

**CPP ANNUAL USE OF CAPITAL SURVEY - 2013**



**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Alliance financial Services, Inc. and Subsidiary Alliance Bank

Person to be contacted regarding this report:	Stephen Byelick	RSSD: (For Bank Holding Companies)	0001127146
UST Sequence Number:	1253	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	12,000,000	FDIC Certificate Number: (For Depository Institutions)	10973
CPP/CDCI Funds Repaid to Date:	12,000,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	Jun 26, 2009	City:	Saint Paul
Date Repaid <sup>1</sup> :	Feb 7, 2013	State:	Minnesota

<sup>1</sup>If 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).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	During the period in 2013 when the CPP funds were owned by Treasury Alliance Bank (the "Bank") made \$17.3 million in new loans and renewed \$43.1 million of existing loans. Without the CPP funds new lending would have been curtailed and renewals reduced significantly.
<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.).	
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	During the period in 2013 when Treasury owned the CPP funds the bank provided a provision for loan losses of \$300,000 and incurred \$112,141 in expenses and write-downs related to foreclosed real estate.
<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	\$6 million of the CPP funds that were added to the Bank's capital in prior years strengthened the Bank's capital ratios during a period of high charge-offs and write-downs on foreclosed real estate. The Bank's Tier I leverage ratio at March 31 2013 was 10.91% and 9.94% without the CPP funds.

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

The Bank was able to avoid branch closures and layoffs with might have been necessary in prior years without the CPP funds.

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

The CPP funds were owned by the Treasury during January and February of 2013. With the CPP funds adding strength to the Banks capital plus the Bank's efforts to reduce problem assets, the Bank was successful in improving its financial condition so that it could be released from a public regulatory order during 2013. Being released from the regulatory order allowed the bank to continue lending to customers in its market area.

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

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.