

(1) FHLB's general mission and purpose in a changing marketplace

We have experienced the Chicago FHLB changing and adapting to changes in the technology and the regional marketplace. The general mission of supporting affordable housing and providing liquidity to the community banking industry continues to evolve or really adapt to a changing market. We consider each of the primary purposes as still critical to our region and certainly to community banks.

(2) FHLB organization, operational efficiency and effectiveness

While we will not attempt to comment upon specific operating data of the Chicago bank we can comment upon our experience as a consumer and benefactor of FHLB services and products. We have commented previously regarding the organizational structure of the FHLB system, namely its regional approach. We are strong supporters of this approach and how it allows a deeper and more meaningful knowledge and working experience with individual communities, financial institutions and various non-profit organizations. There have been changes and allocations of resources over the years as the demands upon the bank and its resources have changed. From our vantage point operational efficiency and effectiveness seem to be a continuous focus of the Bank. We were pleased to participate in a training and education day for the Chicago Bank. The staff gathered for a series of presentations on products, services and processes and procedures. Our involvement was to provide staff with the perspective of the consumer of numerous products and services. We thought this was very insightful of FHLB management and educational for staff as time was devoted to being more effective in developing and maintaining relationships and delivery of quality service to FHLB members.

(3) FHLB Bank's role in promoting affordable, sustainable, equitable and resilient housing and community investment

We have worked with the Chicago Bank from a few different perspectives in the housing channel. We utilize the MPF program and have found the Bank as competitive and even accommodative in facilitating the origination of mainly conforming residential mortgages. We have also used the Bank for community advances to fund residential projects and have noted several instances where non-profits and low-and-moderate income families have benefited from Bank grant and loan programs. We currently are working with two non-profits applying for AHP funds for a unique low-income, supportive housing project in a rural community. FHLB staff have always been available for meetings and consultations during planning to assist community organizations and Sauk Valley Bank in having the best chance of success with a given program.

(4) Addressing the unique needs of rural and financially vulnerable communities

We believe this is commented upon with the earlier response. We would again emphasize that the Chicago Bank not only provides support and services to needy and vulnerable communities and also acts in a consultative manner to educate and support greater understanding programs and probability of success.

(5) Member products, services and collateral requirements

We have experienced continuous upgrades to products and services as economic and demographic changes have occurred. Collateral requirements have changed over the years and while we understand some parties would prefer qualifying collateral be limited, we very much appreciate the ability to borrow against various loans and securities to facilitate the liquidity profile of our community bank. It is critical for us to know that there is a tested liquidity source with expedient processes and procedures that can facilitate the needs of our community bank. The Chicago Bank reviews our performance regularly and has been responsive to addressing any concerns with our performance and through the recurring collateral audits assures the FHLB is properly and adequately secured at all times.

(6) Membership eligibility and requirements

This is recognized as an area of debate between various factions. We don't feel qualified to enter into a detailed debate of what specific entities or industries should be accepted for membership. We do feel strongly that members must be focused upon not just consuming and benefiting from the Bank but most also bring some value to the entity, which is in essence every member. This is done through stock purchases and support of FHLB initiatives and willingness to participate with Bank staff in developing meaningful services and products. The FHLB system has been successful due to the approach of institutions involving themselves in their respective FHLB's, another reason we like the ability to interact with FHLB staff on a regional basis.