

Public Disclosure

March 9, 1998

Community Reinvestment Act Performance Evaluation

**Associated Card Services Bank, N.A.
Charter Number # 23125**

**1305 Main Street
Stevens Point, WI 54481**

**Office of the Comptroller of the Currency
Central District Office
One Financial Place, Suite 2700
440 S. LaSalle Street
Chicago, Illinois 60605**

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

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 Card Services Bank, N.A. (ACSB) prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of March 11, 1998. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: This institution is rated **Satisfactory** record of meeting community credit needs.

This rating is based upon the number (15) and dollar amount (\$90,000) of community development activities in which the bank and affiliates are involved. Three activities are considered complex and not routinely provided by private resources. Based on the limited existence (20 months) of the bank and the limited unmet needs of the community, the level and types of activities provide evidence that ACSB is in compliance with the intent of the Act.

This is the first Performance Evaluation of this institution.

Description of Institution

ACSB is a designated limited purpose bank as defined in the Community Reinvestment Act as amended May 4, 1995. The OCC approved this designation. The designation became effective on June 28, 1996, and ACSB began operation on July 19, 1996.

ACSB is a credit card bank authorized to engage only in activities described by the Bank Holding Company Act of 1956, as amended by the Competitive Equality Banking Act of 1987 (CEBA). ACSB extends credit in all fifty states; however, its primary market includes Wisconsin and the seven surrounding states. The bank is a 100% owned subsidiary of First Financial Bank (FFB), a wholly owned subsidiary of First Financial Corporation (FFC). FFC is a wholly owned subsidiary of Associated Banc-Corp (ABC), which is located in Green Bay, Wisconsin.

The bank has one facility located in the city of Stevens Point, Wisconsin. ACSB maintains its receivables on its balance sheet. As of December 31, 1997, total assets were \$158 million with 97% represented by credit card accounts receivables. Net losses for 1997 totaled \$2.7 million. ACSB's net income for 1996 totaled \$7.3 million; however, the bank had a one time gain of \$11.7 million from the sale of a portion of its credit card portfolio. Despite operating losses in 1996 (before the one time gain on sale) and 1997, ACSB's corporate structure has allowed ACSB to address credit needs of its assessment area. Some needs are addressed directly and others are addressed indirectly through affiliates of ACSB.

Description of Assessment Area

ACSB's assessment area (AA) consists of Portage County, Wisconsin. The bank's main office (only facility) is located in the city of Stevens Point, Wisconsin. The AA is located in a non-metropolitan statistical area and includes 13 block number areas (BNAs) and 14,927 families. Table #1 displays the number of BNAs and families by income level.

**Table #1
BNA's and Families by Income Level**

	Low-Income		Moderate-Income		Middle-Income		High- Income		Total	
	Count	%	Count	%	Count	%	Count	%	Count	%
BNA's	0	0	0	0	11	85	2	15	13	100
Families	1,973	13	2,421	16	3,529	24	7,004	47	14,927	100

Source: 1990 US Census Data

The table shows that there are no low- and moderate-income BNAs in ACSB's AA. Table #1 also discloses that 29% of the families within the AA are considered low- and moderate-income.

The HUD 1997 Non-MSA median family income of the AA is \$39,600 and the Census Non-MSA median family income is \$30,290. Housing units total 22,910 with 81% of these being 1-4 family units. Rental occupied units total 6,322 and represent 28% of total housing units. The median average housing cost is \$56,641, with the median average year built being 1966.

Community contact and needs assessment:

Management's contact with community representatives includes meeting with a full range of individuals and groups representing civic, religious, neighborhood, minority, city, state and federal programs. The CRA Officer for ACSB is also the CRA Officer for First Financial Bank (FFB). The primary credit need identified by ACSB includes affordable housing and stabilizing communities through economic development. These needs are consistent with those voiced by the housing and economic organization we contacted as part of the examination.

Conclusions about Performance

The bank provides community development investments and community development services to help meet the credit needs of its AA. Ninety-three percent of the number (14 out of 15) and 50% of the dollar amount (\$45,000 out of \$90,000) of the ACSB community development activities are inside its AA. The one investment outside the AA involves a small rural community south of ACSB's AA. ACSB (through FFB) partnered with a community organization to help build 3 duplexes (affordable housing rental units) in a low-income area.

ACSB was approached by the community organization based on its past willingness to help meet

credit needs of its AA and surrounding areas. Table #2 outlines the community development activities made directly by the bank and indirectly, through its affiliates.

**Table #2
Community Development Activity**

Type of Activity	Number	Dollars in 000's	Direct		Indirect (provided by affiliates)	
			Number	Am	Number	Am
Community Development Investments	13	\$89,880	2	\$15,000	11	\$74,880
Community Development Services	2	NA	2			NA

Table #2 shows that of the 13 community development investments, two investments are provided directly by ACSB. All community development services are provided directly by the bank's employees. The remaining community development activities are provided through affiliates.

Listed below are the community development activities with a synopsis of the missions of each entity as well as a summary detailing the type, amount and source of investment or service. We group the activities by those conducted within the AA and outside the AA to provide a perspective on where the various activities occur.

Community Development Activities INSIDE the Assessment Area

QUALIFIED INVESTMENTS:

The bank and its affiliates made 12 (92%) qualified investments inside the AA totaling \$45,000 (50%). Two of the qualified investments were made directly by ACSB. Ten qualified investments were made by First Financial Foundation (FFF) or First Financial Bank (FFB) affiliates of ACSB. Three qualified investments were deemed to be complex and not routinely provided by private investors.

QUALIFIED SERVICES:

ACSB and FFB have sponsored groups for receipt of grant money from the Affordable Housing Program (AHP) made available through the Federal Home Loan Bank (FHLB). ACSB and FFB put together the application packages, submit them to the FHLB and certifies that all conditions have been met. ACSB also helps with the ongoing certification and monitoring.

Funds or services were provided by Associated Card Services Bank (ACSB), First Financial Bank (FFB) or First Financial Foundation (FFF). FFF contributions are limited to \$5,000/year per

organization.

- o Five grants to a non-profit organization serving low- and moderate-income housing and other community development needs.

1996 - \$10,000	(ACSB)	1996 - \$1,500	(FFF)
1997 - \$5,000	(ACSB)	1997 - \$1,000	(FFF)
1998 - \$1,000	(FFF)		

- o One grant to locally controlled private non-profit organizations whose purposes are to reduce poverty and help low-income people become self-sufficient. They were first formed under the Economic Opportunity Act of 1964 passed by the U.S. Congress. Some of the programs available in the bank's AA include: The Home Buyers Assistance Project; Rental Housing Project; The Energy Conservation Program, Emergency Shelter and Counseling; Community Development Block Grant Program; The Refugee Advocacy Project and others.

1998 - \$9,000	(FFF)
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- o Two grants to an organization founded in 1982 to meet the long term and emerging needs of the Portage County community. This endowed grant-making organization helps people by enhancing education, enriching culture, contributing to wellness, and improving the environment through the financial management of gifts and grants from individuals and organizations. ACSB provided donations through the "Legacy Program" that were designated to a specific organization that provided services and assistance to low- and moderate-income individuals.

1996 - \$5,000	(FFF)	1998 - \$5,000	(FFF)
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- o One donation to an organization formed in 1993 to assist in the development of educational partnerships and the implementation of leadership training in Portage County. One program's mission is to strengthen Portage County's business climate and promote economic growth and development while being sensitive to its quality of life.

1997 - \$5,000	(FFF)
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- o Three donations to a charitable, non-profit organization. Its main focus is to provide a wide range of services to all the Southeast Asians, especially the Hmong in Portage County as well the general public. Part of its mission statement includes: To reduce the number of welfare families by obtaining and retaining secure employment opportunities and to help Hmong families become more productive and economically self-sufficient.

1996 - \$500	(FFB)
1997 - \$880	(FFB)
1998 - \$1,000	(FFF)

COMMUNITY DEVELOPMENT SERVICES:

Two Community development services were provided inside its AA. Neither of these services are considered innovative or complex.

- o The credit manager addresses classes at the local high school in teaching students about credit use and its pitfalls.
- o A senior manager assumed the primary fund raising responsibilities in 1997 for a local private school fund raiser. The success of that fund raiser helps low- and moderate-income families afford private education.

Community Development Activities OUTSIDE the Assessment Area

QUALIFIED INVESTMENTS:

- o This investment is part of an effort to construct affordable rental housing units for low- and moderate-income individuals. Three two-family units were constructed in a small rural area south of ACSB's AA. ACSB was asked to participate based on its willingness to help meet needs in its own assessment area.

1996 - \$45,000 (FFB)

COMMUNITY DEVELOPMENT SERVICES:

None:

Fair Lending Review

We did not identify violations of the antidiscrimination laws and regulations.

Appendix A: Scope of Examination

Scope of Examination

Time Period Reviewed	7/17/96 to 3/11/98		
Financial institution Associated Card Services Bank, N.A.		Products reviewed Community Development Investments Community Development Services	
Affiliate(s)	Affiliate relationship	Products reviewed	
First Financial Foundation	Bank Affiliate	Community Development Investments	
First Financial Bank	Bank Affiliate	Reviewed selected Community Development Investments	
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Branches Visited	Other Information
Wisconsin Portage County Non-MSA Wisconsin	on-site	No branches exist	None