

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

NORTHWEST COMMERCIAL BANK

Point of Contact:	QUINN ZANDER-CONN	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	804	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	1,992,000	FDIC Certificate Number: (For Depository Institutions)	57191
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	February 13, 2009	City:	LAKEWOOD
Date Repaid ¹ :	N/A	State:	Washington

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).

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

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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.).

Empty response area for increased lending.

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

AGENCY PAPER HAS INCREASED YEAR OVER YEAR. CPP HAS GIVEN THE CAPITAL BACKING TO HOLD AN INCREASED AVAILABLE FOR SALE SECURITIES PORTFOLIO.

Empty response area for increased securities purchased.

Make other investments.

Empty response area for other investments.

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Increase reserves for non-performing assets.

Reduce borrowings.

IN 2011 WE PAID OFF A \$2,000,000 FHLB BORROWING.

Increase charge-offs.

CPP ALLOWED MORE RESERVES IN 2009 AND 2010. A SIGNIFICANT INCREASE IN CHARGE-OFFS HAPPENED IN 2011 AND CPP ALLOWED THE BANK TO STAY ABOVE 10% TIER ONE CAPITAL RATIO.

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

Empty response area for the first question.

Held as non-leveraged increase to total capital.

Empty response area for the second question.

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

THE BANK WAS ABLE TO AVOID GOING BELOW A 10% TIER ONE CAPITAL RATIO, THEREFORE MAINTAINING GOOD RELATIONS WITH BOTH INVESTORS AND REGULATORS.

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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 2009 THE BANK ORGANIZED AND OPENED A NEW MORTGAGE DEPARTMENT, BUT HAD TO CLOSE IT DOWN IN 2010 DUE TO LACK OF DEMAND. THE BANK WAS ABLE TO HIRE A FULLTIME WORKOUT OFFICER TO SUPPORT IMPAIRED LOAN ISSUES IN 2011. IN 2011 THE BANK CONTRACTED AN EMPLOYEE TO WORK ON LOAN APPRISALS AND OTHER SPECIAL CREDIT ISSUES THAT HAVE COME UP.

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

This area is a large, empty rectangular box intended for the respondent to provide a detailed description of actions taken with the capital infusion of CPP/CDCI funds. The box is currently blank.