CPP **ANNUAL USE OF CAPITAL SURVEY - 2012**

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Anchor BanCorp Wisconsin Inc. (Holding Company)/AnchorBank, fsb (Institution)

Person to be contacted regarding this report:	Mark Timmerman	RSSD: (For Bank Holding Companies)	727473
UST Sequence Number:	193	Holding Company Docket Number: (For Thrift Holding Companies)	H1972
CPP/CDCI Funds Received:	110,000,000	FDIC Certificate Number: (For Depository Institutions)	29979
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	Jan 30, 2009	City:	Madison
Date Repaid[1]:	N/A	State:	Wisconsin

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒	Increase lending or reduce lending less than otherwise would have occurred.	AnchorBank originated approximately $1.1 billion of owner-occupied, single family residential mortgage loans and approximately $72 million of consumer real estate loans during calendar 2012. Absent TARP funding, it is doubtful AnchorBank would have been able to make these loans.
☒	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	During calendar 2012, AnchorBank prudently underwrote, originated, and sold 7,300 owner-occupied, single family residential mortgage loans representing approximately $1.1 billion. Residential mortgage loans continue to be the primary beneficiary of the CPP investment.
☒	Increase securities purchased (ABS, MBS, etc.).	AnchorBank was able to purchase certain mortgage-backed agency securities (Ginnie Mae), which purchases further supported increased consumer lending in the national economy.

☐	Make other investments	Not applicable
☒	Increase reserves for non-performing assets	The TARP funding allowed AnchorBank to provide the increased reserves required by regulatory authorities for non-performing and impaired loan assets.
☒	Reduce borrowings	AnchorBank was able to repay its TLGP funds, certain outstanding brokered deposits, and Federal Home Loan Bank Advances as a way to reduce its overall funding costs.
☒	Increase charge-offs	AnchorBank was able to better withstand the continued persistent level of charge-offs of loans resulting from the depressed market for real estate and the negative effect of those charge-offs on equity capital of the Bank.
☐	Purchase another financial institution or purchase assets from another financial institution	Not applicable
☐	Held as non-leveraged increase to total capital	Not applicable

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Had AnchorBank not participated in the TARP and received the direct capital infusion of CPP funds, it would not have been in a position to fully respond to the owner-occupied, single-family refinance activity noted above and previously in calendar 2011, 2010, and 2009. Similarly, without the CPP funds bolstering its capital levels, AnchorBank would have been unable to originate additional consumer credit in the form of prudently underwritten first mortgage, second mortgage and Home Equity Line of Credit loans during calendar years 2012, 2011, 2010, and 2009. Furthermore, had AnchorBank not participated in the TARP and received the direct capital infusion of CPP funds, it would not have been able to generate income from the sale of owner-occupied, single-family loans referenced above, and as referenced in response to prior Use of Capital Surveys. That resulting income provided necessary support to AnchorBank's capital levels at a time when those capital levels were under significant stress as the result of increased loan loss provisions and increased charge-off activity.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

By having the CPP funds bolster AnchorBank's capital levels on January 30, 2009, AnchorBank was able to remain a viable credit source for both consumer and residential mortgage loans, primarily in our local markets, but also indirectly on a national basis through the purchase of mortgage-backed securities. During this period, AnchorBank's capital levels were declining as a result of significant loan loss provisions and increased charge-off activity experienced in 2009, and to a lesser extent in calendar 2010, 2011 and 2012 as a result of the deterioration of the real estate market. Had AnchorBank not benefitted from the increased capital levels as a result of the direct infusion of the CPP funds, AnchorBank would have been subject to more restrictive and punitive regulatory action which could possibly have resulted in AnchorBank's failure and would almost certainly have prevented AnchorBank from continuing to support and participate in its core mission and competency for over the past 90 years--prudently underwritten, owner-occupied, residential and consumer lending. Management also believes that the funds provided by the direct infusion of the CPP funds enabled the Bank to better manage the bridge period of time between the origination dates and funding dates for single-family loans and the subsequent dates on which those loans were funded and/or sold to the Federal National Mortgage Association and Federal National Mortgage Corporation. Furthermore, management believes the CPP funds have allowed AnchorBank to be far more responsive then would otherwise have been possible in working with troubled borrowers on a case-by-case basis where there is information to support the use of modified payment plans in order to cure delinquencies and missed payments. AnchorBank continues to be active in troubled debt restructuring agreements with respect to borrowers in AnchorBank's various loan portfolios.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

As a result of the receipt of CPP funds, AnchorBank has been able to stabilize its loan portfolios, maintain adequate regulatorily-required reserves, and which has allowed it to continue to exhaustively seek additional external capital to recapitalize AnchorBank.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.