

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Village Bank and Trust Financial Corp and its wholly-owned subsidiary, Village Bank

Point of Contact:	Dennis J Falk	RSSD: (For Bank Holding Companies)	3251027
UST Sequence Number:	1137	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	14,738,000	FDIC Certificate Number: (For Depository Institutions)	35111
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May 01, 2009	City:	Midlothian
Date Repaid ¹ :	N/A	State:	Virginia

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.

Loan balances were not materially changed from YE09 to YE10. However, without the CPP capital injection, it is likely loans would have been notably reduced. Moreover, loan closings [production that is sold] at the wholly-owned mortgage subsidiary were up \$32 million or 13% year over year.

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.).

As noted above, single family production increased and such production is not reflected on the balance sheet as it is sold in the secondary market. Moreover, while loans held in portfolio were not materially changed, certain sectors reflected growth, like small business lending.

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

Make other investments.

Increase reserves for non-performing assets.

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?

The key action avoided is that we did not have to shut down loan production [to the detriment of our community] and significantly shrink the Bank due to the economic pressures on loan quality and capital generation.

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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?

By maintaining a well-capitalized posture, onerous and , at times, punitive regulatory sanctions were avoided; sanctions which generally will limit any contribution a bank can make to restoring economic vibrancy.

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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.