

Minster Bank completed another successful year in 2007. Total assets increased to an all time high of over \$258 million, which is a 5.6% increase from the previous year. Our deposit and loan portfolio also experienced growth. Total deposits finished at \$216 million for the year, which is a 6.82% increase while total loans grew to over \$216 million.

After 26 years of service, Orval Homan announced his retirement as President and CEO effective December 31, 2007. Mark Henschen, who was the Executive Vice President, assumed the duties as President and CEO effective January 1, 2008. Homan will continue as Chairman of the Board of Directors.

Other promotions and retirement announcements transpired during the year. Dale Luebke was promoted to Vice President of Retail Banking. In March, Robin Brandt joined the Board of Directors as Carol Jones announced her retirement from the board after serving for 12 years.

In an effort to continue our progressive belief to deliver financial solutions that provide value to customers, we joined the Money Pass network. Being a part of this network allows customers to use over 11,000 ATMs surcharge-free. Minster Bank customers can now use their debit card surcharge-free at any ATM with the Money Pass logo. Locations for the Money Pass network can be found by visiting minsterbank.com or moneypass.com.

Health Savings Accounts were rolled out to help individuals take control of how they want to pay for current and future medical expenses. The funds contributed into a Health Savings Account grow tax deferred and distributions to pay or reimburse qualified medical expenses are tax-free. Since a Health Savings Account is used in conjunction with a High Deductible Health Plan, business owners can take advantage of this alternative as health insurance costs continue to raise.

Remote Deposit Capture was successfully implemented for our commercial customers this past year. Remote Deposit Capture is a new service that allows the customer to scan checks and transmit the images to our bank for posting and clearing. The business customer receives an electronic acknowledgement of the deposit and retains the checks for destruction at a later time. Customers benefit by not having to go to the bank to make a deposit and they can get same day credit for checks deposited. The customer can also benefit by consolidating funds from multiple locations into one bank, save time preparing deposits, and reduce the risk of fraud.

Our Trust and Investment Management Department continues to grow and to be well received by our clients. We have continued to expand our capabilities to assist small business owners and high net worth customers with their specialized planning needs including estate planning, business succession planning, and investment management. We have developed specialties in the handling of both personal and corporate retirement plans.

Throughout the past year, national headlines focused on the problems caused subprime mortgage lending. While some of the largest financial institutions in the country have been severely impacted, Minster Bank does not participate in the subprime mortgage market. "Most Community Banks maintain excellent loan quality, are well run, and well capitalized institutions that are generally not experiencing the funding and credit problems we are hearing about these days," commented Orval Homan. Being well capitalized and having strong asset quality, our bank is well positioned to meet the challenges of the coming year.