

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



**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

PGB Holdings, Inc. & Pacific Global Bank

Person to be contacted regarding this report:	Sylvia Chung	RSSD: (For Bank Holding Companies)	3082342
UST Sequence Number:	451	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	3,000,000	FDIC Certificate Number: (For Depository Institutions)	34089
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	Feb 6, 2009	City:	Chicago
Date Repaid <sup>1</sup> :	N/A	State:	Illinois

<sup>1</sup>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).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	With the Holding Company's capital injection made possible by the CPP funds, the Bank is able to continue providing credits to the under-served and distressed community within its delineated area for the purchase foreclosure properties.
<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.).	Majority of them are residential mortgage loans.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Increase loan loss reserve – The Bank’s delinquent loans continued to increase radically in 2010; as a result, the Bank’s total provision for loan loss reached \$7.07 million for year 2010 – an increase of 135.7% compared to the \$3 million in 2009
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Reduce toxic assets – The Bank took significant charge-offs totaling \$3.8 million in 2010; mostly were commercial real estate loans. Due to these charge-offs and payoffs, our gross loans at the end of 2010 decreased to \$136.7 million
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	The CPP funds have strengthened the Holding Company’s financial position and provided capital to its wholly-owned subsidiary, Pacific Global Bank. Since the receipt of the CPP funds in 2009, the Holding Company has injected a total of \$2.5 million into the Bank,

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

In 2010, Pacific Global Bank continued to experiencing the significant increase in non-performance assets and charge-offs. In order to maintain a reasonable coverage ratio, the Bank had to substantially increase its loan loss reserve. With that, the Bank and the Holding Company would have to raise additional capital; however, during the market downturn it is difficult and perhaps impossible to accomplish. Because of the capital infusion of CPP funds in 2009 and 2010, Pacific Global Bank was able to maintain the capital position at above the "well capitalized" level. At the end of 2010, the Bank's capital ratio was at 9.65%.

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

Due to the large amount of loan loss reserve in 2009 and 2010, the Holding Company had injected another \$1.5 million into the Bank during 2010 to maintain the Bank's capital adequacy.

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

The Holding Company still maintains the remaining \$500,000 CPP funds in a deposit account at the Bank, which provides it with addi