



**ANNUAL USE OF CAPITAL SURVEY - 2009**

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

PACIFIC COMMERCE BANK

Person to be contacted regarding this report:	RICHARD KOH	RSSD: (For Bank Holding Companies)	
CPP Funds Received:	\$4,060,000	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Repaid to Date:	\$0	FDIC Certificate Number: (For Depository Institutions)	57065
Date Funded (first funding):	12/23/2008	City:	Los Angeles
Date Repaid <sup>1</sup> :		State:	California

<sup>1</sup>If 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 has, in general, increased lending to small businesses than otherwise would have occurred in 2009, because we received the CPP capital.
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<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.).	The bank has originated approximately \$17 million in new loans in 2009 as follows: \$5 million in SBA loans, \$6 million in business loans, \$5 million in commercial mortgage loans, and \$1 million in consumer loans.
<input checked="" type="checkbox"/> Increase securities purchased (ABS, MBS, etc.).	The bank has purchased approximately \$33 million in agency mortgage-backed securities in 2009.
<input checked="" type="checkbox"/> Make other investments	None
<input checked="" type="checkbox"/> Increase reserves for non-performing assets	The bank has increased loan loss reserves by \$2.8 million during 2009.

☒	Reduce borrowings	The bank reduced FHLB borrowings by \$7.5 million in 2009.
☒	Increase charge-offs	The bank has charged off \$2.9 million of non-performing loans during 2009.
☒	Purchase another financial institution or purchase assets from another financial institution	N/A
☒	Held as non-leveraged increase to total capital	N/A

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

The addition of CPP funds improved the bank's capital ratios in 2009 avoiding the need to raise new capital at a time when market valuation of financial stocks was at an all-time low. Given the deep discount the financial stocks were being traded at that time, the bank would have faced significant dilution had it raised new capital by issuing common stocks. The CPP funds has given the bank an opportunity to clean up its problem assets and improve its balance sheet so it can raise new capital at a more favorable time and terms.

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

We understand the significant role CPP funds played in assisting banks like ours to continue its lending operations while cleaning up problem assets. Without the \$4 million CPP funds received in December of 2008, it would have been difficult for the bank to originate new loans in 2009 in order to maintain an adequate level of regulatory capital ratios.

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

Our bank continues to make new loans to small businesses, especially through the bank's SBA lending program.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.