

A LETTER FROM
OUR PRESIDENT,
MICHAEL F. BENDER

We are starting 2014 with a solid year behind us and a very strong outlook for the year ahead. Our loan portfolio has recently exceeded



\$210MM, and The St. Louis Business Journal recently named Midwest Regional Bank as the fastest growing Bank in the St. Louis area. All this while maintaining outstanding asset quality. Our loan portfolio reflects the diversified nature of our lending activities with a focus on Commercial Business. This focus is primarily due to the high experience level of its lenders and treasury management staff in addition to the high quality products offered by the Bank. We are also excited by the additional lending opportunities the opening of our new Arnold Branch will provide. Overall, the pipeline of business as we move into 2014 looks very strong.

We continue to be the leading SBA lender in the area, with more loans approved in the SBA's fiscal year ending 9/30/2013 than our next 3 competitors combined. Midwest Regional Bank was ranked as the 65th largest lender in the nation by the SBA, and of the 100 largest SBA lenders, we were 8th in average loan size. In order to further support the growth of our Kansas City Office Kevin Fallon has joined the Bank as our 3rd SBA lender in that market.

All our growth is made possible by the outstanding employees who exceed industry standards. Among our exemplary staff are three who have recently been honored for their superior efforts: Brittany Kremer, November Employee of the Month; Lisa Bradford, January Employee of the Month; and Linda Novak, our 2013 Employee of the Year.

Thank you for your continued support, and best wishes for a happy and healthy 2014.



MIDWEST
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OTTERVILLE VOLUNTEERS

What began as a food drive during the holiday season has grown into a year-round safety net for numerous local families. Started approximately three years ago by an all volunteer staff, the Otterville Food Pantry now serves over 230 families each month. Open two days a month, the pantry is set up like a store where families in need can supplement or fill their current food supplies with items they desperately need. There are about 25 volunteers who spend over 150 hours each month helping to provide over 7,000 pounds of food each month. As the demand continues to grow in our community and others, we encourage you to spend a little time volunteering and helping those around you. Best wishes in 2014.

BEYOND CHESTERFIELD

When most of us talk about the St. Louis Market, we think about an area from Festus to Florissant and the Arch to Wentzville. But there are a lot of business opportunities outside those boundaries. One such business is Elite Tool. Located north of Wentzville in the small town of Moscow Mills, Elite Tool has been providing quality products and services to its customers for over 18 years. Inside a 30,000 square foot facility, they offer customers a wide variety of services including CNC and Manual Machining, Abrasive Water Jet Cutting, and a full-service fabrication shop including a climate-controlled paint booth.

Historically, Elite Tool has seen steady growth in its business every year due to customer satisfaction and its ability to deliver quality products on time. But like many

other business located in small rural markets, they outgrew their bank. Generally, small town banks lend mostly on real estate. But with a growing business such as Elite Tool, Equipment and Accounts Receivable financing is often needed. Elite Tools had to address their short-term needs and position themselves to continue to grow and profit. That's where Midwest Regional Bank came in.



After weekly meetings with Elite Tool, we developed a thorough understanding of their business – we learned their history as well as their vision for the future. We then developed a plan that involved many products -- both conventional and SBA- backed. We were even able to address their cash management issues with Remote Deposit and Sweep Accounts that will allow Elite to better manage their day-to-day operations.

We are happy we were able to partner with Elite Tool as they embark on the next phase of growth and success and look forward to helping them reach their next milestone.



COMMUNITY EVENTS

Snow and ice couldn't keep Santa away from visiting our Festus branch on December 6th. Even though the weather outside was frightful, the time he shared with kids was delightful! Nearly 100 kids came to meet Jolly

Old St. Nicholas and share their Christmas wishes with him. They were all treated to Christmas chocolates and sent home with a keepsake photo.



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SMALL BUSINESS LENDING

Midwest Regional Bank has seen continued success in 2013 as the preeminent SBA 7a lender in the St. Louis area. At the end of the SBA's 2013 fiscal year, Midwest Regional Bank was ranked 65th in the United States in SBA 7a Loan production and was still the number one SBA Lender in Eastern Missouri. Even though SBA Lending is thriving at Midwest Regional Bank, it is important to note that small-business lending, as a whole, is down across the nation.

Perhaps one of the greatest casualties of the Great Recession was small-business lending. According to the research note, "Why Small Business Lending Isn't What It Used to Be," the number of commercial and industrial loans of less than \$1 million, which is usually considered a proxy for small-business borrowing, fell by 344,000 from mid-2007 to the end of 2012, even though the number of small businesses increased by 100,000. Banks have been leaving the small business market for over a decade either by choice or through bank consolidations, which leave fewer local banks to lend to small companies. Furthermore, banks look at small businesses as less creditworthy and are more hesitant to lend to these businesses due to the recent Great Recession. With a lack of credit options, small businesses have struggled to expand their businesses over time.

This is a particularly alarming trend in that small businesses account for about 40% of the private sector's contribution to gross domestic product and about half of private payrolls. If this trend continues, the economy may see hiring and overall economic growth come to a slowing

pace. As a lending institution, Midwest Regional Bank knows how important it is to target this underserved market. Small business lending is the backbone of the country and is the future of any sustained economic growth. The Great Recession and other economic factors have caused a void in small business lending. Midwest Regional Bank is doing its part to fill this void and will continue to do so heading into the future.



KIRKWOOD UPDATE

Greetings from Kirkwood! Our Kirkwood office is coming up on its one year anniversary this Spring. The Kirkwood community has been welcoming to our new office on West Madison. As with all forms of progress, Kirkwood is going to have its own major redevelopment in the near future. Various proposals are being presented to the City of Kirkwood that would redevelop the Southeast and Southwest corners at the intersection of Manchester and North Kirkwood Road (Lindbergh). The city has stated that they do not want gas convenience stores or automobile dealerships; instead they have asked for the high-quality retail stores. Some of the ideas call for a CVS drug store, a high-end grocer, retail buildings, senior housing, multifamily apartments and townhomes. Stay tuned to this exciting development.