CDCI **ANNUAL USE OF CAPITAL SURVEY - 2010**

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Mission Valley Bancorp

Person to be contacted regarding this report:	Diane Auten	RSSD: (For Bank Holding Companies)	9050
UST Sequence Number:	139	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	10,336,000	FDIC Certificate Number: (For Depository Institutions)	57101
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	12/23/2008	City:	Sun Valley
Date Repaid[1]:	N/A	State:	California

[1]If 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.	If the bank did not have the benefit of CPP funds, it would have been necessary to reduce the size of the balance sheet and curtail lending in order to maintain acceptable capital ratio levels.
☒	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.).	The CPP support increased lending by the bank in the following types of loans: Consumer, Small Business Loans, Accounts Receivable Financing, SBA and Restaurant Financing.
☒	Increase securities purchased (ABS, MBS, etc.).	The bank purchased $3 million in net agency and mortgage-backed securities in excess of securities matured, which assisted in the strengthening of the securitized mortgage market.

☐	Make other investments	
☒	Increase reserves for non-performing assets	The availability of capital allowed for additional provisions to the allowance for loan losses to be made that were required in order to restructure and modify loans with borrowers experiencing financial difficulties. This allowed borrowers to improve their cash flow and avoid potential layoffs.
☒	Reduce borrowings	The Bank was able to reduce borrowings by $3 million during 2010.
☐	Increase charge-offs	
☐	Purchase another financial institution or purchase assets from another financial institution	
☐	Held as non-leveraged increase to total capital	

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

Mission Valley Bank avoided curtailment of lending activities as a CDFI bank, lending in low to moderate income businesses; allowing businesses to not only expand and create jobs within the communities served, but in some instances to preserve the business and maintain existing jobs.

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

Mission Valley Bank was able to bolster small business lending with new lending product lines, Accounts Receivable Financing and Restaurant Financing, to assist small business owners with operating capital during the continued economic downturn. This has allowed businesses the opportunity to sustain operations and provide the necessary working capital to preserve economic stabilization. Additionally, the capital infusion of CPP funds allowed the bank to maintain higher levels of operating liquidity and maintain a "Well Capitalized" capital structure. Further, by being "super" well capitalized, the bank was able to prudently work with its troubled borrowers by restructuring loans and easing the payment burden. This in turn, allowed some of our borrowers to avoid layoffs and bid and win additional contracts as well as in some instances to continue operations.

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

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.