



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

HPK Financial Corporation

Person to be contacted regarding this report:	Patrick J. Barrett
UST Sequence Number:	1160
CPP Funds Received:	9,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	May 1, 2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	0001138049
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	10448
City:	Chicago
State:	Illinois

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.	Although total loans decreased as a result of repayments and maturities, new loan fundings and renewals from 4-30-09 through 12-31-09 totaled \$22 million.
<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.).	New credit extensions were primarily 1-4 family, multi-family and commercial real estate loans.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	As a result of sales, calls and maturities total investments were \$188 million at 4-30-09 and 12-31-09. However, during that period \$30 million of MBS were purchased along with \$85 million of securities issued by US Agencies engaged in mortgage financing.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Through 4-30-09 there was no provision for loan losses and the valuation provision for OREO totaled \$373 thousand. For the remainder of the year the provision for loan loss totaled \$1.675 million and the valuation provision for OREO totaled \$450 thousand.
<input checked="" type="checkbox"/>	Reduce borrowings	From 4-30-09 through 12-31-09 Bank borrowings were reduced by \$42 million and Parent borrowings by \$3.7 million.
<input checked="" type="checkbox"/>	Increase charge-offs	Through 4-30-09 net recoveries totaled \$5 thousand. For the remainder of the year net charge-offs totaled \$1.023 million.
<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	The Tier I leverage ratio increased from 8.1% on 3-31-09 to 9.4% on 12-31-09. The Bank continued to expand its balance sheet throughout the first quarter of 2010.

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

We believe the capital provided by the Capital Purchase Program enhanced our ability to obtain the liquidity necessary to support normal operations from depositors and wholesale lenders. 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 funds?

Sale of preferred stock to the US Treasury and the subsequent increase in subsidiary bank capital distinguished our bank among many of its peers. The Bank's strong capital position and profitability during a period of unprecedented turmoil in financial markets enhanced the confidence of our customers and depositors in the viability of the institution as demonstrated by a 7.7% increase in deposits following receipt of CPP funding. This increase in deposits along with a ready supply of wholesale funding provided a reliable source of liquidity enabling the Bank to continue to fund new and renew existing loans to local customers. Additionally, the Bank was able to sustain its profitability by continuing to invest primarily in investment securities from US Agencies engaged in mortgage related 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.