

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Mid-Wisconsin Financial Services, Inc.

Point of Contact:	James F. Warsaw	RSSD: (For Bank Holding Companies)	1139185
UST Sequence Number:	740	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	10,000,000	FDIC Certificate Number: (For Depository Institutions)	13273
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	February 20, 2009	City:	Medford
Date Repaid ¹ :	N/A	State:	Wisconsin

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

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

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

Increase lending or reduce lending less than otherwise would have occurred.

To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

In 2010 we extended 407 residential mortgage loans to qualified borrowers totalling \$68,900,000. These loans were subsequently sold into the secondary market.

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Increase securities purchased (ABS, MBS, etc.).

In view of weak economic conditions loan demand was soft in 2010. We consequently maintained the level of our investment portfolio at \$101,310,000. The mix of the portfolio shifted from mortgage-backed securities to US Agencies debt.

Make other investments.

Increase reserves for non-performing assets.

We were able to continue to fund the allowance for loan losses. The level of our loan loss provision was \$4,755,000 in 2010 compared to \$8,506,000 in 2009. The loan loss reserve to total loans outstanding (coverage ratio) improved from 2.22% at 12/31/09 to 2.79% at 12/31/10.

Reduce borrowings.

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Increase charge-offs.

Although charge-offs decreased in 2010, they remain high. Charge-offs were \$4,034,000 in 2010 compared to \$5,283,000 in 2009.

Purchase another financial institution or purchase assets from another financial institution.

Held as non-leveraged increase to total capital.

The holding company contributed \$2,000,000 of capital to the Bank in 2010. The capital infusion allowed the Bank to remain above the regulatory capital requirements.

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

The infusion of capital provided by the CPP funds enabled us to avoid the need of initiating a capital raise.

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

With the availability of capital provided by CPP we were able to assist distressed loan customers with loan modifications in the form of payment deferrals, interest rate reductions, and extended amortization schedules. The Bank provided extensions/modification on 629 loans totaling \$52,100,000 in credit to local customers. The Bank also entered into forbearance agreements with 30 commercial loan customers totalling \$13,080,000 in an effort to keep their businesses viable.

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

A large, empty rectangular box with a black border, intended for the respondent to describe their actions.