



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

The Victory Bancorp, Inc. - parent company of The Victory Bank

Person to be contacted regarding this report:	Robert H. Schultz
UST Sequence Number:	874
CPP Funds Received:	2,046,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	02/27/2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	3939286
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	5865
City:	Limerick
State:	Pennsylvania

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.	During 2009 the Bank, in its second year of operation grew loans from \$18mm to \$47mm while maintaining high capital ratios
<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.).	Consumer loans rose from \$3mm to \$13mm mainly in Home Equity Lines (\$2.5mm) and Loans (\$5.5mm). Commercial loans from \$15mm to \$34mm with increases in Commercial Mortgages of \$10mm, Comm. Lines of Credit \$7.5mm, Comm. Term of \$3.5mm offset by participations sold of \$2mm
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/> Make other investments	
<input type="checkbox"/> Increase reserves for non-performing assets	
<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 type="checkbox"/> Held as non-leveraged increase to total capital	

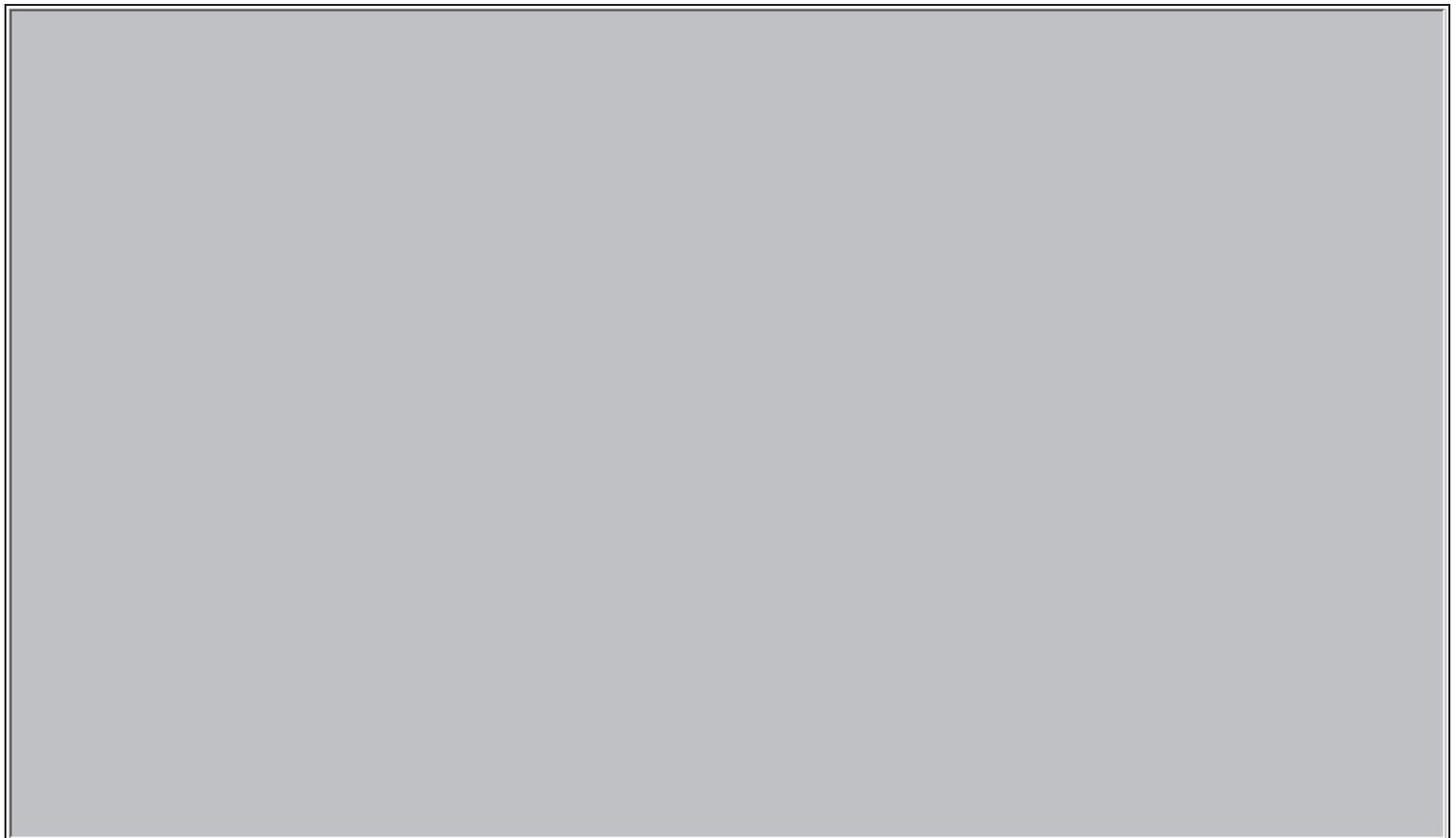
What actions were you able to avoid because of the capital infusion of CPP funds?

We were able to delay our planned second capital raise by utilizing the CPP funds to strengthen our capital position and allow the Bank to continue its growth and speed the progress towards profitability. We were also able to avoid decreasing our house legal lending limit below the \$1mm limitation with the addition of the CCP funds.

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

We were able to continue the growth plans of our institution, as without the CCP funding our assets would have been capped at \$63mm causing us to take actions to rein in growth as we prepared for 2010.
We were able to maintain our house legal lending limit at \$1mm with the additional CCP fund; our actual legal lending limit approximated \$1.2mm during the 2009 year.
We were also able to increase our Allowance for loan losses during the year from 1.1% of total loans at 12/31/08 to 1.24% of total loans at 12/31/09.

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



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