

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Leader Bancorp, Inc.

Point of Contact:	Sushil K. Tuli, Chairman and CEO	RSSD: (For Bank Holding Companies)	3439236
UST Sequence Number:	215	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	5,830,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	5,830,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 23, 2008	City:	Arlington
Date Repaid ¹ :	11/24/2010	State:	Massachusetts

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) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI 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/CDCI investment was deployed or how many CPP/CDCI 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/CDCI 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/CDCI funds were outstanding).

Increase lending or reduce lending less than otherwise would have occurred.

Leader Bank, N.A. a wholly owned subsidiary of Leader Bancorp, Inc. during the calendar year ended December 31, 2010 increased the loan portfolio by \$39 million or 14% from \$277 million at December 31, 2009 to \$317 million at December 31, 2010.

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.).

\$25.7 million in loans secured by first and junior liens on 1-4 family and multifamily residential properties and \$12.1 million in loans secured by other nonresidential properties.

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Increase securities purchased (ABS, MBS, etc.).

Empty response box for 'Increase securities purchased (ABS, MBS, etc.).'

Make other investments.

Empty response box for 'Make other investments.'

Increase reserves for non-performing assets.

Empty response box for 'Increase reserves for non-performing assets.'

Reduce borrowings.

Empty response box for 'Reduce borrowings.'

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Increase charge-offs.

Purchase another financial institution or purchase assets from another financial institution.

Held as non-leveraged increase to total capital.

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

Instead of using CPP funds to bolster capital and loan loss reserves, Leader Bank used the CPP funds to support growth and additional lending. As a result, Leader Bank was able to avoid turning away credit worthy customers, whether consumers or business. Consumers were able to purchase homes or lower monthly payments by refinancing homes with lower interest rates. Business customers were able to support their growth or expand their businesses. Without the infusion of CPP funds, Leader Bank would have had to turn away credit worthy customers because of a lack of balance sheet capacity to support growth. Raising capital in December 2008 was a difficult prospect for community banks. The CPP funds allowed Leader Bank to focus on customers instead of focusing on raising additional capital to support projected growth.

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

In 2010, the CPP funds allowed Leader Bank to be an active lender in its community. Leader Bank originated and closed over 4,900 residential loans totaling \$1.6 billion. Leader Bank also originated and closed commercial loans totaling over \$20 million. The net increase to the loan portfolio was \$39.5 million. Leader Bank would not have been able to increase its lending while also maintaining sufficient internal capital ratios without the CPP funds. Leader Bank also hired 61 new employees in loan origination and support staff. These new employees helped Leader Bank expand its lending and created more jobs both inside and outside the bank. This would also not have been possible without the CPP funds. Leader Bank was able to open its fifth retail branch in Burlington, Massachusetts during 2010. This enabled the bank to reach more customers for retail banking needs, allowing Leader Bank to serve a larger market. This also would not have been possible without the CPP funds.

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

A large, empty rectangular box with a black border, intended for the respondent to provide a detailed description of actions taken with the capital infusion of CPP/CDCI funds.