CPP ANNUAL USE OF CAPITAL SURVEY - 2011

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Crosstown Holding Company ("CHC")/21st Century Bank

Point of Contact:	Jonathan F. Dolphin, VP of CHC	RSSD: (For Bank Holding Companies)	3304352
UST Sequence Number:	456	Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	10,650,000	FDIC Certificate Number: (For Depository Institutions)	9751
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	January 23, 2009	City:	Loretto
Date Repaid[1]:	N/A	State:	Minnesota

[1]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).

X **Increase lending or reduce lending less than otherwise would have occurred.**

Orig Plan: Filter TARP to 21st and make loans. Actual: US Bank demanded balance on CHC's credit line when the TARP funds were received.TARP sent to USB.No TARP would have required a dividend from 21st to CHC in a like amount to TARP, which would have reduced lending in '09-'11.

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X **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.).**

2010 and 2011: Primarily Small Business Loan Origination--SBA and conventional; building and business asset secured. Became a TOP SBA Lender in MN2009: Small Business focused; but also Church and Rental Housing loans

☐ **Increase securities purchased (ABS, MBS, etc.).**

☐ **Make other investments.**

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☐ **Increase reserves for non-performing assets.**

☒ **Reduce borrowings.**

2009-2011:21st has been able to continue making loans needed to its communities (small businesses), but has been able to follow a plan and reduce debt without impairing its ability to lend.21st has reduced its debt to borrow money(and in concert w/dividend)will replace TARP eventually.

☐ **Increase charge-offs.**

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☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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

As stated above, a large dividend from capital in order to satisfy US Bank's demand. This amount of dividend would have reduced 21st's Total Risked Based Capital ratio at the time to 11.50 % approximately. Given market conditions at that time, this would have lead to no lending in 2009 - 2010, likely and minimal lending in 2011. Because of TARP, 21st was able to continue lending and has consistently been an SBA loan leader in the state of Minnesota. 21st anticipates continuing this trend of high ranking in small business lending in 2012.

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

In 2011, 21st originated ~$30M of new loans--the majority of which was in the small business realm. If TARP, hadn't been offered, capital levels (and ratios) would have been reduced and no lending would have been the result for some time. As it has played out, 21st has consistently produced results of ~$30M of new loans from 2009 - 2011, most of which have been in the area of supporting small business.21st has increased its lending staff by 4 people over the past 24 months and has a goal for 2012 of originating closer to $40M of new lending. The lending staff is active in calling on small business customers and utilizing referral networks to attempt to accomplish this goal--the goal of helping the small business (necessary capital to assist in new jobs; retain jobs; expand as necessary; etc.) and helping the bank (generate revenues to increase capital thereby increasing the bank's ability to lend more each year to small businesses going forward).

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

N/A