



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Yadkin Valley Financial Corporation

Person to be contacted regarding this report:	Jan H. Hollar
UST Sequence Number:	391 / 1251
CPP Funds Received:	49,312,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Jan 16, 2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	282329
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	19861
City:	Elkin
State:	North Carolina

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 type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	
<input 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.).	
<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	Increased provision from \$11.1 million in 2008 to \$48.4 million in 2009.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Charge-offs were \$22.1 million in 2009 compared to \$2.9 million in 2008.
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	Acquired American Community Bank in April 2009.
<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 bank was able to exceed minimum capital requirements for a well capitalized bank.

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

While being above minimum requirements for a well capitalized bank, the bank was able to access deposits from the CDARS and brokered markets as well as maintain customer confidence.

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

The Company was able to acquire American Community Bank located in the greater Charlotte area in April 2009. American Commun