



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Sonoma Valley Bancorp

Person to be contacted regarding this report:	Sean C Cutting	RSSD: (For Bank Holding Companies)	002925394
UST Sequence Number:	425	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	8,653,000	FDIC Certificate Number: (For Depository Institutions)	27259
CPP Funds Repaid to Date:	0	City:	Sonoma
Date Funded (first funding):	Feb 20, 2009	State:	California
Date Repaid <sup>1</sup> :	N/A		

<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.	The CPP capital allowed us to continue making loans into the community. As such, a disruption of credit flow into our lending area did not occur.
<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.).	C&I Lending to small businesses in addition to Commercial mortgage loans were added after the receipt of the CPP funds.
<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	As asset quality issues have mounted since the receipt of the CPP funds, the additional capital has been instrumental in maintaining capital.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Eroding asset quality issues has forced additional charge-offs and consequently the larger capital base the CPP funds provided helped provide the capital necessary to do so.
<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?

The issues are described above.

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

The Bank would have curtailed lending earlier than it did and likely provided us the capital necessary to effect a large number of loan charge-offs.

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

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.