



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

D.L. Evans Bancorp/D.L. Evans Bank

Person to be contacted regarding this report:	Brenda Sanford, C.F.O.	RSSD: (For Bank Holding Companies)	2242523
CPP Funds Received:	\$19,891,000	Holding Company Docket Number: (For Thrift Holding Companies)	N/A
CPP Funds Repaid to Date:	\$0	FDIC Certificate Number: (For Depository Institutions)	11666
Date Funded (first funding):	2/27/2009	City:	Burley
Date Repaid ¹ :		State:	Idaho

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.	D.L. Evans Bank increased loans 3.33%, net of transfers to OREO and charge-offs, for 2009. The Bank has reduced Construction and Land lending, including subdivision development and 1-4 family construction (non-owner occupied) due to the current difficulties the bank has experienced in this area of the loan portfolio. However, the Bank has increased SBA and 1-4 family residential lending.
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<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.).	<p>D.L. Evans Bank increased 1-4 family residential mortgage lending, originating 1,086 loans for a total of \$165 Million in 2009, compared to 408 loans and \$61 Million in 2008. The residential mortgage loans were then sold into the secondary market. Through the SBA fiscal year end, September 2009, the bank originated 60 SBA loans compared to 2008 of 45 loans. Through the first 6 months of the 2010 SBA fiscal year, the bank has originated 46 loans for approximately \$7 Million.</p>
<input checked="" type="checkbox"/> Increase securities purchased (ABS, MBS, etc.).	<p>D.L. Evans Bank increased its Securities Portfolio by \$44 Million or 49%, purchasing \$22 Million in Government Agencies (FHLB, FFCB), \$48 Million in Government issued MBS's (FNMA, FHLMC, GNMA) including ARM's & CMO's, and \$6 Million in Idaho Municipals, for total purchases during 2009 of \$76 Million.</p>
<input type="checkbox"/> Make other investments	
<input checked="" type="checkbox"/> Increase reserves for non-performing assets	<p>Increased the Allowance for Loan Losses from \$8.7 Million at December 31, 2008 to \$10.3 Million at December 31, 2009.</p>

<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Loan Charge-offs for 2009 were \$17.4 Million compared to \$4.5 Million in 2008.
<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	Capital for D.L. Evans Bancorp at December 31, 2008 was 8.33% Tier 1 Leverage, 10.12% Tier 1 Risk Based, and 11.37% Total Risk Based. Capital for D.L. Evans Bancorp at December 31, 2009 was 9.49% Tier 1 Leverage, 12.57% Tier 1 Risk Based, and 13.82% Total Risk Based.

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

D.L. Evans Bancorp transferred \$18.5 Million to D.L. Evans Bank as additional capital. The additional capital served to strengthen all capital ratios during this difficult economic environment and provide additional capital for the increase in non-performing assets. Therefore, the bank was able to avoid reducing assets to maintain capital levels, and allowed the bank to increase residential mortgage lending, commercial SBA lending, and the investment portfolio and maintain capital above the well capitalized standards.

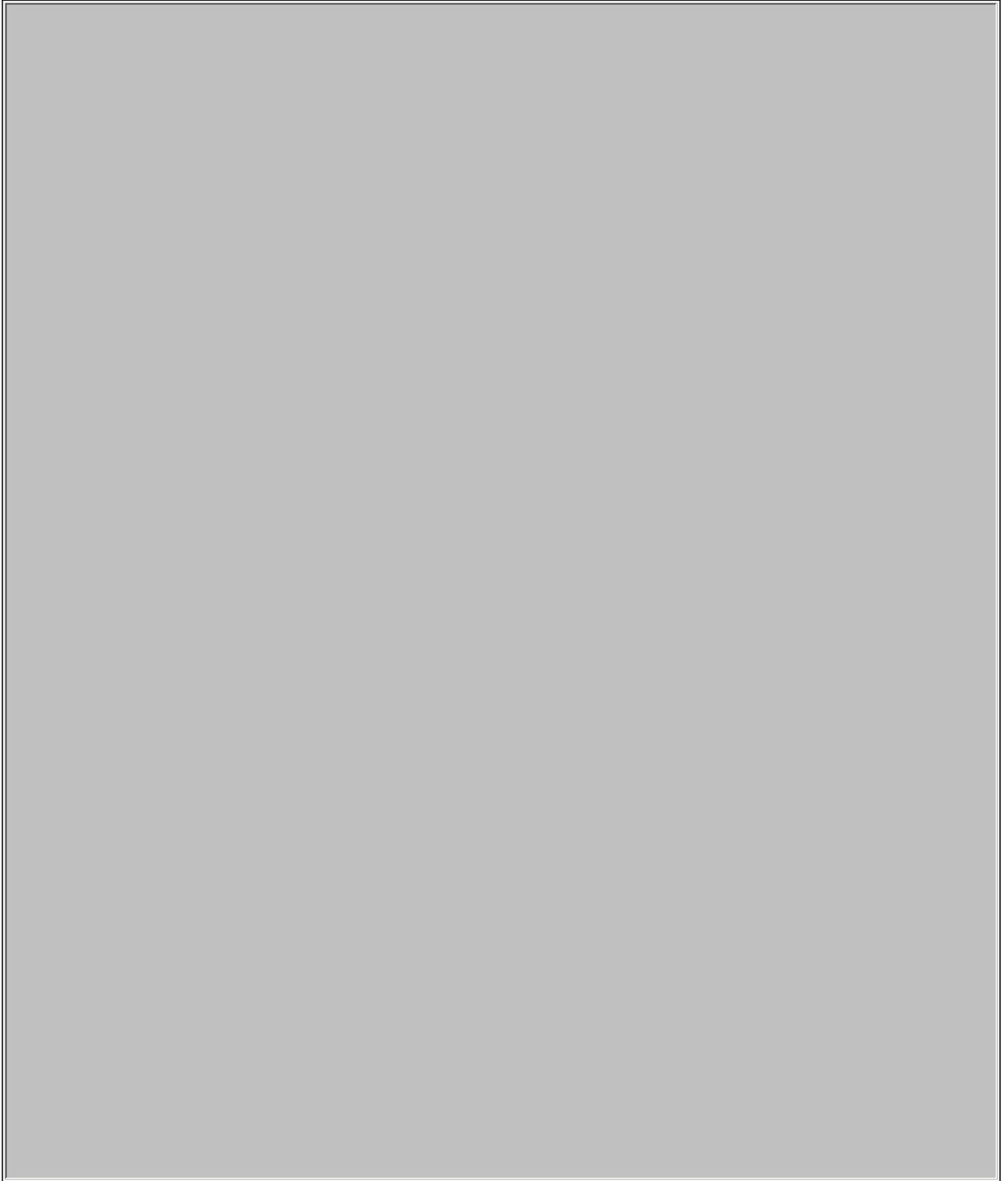
What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Without the additional capital that was transferred to D.L. Evans Bank from D.L. Evans Bancorp, the bank would not have been able to increase its 1-4 family residential mortgage lending, commercial SBA lending or purchase additional MBS investments.

The Bank was able to strengthen capital ratios therefore reducing the percentage of nonperforming assets to total capital, giving the bank additional time to work through specific loan challenges. During 2009, the bank completed a stress test of the CRE portfolio and projected capital levels under the various scenarios. Based on the results, with the additional capital, the bank remained well capitalized under all scenarios.

The bank has been able to continue to serve our communities and increase deposits to \$727 Million, a 6.75% increase, and total assets to \$892 Million a 10.82% increase. Loans have decreased from \$649 Million as of December 31, 2008 to \$641 Million as of December 31, 2009, a \$7 Million decrease or (1.14%). However, during 2009 the bank transferred \$11 Million into OREO and charged-off \$17 Million, therefore having an actual increase in loans of \$21 Million or 3.33%.

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.