



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Alaska Pacific Bank (Alaska Pacific Bancshares, Inc.)

Person to be contacted regarding this report:	Craig E. Dahl
UST Sequence Number:	644
CPP Funds Received:	4,781,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Feb 6, 2009
Date Repaid <sup>1</sup> :	N/A

RSSD: (For Bank Holding Companies)	
Holding Company Docket Number: (For Thrift Holding Companies)	H3440
FDIC Certificate Number: (For Depository Institutions)	29849
City:	Juneau
State:	Alaska

<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). 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.	APB made \$28.5 mm in '09 of new-money commercial, consumer and constructions loans compared to \$33.4 mm in '08, a decrease of \$4.9 mm, based on market demand.
<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.).	SFR loans were \$46.2 million in 2009 compared to \$31.9 million in 2008 for an increase of \$14.3 million. A majority of the bank's production is sold to either Freddie Mac or Alaska State Housing Authority.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	The bank did not purchase securities in '08 or '09.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	The bank did increase reserves for non-performing assets primarily due to a small number of out-of-market participation loans.
<input checked="" type="checkbox"/>	Reduce borrowings	The bank was able to reduce its borrowings with the Federal Home Loan Bank by a commensurate amount of the CPP funds until such time as the additional capital was absorbed by loan losses referenced in the following sections.
<input checked="" type="checkbox"/>	Increase charge-offs	CPP funds allowed the bank to maintain capital ratios at required levels while addressing charge offs associated with a group of out-of-market C&D participation loans. Net charge offs: \$3.8 million in 2009.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

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

The infusion of CPP funds allowed the bank to avoid reducing lending levels to our traditional market while addressing the losses associated with the concentration of out-of-market C&D participation loans. We continued to provide small business, consumer, construction and residential mortgage loans on a business-as-usual level to our defined market area. As a result of CPP funds, the bank was able to continue making loans at "near normal" levels, subject to local demand.

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

The bank did not undertake any new business lines or engage in any expansion activities.

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