



## ANNUAL USE OF CAPITAL SURVEY - 2009

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Clover Community Bankshares, Inc.

Person to be contacted regarding this report:	Jerry L. Glenn or Gwen M. Thompson
UST Sequence Number:	713
CPP Funds Received:	3,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Mar 27, 2009
Date Repaid <sup>1</sup> :	N/A

RSSD: (For Bank Holding Companies)	81429
Holding Company Docket Number: (For Thrift Holding Companies)	N/A
FDIC Certificate Number: (For Depository Institutions)	27055
City:	Clover
State:	South Carolina

<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). 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.	Our CPP funds have enabled us to continue lending to qualified borrowers. Since receiving CPP funds, we have made in excess of \$10,000,000 in new loans and renewed over \$26,000,000.
<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.).	We have not increased lending since receiving the CPP funds due mainly to the economy. The CPP funds received will enable us to increase lending once the economy improves and demand for loans increases.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Our securities have increased by nearly \$500,000 since receiving CPP. However, CPP funds have not been used directly for this increase.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Our Loan Loss reserve has increased by over \$700,000 since receipt of our CPP Funds. In addition, our Other Real Estate Owned has increased by nearly \$4,000,000 since receipt of CPP funds.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	During 2009, we have charged off over \$2,600,000 in loan losses to our loan loss reserve.
<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	We have mainly used our CPP funds to increase our capital and stay Well Capitalized. Without CPP funds we would not have been able to stay Well Capitalized due to our 2009 loss.

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

We have been able to continue making loans to qualified borrowers and renew loans to our current customers. Due to receiving CPP funds we have been able to meet the needs of our customers in our community.

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

We have been able to modify loans for borrowers that have needed to reduce payments during these tough economic times. At December 31, 2009 we have been able to modify over \$4,500,000 in loans to enable borrowers to make payments at reduced interest rates and/or modified terms. These customers have been able to meet these new terms.

With the infusion of CPP funds, we have had time to look at our options to raise additional capital and determine the best way to proceed. It is our intention to raise additional capital during 2010. With CPP funds we have had the necessary time to make this important decision.

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

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