



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Financial Services of Winger, Inc. (FSW), the holding company for Ultima Bank Minnesota (UBM)

Person to be contacted regarding this report:	Mark Finstad, CFO for FSW and President of UBM
UST Sequence Number:	1206
CPP Funds Received:	3,742,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Jul 31, 2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	1127276
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	08867
City:	Winger
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). To answer that question, Treasury is seeking responses that describe generally how the CPP 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 investment was deployed or how many CPP 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 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 funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	We were able to grow our loan volume by \$3,445,000 or 4.1% between July and December 2009.
<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.).	Loan growth was largely centered in our real estate portfolio with agricultural real estate up 12%, 1-4 family residential loans up 12.6% and commercial real estate up 10%.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input checked="" type="checkbox"/>	Make other investments	FSW purchased \$427,000 of other real estate from its subsidiary bank and continues to hold over \$1 million of the CPP funds in cash for further investment in UBM or repayment to the US Treasury. A small portion of the CPP was used for FSW debt service.
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	We increased our reserve for loan loss by \$607,000 or 73%.
<input checked="" type="checkbox"/>	Reduce borrowings	Short term borrowing was reduced by \$2 million.
<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	\$2,050,000 of the CPP funds received were used to increase equity capital in Ultima Bank Minnesota. This raised our equity capital to assets ratio to about 10%, a goal we continue to work to maintain despite the significant loan growth we have experienced.

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

We were able to avoid curtailing new loan growth. Quality loan demand remains significant in our market area and we have seen some competitors restrict or cease loan activity all together.

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

The CPP has given us a chance to finance growth within our existing customer base and pick up quality new customers that were not able to secure financing at their respective financial institutions while maintaining a strong equity position and adequate reserve for loan loss.

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

We have extended more favorable terms to several single family home owners in an effort to keep them in their homes by matching c