



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

LAKE SUNAPEE BANK (NEW HAMPSHIRE THRIFT BANCSHARES, INC.)

Person to be contacted regarding this report:	LAURA JACOBI	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	UST 228	Holding Company Docket Number: (For Thrift Holding Companies)	7644
CPP Funds Received:	10,000,000	FDIC Certificate Number: (For Depository Institutions)	31953
CPP Funds Repaid to Date:	0	City:	NEWPORT
Date Funded (first funding):	Jan 16, 2009	State:	New Hampshire
Date Repaid <sup>1</sup> :	N/A		

<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 type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	
<input 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.).	
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	The Bank currently holds, by leveraging the CPP Funds, approximately \$67.3 million in government-sponsored mortgage-backed securities. The leverage was funded primarily by deposit growth of approximately \$50.1 million and additional advances of approximately \$27.3 million.

<input checked="" type="checkbox"/>	Make other investments	The Bank currently holds, by leveraging the CPP Funds, approximately \$7.3 million in corporate investments figure, of which \$4.1 million are corporate investments guaranteed by the Federal Deposit Insurance Corporation pursuant to the Temporary Liquidity Guarantee Program.
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Since January 16, 2009, the Bank has recorded additional provisions of \$6.8 million. The allowance for loan and leases losses has increased from \$5.6 million at December 31, 2009, to \$10.4 million at March 31, 2010, an increase of 85.71%.
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<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 Bank was able to utilize the net interest income recognized from the CPP leverage to offset the loan loss provisions without depleting capital which allowed the Bank to maintain well-capitalized levels.

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

Without the Treasury's investment of the CPP Funds, the Bank would not have been able to sustain the above-referenced leverage, including the purchase of mortgage-backed securities and corporate investments, while maintaining its current capital ratio. Included herewith as Confidential Exhibit A is the Bank's Statement of Condition (the "Statement") at March 31, 2010. The Statement includes a schedule of investments made using the leveraged CPP Funds. As shown in the Statement, the Bank's Tier 1 Core Capital ratio at March 31, 2010 was 8.46%. Without the CPP Funds and the associated leverage strategy, the ratio would have been 8.02%.

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

In addition, since receiving the CPP Funds, the Company has recorded \$372.1 million in loan production. Of this production total, \$148.2 million of 1-4 family residential mortgages has been sold to the secondary market. Despite the production levels, the loan portfolio only grew \$7.7 million as normal amortization and payoffs were recorded during the same period.

In its application for the CPP Funds, the Company noted that an investment by the Treasury would bolster the Bank's capital base and enable the Bank to take advantage of additional investing and lending opportunities. Going forward, the Bank intends to continue to use the leveraged CPP Funds to continue to invest in qualifying securities and to engage in additional lending.

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.