

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Deerfield Financial Corporation / Bank of Deerfield

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| Person to be contacted regarding this report: | Sigurd A. Bringe | RSSD: (For Bank Holding Companies) | 0001416738 |
| UST Sequence Number: | 1104 | Holding Company Docket Number: (For Thrift Holding Companies) | |
| CPP/CDCI Funds Received: | 2,639,000 | FDIC Certificate Number: (For Depository Institutions) | 02477 |
| CPP/CDCI Funds Repaid to Date: | 0 | Credit Union Charter Number: (For Credit Unions) | |
| Date Funded (first funding): | May 15, 2009 | City: | Deerfield |
| 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).

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| <input checked="" type="checkbox"/> | Increase lending or reduce lending less than otherwise would have occurred. | Bank of Deerfield has made and continues to offer to make loans in our market area. We believe that utilization of CPP capital is one factor that has allowed us to make loans available during the economic downturn. |
| <input type="checkbox"/> | 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.). | Over the past year we have increased our residential mortgage loan portfolio by 13.75%, a \$2,823,871 increase. Commercial loan outstandings during the same period have remained fairly constant. Ag credit from year to year is down slightly but is due to the good 2010 crop year. |
| <input type="checkbox"/> | Increase securities purchased (ABS, MBS, etc.). | |

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| <input type="checkbox"/> | Make other investments | |
| <input type="checkbox"/> | Increase reserves for non-performing assets | |
| <input type="checkbox"/> | Reduce borrowings | |
| <input type="checkbox"/> | Increase charge-offs | |
| <input type="checkbox"/> | Purchase another financial institution or purchase assets from another financial institution | |
| <input checked="" type="checkbox"/> | Held as non-leveraged increase to total capital | The additional capital injection has given the Bank a hedge, an added measure of safety against the uncertainties we and our customers are facing during the economic downturn. |

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

We were able to make the decision to work with our customers rather than require immediate repayment of loan balances in some instances in order to reduce credit risk to the Bank. This has allowed those customers greater latitude to work through the issues they are facing and hopefully maintain their homes and businesses and the jobs they support.

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

We have continued making credit available in our marketplace even as other financial institutions have restricted credit or shown some of their long term customers the door in order to improve their Banks capital ratios.

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

Deerfield became one of the sites for the Madison Area Builder's Association Parade of Homes in 2010 and 2011. This is the first time t