



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Market Bank, FSB

Person to be contacted regarding this report:	dave fairchild
UST Sequence Number:	564
CPP Funds Received:	33,900,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Feb 12, 2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	34589
City:	richmond
State:	Virginia

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.	increase the bank's lending capacity, thus increasing the amount of credit available to customers within the Bank's market area.
<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.).	part of the CPP funds has been used to enhance FMB's ability to offer lower rate fixed loans to our existing home builders for moving spec homes and contracts on homes on lots in inventory.
<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	FMB continued to add reserves as non performing loan have increased. This capital has made it more comfortable to increase the levels.
<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 checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	The CPP funds helped boost our risk based capital well beyond the 10% well capitalized ratio to a more comfortable level.

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

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

Since receiving the TARP funds, First Market Bank has generated \$120 million of loans in various categories of commercial, real estate, consumer and auto dealer direct loans. And while substantial paydowns have occurred during this period from consumer & commercial liquidity the net outstanding loans fell quickly from February until August. Net loans have increased since then by over \$ 18 million. All loans made have been to small to medium size businesses and consumers in our market area.

The CPP funds also strengthen our balance sheet to prepare for uncertainties in the credit markets. While non-accruals and charge-offs have increased, First Market Bank continued to add higher reserves.

The injection of the CPP into the balance sheet was also meant to provide a higher level of comfort to our depositors. Unfortunately, with the negative publicity that quickly followed this intended benefit was not produced. However, First Market Bank's net deposit growth from receiving the funds to present has been a respectable \$75 million or 6.4%.

First Market Bank has not identified any specific portion of the CPP funds for foreclosure mitigation. However, First Market Bank has not foreclosed on any non-interest residential properties during the CPP period. First Market Bank's timetable for repayment is anticipated to be 3rd quarter 2010.

Mitigation efforts on many home equity have been entered into to reduce monthly payments for homeowners that are 90-days and past due.

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

Part of the CPP funds have been used to enhance the Bank's ability to offer lower rate fixed loans to our existing home builders

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