



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Valley Commerce Bancorp/Valley Business Bank

Person to be contacted regarding this report:	Roy O. Estridge
UST Sequence Number:	333
CPP Funds Received:	7,700,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Jan 30, 2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	2446152
Holding Company Docket Number: (For Thrift Holding Companies)	---
FDIC Certificate Number: (For Depository Institutions)	34156
City:	Visalia
State:	California

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 Bank continued to seek out quality loans to fund during 2009. Gross loan outstanding grew from \$230.3 million on 12/31/2008 to \$241.5 million on 12/31/2009
<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.).	Loan growth was primarily in small business and commercial real estate during 2009.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	There was a minimal increase of \$548,000 in security purchases during 2009.

<input type="checkbox"/>	Make other investments	N/A
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	During 2009 the Bank ALLL was increased from 1.41% as of the year end 2008 to 2.58% in 2009.
<input checked="" type="checkbox"/>	Reduce borrowings	The Bank reduced the short-term debt by \$8.0 million during 2009.
<input checked="" type="checkbox"/>	Increase charge-offs	There was \$4.0 million in net charged off loans during 2009 compared to \$114,000 during 2008
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	N/A
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	The Bank wants to maintains strong capital position to be in a position to take advantage of quality loan opportunities or other financial acquisition opportunities that may arise.

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

Without the CPP funds, the Bank would have sought alternative methods to raise capital. This was never formally discussed.

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

The Bank has been able to take a less harsh workout approach to some of our problem credits in an attempt to allow borrowers to work out of their problems over a longer period of time.

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

None