



CPP ANNUAL USE OF CAPITAL SURVEY - 2014

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Duke Financial Group, Inc.

Person to be contacted regarding this report:	Brenda L. Coulter
UST Sequence Number:	1166
CPP/CDCI Funds Received:	12,000,000
CPP/CDCI Funds Repaid to Date:	12,000,000
Date Funded (first funding):	June 19, 2009
Date Repaid ¹ :	April 2, 2014

RSSD: (For Bank Holding Companies)	1127913
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	
Credit Union Charter Number: (For Credit Unions)	
City:	Minneapolis
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.	During 2014, we continued to renew and advance new funds to credit-worthy businesses and individuals. Loan demand remained at low levels. In March 2014, Duke sold its bank subsidiary located in Southern California.
<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 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	While total loans continued to decrease at each of our subsidiary banks in 2014 as a result of reduced loan demand and loan repayments; the decline was nominal at two of the banks. Capital ratios improved as a result. Our subsidiary banks remain well capitalized.

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

Prior to 2013, Duke injected \$10.45 million of the CPP funds into two of our subsidiary banks. These injections allowed our banks to remain well capitalized and well positioned to continue serving their respective local communities.

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

The continued use of the CPP funds allowed Duke to protect the banks from future losses and to support future loan growth as the economy continues its recovery.

At December 31, 2014, each bank's capital, as well as Duke's capital, is strong and well above the "well capitalized" requirements.

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

No other comments to add at this time.