



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

W.T.B. Financial Corporation

Person to be contacted regarding this report:	Larry V. Sorensen
UST Sequence Number:	513
CPP Funds Received:	110,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Jan 30, 2009
Date Repaid <sup>1</sup> :	N/A

RSSD: (For Bank Holding Companies)	1029464
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	01281
City:	Spokane
State:	Washington

<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 checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	While the bank's risk based capital ratio at YE 2008 was above the 10.00% well capitalized regulatory minimum, TARP Capital improved that ratio providing the capital foundation to continue financing our commercial and retail customers.
<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.).	While overall, the bank's loan portfolio has declined, primarily as a result of declining demand and charge-offs, the bank did succeed in growing certain loan categories (commercial exempt, agricultural, commercial real estate and consumer loans).
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	TARP Capital not only provided \$110 million in funding that needed to be deployed, but also enhanced the bank's capital position. The bank's improved capital position helped provide the balance sheet capacity for increased liquidity, improving the bank's risk profile and performance.

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input checked="" type="checkbox"/>	Reduce borrowings	The infusion of TARP capital into the bank contributed to a significant reduction in the bank's wholesale borrowings at the FHLB. FHLB borrowings declined \$305 million from YE 2008 to YE 2009. That reduction improved the liquidity position and borrowing capacity of the bank.
<input type="checkbox"/>	Increase charge-offs	
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	On February 13, 2009, WTB purchased Pinnacle Bank, Beaverton, OR in an assisted acquisition from the FDIC. Pinnacles assets totaled \$65 million and the supplemental capital provided by the TARP funds helped support the bank's capital position and resulting capital ratios.
<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?

A solid capital foundation is critical in banking, and the current environment has heightened the sensitivity around this crucial banking metric. In the absence of TARP capital, it is possible that the bank could have considered it prudent to curtail lending, shrink the balance sheet and become more defensive in its operating strategy. If that were the outcome, it is also possible that the curtailment of lending could have had an adverse impact on our customers. Moreover, curtailing lending and shrinking the bank's balance sheet would be counter to the central role of banks in facilitating economic activity and contributing to the nation's economic recovery.

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

Without TARP capital, the purchase of Pinnacle Bank would have been a greater financial challenge given our key financial performance metrics. Moreover, the supplemental capital capacity that TARP capital provided supported the critical objective of continuing to honor our existing loan commitments to our customers, and provide new financing to existing and new customers.

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.