CPP **ANNUAL USE OF CAPITAL SURVEY - 2010**

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

CoBiz Financial Inc.; CoBiz Bank

Person to be contacted regarding this report:	Lyne Andrich	RSSD: (For Bank Holding Companies)	1060328
UST Sequence Number:	166	Holding Company Docket Number: (For Thrift Holding Companies)	n/a
CPP/CDCI Funds Received:	64,450,000	FDIC Certificate Number: (For Depository Institutions)	22683
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	Denver
Date Funded (first funding):	Dec 19, 2008	City:	Denver
Date Repaid[1]:	N/A	State:	Colorado

[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).

☒	Increase lending or reduce lending less than otherwise would have occurred.	It has been a challenging business environment, and we continually strive to balance the needs and expectations of our customers, shareholders, employees and communities. We take our responsibilities to, and partnerships with, each of those very seriously, [continued below]
☐	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.).	
☒	Increase securities purchased (ABS, MBS, etc.).	The Company's goal is to deploy the CPP funds into more profitable loans held for investment. While Investment Securities increased by $98.7 million in 2010, the Company attributes the increase to a liquid cash position resulting from weak loan demand.

☐	Make other investments	
☒	Increase reserves for non-performing assets	The Company believes that higher capital levels allows us to navigate uncertain economic conditions with more confidence and improves our ability to withstand losses; however CPP has not changed our methodology in indentifying impaired loans, or recording appropriate reserves.
☒	Reduce borrowings	A portion of the CPP funds ($9.1 million) were immediately used to pay-down an outstanding balance on a revolving line of credit. The remaining cash was placed on deposit with our bank subsidiary, and became part of its fungible funding base used for its overall ALCO management.
☒	Increase charge-offs	Although the Company believes that higher capital levels allows us to navigate uncertain economic conditions with more confidence and improves our ability to withstand losses, receipt of the funds has not changed our methodology or practice in recognizing losses.
☒	Purchase another financial institution or purchase assets from another financial institution	None of the proceeds from CPP were used to purchase another financial institution or assets from another financial institution.
☒	Held as non-leveraged increase to total capital	Given the lack of loan demand, the CPP capital ultimately was a non-leveraged increase to total capital in 2010.

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

Receipt of the CPP capital, along with our ability to raise capital on two other separate offerings during the last 36 months increased our regulatory capitalization to strong levels. At the end of 2010, our Tier 1 Capital ratio 12.9% and Total Capital ratio was 15.5%, both of which are well in excess of what is considered to be “well capitalized” by our regulators.

Our ability to raise capital served was an important signal of strength to the community and a clear indication of how outsiders view the viability of our company. We believe that it has helped us retain core deposits, as well as attract new relationships.

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

It is difficult to speculate as to whether during 2010 we were able to undertake any actions that we may have not taken without the capital infusion of CPP funds in 2008. While the CPP funds bolstered our regulatory capital levels, the Company's capital position excluding the CPP funds was more than adequate to support our operations during 2010.

[continued from Box 1 above: ...]

and will continue to focus on cautious growth while playing a role in the return to economic vitality in our markets. We accepted the CPP funds to further bolster our capital position and to support the organic growth of our bank subsidiary, primarily through loan growth.

However, given the macro-economic situation, we continued to see decreasing loan demand from qualified borrowers as cautious business owners wait for reassurance that the recession is truly over. Our clients have been postponing expansion opportunities, drawing down inventory rather than investing in new and, generally, operating off their existing cash flow rather than seeking new credit. The result was a decrease in loans outstanding during 2010 of $139.0 million. The decline was driven by a high level of maturities, pay-downs and charge-offs. However, we are lending: in 2010 we extended $550.9 million in credit, including $255.2 million to new relationships. A significant portion of these new loans were to small businesses. As of December 31, 2010, 34% of our total loan portfolio was comprised of Commercial and Industrial (C&I) loans and an additional 26% was comprised of Owner Occupied Real Estate loans. The vast majority of these credit relationships are under $9 million in size; as of December 31, 2010, 94% of all of our credit relationships were less than $9 million.

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

n/a