

**CDCI ANNUAL USE OF CAPITAL SURVEY - 2011**



NAME OF INSTITUTION  
(Include Holding Company Where Applicable)

First Vernon Bancshares, Inc.

Point of Contact:	Samuel A. Johnson	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	1199	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	6,245,000	FDIC Certificate Number: (For Depository Institutions)	51
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	September 29, 2010	City:	Vernon
Date Repaid <sup>1</sup> :	N/A	State:	Alabama

<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).**

**Increase lending or reduce lending less than otherwise would have occurred.**

While loan demand is less than in the past, these funds have allowed us to maintain a good volume of new business. Overall, the loan portfolio is smaller, but the quality is improving due to the economy improving locally.

**CDCI ANNUAL USE OF CAPITAL SURVEY - 2011**



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Vernon Bancshares, Inc.

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.).

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

We have maintained a higher level of MBS and Agency Bonds that we probably would have otherwise.

**Make other investments.**

**CDCI ANNUAL USE OF CAPITAL SURVEY - 2011**



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Vernon Bancshares, Inc.

**Increase reserves for non-performing assets.**

Reserves remain high for the bank, in a historical perspective.

**Reduce borrowings.**

We have been on a long term plan of reducing wholesale borrowings and should continue this trend.

**Increase charge-offs.**

**CDCI ANNUAL USE OF CAPITAL SURVEY - 2011**



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Vernon Bancshares, Inc.

**Purchase another financial institution or purchase assets from another financial institution.**

Empty response area for the first question.

**Held as non-leveraged increase to total capital.**

Empty response area for the second question.

**CDCI ANNUAL USE OF CAPITAL SURVEY - 2011**



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Vernon Bancshares, Inc.

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

We were able to focus on our customer base, rather than worrying about finding additional capital and trying to sell our selves to investors.

**CDCI ANNUAL USE OF CAPITAL SURVEY - 2011**



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Vernon Bancshares, Inc.

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

Taking the slower economy and using it to strengthen the balance sheet of the bank through orderly reductions of wholesale and non core deposits.

**CDCI ANNUAL USE OF CAPITAL SURVEY - 2011**



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Vernon Bancshares, Inc.

**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.