



October 9, 2015

**Conditional Approval #1139
November 2015**

Mr. Dennis Nisler
Chief Financial Officer
Anchor Bank, National Association
1360 Duckwood Drive
Eagan, Minnesota 55104

Re: Filing by Anchor Bank, National Association, Saint Paul, Minnesota to Include an Issuance of Subordinated Debt in its Tier 2 Capital
OCC Control No.: 2015-CE-Capital&Div-144991 **Charter No.: 21179**

Dear Mr. Nisler:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves Anchor Bank, National Association's (Bank) application pursuant to 12 CFR 5.47 to issue up to \$15,000,000 in subordinated debt qualifying as Tier 2 capital. Under section 5.47(h), a bank may not include such subordinated debt in Tier 2 capital unless the bank has received notification from the OCC that the subordinated debt qualifies as Tier 2 capital. This conditional approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the bank's representatives.

This approval is subject to the following condition:

- The pricing of the subordinated note must be consistent with the eligibility criteria for a tier 2 capital instrument. Specifically, the conversion of the subordinated note from a fixed-rate instrument to a floating-rate instrument in 2020 must not result in any increase in the credit spread paid by the Bank.

This condition of approval is a condition "imposed in writing by a Federal banking agency in connection with any action on any application, notice or other request" within the meaning of 12 USC 1818. As such, this condition is enforceable under 12 USC 1818.

The Transaction

The bank will issue up to \$15,000,000 in subordinated debt due in 2025, with a fixed rate of interest for the first five years, and a variable rate of interest beginning in 2020. Page 2

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Consummation Requirements

Prior to issuance of the subordinated debt you must comply with any applicable securities offering disclosure requirements under 12 CFR 16.

Please notify the OCC within 10 days following issuance of the subordinated debt that you have completed the increase and complied with all requirements of 12 CFR 5.47. In this notification, please include the final pricing of the subordinated debt and an analysis that demonstrates satisfaction with the above condition. Upon receipt of your notice, we will issue a letter acknowledging receipt and indicating whether the issuance qualifies as Tier 2 capital. The issuance of subordinated debt should be completed within one year of the date of this letter.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

If you have any questions, please contact the undersigned or Senior Licensing Analyst Carolina M. Ledesma at (312) 360-8867.

Sincerely,

signed

Travis W. Wilbert
Director for District Licensing