

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Regents Bancshares, Inc.

Point of Contact:	Randy M. Krenelka	RSSD: (For Bank Holding Companies)	3030679
UST Sequence Number:	541	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	12,700,000	FDIC Certificate Number: (For Depository Institutions)	57177
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	October 23, 2009	City:	Vancouver
Date Repaid ¹ :	N/A	State:	Washington

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.

The funding provided through CPP allowed our bank the ability to hire additional lending personnel and allow for additional lending activity. During the period since CPP funding was received, the bank has opened a new branch office as well as adding lending personnel at existing offices.

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.).

Commercial loans (small to mid-size businesses) and commercial real estate loans.

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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?

CPP funding provided for further capital strength in the bank holding company, allowing the bank holding company to further increase its investment in its primary bank subsidiary, enabling the bank to have a high level of capital. Without this excess capital, the bank would have had to be more focused on reducing risk assets in order to preserve capital, rather than having the ability to increase lending activity. Because of the capital provided by the CPP program, our bank was in a position to expand lending activities by hiring talented and capable local bankers in the markets that our bank serves.

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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?

CPP funds allowed the bank to more confidently expand into new markets that were vacated by long-term local banks who left the market via hard exit (failure). The bank was able to open a new office in El Cajon (east San Diego county) during 2010. The decision to open the new office without the benefit of the capital cushion that CPP provided would, at minimum, been far more difficult.

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

The CPP infusion provided capital for the Holding Company to form a new subsidiary with the sole purpose of purchasing assets at FMV from its affiliate, allowing the enabling the insured commercial bank affiliate to maintain superior asset quality.