

CPP ANNUAL USE OF CAPITAL SURVEY - 2012

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

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

Person to be contacted regarding this report:	Jonathan F. Dolphin, VP of CHC	RSSD: (For Bank Holding Companies)	3304352
UST Sequence Number:	456	Holding Company 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:	0	Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	01/23/2009	City:	Loretto
Date Repaid ¹ :	N/A	State:	Minnesota

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).

<input checked="" type="checkbox"/>	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 was 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 '09-'12.
<input checked="" 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.).	2010 - 2012: Primarily originated small business loans--SBA and conventional; building and business asset secured. Became a TOP SBA Lender in 2009 and have been annually since that point. Small Business focused loan originations; but also Church, Rental Housing, & Comm Rental.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input checked="" type="checkbox"/>	Reduce borrowings	2009 - 2012: 21st has been able to continue making loans necessary to its communities (small businesses), but has been able to follow a plan to reduce debt without impairing its ability to lend at the bank level.
<input type="checkbox"/>	Increase charge-offs	
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	No purchase attempts have been successful, but both asset purchases and institution purchases have been attempted.
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

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 Capital Ratios to a point where new loan origination would have been difficult for a period of time. Because of TARP, 21st was able to continue lending and has consistently been an SBA loan origination leader in MN. 21st anticipates this continuing through 2013.

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

In 2012, 21st originated ~\$32M of new loans--the majority of these were in the small business area. If TARP hadn't been offered, capital ratios would have been reduced and thus, no lending for a period of time followed by minimal lending forward would have been the result. With the reception of TARP, 21st has consistently originated ~\$30M - \$40M in new loan originations from 2009 - 2012, most of which has been in the area of small business. 21st has increased its lending staff by 4 people since receiving TARP and has a goal of originating closer to \$40M in 2013.

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

N/A