



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Central Pacific Financial Corp./Central Pacific Bank

Person to be contacted regarding this report:	David Morimoto	RSSD: (For Bank Holding Companies)	701062
CPP Funds Received:	\$135,000,000	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Repaid to Date:	\$0	FDIC Certificate Number: (For Depository Institutions)	17308
Date Funded (first funding):	1/9/2009	City:	Honolulu
Date Repaid ¹ :		State:	Hawaii

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 checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Although the loan portfolio declined throughout 2009, CPB continued to originate new loans to support consumers and businesses throughout Hawaii. Without the CPP capital, CPB would have further curtailed its new lending activity.
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<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.).	
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	During the first half of 2009, CPB purchased approximately \$185 million in MBS issued by various government agencies and also originated and then securitized into agency MBS approximately \$50 million of residential mortgages. These actions facilitate homeownership.
<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	

<input type="checkbox"/> Reduce borrowings	
<input type="checkbox"/> Increase charge-offs	
<input type="checkbox"/> Purchase another financial institution or purchase assets from another financial institution	
<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?

The CPP capital infusion allowed CPB to continue lending to meet the needs of consumers and businesses throughout Hawaii. During 2009, CPB originated approximately \$1.8 billion in residential mortgage loans, \$142 million in commercial & industrial loans and \$32 million in consumer loans. Without the CPP capital, CPB would have further curtailed its new lending activity.

In 2009, CPB originated 113 Small Business Administration (SBA) loans totaling \$4.6 million. CPB originated more SBA loans than any other financial institution in Hawaii and the 113 SBA originations surpassed the total SBA loan originations made by the next 2 most active lenders, combined. In recognition of its lending activity, CPB was awarded the SBA's 504 Lender of the Year Award for Fiscal Year 2009. Without the CPP capital, CPB would have been forced to curtail its SBA lending activity.

Also, in 2009, CPB originated more than 5,200 residential mortgage loans totaling more than \$1.8 billion. CPB was the largest Hawaii-based originator of residential mortgage loans. CPB also actively sought opportunities to modify residential mortgage loans, where appropriate, to allow borrowers to remain in their homes. During 2009, CPB modified 39 residential mortgage loans under the U.S. Treasury's Home Affordable Modification Program (HAMP) totaling \$15 million. Finally, CPB continued its support of affordable housing developments with the construction financing of an 83-unit affordable housing rental project in Waianae on the island of Oahu. Without the CPP capital, CPB would have been forced to curtail these activities that facilitate homeownership.

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

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



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