

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

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

HPK Financial Corporation

Person to be contacted regarding this report:	Patrick J. Barrett	RSSD: (For Bank Holding Companies)	0001138049
UST Sequence Number:	1160	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	9,000,000	FDIC Certificate Number: (For Depository Institutions)	10448
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May 1, 2009	City:	Chicago
Date Repaid <sup>1</sup> :	N/A	State:	Illinois

<sup>1</sup>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).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	As a result of paydowns and maturities, total loans increased approximately 1% in 2010. However, \$21.8 million of new credits were funded during 2010.
<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.).	74% of new advances during 2010 were commercial and residential mortgage loans. The next largest category was commercial loans.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	A total of \$28.7 million of US Agency issued MBS were purchased in 2010.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	The provision for loan and lease losses increased by more than 28% over the provision in 2009.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Charge-offs of OREO and loans increased 228% in 2010.
<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	Tier I capital increased by 3.4% year-over-year.

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

We believe the capital provided by the Capital Purchase Program continued to enhance our ability to obtain funding from depositors and wholesale lenders in the normal course of business. Essential liquidity was maintained without resorting to asset sales or curtailment of lending or investment activities.

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

The Bank obtained wholesale funding from two additional sources in 2010.

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

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.