



PUBLIC DISCLOSURE

August 27, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Midwest Federal Savings and Loan Association of St. Joseph
Charter Number: 702248
1901 Frederick Avenue
St. Joseph, MO 64501

Office of the Comptroller of the Currency
Kansas City Field Office
7101 College Blvd, Suite 1600
Overland Park, KS 66210

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.

INSTITUTION'S CRA RATING: Outstanding

Summary of the major factors supporting Midwest Federal Savings and Loan Association of St. Joseph's (Midwest) rating:

- Midwest's loan-to-deposit (LTD) ratio is more than reasonable at 70 percent, while other similarly sized institutions average 57.09 percent.
- A majority of residential real estate (RRE) loans by both dollar volume and number are within Midwest's assessment area (AA).
- Midwest's borrower distribution is reasonable given the amount of competition and the economic conditions facing the St. Joseph area through 2009 to 2012.
- Geographic distribution reflects excellent dispersion.
- Midwest's community development reflects excellent responsiveness to meeting the needs of the AA.

SCOPE OF EXAMINATION

Examiners used the small-bank examination procedures to evaluate Midwest's record of meeting the credit needs of its community through its lending activities. The lending test review period is January 1, 2010 through December 31, 2011 (2012 lending data is not included in this review due to the 2010 Census and its impact on data comparability). Based on this two-year period, the thrift's primary loan products are residential mortgages. We selected 40 1-4 family RRE loans originated during this period. Conclusions are based on residential mortgage loans products originated during the review period in the AA and compared to the 2000 Census demographics.

DESCRIPTION OF INSTITUTION

Midwest is a \$34.3 million intrastate financial institution headquartered in St. Joseph, Missouri. The thrift is a wholly owned subsidiary of St. Joseph Bancorp, Inc., a one-bank holding company, also headquartered in St. Joseph, Missouri. Midwest is a full-service banking institution offering a wide range of products and services for individuals. The primary business focus is residential lending.

Midwest operates two branches within St. Joseph, Missouri. Midwest opened a branch at 2211 North Belt Highway in St. Joseph, Missouri on July 1, 2010. This is a full service branch with extended weekday banking hours, as well as Saturday banking hours. The main banking facility, located at 1901 Frederick Avenue, is in a moderate-income census tract, one of five in the AA.

As of June 30, 2013, net loans represented 60 percent of total average assets. The loan portfolio comprises 65 percent residential, 28 percent other real estate, 6 percent commercial, and 1 percent consumer loans. Net loans represent 71 percent of total deposits and 59 percent of total assets. Tier one capital is \$6.3 million.

No legal or financial factors exist that impede Midwest's ability to help meet the credit needs of the AA. Midwest received a "Satisfactory" rating on its last CRA evaluation dated November 28, 2007.

DESCRIPTION OF ASSESSMENT AREA

Midwest's AA consists of two adjacent counties – Andrew and Buchanan. There are 30 census tracts in this AA consisting of five moderate-income census tracts, 18 middle-income census tracts, and 7 upper-income census tracts. There are no low-income census tracts in the AA. Midwest has two branches in the AA. The AA does not arbitrarily exclude any low- or moderate-income census tracts.

The updated 2011 median family income is \$55,700. The AA includes 18.15 percent low-income families, 18.03 percent moderate-income families, 23.78 percent middle-income families, and 40.04 percent upper-income families. The median housing price is \$76,767. The percentage of households in the AA living below the poverty level is 12.1 percent.

Competition from other financial institutions is strong. There are 24 institutions in this AA with Midwest ranked as 16th with a market share of 1.34 percent. The primary competitors are large and mid-size banks, thrifts, community banks, and credit unions. The major competitors are UMB Bank, Nodaway Valley Bank, Pony Express Bank, Commerce Bank, and HNB.

The economic conditions in the AA are improving with increasing employment rates and growing exports. The June 2013 area unemployment rate is 5.9 percent, compared to the state average of 6.9 percent and the national rate of 7.6 percent for the same time-period. Varied employment industries in St. Joseph include telecommunications, manufacturing, health care, financial services, engineering, and agribusiness. Major employers include Heartland Health, Triumph Foods, St. Joseph School District, American Family Insurance, and Systems & Services Technologies Services.

We performed one community contact in the AA with an affordable housing organization. The contact identified the needs in the community as affordable rental housing and affordable home mortgage loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The lending test rating is excellent.

Loan-to-Deposit Ratio

Midwest's LTD ratio reflects more than reasonable responsiveness to the credit needs of its AA. Midwest's quarterly average net LTD ratio since its last CRA examination is 70.46 percent. Other similarly situated institutions had LTD ratios that ranged from 45.59 percent to 68.60 percent with an average of 57.09.

Lending in Assessment Area

Midwest made a majority of its loans by number and by dollar volume within its AA. Please see Table 1 below.

Table 1: Lending in Midwest FSLA St. Joseph Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Mortgage	32	75	8	25	40	3,395	79.79	860	20.21	4,255

Source: Sample loan data 2010-2011.

Lending to Borrowers of Different Incomes

Midwest’s lending to borrowers of different incomes is reasonable. Lending to low-income borrowers is reasonable at 15.63 percent with demographics at 18.15 percent. The lending to moderate-income borrowers is adequate at 12.50 percent while demographics are 18.03 percent. The households living in poverty in the AA are 12.1 percent. There is very strong competition in the market from larger banks, which limits Midwest’s ability to lend in the AA. The St. Joseph area has lost a number of large manufacturers who provided jobs for low- to moderate-income borrowers during the evaluation period. Please see Table 2 below.

Table 2: Borrower Distribution of Mortgage Loans in St. Joseph AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Mortgage	18.15	15.63	18.03	12.5	23.78	18.75	40.04	53.13

Source: Sample loan data for 2010-2011 and HUD-updated 2000 U.S. Census data

Geographic Distribution of Loans

Midwest’s lending to different geographies reflects excellent loan dispersion. There are no low-income census tracts within the AA. Lending to moderate-income geographies exceeds demographics. Please see Table 3 below.

Table 3: Geographic Distribution of Residential Real Estate Loans in St. Joseph AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Mortgage	0.00	0.00	9.14	12.5	58.32	40.63	32.55	46.88

Source: Sample loan data; 2000 U.S. Census data.

Qualified Investments and CD Services

Midwest shows excellent responsiveness to meeting the needs of the community through loans and services. Midwest made a \$38,400 community development loan that provided affordable housing to the St. Joseph Habitat for Humanity.

With their main facility located in a moderate-income census tract, Midwest is showing its community development responsiveness.

Responses to Complaints

Midwest did not receive any written complaints regarding its CRA performance, during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.