



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Fresno First Bank

Person to be contacted regarding this report:	Steve Canfield - EVP/CFO	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	262	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	1,968,000	FDIC Certificate Number: (For Depository Institutions)	58090
CPP Funds Repaid to Date:	0	City:	Fresno
Date Funded (first funding):	Jan 23, 2009	State:	California
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.	The CPP capital helped our Bank increase lending by \$12.2 million, or 18.7% 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.).	Fresno First is primarily a small business lender. Most of our growth took place in C&I loans to small local businesses (approximately \$10 million) additional loan categories reflecting increases were commercial owner occupied property with a decline in construction lending.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	During 2009 we added to our investment portfolio with the majority of new investments going into SBA related securities.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Reserves were increased in 2009 net of charge offs. The increase was a reflection of continued economic weakness and growth in our loan portfolio.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Charge offs increased in 2009 to \$690 thousand, up from \$375 thousand in 2008.
<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	As a result of the CPP capital and net income for the year, the Bank was able to increase our capital to asset ratio from 11.5% at year end 2008 to 12.1% at December 31, 2009.

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

As a reasonably new bank with growth goals that we projected would exceed the rate of capital formation from net income, Management concluded that Fresno First would likely need to raise additional capital as early as Q4 2009. Given the state of the capital markets at the end of 2008, and the probability that raising additional capital would likely be expensive and problematic, we determined that the most efficient and least costly source of capital would be the TARP CPP program.

The additional capital from CPP would allow the Bank to continue to grow at the pace we desire while maintaining capital levels in excess of regulatory defined "well capitalized" levels. Looking forward, as the cost of Bank capital becomes more reasonable it is anticipated that the Bank will raise capital sufficient to repay the CPP funds as well as provide capital for future growth. At present we do not have a specific time table for these events.

As a result of the CPP funds we were able to avoid (1) stopping, or significantly slowing, growth and lending or (2) raising capital in a hostile environment that would be extremely expensive and dilutive for our current shareholders.

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

Without the additional CPP capital it is quite likely we would have had to slow or stop our growth. This would have resulted in turning away good borrowers and ceasing investment in government guaranteed securities and loans.

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

As mentioned above the funds allow Fresno First to maintain capital levels in excess of "well capitalized" standards which allow the B