



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Bank of Commerce

Person to be contacted regarding this report:	David Keul	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	458	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	3,000,000	FDIC Certificate Number: (For Depository Institutions)	58134
CPP Funds Repaid to Date:	0	City:	Charlotte
Date Funded (first funding):	01/16/2009	State:	North Carolina
Date Repaid ¹ :	N/A		

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). To answer that question, Treasury is seeking responses that describe generally how the CPP 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 investment was deployed or how many CPP 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 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 funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Bank of Commerce received CPP funds on January 16, 2009. This allowed the Bank to increase its loan portfolio by \$14.0 million in 2009.
<input checked="" 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.).	Bank of Commerce increases in loans by major categories are as follows: 25.1% increase in 1-4 family residential loans 31.4% increase in commercial and multi-family residential loans 12.2% increase in home equity loans
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Bank of Commerce increased its investment securities by \$11.7 million in 2009. This increase includes a 19.1% increase in mortgage-backed obligations.

<input type="checkbox"/> Make other investments	
<input type="checkbox"/> Increase reserves for non-performing assets	
<input type="checkbox"/> Reduce borrowings	
<input type="checkbox"/> Increase charge-offs	
<input type="checkbox"/> Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/> Held as non-leveraged increase to total capital	

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

While the CPP funds were used to increase loans and purchase investments, without the capital infusion Bank of Commerce's total risk based capital ratio would have been 9.70% at December 31, 2009 rather than 11.79%. Management may have had to raise capital from the private capital markets at a cost higher than the current CPP levels or may have had to curtail loan growth. Either action would potentially decreased earnings and limited the ability to meet the needs of the community.

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

With the capital infusion of CPP funds, Bank of Commerce has been able to continue lending to our clients. Without this capital infusion, the Bank may have had to consider reducing the balance sheet, thus reducing lending initiatives.

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

As mentioned previously, the capital infusion of CPP funds has allowed Bank of Commerce to continue lending to our clients.

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.