

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

GERMANTOWN CAPITAL CORPORATION/FIRST CAPITAL BANK

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|--------------------------------|------------|--|------------|
| Point of Contact: | Kent Davis | RSSD: (For Bank Holding Companies) | 3684746 |
| UST Sequence Number: | 683 | Docket Number: (For Thrift Holding Companies) | |
| CPP/CDCI Funds Received: | 4,967,000 | FDIC Certificate Number: (For Depository Institutions) | 57552 |
| CPP/CDCI Funds Repaid to Date: | | Credit Union Charter Number: (For Credit Unions) | |
| Date Funded (first funding): | N/A | City: | Germantown |
| Date Repaid ¹ : | N/A | State: | Tennessee |

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.

First Capital Bank was able to continue to renew, extend and make advances for new loans for the period April 2009 to present.

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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 CPP program did support FCB's lending operation during the past three (3) years. First Capital Bank's business model is small business commercial lending.

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

Make other investments.

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X Increase reserves for non-performing assets.

Provision expense was in excess of \$1,100,000 during 2011. CPP funds allowed first Capital Bank to maintain ALLL % of loans at 2%.

X Reduce borrowings.

CPP funds allowed reductions in borrowings and allowed capital ratios to be maintained at appropriate levels.

X Increase charge-offs.

Increased capital infusion of CPP funds enabled FCB to be proactive in dealing with non-performing properties, taking appropriate write downs and reducing overall exposure to commercial real estate.

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

Empty response area for the first question.

Held as non-leveraged increase to total capital.

Empty response area for the second question.

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

Germantown Capital Corporation was not forced to raise private equity at a very depressed value versus tangible book equity.

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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?

Maintain a pro-active lending position thereby supporting our local community. Have an adequate capital level commensurate with the bank's current risk profile. Maintain ALLL at adequate levels.

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

Open a second branch in East Memphis, TN to better serve our customer base. Maintain stability in a very precarious economic environment. Profitability of \$500,000 for 2010 and \$1,000,000 for 2011 reflects leverage ratio in excess of 12%.