

A LETTER FROM
OUR PRESIDENT,
MICHAEL F. BENDER

Closing the 2nd Quarter of 2014, I am proud to report that we have met and exceeded our goals and continue to set the benchmark for Community Banking in Missouri. The economic stress that our country endured over the last few years has resulted in increased regulatory scrutiny and consumer uncertainty. Yet it is in this environment that we have thrived, setting growth and profitability records and separating ourselves from the pack. Offering sound products with consistent and reliable service, we have earned the respect and trust of our customers. By successfully managing net interest margins and controlling expenses, we maintain a strong capital position.

We have become an admired example of what a Community Bank should be. We owe our great success to our employees – we have the best and brightest talent in banking. Our managers are always on the lookout for individuals that have gone the extra mile and deliver on our promise to exceed customer expectations. They regularly hand out “Progress Awards” to these folks and let them know their hard work and extra efforts are recognized and appreciated. We review each month’s award winners and then select an “Employee of the Month” from the candidates. This quarter, we extend our sincere thanks to these Employees of the Month: Kim Haman (February), Dana Williamson (March), and Mike Taylor (April).

Finally, I’d like to thank the shareholders for coming out to our Annual Shareholders Meeting in February. I appreciate the opportunity to see our investors face to face and discuss the details and strategies for our past, present and future.



MIDWEST
REGIONAL BANK

KANSAS CITY NEWS

On May 22, 2012 Kansas Governor Sam Brownback (R) signed HB 2117 into law. This tax cut bill reduces income tax rates, increases the standard deduction, and eliminates some income tax credits. The legislation also exempts from tax some income of pass-through businesses. The tax reduction is estimated to be around \$800 million annually beginning in 2014, totaling \$4.5 billion over six years.

The businesses (such as LLCs, S corps, partnerships, farms, and sole proprietorships) are generally taxed not under the corporate income tax, but rather on the income “passed through” to the tax return of the business owner. This income is thus taxed under the individual income tax.

A business owner typically pays herself a salary, which is taxed as wage income on their income tax return. Additional profit above and beyond the business’s cost of doing business (which includes cost of materials, wages, etc.) is reported as one of several forms of business income on the business owner’s tax return (federal tax Schedules C, E, and F) and also taxed under the personal income tax. The new Kansas law makes this non-wage income exempt from taxation, a change the governor’s office says will eliminate income tax on 191,000 businesses.

With the elimination of this tax in the State of Kansas it would appear that more businesses would choose to register in Kansas. It also creates the opportunity for existing businesses to reinvest in their company generating growth and loan opportunities. The governor’s office stated that “dynamic projections show the new law will result in 22,900 new jobs, give \$2 billion more in disposable income to Kansans and increase population by 35,740, all in addition to the normal growth rate of the state.”

For additional information or any questions you have please contact Robin Needham at 913-938-3841 or needham@mwregionalbank.com.

TEACHING CHILDREN

For the second year, Midwest Regional Bank has partnered with the St. Louis Federal Reserve to participate in Teach Children to Save Day, a national program developed by the American Bankers Association. Teach Children to Save Day reaches out to teach fundamental financial lessons to school children, helping young people develop a savings habit early in life.

Fifteen Midwest Regional Bank employees visited various second grade classrooms to present the Less Than Zero story about a penguin named Perry who wants to buy an ice scooter, but does not have the clams to buy one. Perry learns about saving, earning income and borrowing. For many of these kids, this was the first time they had heard the basics of financial responsibility. The fun, interactive lesson was well-received by the classroom teachers. More importantly, the kids loved it.



ELECTRONIC STATEMENTS

As promised, electronic statements are now available for loan customers with online banking. E-Statements offer increased security, convenience and environmental responsibility, giving you a fast and convenient way to improve your banking experience. For more information, please contact any of our friendly branch or loan department staff.

COMMUNITY EVENTS

Once again, the Easter Bunny visited our Festus Branch on Good Friday. He handed out chocolate bunnies and posed for pictures, then the photos were printed and each family received a framed portrait. Once again, it was a great way to kickoff Easter weekend and give back to our community.



THE BANK OF TRADITION AND PROGRESS.

SMALL BUSINESS LENDING

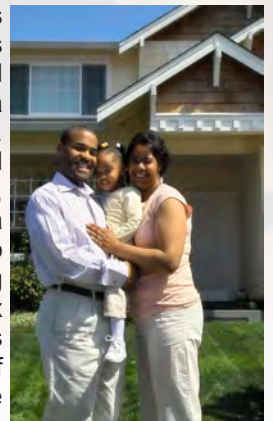
Midwest Regional Bank has seen continued success in 2014 as the preeminent SBA lender in the St. Louis area. Through the first five months of the SBA's fiscal year that runs from October thru September, Midwest Regional Bank is ranked 1st among all lenders in the St. Louis District area. The Bank has amassed over \$16 million in SBA 7a loan approvals during this period, more than our next three competitors combined.

In fiscal year 2013, the SBA had its third highest year of lending in its history, totaling \$29.6 billion in lending to America's small businesses. Since 2008, the SBA has supported more 260,000 small businesses nationwide with over \$126 billion in lending. 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. With a committed and knowledgeable lending team, the Bank is dedicated to achieving another successful year in 2014.

Small Business Week is a nationwide celebration and recognition of small business owners. The Small Business Week of Eastern Missouri, Inc. is a not-for-profit organization that is hosting a week of events, scheduled for May 5-9, 2014 in St. Louis, MO. This year, Midwest Regional Bank is a Gold Level Sponsor, and its employees will represent the Bank at each of the various events throughout the week. For more information, including a complete schedule of events, go to sbwem.org.

MORTGAGE NEWS

The Mortgage Division is doing well and ramping up for a strong 2014. This year, we've added new products, such as ultra-competitive jumbo fixed rates, and no monthly mortgage insurance for loans up to 95% of the home's value. Our pricing is fantastic, and we lead the St. Louis area with our low rates. We're all about sound lending practices, and try to bring a sensibility back to mortgage lending that the big box lenders or brokers don't offer. Many of our clients appreciate our boutique, private-banking feel, and rave about the personal touches that we've built into our system. If you or anyone you know is looking for home financing, please don't hesitate to give us a call today! Contact the Mortgage Division at (636) 232-9640 or go to mwrbank.com/mortgages.



OTTERVILLE NOTES

March comes in like a lion and goes out like a lamb. Plant potatoes on St. Patrick's Day for a more productive crop. Lightning never strikes the same place twice. While these myths may be true, one thing you can count on is the dedication of our staff here in Otterville. We continue to receive and work with customers on all kinds of loan and deposit requests. Whether you call or stop by, you'll deal with the same people – people that know you! We live where you live and understand the importance of building lasting relationships. Stop by today and see where it all started 120 years ago.

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