OMB Control Number 1505-0222

ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Northern State Bank

Person to be contacted regarding this report:	Gregory Daniels, SVP CFO John Andreacio, Pres & CEO
UST Sequence Number:	884
CPP Funds Received:	$2,571,000.00
CPP Funds Repaid to Date:	0
Date Funded (first funding):	May 18 2009
Date Repaid[1]:	N/A

RSSD: (For Bank Holding Companies)	3404373
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	58054
City:	Closter
State:	New Jersey

[1]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).

☒	Increase lending or reduce lending less than otherwise would have occurred.	The CPP funds allowed us to grow our loan portfolio to a higher level than we otherwise would have been able to because the capital was treated as Tier 1 capital.
☒	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.).	The Capital supported commercial real estate loans and residential mortgage warehouse lines. The warehouse lines facilitated additional mortgage lending as the borrowers were able to fund mortgage loans prior to selling them in the secondary market.
☐	Increase securities purchased (ABS, MBS, etc.).	

☐ Make other investments	
☐ Increase reserves for non-performing assets	
☐ Reduce borrowings	
☐ Increase charge-offs	
☐ Purchase another financial institution or purchase assets from another financial institution	
☐ Held as non-leveraged increase to total capital	

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

We avoided having to shrink, or simply maintain our loans/balance sheet level. We also avoided having to borrow funds from the FHLB which would have negatively impacted our overall liquidity position

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

As previously noted, we were able to grow our loan portfolio to a level that we otherwise would not have been possible. This supported commercial mortgage loan activity and residential mortgage warehouse lending. Without the CPP funds, we would have been forced to preserve our existing capital and curtail lending activities.

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

The CPP funds enabled us to grow our balance sheet in a controlled way, moving our bank to a profitable level. This growth enabled u

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