OMB Control Number 1505-0222

ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

NORTHWEST COMMERCIAL BANK

Person to be contacted regarding this report:	QUINN ZANDER-CONN
UST Sequence Number:	804
CPP Funds Received:	1,992,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Feb 13, 2009
Date Repaid[1]:	N/A

RSSD: (For Bank Holding Companies)	
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	57191
City:	LAKEWOOD
State:	Washington

[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 BANK WAS ABLE TO HIRE AN ADDITIONAL LENDING OFFICER WHICH ALLOWED INCREASED EFFORTS TO LEND IN OUR MARKET. THE RESULTS HAVE BEEN MIXED AS THE SAME TIME LOAN DEMAND WEAKENED.
☐	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.).	
☒	Increase securities purchased (ABS, MBS, etc.).	INDIRECTLY THE CHANGING OF PUBLIC DEPOSITS IN THE STATE OF WASHINGTON, CPP FUNDS ALLOWED THE BANK TO BUY MORE SECURITIES TO PLEDGE FOR PUBLIC DEPOSITS.

☒	Make other investments	THE BANK ORGANIZED AND OPENED A NEW MORTGAGE DEPARTMENT.
☒	Increase reserves for non-performing assets	CPP FUNDS PROVIDED THE BASIS TO ALLOW THE BANK TO ESTABLISH ADDITIONAL LOAN LOSS RESERVES WHICH IN TURN FUNDED INCREASED LOAN CHARGE OFFS
☐	Reduce borrowings	
☒	Increase charge-offs	THE BANK HAD A RECORD YEAR FOR CHARGE OFFS.
☐	Purchase another financial institution or purchase assets from another financial institution	
☒	Held as non-leveraged increase to total capital	THE INFUSION OF CPP FUNDS ESTABLISHED SUFFICIENT CAPITAL TO CONTINUE TO BE CLASSIFIED AS A WELL CAPITALIZED INSTITUTION AND AVOID POSSIBLE REGULATORY ACTION.

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

THE INCREASE IN CAPITAL HELPED DECREASE THE CONCENTRATION IN CONSTRUCTION AND DEVELOPMENT LOANS.

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

THE BANK ADDED ONE NEW LENDING OFFICER, ORGANIZED AND OPENED A NEW MORTGAGE DEPARTMENT, AND HELPED TO FUND LOAN GROWTH AT A NEW FULL SERVICE BRANCH WHICH INCREASED OUR CONSUMER LOAN PRODUCTION. WE WERE ALSO ABLE TO HIRE A WORK OUT OFFICER ON A CONTRACT BASIS TO SUPPORT IMPAIRED LOAN ISSUES.

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.