

Midwest Region

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Number of thrifts:
170

Total thrift assets:
\$129.4 billion

Number of employees:
125

**Number of new
employees in
FY 2008: 12**



C.K. Lee
Regional Director



The OTS Midwest Region runs through the heartland of America, sweeping down from the Canadian border, across the Great Plains through Texas and Louisiana and on to the Gulf of Mexico.

Although the region has large cities and large thrift institutions, there are substantial numbers of small towns, farms and ranches, and the community banks that serve them.

More than half of the thrifts in the OTS Midwest Region are in towns with populations of less than 50,000, where bank managers have strong community ties and often greet their customers by name. It is a region defined by agriculture, reasonable housing costs, a good labor supply and a generally favorable tax environment.

Thrifts tend to be smaller and spread over wide expanses in the Midwest. The largest OTS-regulated institutions in the

region are in cities, such as San Antonio, Austin, Dallas, Wichita, Oklahoma City, Lincoln, Minneapolis and Des Moines.

Although the downturn in the U.S. economy continues to reverberate through the states in the Midwest Region, the impact is not as severe as in other parts of the country. The unemployment rate in the region's 13 states is 20 percent better than the U.S. average and housing data is generally more positive. In fact, during FY 2008, home prices rose in all Midwest Region states except Minnesota, while the U.S. average declined.

The resiliency of the agricultural industries during this downturn has helped buffer the Midwest Region economy. Higher commodity prices have improved farm income even in the face of sharply higher energy prices. The easing of energy prices later in the year helped boost farm earnings even more. The outlook for agriculture and related businesses is predicted to be strong into fiscal 2009.

Senior management changed in the Midwest Region during the year as Frederick Casteel, the Regional Director for 15 years, was appointed OTS Ombudsman in February. C.K. Lee was appointed new Regional Director in May. In addition, Regional Deputy Director Bruce Benson retired in August and Gary Scott was selected to assume this key position.

The Midwest Region participated in a wide range of outreach events during fiscal 2008. The region's Community Affairs department helped thrifts maneuver through the housing and economic crisis by organizing forums, participating in collaborative efforts and partnering with other federal banking agencies, non-profit corporations and grass-roots community organizations. These activities provided valuable information to regulated thrifts and their

communities about mortgage loan fraud prevention, consumer education, home foreclosure prevention, small business development and opportunities in community development lending and investment. The initiatives helped institutions meet the credit needs of their communities and customers, while assuring that consumer rights were recognized and enforced.

The Midwest Region organized two Directors Forums during the year, one in Kansas City in October 2007 co-sponsored by the Heartland Community Bankers of America and the other in New Orleans in September 2008. At the forums, thrift directors learned more about corporate governance, asset quality, management, nontraditional mortgages, accounting, compliance, liquidity, information security and other topics.



The Regional Director also kept communication channels open during the year by hosting CEO Outreach meetings in Albuquerque, Dallas and New Orleans, where senior executives expressed their concerns and cited challenges their institutions were facing.

In response to industry requests for training, the Midwest Region held four Compliance Hot Topics Workshops in August on compliance with the Community Reinvestment Act, Fair Lending Act, Bank Secrecy Act, Flood Disaster Protection Act and guidelines on reducing home equity lines of credit. The region also held four Financial Management Seminars in June 2008 attended by institutions' financial managers as well as independent public accountants.



Since the establishment of the OTS in 1989, the Midwest Region has conducted outreach meetings and training continuously. These efforts remain as successful as ever. The regional staff is proud that its outreach efforts have enjoyed a run of almost 20 years and that these efforts have maintained a valuable communication channel between the OTS and the region's regulated financial institutions ■