



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

--

Person to be contacted regarding this report:	Daniel G. Byrne
UST Sequence Number:	183
CPP Funds Received:	303,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	N/A
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	3152245
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	
City:	Spokane
State:	Washington

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 type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	We developed loan programs for affordable housing, consumer needs and small and medium businesses. We also reduced fees on a number of products and services, in an effort to provide fair pricing for these value added products and services.
<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.).	We expanded loan programs for Small Business (under SBA 7 A and 504 programs); implemented a special home-buyers program, which provided qualified home owners up to a 3% credit.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	We have been active purchasers of FHLMC, FNMA and GNMA MBS over the past 18 months, which helps support the housing market. We have also invested in targeted State bond programs that provide for housing rehabilitation.

<input type="checkbox"/> Make other investments	We have made investments in municipal securities and in targeted housing related bonds (which provide for housing rehabilitation) in our local footprint.
<input type="checkbox"/> Increase reserves for non-performing assets	Our allowance for non-performing loans has been increased from 1.92% at September 2008 to 4.36% at March 2010. In addition to increasing our allowance, we have also sold notes of non-performing loans and real estate owned to reduce non-performing assets.
<input type="checkbox"/> Reduce borrowings	Our borrowings have been reduced approximately \$94 million over the past 15 months.
<input type="checkbox"/> Increase charge-offs	over the past 15 months our charge-offs on non-performing loans have been concentrated in the residential and commercial construction portfolios. Taking these charge-offs, together with other efforts have reduce
<input type="checkbox"/> Purchase another financial institution or purchase assets from another financial institution	N/A
<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?

Without the CPP funds, our lending in most Consumer and Business programs would have been substantially reduced over the past 15 months. Sales of certain non-performing loans may have been sold at substantial discounts, likely increasing the level of charge-offs. Employment levels would have been reduced more dramatically. Our ability to support municipalities with the investment in general obligation and targeted housing bonds and the agency MBS would have been reduced.

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

We operate 179 depository branches and some 229 financial service locations in 5 western states. We employ some 2500 across our footprint. A number of our branches are located in rural markets and in many, we are the only financial institution providing service. The CPP funds have allowed us to remain committed to all of these markets, without disruption to service and product to consumers and businesses. Additionally, we have been able to support our employees' involvement in the communities they serve. We have also implemented consumer loan modification programs under the Making Homes Affordable programs and as part of our continuing CRA efforts, we have met with a number of advocacy groups to educate consumers on the appropriate use of credit.

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

We covered these with the response to prior questions.

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.