

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Bank of Southern California, N.A. (formerly known as First Business Bank, N.A.)

Point of Contact:	Jim Burgess or Tony DiVita	RSSD: (For Bank Holding Companies)	N/A
UST Sequence Number:	1020	Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	4,243,000	FDIC Certificate Number: (For Depository Institutions)	57044
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	April 10, 2009	City:	San Diego
Date Repaid ¹ :	N/A	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) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI 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/CDCI investment was deployed or how many CPP/CDCI 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/CDCI 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/CDCI funds were outstanding).

_____ Increase lending or reduce lending less than otherwise would have occurred.

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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.).

The bank showed organic growth in outstanding loan balances of approximately \$24.3MM at year ending 2-31-2010 compared to organic growth of \$10.4MM in 2009, a \$13.9MM increase. This increase was primarily concentrated in Real Estate and C & I loans.

Increase securities purchased (ABS, MBS, etc.).

Make other investments.

The bank opened a loan office in downtown San Diego in July 2010. At year-end 2010 this office had approximately \$9MM in deposits and \$7MM in loan balances. The bank also extended its reach into the Ramona community of San Diego Country Estates with a standalone ATM.

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Increase reserves for non-performing assets.

Empty response box for 'Increase reserves for non-performing assets.'

Reduce borrowings.

Empty response box for 'Reduce borrowings.'

Increase charge-offs.

Empty response box for 'Increase charge-offs.'

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Purchase another financial institution or purchase assets from another financial institution.

In December 2010, Bank of Southern California acquired the Palm Springs and La Quinta offices of Palm Desert National Bank representing approximately \$42.9MM in outstanding loan balances and \$46.1MM in deposits.

Held as non-leveraged increase to total capital.

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

As a result of our participation in the Capital Purchase Program the bank did not have to pursue other forms of capital raising activities in an otherwise distressed capital market.

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

A large, empty rectangular box with a black border, intended for the respondent to provide their answer to the question above.

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

A large, empty rectangular box with a black border, intended for the respondent to describe any other actions taken with the capital infusion of CPP/CDCI funds.