

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

HPK Financial Corporation

Point of Contact:	Patrick J. Barrett	RSSD: (For Bank Holding Companies)	1138049
UST Sequence Number:	1160	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	9,000,000	FDIC Certificate Number: (For Depository Institutions)	10448
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May 01, 2009	City:	Chicago
Date Repaid ¹ :	N/A	State:	Illinois

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.

As a result of paydowns and maturities, total loans increased approximately 1% in 2010. However, \$21.8 million of new credits were funded during 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.).

74% of new advances during 2010 were commercial and residential mortgage loans. The next largest category was commercial loans.

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

A total of \$28.7 million of US Agency issued MBS were purchased in 2010.

Make other investments.

Increase reserves for non-performing assets.

The provision for loan and lease losses increased by more than 28% over the provision in 2009.

Reduce borrowings.

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Increase charge-offs.

Charge-offs of OREO and loans increased 228% in 2010.

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

Held as non-leveraged increase to total capital.

Tier I capital increased by 3.4% year-over-year.

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

We believe the capital provided by the Capital Purchase Program continued to enhance our ability to obtain funding from depositors and wholesale lenders in the normal course of business. Essential liquidity was maintained without resorting to asset sales or curtailment of lending or investment activities.

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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?

The Bank obtained wholesale funding from two additional sources in 2010.

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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 undertaken with the capital infusion of CPP/CDCI funds.