PUBLIC DISCLOSURE

May 23, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MidCountry Bank
2611 Blue Heron Drive
Marion, Illinois 62959
Docket #: 02518

Office of Thrift Supervision
Southeast Region
1475 Peachtree Street, NE; 8th Floor
Atlanta, Georgia 30309

NOTE: **This document is an evaluation of this 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. 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.**

Office of Thrift Supervision
Department of the Treasury *Southeast Region*

Atlanta Regional Office • Phone Number: 404-888-0771 • Fax: 404-892-8128
1475 Peachtree Street, NE • Atlanta, GA 30309

June 28, 2011

Board of Directors
MidCountry Bank
2611 Blue Heron Drive
Marion, Illinois 62959

Members of the Board:

Enclosed is your institution's written Community Reinvestment Act (CRA) Performance Evaluation. The Office of Thrift Supervision (OTS) prepared the evaluation as of May 23, 2011. Pursuant to the provisions of the CRA and OTS regulations (12 C.F.R. 563e), your institution must make this evaluation and your institution's CRA rating available to the public.

In accordance with 12 C.F.R. 563e, your institution must make this written CRA Performance Evaluation available to the public within 30 business days of receiving it. You must place the evaluation in your CRA public file at your home office and at each branch within this time frame. You may not alter or abridge the evaluation in any manner. At your discretion, you may retain previous written CRA Performance Evaluation(s) with the most recent evaluation in your CRA public file.

Your institution may prepare a response to the evaluation. You may place the response in each CRA public file along with the evaluation. In the event your institution elects to prepare such a response, please forward a copy of it to this office.

All appropriate personnel, particularly customer contact personnel, need to be aware of the responsibilities that the institution has to make this evaluation available to the public. Consequently, we suggest that your institution review internal procedures for handling CRA inquiries, including those pertaining to the evaluation and other contents of the CRA public file.

We strongly encourage the Board of Directors, senior management, and other appropriate personnel to review this document and to take an active interest and role in the CRA activities of your institution. Please acknowledge receipt of this evaluation by signing the attached Board signature page and retaining a copy of the acknowledgment.

Sincerely,

Rickert Marlin
Regional Compliance Examiner Supervisor

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions 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 MidCountry Bank (MidCountry or Institution). The Office of Thrift Supervision (OTS) prepared the evaluation as of May 23, 2011. OTS evaluates performance in assessment area(s) delineated by the institution rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. OTS rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

Overall Rating

INSTITUTION'S CRA RATING: Outstanding
The Lending Test is rated: Outstanding
The Community Development Test is rated: Outstanding

MidCountry is rated “Outstanding record of meeting community credit needs.”

During the current review period, MidCountry maintained a strong loan-to-deposit (LTD) ratio that averaged 93.1 percent, although this was slightly lower than that of similarly sized savings associations within the OTS.

Other measures of lending activity indicated that the Institution originated an overall strong volume of loan products, based upon its average asset size and in comparison to similarly sized OTS-regulated institutions. The Institution is a community savings association and originates a variety of lending products, including residential mortgage loans, small-sized loans to business and farms, and consumer loans.

Less than a majority of the 1-4 family residential loan origination activity (30.6 percent) was secured by properties located within the combined assessment area. However, the vast majority of the Institution’s branch consumer, small business, and small farm lending were within the combined assessment area. The Institution’s overall record of lending to low- and moderate-income (LMI) borrowers within the combined assessment area is considered strong compared to area demographics and to the lending of all bank and thrift mortgage lenders within the combined assessment area. The Institution’s record of lending within the LMI census tracts (CTs) within the combined assessment area is also considered strong compared to area demographics and to the lending record of all bank and thrift mortgage lenders within the combined assessment area. A variety of mortgage and consumer loan products are made through special programs designed to assist LMI individuals with financing needs.

During the review period, the bank made a substantial number and volume of community development loans and community development investments/grants. Additionally, retail banking services (including alternative delivery systems) and community development service activities by banking personnel were considered to be at a favorable level.

Institution (continued)

Scope of Examination

At the preceding evaluation, conducted as of April 28, 2008, MidCountry was assigned a CRA rating of "Outstanding record of meeting community credit needs" based on the evaluation standards for an "intermediate small savings association (ISSA)."

On July 1, 2007, the OTS implemented a revised CRA evaluation format for ISSAs. The definition of an ISSA means a small savings association with assets of at least $280 million as of December 31st of both of the two prior calendar years and less than $ 1.122 billion as of December 31st of either of the prior two calendar years. The asset thresholds are updated annually in the Federal Register, with the history of the updates and examples of their implementation published at http://www.ffiec.gov/cra/examinations.htm. The OTS also expanded the evaluation criteria to add a community development test to the existing small savings association criteria. Given the Institution's asset size during the review period, its performance for this evaluation is again based upon the standards for an ISSA.

Under the revised CRA regulations, ISSAs are evaluated under two tests: the existing Lending Test for small institutions; and a Community Development Test, which includes community development lending, qualified investments, and community development services.

Unless otherwise noted, the examination review period for the current evaluation is from January 1, 2008, through December 31, 2010. Products reviewed included home purchase and refinance mortgage loans, and home improvement loans originated during this period that were reportable under the Home Mortgage Disclosure Act (HMDA). The Instritution's community development lending (including lending to small-sized businesses and farms), investments, and services were also reviewed to arrive at the assigned overall rating.

Description of Institution

MidCountry is a federally chartered, stock savings association with total assets of approximately $727.1 million as of December 31, 2010, with its home office located in Marion, Williamson County, Illinois. The Institution is a subsidiary of MidCountry Financial Corp., Macon, Georgia.

Institution (continued)

In recent years, MidCountry has focused upon commercial and residential real estate lending and lending to small businesses and small farms. During the review period, the Institution has also continued to offer conventional and governmental, fixed- and adjustable-rate residential mortgage loans to individuals, and a number of consumer loan types as well. A variety of first-time homebuyer programs are available. The Institutions's residential mortgage lending division operates three channels: retail lending through the branch and loan production offices (LPO) structure with a primary focus on the CRA assessment area, consumer direct through various marketing campaigns (lends nationwide), and wholesale through an approved list of brokers located in Minneapolis and western Wisconsin. Additionally, MidCountry has maintained a transactional website offering online bill pay with account inquiry and transfer capabilities to its customers, along with a full range of deposit products for both consumers and small businesses.

As of December 31, 2010, MidCountry's mortgage loan portfolio represented approximately 43.8 percent (net) of total assets. More specifically, one-to-four-family was 26.0 percent of total assets, five+ dwelling unit loans approximately 1.4 percent, construction loans 2.3 percent, nonresidential loans 13.3, and land loans 1.8 percent of total assets. Non-mortgage loans represented 18.1 percent of assets, cash and investment securities 16.8 percent, and mortgage backed securities were 11.0 percent.

There are no legal restrictions that adversely impact MidCountry's ability to meet community credit needs.

Description of Combined Assessment Area

MidCountry's combined assessment area consists of certain counties in the States of Illinois, Minnesota, and Nevada. In Illinois, all of the following counties are included: Franklin, Gallatin, Jackson, Jefferson, Massac, Pulaski, Saline, and Williamson. In Minnesota, all of the following counties are included: Benton, Carver, Dakota, McLeod, Meeker, Sibley, Stearns, and Wright. However, only a portion of Hennepin County is included. Hennepin is the county seat and most populous county in Minnesota, with the Institution's assessment area and resources in the south-central portion of the county. In Nevada, all of Clark County is included. The Illinois assessment areas are not part of a Metropolitan Statistical Area (MSA). However, Carver, Dakota, Hennepin, and Wright Counties are part of the Minneapolis-St. Paul-Bloomington, MN-WI MSA; Benton and Stearns Counties are part of the St. Cloud, MN MSA; and Clark County comprises the Las Vegas-Paradise, NV MSA. McLeod, Meeker, and Sibley Counties, Minnesota, are not part of an MSA.

Institution (continued)

According to the 2000 Census, the area was comprised of 609 census tracts (CTs) with income designations including ten low-income, 116 moderate-income, 307 middle-income, and 176 upper-income CTs. The 2000 Census data will be used for a geographic analysis of the Institution's 2008, 2009, and 2010 residential mortgage lending activity.

A low-income CT is one with a median family income (MFI) of less than 50.0 percent of the MFI of a non-metropolitan area of a state or an MSA; a moderate-income CT is one with a MFI of at least 50.0 percent, and less than 80.0 percent of the MFI of a non-metropolitan area of a state or an MSA; a middle-income CT is one with a MFI of at least 80.0 percent, and less than 120.0 percent, of the MFI of a non-metropolitan area of a state or an MSA; and an upper-income CT is one with a MFI of 120.0 percent or more of the MFI of a non-metropolitan area of a state or an MSA.

The combined assessment area contains twenty middle-income CTs that have been classified[a] as either distressed or underserved, or both. These tracts are all located in Illinois: Franklin County (7), Gallatin County (1), Jackson County (5), Pulaski County (1), and Saline County (6). In addition to tracking its LMI residential, consumer, small farm, and small business lending for CRA purposes, management also tracks its lending in these distressed and underserved CTs.

The combined assessment area's economy appears to be diversified and not heavily dependent upon any one industry or employer, other than Las Vegas (tourism), although agriculture does play an important role in many of the Minnesota and Illinois communities served by the Institution. The area's largest employers are the UnitedHealth Group, Target, Best Buy, 3M, Northwest Airlines, Andersen Corporation, University of Minnesota, Cargill, Southern Illinois University, Wynn Las Vegas, Bellagio LLC, MGM Grand Hotel/Casino, as well as other numerous medical, municipal, school boards and other educational systems.

[a] Using the 2010 designations published at http://www.ffiec.gov/cra/examinations.htm.

Institution (continued)

A summary of certain demographic characteristics for the combined assessment area based upon 2000 Census data is as follows:

DEMOGRAPHICS OF CTs[b]			FAMILY DISTRIBUTION	
CT Category	**Population**	**Owner Occupied Housing Units**	**Income Category**	**Distribution of Families**
Low	33,034	0.2%	Low	17.4%
Moderate	531,597	13.5%	Moderate	18.5%
Middle	1,257,513	53.7%	Middle	24.7%
Upper	675,735	32.6%	Upper	39.4%
Total	2,497,879	**100.0%**	**Total**	**100.0%**

The examiner's review of 2000 Census data disclosed the following additional information about the combined assessment area:

Total Population	2,497,920
Population 16 and older	1,914,213 (76.6%)
Population Over 65	270,608 (10.8%)
Total Housing Units	1,009,922
Owner-Occupied Housing Units	624,354 (61.8%)
Rental Occupied Units	313,956 (31.1%)
1 - 4 Family Units	725,690 (71.9%)
Multi-Family Units	219,182 (21.7%)
Total Families	636,821
Families Below the Poverty Level	41,728 (6.6%)

In addition, the Institution encounters substantial competition from many other financial institutions within the combined assessment area. Specifically, as of June 30, 2010, the latest information available, a total of 220 commercial banks and savings associations, which includes MidCountry, maintained a total of 1,092 offices within the combined assessment area. This included several institutions that are multi-state, regional, national, or larger institutions with branches outside of the combined assessment area, including Citibank, NA, Wells Fargo Bank, NA, U.S. Bank NA, JP Morgan Chase Bank NA, and Bank of America, NA. As of June 30, 2010, all institutions held approximately $196.3 billion in deposits within the combined assessment area. MidCountry held $595.7 million in deposits, or 0.3 percent of the combined assessment area's total deposit by FDIC-insured institutions inside the market. In addition, MidCountry held approximately 5.9 percent of the

[b] Excludes four CTs with no income designation and a population of 41.

Institution (continued)

Illinois combined assessment area total deposits, approximately 0.5 percent of the Minnesota combined assessment area total deposits, and approximately 0.0 percent of the Nevada assessment area total deposits. The examiner notes that the Nevada branch office, which opened June 2007, offered limited services during a majority of the review period, and realigned as a full-service branch office effective May 2010.

Given MidCountry's resources, the examiner concludes that the combined assessment area is consistent with regulatory requirements.

Conclusions With Respect To Performance Tests

Lending Test

Loan-to-Deposit Ratio

Information compiled from the OTS's Thrift Financial Reports disclosed that MidCountry's LTD ratio averaged 93.09 percent over the review period. This ratio is slightly lower than the average LTD ratio of 96.00 percent during this period for similarly sized institutions within the OTS.

Nevertheless, the examiner concludes that the Institution's LTD ratio exceeds the standard for satisfactory performance for this criterion.

Lending within the Combined Assessment Area

MidCountry maintained a HMDA loan/application register during the review period. After reviewing these records, the examiner determined that the Institution originated a total of 3,879 mortgage loans between January 1, 2008, and December 31, 2010. The examiner further determined that the majority of the originated[c] mortgage loans were not secured by property located within the combined assessment area as shown below:

[c] In additional to residential mortgage loan originations made by the bank during the entire review period, during 2008 the bank reported purchase of 144 residential mortgage loans of which 38 (26.39 percent) were inside the combined assessment area. Borrower income for the purchased loans was not required to be reported on HMDA, so these purchased loans are not analyzed further in this Evaluation. There were no purchased residential loans reported in 2009 or 2010.

Institution (continued)

RESIDENTIAL MORTGAGE LOAN ORIGINATIONS DURING THE REVIEW PERIOD – 2008, 2009, and 2010				
Originations	**Number**	**Pct. No.**	**$ Volume (000s)**	**Pct. of $**
Inside Assessment Area	1,188	30.6%	$172,744	24.7%
Outside Assessment Area	2,691	69.4%	527,570	75.3%
Total	**3,879**	**100.0%**	**$700,314**	**100.0%**

While less than a majority of the residential lending during the review period was inside the combined assessment area, the dollar volume within the assessment area, in relation to the Institution's asset size and resources was considered favorable. As mentioned in the Description of Institution section, in addition to retail residential lending mortgage channels, the Instituion operates a wholesale division that is not limited to the combined assessment area.

As shown in the table above, during the three-year review period the Institution originated 1,188 residential mortgage loan originations inside the combined assessment area. This was an increase from the preceding CRA evaluation three-year review period (2005-through-2007) inside assessment area results of 780 loans totaling $86.6 million. Management indicated the increase within combined assessment area residential lending was due primarily to added segments of the LPO structure of the Institution's mortgage division now being geographically closer to the combined assessment area. Additionally, there was some variation in the assessment area delineation during the preceding review.

In addition to the above, MidCountry originated 1,039 non-HMDA-reportable consumer loans[d] totaling $22.5 million through its retail branch office network during the review period. Of these loans, Institution records reflected 936, or 90.1 percent, were to borrowers located within the combined assessment area. MidCountry also makes small business and agricultural/small farm loans[e]. The Institution reported 816 small business loans totaling $186.1 million were made during the review period, of which 614 (75.2 percent) were within the combined assessment area. Additionally, the Institution reported 1,332 agricultural and small farm loans made during the review period totaling $244.8 million, of which 1,149 (86.3 percent) were made within the combined assessment area. In summary, a substantial majority of the Institution's consumer, small business,

[d] At a bank's option, it can maintain prescribed records of consumer lending in certain categories, for consideration under the Lending Test, and to demonstrate such lending to borrowers of different incomes. The bank does not maintain these records in the required format, but it did have available sufficient information to demonstrate the "in/out" assessment area consumer branch lending. The bank also maintains a military lending division that lends nationwide, separate from branch consumer lending, which was not tracked for in/out purposes.

[e] Due to its asset size during the review period, MidCountry Bank was not subject to the data collection and reporting requirements for CRA data registers (small business and small farm lending). For purposes of the in/out test, all agricultural/small farm lending was considered (including some agricultural loans with an original loan amount over $500,000). Small business and small farm loans are addressed further in the Community Development section of this Evaluation.

Institution (continued)

and agricultural/small farm lending during the review period was made inside the combined assessment area.

Based upon the data referenced above, including the Institution's residential mortgage, consumer, small business, and agricultural/small farm lending, the examiner concludes that MidCountry's level of lending within the combined assessment area meets the standard for satisfactory performance for this criterion.

<u>Lending to Borrowers of Different Income Levels</u>

In order to evaluate MidCountry's record of lending to borrowers of different income levels for 2008, 2009, and 2010, family income levels were stratified as a percentage of the updated MFI for the Minneapolis-St. Paul-Bloomington, MN-WI MSA, the St. Cloud MN MSAs, the Las Vegas-Paradise, NV MSA, and the non-metropolitan areas of Illinois and Minnesota. The updated MFI figures for the review period, as published annually by the US Department of Housing and Urban Development, are shown in the table below:

MEDIAN FAMILY INCOME BY AREA BY YEAR			
Area	**2010**	**2009**	**2008**
Minneapolis-St. Paul-Bloomington, MN-WI MSA	$84,000	$83,900	$80,900
St. Cloud, MN MSA	$66,800	$67,000	$64,500
Las Vegas-Paradise, NV MSA	$65,700	$65,400	$63,900
Non-MSA portion of Illinois	$54,600	$54,400	$51,900
Non-MSA portion of Minnesota	$58,700	$58,500	$56,700

From information contained in the Institution's HMDA loan/application registers, the examiner compiled the following borrower income distribution statistics during the review period:

RESIDENTIAL MORTGAGE LOAN ORIGINATIONS IN THE COMBINED ASSESSMENT AREA BY BORROWER INCOME – 2008, 2009, and 2010						
Income Category	**Percent Of MFI**	**Number**	**No. Pct.**	**Volume ($000s)**	**Pct. Of $**	**Distribution of Families**
Low	<50%	149	14.5%	12,752	9.2%	17.4%
Moderate	≥50-<80%	252	24.6%	30,679	22.1%	18.5%
Middle	≥80-<120%	300	29.2%	39,462	28.4%	24.7%
Upper	≥120%	325	31.7%	56,062	40.3%	39.4%
Total		**1,026**	**100.0**	**$138,955**	**100.0%**	**100.0%**

*Borrower income was not available for 162 originations totaling approximately $33.8 million.

Institution (continued)

As indicated above, the percentage of mortgage loans granted to low-income borrowers was below the distribution of low-income families within the combined assessment area. However, MidCountry's ability to originate mortgage loans to low-income borrowers may be influenced by family poverty levels. The examiner noted that according to the 2000 Census, approximately 6.6 percent of all families residing within the combined assessment area have incomes below the poverty level. However, the Institution's level of mortgage lending to moderate-income borrowers was well above the percentage (benchmark) of moderate-income families residing within the combined assessment area.

MidCountry's overall record of lending to borrowers of different income levels during 2008 and 2009 was also compared to the lending activity of all bank and thrift lenders subject to HMDA reporting that made residential loans within the combined assessment area, focusing upon LMI borrowers ("aggregate HMDA data"). This information was derived from the 2008 and 2009 aggregate HMDA data, the latest available.

Based upon the data shown below, MidCountry's combined level of residential mortgage lending to LMI borrowers was higher than that of aggregate HMDA data within the combined assessment area. Additionally, the level of moderate-income borrower lending within the combined assessment area exceeded demographics, while low-income was lower than the demographic benchmark (but at a good level after consideration of poverty levels).

2008/2009 Aggregate HMDA Data Borrower Income Analysis for Residential Mortgage Loan Originations Compared to MidCountry within the Combined Assessment Area

Income Category	Percent Of MFI	MidCountry Percent of No.	Aggregate HMDA Data Percent of No.	Distribution of Families
Low	<50%	13.5%	9.0%	17.4%
Moderate	≥50-<80%	24.0%	21.6%	18.5%

Based upon the above data, including consideration of family poverty levels, the examiner determined that MidCountry's overall level of lending to borrowers of different income levels exceeds the standard for satisfactory performance for this criterion.

Geographic Distribution of Loans

The examiner also performed a review to determine the adequacy of dispersion of lending with regard to lending within the LMI areas of the combined assessment area for the review period. Specifically, the examiner analyzed the percentage of residential mortgage loans, by number and

Institution (continued)

dollar amount of the mortgage loans originated by MidCountry within the LMI CTs, compared to a benchmark of the percentage of owner-occupied housing units (OOHUs) located within those areas.

The analysis disclosed the following information concerning the Institution's record of residential mortgage lending throughout the different census tracts within the combined assessment area. The percentage of OOHUs is derived from the 2000 Census:

RESIDENTIAL MORTGAGE LOAN ORIGINATIONS IN THE COMBINED ASSESSMENT AREA BY GEOGRAPHIC DISTRIBUTION – 2008, 2009, and 2010						
Income Category	**Percent of MFI**	**Number**	**No. Pct.**	**Volume ($000s)**	**Pct. of $**	**Distribution of OOHUs**
Low	<50%	-0-	0.0%	-0-	0.0%	0.2%
Moderate	≥50-<80%	126	10.6%	9,256	5.4%	13.5%
Middle	≥80-<120%	773	65.1%	110,412	63.9%	53.7%
Upper	≥120%	289	24.3%	53,076	30.7%	32.6%
Total		**1,188**	**100.0%**	**$172,744**	**100.0%**	**100.0%**

As indicated above, the Institution's overall record of residential lending within the LMI areas was slightly lower than the combined assessment area's demographics on a number basis, including no loans were made in the low-income CTs. However, the demographic benchmark for OOHU in low-income tracts in the combined assessment area was minuscule.

MidCountry's overall record of lending within the LMI CTs was also compared to the lending activity of other lenders subject to the CRA that made residential mortgage loans within the combined assessment area. This information was derived from the 2008 and 2009 aggregate HMDA data. Based upon this data, MidCountry's level of lending within the low-income CTs was lower than that of aggregate HMDA data and also the combined assessment area's demographics as indicated below. However, the bank's moderate-income CTs distribution was substantially higher than aggregate HMDA data

2008/2009 Aggregate HMDA Data Geographic Distribution Analysis for Residential Mortgage Loan Originations Compared to MidCountry within the Combined Assessment Area

Income Category	Percent of MFI	MidCountry Percent of No.	Aggregate HMDA Data Percent of No.	Distribution Of OOHUs
Low	<50%	0.0%	0.3%	0.2%
Moderate	≥50-<80%	10.8%	6.1%	13.5%

Institution (continued)

Based upon the Institution's overall level of lending within the LMI CTs, in particular compared to aggregate HMDA data, the examiner determined that MidCountry's overall geographic distribution of lending for the review period exceeds the standard for satisfactory performance for this criterion.

Innovative or Flexible Lending Programs

In an effort to increase its level of lending to LMI borrowers, MidCountry has participated in 28 special home mortgage loan programs that offer flexible loan products and/or down payment assistance. These programs include, but are not limited to the following:

Minnesota Housing Finance Agency (MHFA)'s Minnesota Mortgage Program (MMP) – MHFA offers affordable housing loan programs funded with mortgage revenue bonds to finance the purchase of new and existing homes to LMI borrowers. MHFA purchases closed loans originated by participate lenders, including MidCountry, under prescribed program requirements.

The MMP is for purchase-purpose, and/or refinance of construction loans to permanent loans, for the development of affordable housing and offers below market fixed-rates for first-time homebuyers. Borrower income and purchase limits are set by the program. The security property must be in Minnesota and borrowers must occupy the property. Eligible properties include single-family detached homes, condominiums, duplexes, and manufactured homes affixed to a permanent foundation. Bank records revealed the Institution originated 216 MMP loans during the review period totaling approximately $27.7 million. Some loans (included in the aforementioned MMP activity totals) were made through MHFA's Community Activity Set-Aside (CASA) program, with targeted community affordable housing initiatives. Down payment and closing cost assistance through an interest-free, deferred secondary loan is available through an affiliate program known as Homeownership Assistance Fund (HAF), of which the bank has participated on approximately 75 loans. MHFA's Homeowner Entry Loan Program (HOME Help) provides financial assistance to CASA-qualified LMI borrowers to address increased downpayment requirements resulting from the "declining market" designations in the Minneapolis-St. Paul area and throughout parts of Minnesota. The program is for interest-free, deferred loans (with the balance owed subject to reduction under program parameters and if maintained current), made coterminous with a first mortgage, with a maximum loan amount presently at $8,500 (maximum loan amount was $14,999 earlier in the review period). During the review period, MidCountry facilitated 41 HOME Help loans totaling $600,000. MHFA established a Minnesota-statewide home improvement loan program known as "Fix-Up," at below-market rates, with the loans made through participating lenders. Loan amounts range from $2,000-to-$35,000. During the review period, MidCountry made 26 Fix-Up loans totaling $430,673.

Institution (continued)

Guaranteed Rural Housing Loan Program (GRH) – This program is funded by the Rural Housing Service, an agency of the US Department of Agriculture. The program is for the purchase, rehabilitation, relocation, and/or construction/permanent loans for the development of rural housing, primarily for LMI borrowers. The program has no down payment requirement and monthly private mortgage insurance premiums are not applicable. However, the borrower must meet set income limits. Borrowers must occupy the security property, only own one property, and the security property must be located in a designated rural area. Eligible properties must be located in a Rural Development designated area and can include single-family detached homes, condominiums, duplexes, town homes and certain manufactured homes. The maximum loan to value ratio is 102.0 percent. The examiner notes that the Institution originated 64 GRH loans during the review period for approximately $5.9 million.

Saint Paul Department of Planning and Economic Development and the City of Minneapolis “City Living” loan program – This is below market, fixed-rate loan program for first-time homebuyers funded by the Cities of Minneapolis and St. Paul. There are targeted and non-targeted lending areas with the each city’s geographic boundaries and a concurrent interest-free second mortgage loan is available towards downpayment, closing costs, or prepaid costs. This secondary loan has no payments due until the sale or refinance of the home, but is forgiven after seven years. During the review period, MidCountry originated 22 CityLiving loans totaling $3.5 million.

In addition to the above-discussed special mortgage lending programs, an unsecured loan product was created during mid-November 2010 and is offered through the Institution’s branch network in order to provide access to consumer credit for those who may typically fall outside of normal bank lending credit criteria and have been adversely impacted by the ongoing economic upheaval in the US. The product is known as a Vantage loan. (Vantage Checking and Savings accounts are also available—see Retail Banking Services in the Community Development Service Test.) Management indicated that they are experiencing an approval rate of 10-to-15 percent, and as of May 6, 2011, 77 Vantage loans have been originated, with 33 on the Institution’s books totaling $78,900 for an average loan amount of $2,391 (the remainder are on the books of an affiliate lender). Terms range from 12-to-24 months, with the APR ranging from 7.99-to-14.99 percent depending on the applicant’s credit score and debt ratio.

Military Banking Division (dba Pioneer Services) – The Institution’s military banking division (MBD) makes unsecured consumer loans nationwide to full-time activity duty US service members, as well as career-retired military and Department of Defense civilian employees. The MBD has 17 loan LPOs throughout the US located near military bases, in addition to its Internet-based lending operations. Due to the highly mobile customer base, a majority of the business is generated on the MBD’s Internet website. During 2010, MBD made 121,951 consumer loans totaling $433.4 million. All loans are fixed-rate on monthly installments, and during January 1, 2010, through March 31,

Institution (continued)

2011, the weighted average APR of the loans made was 30.9 percent, the weighted average term was 25.7 months, and average loan amount was $3,510. Term is set to reach maturity prior to the estimated separation date from the military, as indicated on the service member's leave and earnings statement. All loans have a 15-day, money-back guarantee—if a service member is unhappy with their loan for any reason, they can return the proceeds within 15 days at no cost. Additionally, rather than using traditional consumer reporting agency's credit scores for underwriting and pricing, a proprietary scoring model is used that is adjusted for the military lifestyle that does not adversely score "time at address."

In connection with its overall lending programs, MBD offers free financial training entitled "Break the Debt Cycle" (BDC). The training provides for a one-on-one financial tutorial and exam that is designed to teach military families the dangers of having, and the importance of paying down, their high-interest debt. Records indicated that BDC financial education program was provided to over 70,000 service members and their families during the review period. Additionally, management estimated an additional approximately 10,000 other types of non-BDC debt cycle education is provided to service members and their families on an annual basis.

In addition to its regular consumer lending, MBD has developed several innovative or flexible lending programs as discussed below.

NewPath Loan Program (NPL) – This program was developed in 2007 by MBD, and is designed to offer alternatives to "payday" lenders by providing reasonably priced small dollar loans to military personnel. The program has three components, an loan product, a savings account, and free financial education. The loan component provides a one-time loan of $1,000 with a nine month repayment plan. The savings component provides a $50.00 deposit to a NewPath Savings account if the borrower pays off the NewPath loan on time. This deposit is not deducted from the loan proceeds. The NPL program is still offered, but no longer marketed; however, two loans were made during the review period. Management indicated that a similar pilot program commenced in 2011.

Disaster Relief Program – MBD created a loan program for military personnel affected following Hurricane Katrina in designated disaster areas. The loan amount is $1,000, three-months repayment same as cash, or APR of 9.9 percent for longer terms. Additionally, more recently, areas affected by the tornado outbreaks in 2011 were offered the same product. During the review period, five disaster relief loans were made by MBD.

HELP Loan Program – MBD created another loan program as a responsible alternative to payday lending in order to help military families with their short-term cash needs. The HELP loan is a one-time, non-renewable loan of $500, with total fees and interest of $25 (24.0 percent APR). During the review period, 136 HELP loans were made.

Institution (continued)

Based upon MidCountry's overall record of lending within the combined assessment area, a rating of "Outstanding" was assigned for the Lending Test. Although the majority of the number of residential mortgage loan originations were not secured by properties located within the Institution's combined assessment area, the volume inside the assessment area was at a favorable level and increased from the preceding CRA evaluation review period. The vast majority of branch office consumer and small business and agricultural/small farm loans were to borrowers within the combined assessment area. The level of lending to LMI borrowers and within the LMI CTs was comparable with area demographics and higher than that of aggregate HMDA data within the combined assessment area. A variety of mortgage and consumer loan products are made through special programs designed to assist LMI individuals with financing needs.

Community Development Test

Community Development Lending

During the review period, the Institution has actively originated both small-sized business loans (original loan amount of $1 million or less) and small-sized farm loans (original loan amount of $500,000 or less). This type of lending promotes economic development and can be counted as a community development loan.

Business banking representatives are stationed throughout MidCountry's branch offices and there is also an LPO located in St. Cloud, Minnesota. The types of lending are commercial and industrial, US Small Business Administration (SBA), letters of credit, lines of credit, equipment, commercial real estate, and development/construction loans. Government programs utilized in business lending are SBA 504 and 7A. According to the SBA, its 504 loan program is a long-term financing tool, designed to encourage economic development within a community. The 504 program accomplishes this by providing small businesses with long-term, fixed-rate financing to acquire major fixed assets for expansion or modernization. The SBA 7A loan program includes financial help for businesses with special requirements. For example, businesses that operate in rural areas, and for other very specific purposes. The Small/Rural Lender Advantage initiative is designed to accommodate the unique loan processing needs of small community/rural-based lenders by simplifying and streamlining loan application process and procedures, particularly for smaller SBA loans. It is part of a broader SBA initiative to promote the economic development of local communities, particularly those facing the challenges of population loss, economic dislocation, and high unemployment.

MidCountry also actively originates agricultural and small farm loans, primarily out of its agricultural offices in the Hutchinson South, Minnesota, branch office, as well as its southern Illinois markets. Collateral considered for lending includes machinery, equipment, livestock for market, breeding livestock, stored grains, crops, insured crops, and improved and unimproved farmland. Government

Institution (continued)

programs utilized in agricultural lending is mostly through the US Department of Agriculture Farm Service Agency (FSA), but also some Federal Agricultural Mortgage Corporation (Farmer Mac). FSA loans are often provided to beginning farmers who cannot qualify for conventional loans because they have insufficient financial resources. FSA also helps established farmers who have suffered financial setbacks from natural disasters, or whose resources are too limited to maintain profitable farming operations. Farmer Mac is a Government-sponsored enterprise with the mission of providing a secondary market for agricultural real estate and rural housing mortgage loans, primarily by purchasing qualified loans from lenders, thereby replenishing their source of funds to make new loans.

As previously mentioned, the combined assessment area contains twenty middle-income CTs (all in Illinois) that have been classified by OTS as either distressed or underserved, or both. Management tracks its residential mortgage lending within these distressed and underserved CTs, which count as a community development loan.

Because the Institution is not a required CRA data reporter for small business and small farm lending, it does not track borrower revenue for CRA purposes. As such, the examiner used the aforementioned original loan amount size as a proxy for the size of the business or farm. Additionally, the vast majority of the small business and small farm loans were made to borrowers (and/or secured by properties) within the combined assessment areas. Some lending, however, was in adjacent statewide areas. As such, the examiner considered all such lending within a broader statewide or regional area that includes the assessment area[f].

During the review period, the bank made 2,091 community development loans totaling $333.4 million as summarized below. This was considered to be a strong number and volume.

816 Small-sized business loans (original loan amount of $1 million or less[g]): $186,087,518
1,210 Small-sized farm loans (original loan amount of $500,000 or less): $137,450,631
One additional community development loan (original loan amount greater than $1 million with a different "community development" purpose[h]): $5,500,000
64 Residential mortgage loans in distressed or underserved CTs: $4,389,000

Grand Total: 2,091 Community Development Loans totaling $333,427,149

[f] The broader or statewide community development lending is included in the combined assessment area totals, but not in the individual IL or MN combined assessment area totals discussed later in this Evaluation.
[g] Examiner's note: Included in the "small-sized business loans" total are 33 community development loans totaling $17.0 million with a particularly documented "community development" purpose in addition to being small loans to businesses. These included loans targeted to LMI affordable housing, various other LMI services, and in LMI areas.
[h] Multi-tenant commercial property located in moderate tract; primary tenant is a medical center that provides low-income targeted medical care to the Brooklyn Park, Minnesota, community. The project is part of a city redevelopment project through its Economic Development Authority.

Institution (continued)

Total community development increased substantially from the preceding CRA evaluation review period (calendar years 2005, 2006, and 2007), where only 16 community development loans totaling approximately $8.4 million were made. However, it should be noted that small business and small farm loans were included in the Lending Test during the preceding review, rather than as "community development" loans. Total small business/small farm lending during the preceding review totaled $229,726,000. At management's option, small business and small farm lending were included in the Community Development Test during the current review.

Community Development Investments

Under this regulation, qualified investment means a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. During the review period, the Institution made a total of $2.9 million in community development investments as detailed below. This volume is strong and compares favorably to the preceding CRA evaluation review period total of $166,654.

During February 2008, the Institution purchased a CRA mortgage-backed security (MBS) totaling $1,035,416, which contained a pool of seven residential mortgage loans to LMI borrowers located within the Las Vegas, Nevada, assessment area. Considering the recent nationwide economic upheaval and in particular to the Las Vegas market, management chose to invest in the assessment area through this investment security (which was held in portfolio for approximately one year), rather than active solicitation and origination of residential mortgage loans on its own. A similar CRA MBS for the Hutchinson and Hastings, Minnesota, assessment areas was purchased during January 2008 totaling $1,111,396 and was held in the portfolio for approximately one year.

On December 29, 2009, the Institution purchased a $500,000 share in a CRA investment fund used to finance an affordable multifamily rental project located in Las Vegas. The project set aside 96 percent of the rental units for families with incomes below 60 percent of the area median family income and is located in a moderate-income CT within the assessment area. On December 29, 2010, the Institution donated a lot (to be used for affordable housing development), valued at $13,000, to Habitat for Humanity in Marion, Illinois.

MidCountry made nine grants to various organizations reflecting a community development purpose in the Minnesota statewide combined assessment area totaling $11,960. One of the primary recipients was Rebuilding Together, whose mission is to bring volunteers and communities together to improve the homes and lives of low-income homeowners. They provide no-cost home repairs for homeowners in need, particularly the elderly, individuals living with disabilities, and families with children.

Institution (continued)

In the Illinois statewide combined assessment area, the Institution made 12 qualifying grants to various organizations with a community development purpose totaling $4,813.

The Institution's MBD, with its administrative offices located in the Kansas City, Missouri, area, made six qualifying grants to organizations in the community with a community development purpose totaling $125,650. Recipients included the United Way, Big Brothers and Big Sisters, and a local hospital with primary care services for LMI individuals with little or no means to pay for their care. It should be noted that Kansas City, Missouri (Missouri is adjacent to the State of Illinois), is not part of the defined CRA assessment area. However, it is considered to be a broader regional area to include the Illinois statewide combined assessment area.

The MBD also provides grants to two nationwide community development organizations—Angel Flight America/Angel Flight Central and USA Cares—totaling $83,664, with a focus on assistance to current or former members of the military. Angel Flight America arranges transportation for individuals who are financially distressed, or who are in a time-critical, non-emergency situation due to their medical condition. USA Cares Housing Assistance program has saved more than 1,400 military families from facing either foreclosure or eviction from their homes. Because of the MBD's unique nationwide military customer base, the examiner includes these community development grants for purposes of the CRA review.

Community Development Services

Retail Banking Services

Based on information supplied in the PERK, including various CRA Public File documents, the examiner prepared the following table reflecting the distribution of the Instituition's branch offices by state, including income level of each branch's geography and whether there is an adjacent ATM machine. Information presented as of December 31, 2010 (with one footnoted update after that date).

Institution (continued)

MidCountry Branch Office/ATM Locations - Illinois

County	City Location	Income Level of Geography	ATM
Franklin	Benton	Moderate	Yes
Gallatin	Shawneetown	Moderate	Yes
Jackson	Carbondale	Upper	Yes
Jefferson	Mt. Vernon	Upper	Yes
Massac	Metropolis	Moderate	Yes
Pulaski	Mounds	Moderate	NO
Saline[i]	Galatia Harrisburg	Distressed-Middle Moderate	Yes Yes
Williamson	Johnston City Marion (2)	Moderate Both Moderate	Yes All Yes
Total	**11 Branch Offices**		**10 ATMs**

MidCountry Branch Office/ATM Locations - Minnesota

County	City Location	Income Level of Geography	ATM
Carver	Waconia	Middle	Yes
Dakota	Apple Valley Hastings Inver Grove Heights	Upper Middle Upper	Yes Yes Yes
Hennepin	Minnetonka Shorewood	Upper Upper	Yes Yes
McLeod	Glencoe Hutchinson (2)	Upper Both Middle	Yes Both Yes
Meeker	Litchfield	Middle	Yes
Sibley	Winthrop	Middle	NO
Stearns	St. Cloud Waite Park	Low Middle	Yes Yes
Wright	Buffalo	Middle	Yes
Total	**14 Branch Offices**		**13 ATMs**

MidCountry Branch Office/ATM Locations - Nevada

County	City Location	Income Level of Geography	ATM
Clark	Las Vegas	Middle	Yes
Total	**1 Branch Office**		**1 ATMs**

Since the preceding CRA evaluation, MidCountry opened no new branch offices, but there were several closures and branch sales including Grand Rapids, Minnesota; Sartell, Minnesota; Marion East, Illinois (this was a drive-thru only); Carbondale East, Illinois (drive-thru only); and

[i] Both branches sold to Legence Bank effective March 18, 2011.

Institution (continued)

Shawneetown, Illinois. The Institution has adopted a branch closing policy that outlines certain procedures to be followed in the event of a branch closing.

The lobbies of MidCountry's branch offices are open for business various hours depending upon their location and banking traffic patterns of the customer base. However, the lobbies are generally open from 8:00, 8:30, or 9:00 a.m. until 4:00 or 5:00 p.m. Monday through Thursday with extended hours on Fridays. The majority of the branches have drive-throughs that are generally open for business from 7:30, 8:00, 8:30, or 9:00 a.m. until 4:00 or 5:00 p.m. Monday through Thursday with extended hours on Friday. The lobbies of two branches are open on Saturday 9:00 a.m. until noon and two branches located in grocery stores are open on Saturdays and Sundays. Most of the drive-throughs are open on Saturday, generally from 8:00, 8:30, or 9:00 a.m. until noon. The hours of operation are considered adequate and consistent with those of the Institution's competitors in the various markets it serves.

MidCountry operates Automated Teller Machines (ATMs) at all but two branch locations: Mounds, Illinois; and Winthrop, Minnesota. The ATMs accept deposits of MidCountry customers. The Institution's ATM cards permit its customers to access their accounts through other institutions' ATM locations through the NYCE, PLUS, and Allpoint network systems. The Allpoint system is surcharge-free and has 43,000 locations worldwide.

MidCountry offers a wide range of deposit products including personal and commercial checking accounts. Although not specifically targeted to LMI individuals, the Institution offers a checking account, Free Checking Account, which should be attractive to LMI individuals. The Free Checking Account has no minimum balance requirement, no monthly service fee, unlimited check writing, free online banking and bill pay function, a free debit/ATM card, and a low opening deposit requirement. As of March 31, 2011, the Institution had 10,689 Free Checking Accounts.

In addition, MidCountry offers a checking account, Premier Gold Checking Account, which is targeted to persons 50 years of age and older. The Premier Gold Checking Account has no minimum balance requirement, no monthly service fee, free checks, unlimited check writing, free online banking and bill pay function, a free debit/ATM card, free notary service, free travelers checks, free small safe deposit box for one year, and a low opening deposit requirement. As of March 31, 2011, the Institution had 8,303 Premier Gold Checking Accounts.

MidCountry also offers a checking account, Free Organizational Checking Account, which should be attractive to non-profit organizations. There is no minimum balance requirement, low opening balance requirement, and no monthly service fee. As of the start of this evaluation, the Institution had 225 Free Organizational Checking Accounts.

Institution (continued)

Two products were created during the review period, the Vantage Checking and Vantage Access savings account/check card, both of which provide banking opportunities to individuals typically unable to open checking or savings accounts at a bank due to having an account previously forced-closed by a financial institution. Both types of accounts have low minimum opening balance requirements and lower monthly service charge with direct deposit. As of March 31, 2011, there were 391 Vantage Checking and 197 Vantage Access accounts.

MidCountry has developed a savings account that should be attractive to LMI individuals, the Value Savings account. There is a low opening balance requirement and low minimum balance requirement to avoid monthly service charges. As of March 31, 2011, there were 5,805 Value Savings accounts.

MidCountry has also developed a savings account targeted toward accountholders below 18 years of age, the Young Savers account. This account can be opened for as little as $1.00, interest compounds monthly, there is no minimum deposit amount, and there is no minimum balance to maintain. As of March 31, 2011, there were 3,921 Young Savers accounts.

Alternative Delivery Systems

In addition to its branch office and ATM network, the Institution has instituted a number of alternative delivery systems for its banking products. These include surcharge-free ATM access at 43,000 non-proprietary ATM machines nationwide, point-of-sale access debit cards for consumers and businesses, free 24-hour telephone banking access, free online banking access for consumers and businesses, free direct deposit for payroll/government benefits, and online home loan applications available with decisioning within 15 minutes.

Institution (continued)

Community Development Service Activities

MidCountry's employees, officers, and directors are active in official capacities in numerous civic organizations that are engaged in community development activities and related to the provision of financial services. Below is a partial list of the official capacities in which Institution individuals serve:

Board member (2008-2009) – Angel Flight Central (nationwide)
Board member – USA Cares (nationwide)
Board member – Sartell-St. Stephens Community Education (MN)
Officers, Board members, finance and executive committees – Rebuilding Together (MN and IL)
Board member – Downtown Council, St. Cloud, MN
Board member and officer – Emerging Markets Homeownership Initiative (MN)
Board member – Jefferson County Comprehensive Services (IL)
Board – Rotary Club (MN and IL)
Board member – Harrisburg Medical Center Foundation (IL)
Instructors – Home Ownership Workshops, Financial education seminars (various locations)

Based upon MidCountry's overall record within the combined assessment area, a rating of "Outstanding" was assigned for the Community Development Test. The rating was based upon MidCountry's strong level of community development lending, investments, and services.

Fair Lending or Other Illegal Credit Practices Review

The concurrent limited scope OTS examination did not include fair lending or other illegal credit practices within the scope of review.

<u>Response to Community Complaints</u>

No complaints concerning MidCountry's performance in meeting the credit needs of the assessment area have been received since the preceding evaluation.

Institution (continued)

CRA Rating for Illinois

CRA RATING: Outstanding
The Lending Test is rated: Outstanding
The Community Development Test is rated: Outstanding

An analysis of MidCountry's mortgage lending for this state indicated that the distribution of mortgage loans among low-income borrowers was lower than this area's demographics, but higher than the lending of aggregate HMDA data for 2008 and 2009, the latest year for which information relative to other lenders was available. However, MidCountry's distribution of mortgage loans among moderate-income borrowers was similar to the area's demographics, but lower than the lending for aggregate HMDA data for 2008 and 2009.

An analysis of MidCountry's mortgage lending for this state indicated that the distribution of mortgage loans within low-income geographies was less than this area's demographics, and less than the lending of aggregate HMDA data for 2008 and 2009, the latest year for which information relative to other lenders was available. However, few loans were made by any lenders in low-income tracts during 2008 and 2009. MidCountry's distribution of mortgage loans within moderate-income geographies was higher than this area's demographics, and higher than the lending of aggregate HMDA data during 2008 and 2009.

In addition, MidCountry's level of community development lending, investments, and services within this assessment area was strong during the review period given its resources.

Description of Illinois Combined Assessment Area

In Illinois, MidCountry has designated two assessment areas in the southern region of the state, which are referred to by the primary city name: Metropolis and Marion. The Metropolis assessment area consists of Massac and Pulaski Counties. The Marion assessment area consists of Gallatin, Franklin, Jackson, Jefferson, Saline, and Williamson Counties. The Illinois assessment areas are not part of an MSA. Due to the close geographic proximity of each assessment area in Illinois, they are combined in this CRA evaluation and referred to as the "Illinois combined assessment area."

As previously mentioned, the Illinois combined assessment area contains 20 middle-income CTs that have been classified as either distressed or underserved, or both.

Institution (continued)

A summary of certain demographic characteristics for the combined assessment area based upon 2000 Census data is as follows:

Demographic Characteristics of Illinois Combined Assessment Area

Income Category	Number of Tracts	Population	Distribution of Families	Distribution Of OOHU
Low	2	3,786	23.9%	0.2%
Moderate	25	91,110	19.7%	30.7%
Middle	39	148,026	23.3%	63.7%
Upper	3	12,736	33.1%	5.4%
TOTAL	**69**	**255,658**	**100.0%**	**100.0%**

The examiner's review of 2000 Census data disclosed the following additional information about the combined Illinois assessment area:

Total Population	255,658
Population 16 and older	205,392 (80.3%)
Population Over 65	40,342 (15.8%)
Total Housing Units	115,377
Owner Occupied Units	73,496 (63.7%)
Rental Occupied Units	30,731 (26.6%)
1 - 4 Family Units	89,234 (77.3%)
Multi-Family Units	8,214 (7.1%)
Total Families	66,962
Families Below the Poverty Level	8,074 (12.1%)

In addition, MidCountry encounters significant competition for both deposits and loans within this combined assessment area. Specifically, as of June 30, 2010, the latest information available, a total of 34 commercial banks and MidCountry maintained a total of 130 offices within this combined assessment area. The top competitors throughout this assessment area include Banterra Bank, Old National Bank, and Peoples National Bank NA. As of the aforementioned date, all institutions held approximately $4.2 billion in deposits within this combined assessment area, while MidCountry's market share of deposits for this combined assessment area was approximately 5.9 percent ($248.2 million).

According to the US Department of Labor, Bureau of Labor Statistics, the national unemployment rate as of May 2011 was 9.1 percent, whereas the Illinois statewide unemployment rate was slightly lower at 8.6 percent.

Institution (continued)

Conclusions with Respect to Performance Tests in Illinois

LENDING IN ILLINOIS COMBINED ASSESSMENT AREA

Borrower Income

RESIDENTIAL MORTGAGE LOAN ORIGINATIONS IN THE ILLINOIS COMBINED ASSESSMENT AREA BY BORROWER INCOME – 2008, 2009, and 2010						
Income Category	**Percent of MFI**	**Number**	**No. Pct.**	**Volume ($000s)**	**Pct. of $**	**Distribution of Families**
Low	<50%	39	13.1%	1,531	7.7%	23.9%
Moderate	≥50-<80%	56	18.7%	2,362	11.9%	19.7%
Middle	≥80-<120%	95	31.8%	5,620	28.3%	23.3%
Upper	≥120%	109	36.4%	10,370	52.1%	33.1%
Total		**299**	**100.0%**	**$19,883**	**100.0%**	**100.0%**

*Borrower income was not available for 19 originations totaling approximately $5,247,000.

As indicated above, the percentage of mortgage loans granted to low-income borrowers for 2008, 2009, and 2010 was well below the number of low-income families within this combined assessment area. However, MidCountry's ability to originate mortgage loans to low-income borrowers may be influenced by family poverty levels. We noted that 12.1 percent of all families living within this combined assessment area have incomes below the poverty level. However, the Institution's level of mortgage lending to moderate-income borrowers was only slightly below than the percentage of moderate-income families residing within this combined assessment area.

MidCountry's overall record of lending to borrowers of different income levels during 2008 and 2009 was also compared to the lending activity of aggregate HMDA data within the combined Illinois assessment area, focusing upon LMI borrowers. This information was derived from the 2008 and 2009 aggregate HMDA data, the latest available.

Based upon the data shown below, MidCountry's combined level of residential mortgage lending to low-income borrowers was higher than that of aggregate HMDA data within the combined Illinois assessment area. However, the level of moderate-income borrower lending was lower than that of aggregate HMDA data.

Institution (continued)

2008/2009 Aggregate HMDA Data Borrower Income Analysis for Residential Mortgage Loan Originations Compared to MidCountry within the Illinois Combined Assessment Area

Income Category	Percent of MFI	MidCountry Percent of No.	Aggregate HMDA Data Percent of No.	Distribution Of Families
Low	<50%	14.0%	8.7%	23.9%
Moderate	≥50-<80%	15.8%	19.4%	19.7%

Geographic Distribution

The examiner also performed a review to determine the adequacy of dispersion of lending with regard to lending within the LMI areas of the combined Illinois assessment area for the review period. Specifically, the examiner analyzed the percentage of residential mortgage loans, by number and dollar amount of the mortgage loans originated by MidCountry within the LMI CTs, compared to a benchmark of the percentage of owner-occupied housing units (OOHUs) located within those areas.

The analysis disclosed the following information concerning the Institution's record of residential mortgage lending throughout the different CTs within the combined assessment area. The percentage of OOHUs is derived from the 2000 Census:

RESIDENTIAL MORTGAGE LOAN ORIGINATIONS IN THE ILLINOIS COMBINED ASSESSMENT AREA BY GEOGRAPHIC DISTRIBUTION – 2008, 2009, and 2010						
Income Category	**Percent Of MFI**	**Number**	**No. Pct.**	**Volume ($000s)**	**Pct. Of $**	**Distribution of OOHUs**
Low	<50%	-0-	0.0%	-0-	0.0%	0.2%
Moderate	≥50-<80%	100	31.4%	5,112	20.4%	30.7%
Middle	≥80-<120%	205	64.5%	18,903	75.2%	63.7%
Upper	≥120%	13	4.1%	1,115	4.4%	5.4%
Total		**318**	**100.0%**	**$25,130**	**100.0%**	**100.0%**

As indicated above, the Institution's overall record of lending in the moderate-income areas was marginally higher than the assessment area's demographics on a number basis. For low-income areas, the demographic benchmark was miniscule and the bank made no loans in low-income CTs in the area

MidCountry's overall record of lending within the LMI CTs was also compared to the lending activity of all lenders subject to the CRA that made residential mortgage loans within the Illinois combined assessment area. This information was derived from the 2008 and 2009 aggregate HMDA data. Based upon this data, MidCountry's level of lending within the low-income CTs was lower

Institution (continued)

than that of aggregate HMDA data and also the combined assessment area's demographics as indicated below. However, the moderate-income CTs distribution was substantially higher than aggregate HMDA data

2008/2009 Aggregate HMDA Data Geographic Distribution Analysis for Residential Mortgage Loan Originations Compared to MidCountry within the Illinois Combined Assessment Area

Income Category	Percent of MFI	MidCounty Percent of No.	Aggregate HMDA Data Percent of No.	Distribution Of OOHUs
Low	<50%	0.0%	0.3%	0.2%
Moderate	$\geq$50-<80%	34.2%	24.2%	30.7%

Innovative or Flexible Lending Programs

Innovative or flexible lending programs are addressed in the combined assessment area section.

Based upon MidCountry's overall level of lending, a rating of "Outstanding" was assigned for its performance under the Lending Test for this state.

Community Development Test

Community Development Lending

During the review period, the Institution made a total of 313 community development loans totaling $48.1 million within the combined Illinois assessment area as summarized below. This was considered to be a strong volume.

246 Small-sized business loans (original loan amount of $1 million or less): $43,077,058
Three Small-sized farm loans (original loan amount of $500,000 or less): $630,000
64 Residential mortgage lending in distressed or underserved CTs: $4,389,000

313 Total Community Development Loans within the Illinois combined Assessment Area totaling $48,096,058.

Institution (continued)

Community Development Investments

During the review period, the Institution made a total of $143,463 of community development investments within the combined Illinois assessment area. Details were previously discussed in the combined assessment area Community Development Investment section. Briefly, the total included the $13,000 lot donation, 12 qualifying grants by the bank totaling $4,813, and six qualifying grants by the MBD (in a broader regional area that encompasses the Illinois combined assessment area) totaling $125,650. Qualifying community development investments made within the Illinois combined assessment area were considered to be at a favorable level.

Community Development Services

Retail banking services, including alternative delivery systems, as well as community development service activities by bank personnel were addressed in detail in the combined assessment area Community Development Services section.

Based upon MidCountry’s overall level of community development lending, investments, and services, a rating of “Outstanding” was assigned for its performance under the Community Development Test for this state.

Institution (continued)

CRA Rating for Minnesota

CRA RATING: Outstanding
The Lending Test is rated: Outstanding
The Community Development Test is rated: Outstanding

An analysis of MidCountry's mortgage lending indicated that the distribution of mortgage loans among LMI borrowers was higher than this area's demographics for the review period and also that of aggregate HMDA data for 2008 and 2009, the latest year for which information relative to other lenders was available.

An analysis of MidCountry's mortgage lending indicated that the distribution of mortgage loans within low-income geographies was equal with this area's demographics, and substantially the same as aggregate HMDA data for 2008 and 2009, the latest year for which information relative to other lenders was available. MidCountry's distribution of mortgage loans within moderate-income geographies was lower than this area's demographics and lower than aggregate HMDA data for 2008 and 2009. However, it was noted that the Institution's volume and portion of moderate-income tract lending in this area increased substantially over the preceding CRA review period.

In addition, MidCountry's level of community development lending, investments, and services within this assessment area was strong during the review period given its resources.

Description of Minnesota Combined Assessment Area

In Minnesota, MidCountry has designated two assessment areas in the south-central region of the state, which are referred to by the primary city name: Hutchinson and Hastings. The Hutchinson assessment area consists of the counties of Benton, Carver, Hennepin (portions of), McLeod, Meeker, Sibley, Stearns, and Wright. The Hastings assessment area consists of Dakota County. Carver, Dakota, Hennepin, and Wright counties are part of the Minneapolis-St. Paul-Bloomington, MN-WI MSA; Benton and Stearns counties are part of the St. Cloud, MN MSA. McLeod, Meeker, and Sibley Counties, Minnesota, are not part of an MSA. Due to the close geographic proximity of each assessment area in Minnesota, they are combined in this CRA evaluation and referred to as the "Minnesota combined assessment area."

Institution (continued)

A summary of certain demographic characteristics for the combined assessment area based upon 2000 Census data is as follows:

Demographic Characteristics of Minnesota Combined Assessment Area

Income Category	Number of Tracts	Population	Distribution of Families	Distribution of O.O.H.U.
Low	1	1,102	13.6%	0.0%
Moderate	13	57,422	17.7%	4.9%
Middle	121	535,381	26.9%	61.9%
Upper	64	272,592	41.8%	33.2%
TOTAL	**199**	**866,497**	**100.0%**	**100.0%**

The examiner's review of 2000 Census data disclosed the following additional information about the combined Minnesota assessment area:

Total Population	866,497
Population 16 and older	650,701 (75.1%)
Population Over 65	83,367 (9.6%)
Total Housing Units	334,746
Owner Occupied Units	248,016 (74.1%)
Rental Occupied Units	73,814 (22.1%)
1 - 4 Family Units	261,389 (78.1%)
Multi-Family Units	60,823 (18.2%)
Total Families	227,454
Families Below the Poverty Level	6,768 (3.0%)

In addition, MidCountry encounters significant competition for both deposits and loans within this combined assessment area. Specifically, as of June 30, 2010, the latest information available, a total of 154 commercial banks and savings associations, including MidCountry, maintained a total of 582 offices within this combined Minnesota assessment area. The top competitors throughout this assessment area include Well Fargo Bank NA, U.S. Bank NA, TCF National Bank, Marshall & Ilsley Bank, Bremer Bank NA, and Klein Bank. As of the aforementioned date, all institutions held approximately $63.7 billion in deposits within this combined assessment area, while MidCountry's market share of deposits for this combined assessment area was approximately 0.5 percent (or $342.7 million), although this ranks MidCountry fourteenth in deposit size.

Institution (continued)

According to the US Department of Labor, Bureau of Labor Statistics, the national unemployment rate as of May 2011 was 9.1 percent, whereas the Minneapolis statewide unemployment rate was materially lower at 6.6 percent. Additionally, the unemployment rate for the Minneapolis-St. Paul-Bloomington, MN-WI MSA was 6.3 percent, while the St. Cloud, MN MSA was 6.6 percent.

Conclusions with Respect to Performance Tests in Minnesota

LENDING IN MINNESOTA COMBINED ASSESSMENT AREA

Borrower Income

RESIDENTIAL MORTGAGE LOAN ORIGINATIONS IN THE MINNESOTA COMBINED ASSESSMENT AREA BY BORROWER INCOME – 2008, 2009, and 2010						
Income Category	**Percent of MFI**	**Number**	**No. Pct.**	**Volume ($000s)**	**Pct. of $**	**Distribution of Families**
Low	<50%	110	15.1%	11,221	9.4%	13.6%
Moderate	>50-<80%	196	27.0%	28,317	23.8%	17.7%
Middle	>80-<120%	205	28.2%	33,842	28.4%	26.9%
Upper	>120%	216	29.7%	45,692	38.4%	41.8%
Total		**727**	**100.0%**	**$119,072**	**100.0%**	**100.0%**

*Borrower income was not available for 143 originations totaling approximately $28.5 million.

As indicated above, the percentage of the number of mortgage loans granted to low-income borrowers for 2008, 2009, and 2010 exceeded the demographic benchmark of low-income families within this combined assessment area. This low-income borrower lending was consider strong, especially considering approximately 3.0 percent of all families living within this combined assessment area have incomes below the poverty level. Additionally, the Institution's level of mortgage lending to moderate-income borrowers was substantially higher than the percentage of moderate-income families residing within this combined assessment area.

MidCountry's overall record of residential lending to borrowers of different income levels during 2008 and 2009 was also compared to the aggregate HMDA data within the Minnesota combined assessment area, focusing upon LMI borrowers. This information was derived from the 2008 and 2009 aggregate HMDA data, the latest available.

Based upon the data shown below, MidCountry's combined level of residential mortgage lending to LMI borrowers was higher than that of aggregate HMDA data within the combined Minnesota assessment area.

Institution (continued)

2008/2009 Aggregate HMDA Data Borrower Income Analysis for Residential Mortgage Loan Originations Compared to MidCountry within the Minnesota Combined Assessment Area

Income Category	Percent of MFI	MidCountry Percent of No.	Aggregate HMDA Data Percent of No.	Distribution of Families
Low	<50%	13.3%	10.7%	13.6%
Moderate	≥50-<80%	27.5%	23.5%	17.7%

Geographic Distribution

The examiner also performed a review to determine the adequacy of dispersion of lending with regard to lending within the LMI areas of the combined Minnesota assessment area for the review period. Specifically, the examiner analyzed the percentage of residential mortgage loans, by number and dollar amount of the mortgage loans originated by MidCountry within the LMI CTs, compared to a benchmark of the percentage of owner-occupied housing units (OOHUs) located within those areas.

The analysis disclosed the following information concerning the Institution's record of residential mortgage lending throughout the different CTs within the combined assessment area. The percentage of OOHUs is derived from the 2000 Census:

RESIDENTIAL MORTGAGE LOAN ORIGINATIONS IN THE MINNESOTA COMBINED ASSESSMENT AREA BY GEOGRAPHIC DISTRIBUTION – 2008, 2009, and 2010						
Income Category	**Percent of MFI**	**Number**	**No. Pct.**	**Volume ($000s)**	**Pct. of $**	**Distribution of O.O.H.U.s**
Low	<50%	-0-	0.0%	-0-	0.0%	0.0%
Moderate	≥50-<80%	26	3.0%	4,144	2.8%	4.9%
Middle	≥80-<120%	568	65.3%	91,509	62.0%	61.9%
Upper	≥120%	276	31.7%	51,961	35.2%	33.2%
Total		**870**	**100.0%**	**$147,614**	**100.0%**	**100.0%**

As indicated above, the Institution's overall record of lending in the LMI areas was below that of this combined assessment area's demographics on a number basis. However, during the preceding CRA (three-year) review period, it was noted that the Institution made only seven moderate-income tract residential mortgage loans within the Minnesota combined assessment area compared to 26 during the current evaluation.

MidCountry's overall record of lending within the LMI CTs was also compared to the lending activity of all lenders subject to the CRA that made residential mortgage loans within the combined Minnesota assessment area. This information was derived from the 2008 and 2009 aggregate HMDA

Institution (continued)

data. Based upon this data, MidCountry's level of lending within the low-income CTs was lower than that of aggregate HMDA data. However, these benchmarks were miniscule, given the small distribution of OOHUs located in low-income tracts within the area. The Institution's moderate-income CTs distribution was slightly below aggregate HMDA data

2008/2009 Aggregate HMDA Data Geographic Distribution Analysis for Residential Mortgage Loan Originations Compared to MidCountry within the Minnesota Combined Assessment Area

Income Category	Percent of MFI	MidCounty Percent of No.	Aggregate HMDA Data Percent of No.	Distribution Of OOHUs
Low	<50%	0.0%	0.0%	0.0%
Moderate	≥50-<80%	3.0%	3.7%	4.9%

Innovative or Flexible Lending Programs

Innovative or flexible lending programs are addressed in the combined assessment area section.

Based upon MidCountry's overall level of lending, a rating of "Outstanding" was assigned for its performance under the Lending Test for this state.

Community Development Test

Community Development Lending

During the review period, the Institution made a total of 1,421 community development loans totaling $186.4 million within the combined Minnesota assessment area as summarized below. This was considered to be a strong volume.

368 Small-sized business loans (original loan amount of $1 million or less): $65,703,745
1,052 Small-sized farm loans (original loan amount of $500,000 or less): $115,169,341
One additional community development loan (original loan amount greater than $1 million with a different "community development" purpose[j]): $5,500,000

[j] Multi-tenant commercial property located in moderate tract; primary tenant is a medical center that provides low-income targeted medical care to the Brooklyn Park, Minnesota, community. The project is part of a city redevelopment project through its Economic Development Authority.

Institution (continued)

1,421 Total Community Development Loans within the Minnesota combined Assessment Area totaling $186,373,086.

Community Development Investments

During the review period, the Institution made $1,123,356 in community development investments within the combined Minnesota assessment area. Details were previously discussed in the combined assessment area Community Development Investment section. Briefly, the total included a $1,111,396 CRA mortgage-backed security, nine qualifying grants totaling $11,960. Qualifying community development investments made within the Minnesota combined assessment area were considered to be at a favorable level.

Community Development Services

Retail banking services, including alternative delivery systems, as well as community development service activities by bank personnel were addressed in detail in the combined assessment area Community Development Services section.

Based upon MidCountry's overall level of community development lending, investments, and services, a rating of "Outstanding" was assigned for its performance under the Community Development Test for this state.

Institution (continued)

CRA Rating for Nevada

CRA RATING: **Satisfactory**
The Lending Test is rated: **Satisfactory**
The Community Development Test is rated: **Outstanding**

Based upon MidCountry's innovative and flexible lending practices and consideration of the strong level of LMI consumer lending to the members of the military, a rating of "Satisfactory" was assigned for its performance under the Lending Test for this state. For the area economic reasons discussed below, there was no community development lending within the Las Vegas assessment area during the review period. Qualifying community development investments made within the combined Las Vegas assessment area were considered to be at a favorable level. Las Vegas personnel have participated in several community development activities during the review period, with a primary focus on current or retired members of the military.

MidCountry's single branch office in Las Vegas opened in June 2007. As such, it was too new to rate during the preceding OTS CRA evaluation.

During the majority of the current CRA examination review period, the branch office was limited service and located in leased space on the third floor of a commercial office building (where the military banking division's lending operations were based). This limited ability to drive customer traffic. During October 2009, the lease expired and the branch office relocated to a stand-alone building with a street-front for the branch. A project progressed through April 2010 to bring the branch to a more "full service" operations. During May 2010, a branch manager from the local area was trained and the branch office hours were expanded and outreach efforts began. Total deposits as of June 30, 2010, were $4.8 million; as of December 31, 2010, total branch deposits were $6.5 million (primarily certificates of deposit).

Description of Las Vegas, Nevada Assessment Area

In Nevada, MidCountry has designated all of Clark County as its CRA assessment area. Clark County comprises the Las Vegas-Paradise, NV MSA.

Institution (continued)

A summary of certain demographic characteristics for the combined assessment area based upon 2000 Census data is as follows:

Demographic Characteristics of Las Vegas, Nevada Assessment Area

Income Category	Number of Tracts[k]	Population	Distribution of Families	Distribution Of OOHU
Low	7	28,146	18.7%	0.4%
Moderate	78	383,065	18.7%	16.3%
Middle	147	574,106	23.5%	44.6%
Upper	109	390,407	39.1%	38.7%
TOTAL	**341**	**1,375,724**	**100.0%**	**100.0%**

The examiner's review of 2000 Census data disclosed the following additional information about the Las Vegas assessment area:

Total Population	1,375,724
Population 16 and older	1,058,120 (76.9%)
Population Over 65	146,899 (10.7%)
Total Housing Units	559,799
Owner Occupied Units	302,842 (54.1%)
Rental Occupied Units	209,411 (37.4%)
1 - 4 Family Units	375,067 (67.0%)
Multi-Family Units	150,145 (26.8%)
Total Families	342,405
Families Below the Poverty Level	26,866 (7.9%)

In addition, MidCountry encounters significant competition for both deposits and loans within the Las Vegas assessment area. Specifically, as of June 30, 2010, the latest information available, a total of 42 banks/thrifts and MidCountry maintained a total of 380 offices within the Las Vegas area. The top competitors throughout this assessment area include Citibank NA (holds 76.11 percent of the deposit market share), Bank of America NA, and Wells Fargo NA. As of the aforementioned date, all institutions held approximately $128.3 billion in deposits within the assessment area, while MidCountry's market share of deposits for this combined assessment area was 0.0 percent (or $4.8 million).

[k] Excludes four CTs with no income designation and a population of 41.

Institution (continued)

According to the US Department of Labor, Bureau of Labor Statistics, the national unemployment rate as of May 2011 was 9.1 percent, whereas Las Vegas-Paradise, Nevada MSA's unemployment rate was substantially higher at 12.1 percent (information available as of April 2011).

According to widespread reports, Las Vegas has been one of the top areas in the nation adversely affected by the ongoing housing correction in the USA, resulting in a free-fall in home prices and massive foreclosure rates. Due to the adverse condition of the real estate market, high unemployment rates, and other adverse area conditions resulting from the economic upheaval, management has chosen to invest in the community primarily through various CRA community development investments rather than active solicitation of real estate lending in the area.

Conclusions with Respect to Performance Tests in Nevada

LENDING IN LAS VEGAS, NEVADA ASSESSMENT AREA

During the review period, the Institution made no residential mortgage loans in the Las Vegas assessment area. The branch office's balance sheet as of December 31, 2010, indicated approximately $112,750 in HELOC and other consumer loans made through branch operations. At a bank's option, it can maintain prescribed records of consumer lending in certain categories, for consideration under the Lending Test, and to demonstrate such lending to borrowers of different incomes. The Institution does not maintain these records in the required format, but it did have available and sufficient information to demonstrate a strong level of consumer lending, with some innovative/flexible lending terms, to LMI persons by the military banking division within the Las Vegas assessment area.

<u>Innovative or Flexible Lending Programs</u>

As previously discussed, the Institution's military banking division (MBD) makes unsecured consumer loans nationwide to full-time activity duty US servicemembers, as well as career-retired military and Department of Defense civilian employees. The MBD division's lending operations are based in Las Vegas, while the administrative offices are located in Kansas City, Missouri.

There are several innovative and flexible features, some of which are best practices from the FDIC's Affordable Small-Dollar Loan Guidelines (published on June 19, 2007). All MBD loans have a 15-day, money-back guarantee—if a servicemember is unhappy with their loan for any reason, they can return the proceeds within 15 days at no cost. Rather than using traditional consumer reporting agency's credit scores for underwriting and pricing, a proprietary scoring model is used that is adjusted for the military lifestyle that does not adversely score "time at address." Additionally, in

Institution (continued)

connection with its overall lending programs, MBD has provided thousands of free financial training entitled "Break the Debt Cycle" (BDC). The training provides for a one-on-one financial tutorial and exam that is designed to teach military families the dangers of having, and the importance of paying down, their high-interest debt.

During 2010, MBD made 121,951 consumer loans totaling $433.4 million nationwide. During the three-year CRA review period, the MBD made 1,358 consumer loans within the Las Vegas assessment area. Of this volume, records indicated that 37.70 percent were made to borrowers located in LMI CTs. More notably, bank management performed an analysis of the MBD lending in the assessment area for the period of January 1, 2010, through March 31, 2011. While borrower revenue is not tracked for these loans for CRA purposes, the military ranking and average annual income by ranking was readily available and used as a proxy for borrower revenue. Using this proxy, management demonstrated in its analysis that approximately 91.83 percent of the MBD consumer lending in the Las Vegas assessment was to LMI borrowers. This was considered a strong volume of LMI consumer lending, which also had some innovative and flexible lending features.

Based upon MidCountry's innovative and flexible lending practices and consideration of the strong level of LMI consumer lending to the military, a rating of "Satisfactory" was assigned for its performance under the Lending Test for this state.

Community Development Test

Community Development Lending

For the area economic reasons previously mentioned, there was no community development lending in the Las Vegas assessment area during the review period.

Community Development Investments

During the review period, the bank made a total of $1,535,416 in community development investments within the Las Vegas assessment area. Details were previously discussed in the combined assessment area Community Development Investment section. Briefly, the total included a $1,035,416 CRA mortgage-backed security and a $500,000 CRA investment fund for a multifamily development dedicated to LMI tenancy. Qualifying community development investments made in the combined Las Vegas assessment area were considered to be at a favorable level.

Institution (continued)

Community Development Services

Retail banking services, including alternative delivery systems, were addressed in detail in the combined assessment area Community Development Services section. However, as previously addressed, due to adverse area market conditions, management offers only consumer loans in the Las Vegas assessment area at this time. Additionally, while a wide-range of deposit products are offered, a small number of deposit products offered in other assessment areas (e.g., free organizational checking, Christmas Club) are not currently available in this market.

Las Vegas personnel have participated in several community development activities during the review period, with a primary focus on current or retired members of the military.

Based upon MidCountry’s overall level of community development lending, investments, and services, a rating of “Outstanding” was assigned for its performance under the Community Development Test for this state.

Appendix A

Scope of Examination

SCOPE OF EXAMINATION		
Full-Scope		
TIME PERIOD REVIEWED:	**Calendar years 2008, 2009, and 2010**	
FINANCIAL INSTITUTION		**PRODUCTS REVIEWED**
MidCountry Bank		**Residential, small business, small farm, and consumer lending.**
AFFILIATE(S)	**AFFILIATE RELATIONSHIP**	**PRODUCTS REVIEWED**
None		

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	**TYPE OF EXAMINATION**	**BRANCHES VISITED**[1]	**OTHER INFORMATION**
Illinois	Full-Scope	None	n/ap
Minnesota	Full-Scope	One	n/ap
Nevada	Full-Scope	None	n/ap

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to give the reader a general understanding of the terms, not a complete regulatory definition.

Assessment Area (AA) - The geographic area that an institution selects as the community or communities within which its regulator will assess the institution's record of CRA performance.

Automated Teller Machine (ATM) - An automated, unstaffed banking facility owned or operated by, or operated exclusively for, the Institution at which deposits are received, cash dispensed, or money lent.

Appendix A (continued)

Census Tract - Small, locally defined area with an MSA as delineated by the United States Bureau of the Census in the most recent decennial census. Census tract areas are defined in an attempt to group homogeneous populations.

Community Development - means:

- Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; or,
- Community services targeted to low- or moderate-income individuals; or,
- Activities that promote economic development by financing small businesses or farms; or
- Activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved non-MSA middle-income geographies designated by OTS and the other Federal banking agencies.

Community Development Loan - A loan that has as its ***primary*** purpose community development. This type of loan cannot also be reported or collected by the institution or an affiliate for consideration in the institution's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan. A community development loan must also benefit the institution's assessment area(s) or a broader statewide or regional area that includes the institution's assessment area.

Community Development Service - A service that has as its ***primary*** purpose community development, is related to the provision of financial services; and, has not been considered in the evaluation of an institution's retail banking services.

Family – A family includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

Geography - A census tract delineated by the United States Bureau of the Census in the most recent decennial census. Census tracts are located in MSAs and non-MSAs.

Appendix A (continued)

Home Mortgage Loan - A home improvement loan or home purchase or refinance loan secured by a 1-4 family dwelling or multifamily property. Includes loans originated (closed) by the institution and also, if specified or if applicable, loans purchased by the institution. These loans are reported on the Home Mortgage Disclosure Act loan/application registers if the institution is a required reporter.

Home Mortgage Disclosure Act (HMDA) – The statute that requires certain mortgage lenders to file annual summary reports of their residential mortgage lending activity. The reports include such data as the race, gender, and annual income of the applications, the amount of the loan requested, certain loan pricing data, and the disposition of the application (e.g., approved, denied, and withdrawn). An insured depository institution is required by report HMDA data annually, provided the institution has a home or branch office in a metropolitan statistical area or metropolitan division on the preceding December 31 and meets the asset threshold (updated annually, $39 million as of year 2010).

Income Levels - These relate to individuals, families, or the geographies in an assessment area:

- **Low-income** - An individual income that is less than 50 percent of the area median income or a median family income that is less than 50 percent in the case of a geography.
- **Moderate-income** - An individual income that is at least 50 percent and less than 80 percent of the area median income or a median family income that is at least 50 and less than 80 percent in the case of a geography.
- **Middle-income** - An individual income that is at least 80 percent and less than 120 percent of the area median income or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.
- **Upper-income** - An individual income that is 120 percent or more of the area median income or a median family income that is 120 percent or more in the case of a geography.

Intermediate small savings association (ISSA) - On July 1, 2007, the OTS implemented a revised CRA evaluation format for ISSAs. The definition of ISSA means small savings associations with assets of at least $280 million as of December 31st of both of the two prior calendar years and less than $1.122 billion as of December 31st of either of the prior two calendar years. The asset thresholds are updated annually in the Federal Register, with the history of the updates and examples of their implementation published at http://www.ffiec.gov/cra/examinations.htm. The OTS also expanded the evaluation criteria to add a community development test to the existing small savings association criteria in the lending test.

Low- and Moderate-Income (LMI) - In some instances in this Evaluation, the examiner has combined low- and moderate-income lending results and/or demographics.

Appendix A (continued)

Median Family Income (MFI) - The median income determined by the United States Census Bureau during the most recent decennial census and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) on an annual basis used to determine the income level category of individuals.

Metropolitan Statistical Area (MSA) - A core geographical area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. MSAs are defined by the United States Office of Management and Budget according to published standards that are applied to Census Bureau data.

Multifamily – Refers to a residential structure that contains five or more units.

Qualified Investment - Means a lawful investment, deposit, membership share, or grant that has as its ***primary*** purpose community development.

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[1] There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

Appendix B

Summary of State and Multistate Metropolitan Area Ratings

State or Multistate Metropolitan Area Name	Lending Test Rating	Community Development Test Rating	Overall State Rating
Illinois	Outstanding	Outstanding	Outstanding
Minnesota	Outstanding	Outstanding	Outstanding
Nevada	Satisfactory	Outstanding	Satisfactory

CRA Rating Definitions

There are five separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the intermediate small institution test for intermediate small savings associations; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OTS will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

1. “Outstanding record of meeting community credit needs.”
2. “Satisfactory record of meeting community credit needs.”
3. “Needs to improve record of meeting community credit needs.”
4. “Substantial noncompliance in meeting community credit needs.”

OTS judges an institution’s performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the assessment area(s); the lending, investment, service, and community development opportunities in the assessment area(s); the institution’s product offerings and business strategy; the institution’s capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution’s performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution’s overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OTS adjusts the evaluation of an institution’s performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.