would remain moderately concentrated. The HHI would increase 103 points to 1652, which is consistent with the DOJ Guidelines. In addition, 21 other depository institutions would remain in the market, including one large banking organization with a market share of more than 10 percent and a larger branch network than Associated WI's network. The Green Bay Market also has been attractive for entry. Five commercial banks have entered the market de novo since 2000. Factors also indicate that the Green Bay Market would remain attractive for entry. For example, since 2000, total market deposits in the Green Bay Metropolitan Statistical Area ("MSA") have increased by an annual average rate of more than 25 percent, which exceeds the average rates for all Wisconsin MSAs by 9.5 percentage points.

Consummation of the proposal would be consistent with Board precedent and the DOJ Guidelines in each of the other 17 banking markets.¹¹ Moreover, in each of the banking markets, the change in market concentration would be relatively small and numerous competitors would remain.

The Department of Justice has reviewed the proposal and advised the Board that consummation is not likely to have a significantly adverse effect on competition in the Green Bay Market or in any other relevant banking market. The other federal banking agencies also have been afforded an opportunity to comment on the proposal and have not objected.

¹¹ The effects of the proposal on the concentration of banking resources in these banking markets are described in Appendix B.

Based on all the facts of record, the Board concludes that consummation of the proposal would not result in any significantly adverse effect on competition or on the concentration of banking resources in the Green Bay Market or in any other relevant banking market.

Financial and Managerial Resources

In reviewing the proposal under section 4 of the BHC Act, the Board has carefully considered the financial and managerial resources of Associated and First Federal Capital and their subsidiaries. The Board also has reviewed the effect the transaction would have on those resources in light of all the facts of record. The Board's review of these factors has considered reports of examination, other confidential supervisory information received from the primary supervisors for each subsidiary depository institution, and information provided by Associated.

Associated and its subsidiary depository institutions are well capitalized and would remain so on consummation of the proposal. The acquisition would be effected by an exchange of shares and a cash purchase. Associated has represented that it would not incur debt to fund the acquisition.

The Board also has considered the managerial resources of Associated, First Federal Capital, and their subsidiary depository institutions, particularly the supervisory experience and assessments of management by the organizations' primary federal supervisors and the organizations' records of compliance with applicable banking laws. In addition, the Board has reviewed the examination records of Associated and its subsidiary depository institutions, including assessments of their risk management. The Board also has considered Associated's plans to implement the proposed acquisition, including its available managerial resources.

Based on these and all the facts of record, the Board concludes that the financial and managerial resources of the organizations involved in the

proposal are consistent with approval under section 4 of the BHC Act.

CRA Performance Records

As previously noted, the Board considers the records of performance under the CRA of the relevant insured depository institutions when acting on a notice to acquire a savings association. The CRA requires the Board to assess each institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, consistent with the institution's safe and sound operation, and to take this record into account in evaluating bank expansionary proposals.¹²

The Board has considered carefully the CRA performance records of the subsidiary insured depository institutions of Associated and First Federal Capital in light of all the facts of record, including comments received on the proposal. A commenter alleged that Associated WI had a low level of home mortgage lending to LMI borrowers in La Crosse and an insufficient amount of community development investments in LMI census tracts throughout Wisconsin.¹³ The commenter also expressed concern about possible branch closings that would

¹² 12 U.S.C. § 2903.

¹³ The commenter also expressed concern that Associated WI did not extend any loans in the La Crosse MSA that were sponsored or guaranteed by the federal government, such as the Department of Veterans Affairs, and made few loans in the La Crosse MSA that were administered by the Wisconsin Housing and Economic Development Authority ("WHEDA"). Associated represented that it does participate in government loan programs throughout Wisconsin, including programs administered by WHEDA. In 2003, Associated represented that it funded 147 WHEDA loans, totaling more than \$13 million. Although the Board recognizes that banks help serve the credit needs of communities by participating in government lending programs, the CRA does not require an institution to participate in any specific loan program or to provide any specific types of products and services in its assessment areas.

result from the proposal.

Associated has indicated that on consummation of the proposal, it would evaluate the best practices for CRA-related lending programs of Associated WI and FFCB, with the goal of using the institutions' combined resources to meet the credit and banking needs of LMI individuals and neighborhoods.

A. CRA Performance Evaluations

As provided in the CRA, the Board has evaluated the proposal in light of the evaluations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.¹⁴ At its most recent CRA evaluation by the Office of the Comptroller of the Currency ("OCC"), Associated WI, which is Associated's largest subsidiary bank in terms of assets and deposits, received a "satisfactory" rating, as of November 10, 2003. Associated's other two subsidiary banks that are evaluated under the CRA also received "satisfactory" ratings at their most recent CRA performance evaluations.¹⁵ FFCB received an "outstanding" rating at its

¹⁴ See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 and 36,639 (2001).

¹⁵ Associated Bank of Chicago, Chicago, Illinois, received a "satisfactory" rating from the Federal Deposit Insurance Corporation ("FDIC"), as of December 1, 2003; Associated Bank Minnesota, National Association, Minneapolis, Minnesota (formerly Signal Bank, National Association, Eagan, Minnesota), received a "satisfactory" rating from the OCC, as of October 2, 2000. Associated Trust Company, National Association, Milwaukee, Wisconsin, is a limited-purpose trust company that is not examined under the CRA. See 12 C.F.R. 25.11(c)(3).

most recent CRA performance evaluation by the Office of Thrift Supervision (“OTS”), as of November 12, 2002.¹⁶

B. CRA Performance of Associated WI

As noted above, Associated WI received an overall “satisfactory” rating for performance under the CRA from the OCC. Associated WI received “high satisfactory” ratings under the lending and investment tests and a “low satisfactory” rating under the service test.¹⁷ Examiners reported that the total volume of Associated WI’s housing-related and small business loans demonstrated excellent responsiveness to the credit needs across the bank’s assessment areas.¹⁸

¹⁶ The commenter expressed concern that the proposed acquisition would negatively affect FFCB’s CRA performance.

¹⁷ Examiners evaluated Associated WI’s CRA performance in its 12 assessment areas in Wisconsin and took into consideration the home mortgage lending of the bank’s subsidiary, Associated Mortgage, Inc., De Pere, Wisconsin. The majority of the bank’s deposits, loans, and branches were in the Milwaukee and Green Bay MSAs and in the non-MSA areas of Wisconsin. These areas were selected for full-scope reviews. The evaluation period for home mortgage loans and loans to small businesses and farms was January 1, 1999, through December 31, 2002. The evaluation period for community development loans and the investment and service tests was March 8, 1999, to November 10, 2003.

¹⁸ The commenter expressed concern that Associated lagged its competitors in lending to LMI individuals and to borrowers in LMI census tracts in the La Crosse MSA. Loan data reported by Associated under the Home Mortgage Disclosure Act (“HMDA”) (12 U.S.C. § 2801 *et seq.*) for Associated WI and Associated Mortgage, Inc. on a combined basis indicate that Associated’s overall volume of HMDA-reportable loans originated to borrowers in LMI census tracts in the Wisconsin portion of the La Crosse MSA increased from 2002 to 2003, and its percentage of total HMDA-reportable loans originated to borrowers in LMI census tracts was comparable to or exceeded the percentage for the aggregate of lenders (“aggregate lenders”) in those years. In this context, the lending data of the aggregate lenders represent the cumulative lending for all financial institutions that have reported HMDA data in a given area. Associated’s overall HMDA lending to

For example, examiners noted favorably that the bank's market share percentage for all home mortgage loan products (home purchase, home improvement, and home refinance loans) was greater than the bank's deposit market share percentages in the Milwaukee and Green Bay MSAs and the non-MSA assessment areas of Wisconsin.

Examiners also stated that the bank demonstrated good loan distribution among borrowers of different geographies and income levels. For example, examiners noted that in the non-MSA assessment areas of Wisconsin, the percentage of the bank's home purchase loan originations in LMI areas was greater than both the percentage of owner-occupied units and the bank's overall market share for home purchase loans in these areas.¹⁹ In addition, examiners noted favorably that the bank's market share of home purchase loans to low-income areas was greater than its overall market share in the Milwaukee MSA.

Examiners characterized Associated WI's distribution of small loans to businesses as excellent in the Green Bay MSA and in the non-MSA assessment areas of Wisconsin and as adequate in the Milwaukee MSA.²⁰ In the Green Bay

LMI individuals decreased slightly in 2003, and its percentage of total HMDA-reportable loans originated to LMI individuals modestly lagged the percentage for the aggregate lenders in 2002 and 2003. However, examiners performed a limited-scope review of Associated WI's performance under the lending test in the La Crosse MSA and found that the bank's performance was consistent with its overall high satisfactory performance under the lending test.

¹⁹ The commenter also asserted that a significant portion of Associated's HMDA loans in LMI census tracts has been to non-occupant borrowers. Associated represented that it receives few applications for owner-occupied home purchases in the La Crosse MSA, due in part to a large student population in need of temporary housing.

²⁰ Small loans to businesses are loans that are originated in amounts of \$1 million or less that are either secured by nonfarm, nonresidential properties or are

MSA and the non-MSA assessment areas of Wisconsin, examiners noted favorably that the percentage of Associated WI's small loans to businesses was greater than the bank's overall market share of business loans.

Examiners reported that the bank's level of qualified investments and grants was good, considering the needs and opportunities available to the bank and its size and financial capability. During the evaluation period, the bank's qualified investments in Wisconsin totaled more than \$14 million. Examiners stated that Associated WI's responsiveness to credit and community development needs in the Milwaukee MSA was excellent and that the bank was responsive to those identified needs of the community.

With respect to retail services, examiners reported that Associated WI had an adequate level of community development services. Examiners also determined that the bank's delivery systems were reasonably accessible to geographies and individuals of different income levels.

classified as commercial and industrial loans. A small business is a business with gross annual revenues of \$1 million or less.

C. CRA Performance Record of FFCB

As previously noted, FFCB received an overall “outstanding” rating for performance under the CRA.²¹ Examiners also rated the thrift’s performance under the lending test as “outstanding” based on its level of HMDA-reportable loans in LMI geographies. They characterized the thrift’s record of lending to borrowers of different income levels and its geographic distribution of loans as excellent.

Examiners reported that FFCB originated more than 22,500 HMDA-reportable loans totaling \$2.2 billion in its assessment areas during the evaluation period, noting that the thrift was among the top three lenders by loan volume in six of its assessment areas. Examiners also praised FFCB for its loan distribution, noting that its lending to LMI borrowers and the geographic distribution of loans in LMI areas were excellent. In addition, examiners commended the thrift for its participation in grant programs administered by the Wisconsin Public Housing Department and the Department of Housing and Urban Development, which provided down-payment and closing-cost assistance to LMI residents in FFCB’s assessment areas.²²

Although FFCB’s investment test performance was rated “low satisfactory,” examiners characterized the thrift’s performance under this test as

²¹ The review period was from January 1, 2001, through June 30, 2002. FFCB’s assessment areas included the Minneapolis MSA and the following areas in Wisconsin: Madison MSA, La Crosse MSA, Janesville MSA, Eau Claire MSA, and the non-MSA areas of Wisconsin.

²² The commenter urged Associated to discontinue selling single-premium credit insurance on unsecured loans. Associated has represented that it ceased offering single-premium credit insurance in September 2003 and that FFCB would discontinue offering single-premium credit insurance on consummation of the proposal.

adequate. The institution's qualified community development investments included financing for affordable housing for LMI individuals and grants to 48 organizations that provided community development services in its assessment areas.

Examiners rated FFCB's performance under the service test as "outstanding." Examiners commended the institution for expanding its branch network during the review period and offering extended weekday and Sunday hours in its new in-store supermarket branches. Examiners noted that the thrift tailored its services to the customer base of the institution's combined assessment areas by providing consumers the ability to apply for consumer loans and to receive loan decisions by phone within 24 hours. In addition, examiners stated that the thrift's personnel provided numerous community development services in the assessment area, including homebuyer seminars, workshops on financial management, savings account ownership, and credit management.

D. Branch Closings

The Board has considered the commenter's concerns about potential branch closings in light of all the facts of record. The Board has considered Associated's branch closing policy for its subsidiary banks and the banks' record of opening and closing branches. This policy includes procedures to address concerns of LMI communities. For example, the policy provides that before closing any branch in a LMI or minority area, the bank will meet with neighborhood representatives to discuss ways to keep the branch open or to mitigate the impact of the branch's closure. In addition, examiners did not note any adverse information concerning Associated WI's record of opening or closing branches in its the most recent CRA evaluation.

The Board also has considered the fact that federal banking law

provides a specific mechanism for addressing branch closings.²³ Federal law requires an insured depository institution to provide notice to the public and to the appropriate federal supervisor before closing a branch. Associated has represented that if it decides to close, relocate, or consolidate any branch of its subsidiary banks or FFCB in connection with this proposal, it will comply with all applicable federal and state law requirements. The Board also notes that the OCC, FDIC, and OTS, the appropriate federal supervisors of the depository institutions involved in this proposal, will continue to review each institution's branch closing record in the course of conducting CRA performance evaluations.

E. Conclusion on CRA Performance Records

The Board has carefully considered all the facts of record, including reports of examination of the CRA records of the institutions involved, information provided by Associated, comments received on the proposal, and confidential supervisory information. Based on a review of the entire record, and for the reasons discussed above, the Board concludes that the CRA performance records of the relevant depository institutions are consistent with approval.²⁴

²³ Section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1), as implemented by the Joint Policy Statement Regarding Branch Closings (64 Federal Register 34,844 (1999)), requires that an insured depository institution provide the public with at least 30 days' notice and the appropriate federal supervisory agency and customers of the branch with at least 90 days' notice before the date of the proposed branch closing. The institution also is required to provide reasons and other supporting data for the closure, consistent with its written policy for branch closings.

²⁴ The commenter requested that the Board condition its approval on a commitment by Associated to take affirmative steps to increase Associated WI's lending and qualified investments. The Board focuses on the CRA performance record of an applicant and the programs that an applicant has in place to serve the credit needs of its assessment areas at the time the Board reviews a proposal under the CRA. See, e.g., J.P. Morgan Chase & Co., 90 Federal Reserve Bulletin _____

Public Benefits

As part of its evaluation of the public interest factors under section 4 of the BHC Act, the Board also has reviewed carefully the other public benefits and possible adverse effects of the proposal.²⁵ The record indicates that consummation of the proposal would result in benefits to consumers and businesses currently served by FFCB by expanding the number of available branches and providing customers with greater access to the trust management, commercial, and retail banking services of Associated WI, in addition to drawing on Associated WI's focus on commercial lending and FFCB's focus on mortgage lending. Based on these and other matters discussed in this order, as well as all the facts of record, the Board has determined that consummation of the proposal can reasonably be expected to produce public benefits that would outweigh possible adverse effects under the standard of review set forth in section 4(j)(2) of the BHC Act.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the notice should be, and hereby is, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act. The Board's approval is

(Order dated June 14, 2004). For the reasons discussed above, the CRA performance records of the subsidiary depository institutions of Associated and First Federal Capital and their current programs for serving the credit needs of their communities are consistent with approval, without the imposition of any conditions related to future CRA performance.

²⁵ The commenter also expressed concern that the proposal would result in job losses. The effect of a proposed transaction on employment in a community is outside the limited factors that the Board is authorized to consider under the BHC Act. See, e.g., J.P. Morgan & Co. Inc., 87 Federal Reserve Bulletin 77, 88 (2001).

specifically conditioned on compliance by Associated with the conditions imposed in this order and the commitments made to the Board in connection with the notice. The Board's approval also is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with and to prevent evasion of the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, these conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decisions and, as such, may be enforced in proceedings under applicable law.

The acquisition shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors,²⁶ effective August 16, 2004.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

²⁶ Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Bernanke, and Kohn. Absent and not voting: Governor Olson.

APPENDIX A

Banking Markets in which Associated's Subsidiary Banks
and First Federal Capital Bank Compete Directly

Appleton, Wisconsin

Outagamie County, excluding Oneida township; the townships of Winchester, Clayton, Neenah, and Menasha in Winnebago County; and the townships of Harrison, Woodville, Brillion, and Rantoul in Calumet County.

Beloit-Janesville, Wisconsin

Rock County.

Eau Claire, Wisconsin

Chippewa, Dunn, and Eau Claire Counties; Pepin County, excluding the townships of Stockholm and Pepin; the townships of Mondovi, Naples, Gilmanton, Dover, and Montana in Buffalo County; the townships of Albion, Unity, Sumner, Chimney Rock, Hale, Burnside, and Pigeon in Trempealeau County; and the townships of Garfield, Cleveland, Northfield, Garden Valley, and Alma in Jackson County.

Fond du Lac, Wisconsin

Fond du Lac County, excluding the townships of Ashford, Auburn, and Calumet.

Green Bay, Wisconsin

Brown and Kewaunee Counties; the townships of Morgan, Abrams, Pensaukee, Chase, and Little Suamico in Oconto County; the townships of Angelica and Maple Grove in Shawano County; Oneida township in Outagamie County; and Cooperstown township in Manitowoc County.

Jefferson, Wisconsin

The townships of Oakland, Jefferson, Sullivan, Sumner, Koshkonong, Hebron, Cold Springs, and Palmyra in Jefferson County; the townships of York, Medina,

Deerfield, Christiana, and Albion in Dane County.

Kenosha-Racine, Wisconsin

Kenosha County, excluding the townships of Wheatland and Randall; the townships of Caledonia, Mount Pleasant, Yorkville, Dover, and Rochester in Racine County.

La Crosse, Wisconsin

Wisconsin portion: La Crosse County; Glencoe township in Buffalo County; Arcadia, Preston, Ettrick, and Gale in Trempealeau County; the townships of Curran, Springfield, Franklin, North Bend, and Melrose in Jackson County.

Minnesota portion: the townships of Houston County; Honier, Richmond, Pleasant Hill, New Hartford, and Dresbach in Winona County.

Madison, Wisconsin

Dane County, excluding the townships of York, Medina, Deerfield, Christiana, and Albion; the townships of Dekorra, Lowville, Otsego, Fountain Prairie, Columbus, Hampden, Leeds, Arlington, Lodi, and West Point in Columbia County.

Manitowoc-Two Rivers, Wisconsin

Manitowoc County, excluding the townships of Schleswig, Eaton, and Cooperstown.

Minneapolis-St. Paul, Minnesota

Minnesota portion: Anoka, Hennepin, Ramsey, Washington, Carver, Scott, and Dakota Counties; the townships of Lent, Chisago Lake, Shafer, Wyoming, and Franconia in Chisago County; the townships of Blue Hill, Baldwin, Orrock, Livonia, and Big Lake and the city of Elk River in Sherburne County; the townships of Monticello, Otsego, Buffalo, Frankfort, Rockford, and Franklin in Wright County; and Lanesburgh township in Le Sueur County.

Wisconsin portion: Hudson township in St. Croix County.

Oshkosh, Wisconsin

Winnebago County, excluding the townships of Winchester, Clayton, Menasha, and Neenah.

Rochester, Minnesota

Olmsted and Fillmore Counties; the townships of Wanamingo, Minneola, Zumbrota, Cherry Grove, Roscoe, and Pine Island in Goodhue County; Wabasha County, excluding the townships of Mount Pleasant, Lake, Pepin, Glasgow, Greenfield, Watopa, and Minneiska and the city of Wabasha; Dodge County, excluding the townships of Ellington, Claremont, Ripley, and Westfield.

Rockford, Illinois

Winnebago and Boone Counties; the townships Byron, Marion, Scott, and Monroe in Ogle County.

Sheboygan, Wisconsin

Sheboygan County, excluding the townships of Russell and Rhine.

Walworth, Wisconsin

Walworth County, excluding East Troy township; Burlington township in Racine County; and the townships of Wheatland and Randall in Kenosha County.

Wausau, Wisconsin

The townships of Corning, Harding, Rock Falls, Birch, Russell, Merrill, Schley, Scott, and Pine River in Lincoln County; Marathon County, excluding the townships of Holton, Hull, Brighton, Spencer, McMillan, and Day; the townships of Aniwa, Birnamwood, Wittenberg, and Germania in Shawano County.

Wood, Wisconsin

Wood County; the townships of Spencer, McMillan, and Day in Marathon County.

APPENDIX B

Market Data²⁷

Unconcentrated Banking Markets

Appleton, Wisconsin

Associated operates the second largest depository institution in the market, controlling deposits of \$357 million, which represent approximately 13.8 percent of market deposits. First Federal Capital operates the 16th largest depository institution in the market, controlling deposits of \$44 million, which represent approximately 2 percent of market deposits. After the proposed acquisition, Associated would continue to operate the second largest depository institution in the market, controlling deposits of \$445 million, which represent approximately 16 percent of market deposits. Twenty-seven depository institutions would remain in the banking market. The HHI would increase by 62 points to 925.

Eau Claire, Wisconsin

Associated operates the 17th largest depository institution in the market, controlling deposits of \$49 million, which represent approximately 2 percent of market deposits. First Federal Capital operates the 18th largest depository institution in the market, controlling deposits of approximately \$43 million, which represent approximately 2 percent of market deposits. After the proposed acquisition, Associated would operate the seventh largest depository institution in the market, controlling deposits of approximately \$136 million, which represent approximately 6 percent of market deposits. Thirty-one depository institutions would remain in the banking market. The HHI would increase by 5 points to 552.

Walworth, Wisconsin

Associated operates the seventh largest depository institution in the market, controlling deposits of \$118 million, which represent approximately 8 percent of market deposits. First Federal Capital operates the 18th largest depository institution in the market, controlling deposits of approximately \$13 million, which represent less than 1 percent of market deposits. After the proposed acquisition, Associated would operate the third largest depository

²⁷ The pre-consummation deposits of FFCB are weighted at 50 percent, and the post-consummation deposits are weighted at 100 percent.

institution in the market, controlling deposits of approximately \$144 million, which represent approximately 9 percent of market deposits. Eighteen depository institutions would remain in the banking market. The HHI would increase by 12 points to 975.

Wood, Wisconsin

Associated operates the second largest depository institution in the market, controlling deposits of \$168 million, which represent approximately 14 percent of market deposits. First Federal Capital operates the 17th largest depository institution in the market, controlling deposits of \$10 million, which represent less than 1 percent of market deposits. After the proposed acquisition, Associated would operate the largest depository institution in the market, controlling deposits of approximately \$188 million, which represent approximately 16 percent of market deposits. Sixteen depository institutions would remain in the banking market. The HHI would increase by 33 points to 969.

La Crosse, Wisconsin

Associated operates the 11th largest depository institution in the market, controlling deposits of \$66 million, which represent approximately 4 percent of market deposits. First Federal Capital operates the second largest depository institution in the market, controlling deposits of \$197 million, which represent approximately 11 percent of market deposits. After the proposed acquisition, Associated would operate the largest depository institution in the market, controlling deposits of approximately \$461 million, which represent approximately 23 percent of market deposits. Twenty-seven depository institutions would remain in the banking market. The HHI would increase by 287 points to 988.

Madison, Wisconsin

Associated operates the seventh largest depository institution in the market, controlling deposits of \$303 million, which represent approximately 4 percent of market deposits. First Federal Capital operates the eighth largest depository institution in the market, controlling deposits of approximately \$298 million, which represent approximately 4 percent of market deposits. After the proposed acquisition, Associated would operate the third largest depository institution in the market, controlling deposits of approximately \$898 million, which represent approximately 12 percent of market deposits. Thirty-six depository institutions would remain in the banking market. The HHI would increase by 54 points to 796.

Rochester, Minnesota

Associated operates the 16th largest depository institution in the market, controlling deposits of \$44 million, which represent approximately 2 percent of market deposits. First Federal Capital operates the 15th largest depository institution in the market, controlling deposits of \$45 million, which represent approximately 2 percent of market deposits. After the proposed acquisition, Associated would operate the fourth largest depository institution in the market, controlling deposits of \$135 million, which represent approximately 6 percent of market deposits. Thirty-one depository institutions would remain in the banking market. The resulting HHI for this market, which would not increase after consummation of the proposal, would be 871.

Moderately Concentrated Banking Markets

Rockford, Illinois

Associated operates the fourth largest depository institution in the market, controlling deposits of \$503 million, which represent approximately 10 percent of market deposits. First Federal Capital operates the 14th largest depository institution in the market, controlling deposits of \$64 million, which represent approximately 1 percent of market deposits. After the proposed acquisition, Associated would operate the third largest depository institution in the market, controlling deposits of approximately \$631 million, which represent approximately 12 percent of market deposits. Twenty-two depository institutions would remain in the banking market. The HHI would increase by 12 points to 1621.

Wausau, Wisconsin

Associated operates the fourth largest depository institution in the market, controlling deposits of \$193 million, which represent approximately 10 percent of market deposits. First Federal Capital operates the 14th largest depository institution in the market, controlling deposits of \$38 million, which represent approximately 2 percent of market deposits. After the proposed acquisition, Associated would operate the third largest depository institution in the market, controlling deposits of approximately \$269 million, which represent approximately 14 percent of market deposits. Twenty depository institutions would remain in the banking market. The HHI would increase by 47 points to 1145.

Sheboygan, Wisconsin

Associated operates the fifth largest depository institution in the

market, controlling deposits of \$110 million, which represent approximately 7 percent of market deposits. First Federal Capital operates the 15th largest depository institution in the market, controlling deposits of \$13 million, which represent less than 1 percent of market deposits. After the proposed acquisition, Associated would operate the fourth largest depository institution in the market, controlling deposits of approximately \$135 million, which represent approximately 8 percent of market deposits. Sixteen depository institutions would remain in the banking market. The HHI would increase by 8 points to 1080.

Oshkosh, Wisconsin

Associated operates the fourth largest depository institution in the market, controlling deposits of \$114 million, which represent approximately 13 percent of market deposits. First Federal Capital operates the eighth largest depository institution in the market, controlling deposits of \$23 million, which represent approximately 3 percent of market deposits. After the proposed acquisition, Associated would operate the second largest depository institution in the market, controlling deposits of approximately \$159 million, which represent approximately 18 percent of market deposits. Eleven depository institutions would remain in the banking market. The HHI would increase by 89 points to 1411.

Kenosha-Racine, Wisconsin

Associated operates the 15th largest depository institution in the market, controlling deposits of \$22 million, which represent less than 1 percent of market deposits. First Federal Capital operates the 13th largest depository institution in the market, controlling deposits of \$31 million, which represent less than 1 percent of market deposits. After the proposed acquisition, Associated would operate the 11th largest depository institution in the market, controlling deposits of approximately \$85 million, which represent approximately 3 percent of market deposits. Fifteen depository institutions would remain in the banking market. The resulting HHI for this market, which would not increase after consummation of the proposal, would be 1412.

Jefferson, Wisconsin

Associated operates the tenth largest depository institution in the market, controlling deposits of \$12 million, which represent approximately 2 percent of market deposits. First Federal Capital operates the ninth largest depository institution in the market, controlling deposits of \$15 million, which represent approximately 3 percent of market deposits. After the proposed acquisition, Associated would operate the seventh largest depository institution in the market, controlling deposits of approximately \$43 million, which represent

approximately 8 percent of market deposits. Ten depository institutions would remain in the banking market. The resulting HHI for this market, which would not increase after consummation of the proposal, would be 1485.

Fond du Lac, Wisconsin

Associated operates the ninth largest depository institution in the market, controlling deposits of \$38 million, which represent approximately 3 percent of market deposits. First Federal Capital operates the 13th largest depository institution in the market, controlling deposits of \$15 million, which represent approximately 1 percent of market deposits. After the proposed acquisition, Associated would operate the seventh largest depository institution in the market, controlling deposits of approximately \$67 million, which represent approximately 6 percent of market deposits. Thirteen depository institutions would remain in the banking market. The resulting HHI for this market, which would not increase after consummation of the proposal, would be 1744.

Beloit-Janesville, Wisconsin

Associated operates the 12th largest depository institution in the market, controlling deposits of \$25 million, which represent approximately 2 percent of market deposits. First Federal Capital operates the sixth largest depository institution in the market, controlling deposits of \$63 million, which represent approximately 4 percent of market deposits. After the proposed acquisition, Associated would operate the fourth largest depository institution in the market, controlling deposits of approximately \$152 million, which represent approximately 10 percent of market deposits. Eighteen depository institutions would remain in the banking market. The resulting HHI for this market, which would not increase after consummation of the proposal, would be 1270.

Highly Concentrated Banking Markets

Minneapolis-St. Paul, Minnesota

Associated operates the fifth largest depository institution in the market, controlling deposits of \$1 billion, which represent approximately 2 percent of market deposits. First Federal Capital operates the 21st largest depository institution in the market, controlling deposits of \$218 million, which represent less than 1 percent of market deposits. After the proposed acquisition, Associated would operate the fourth largest depository institution in the market, controlling deposits of approximately \$1.4 billion, which represent approximately 3 percent of market deposits. One hundred and twenty-six depository institutions would remain

in the banking market. The resulting HHI for this market, which would not increase after consummation of the proposal, would be 1980.

Manitowoc-Two Rivers, Wisconsin

Associated operates the second largest depository institution in the market, controlling deposits of \$205 million, which represent approximately 21 percent of market deposits. First Federal Capital operates the ninth largest depository institution in the market, controlling deposits of \$14 million, which represent approximately 1 percent of market deposits. After the proposed acquisition, Associated would continue to operate the second largest depository institution in the market, controlling deposits of approximately \$234 million, which represent approximately 24 percent of market deposits. Eleven depository institutions would remain in the banking market. The HHI would increase by 76 points to 1896.