CDCI ANNUAL USE OF CAPITAL SURVEY - 2010

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Premier Bancorp, Inc. (Premier Bank)

Point of Contact:	Shamim Esmail	RSSD: (For Bank Holding Companies)	2933522
UST Sequence Number:	1214	Docket Number: (For Thrift Holding Companies)	n/a
CPP/CDCI Funds Received:	6,784,000	FDIC Certificate Number: (For Depository Institutions)	35419
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	n/a
Date Funded (first funding):	May 08, 2009	City:	Wilmette
Date Repaid[1]:	N/A	State:	Illinois

[1] 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) 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.**

☐ **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.).**

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

☐ **Make other investments.**

☒ **Increase reserves for non-performing assets.**

Provisions to the Allowance for Loan and Lease Loss were $6.5 Million in 2009 and $14.3 Million in 2010 respectively, establishing reserves for troubled assets and facilitating write-offs of loan losses.

☐ **Reduce borrowings.**

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X **Increase charge-offs.**

Actual loan write-offs were $6.1 Million in 2009 and $11.1 Million in 2010 respectively.

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

☐ **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?

In 2009, use of TARP CPP funds assisted with loan loss reserve provisioning, and allowed the Bank to continue with modest new loan originations, to meet our mandate as a certified development financial institution. Loan origination in 2010 was significantly slowed, as capital is being preserved to meet enhanced capital requirements of regulatory agencies.

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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?

This institution's use of TARP CPP / CDCI funds facilitated the removal of troubled assets from the balance sheet and assisted with establishing specific impairment reserves which are now required due to continued reductions in appraised asset values. This aggressive reserve provisioning was done in 2009 while still maintaining a modest pace of new loan originations. Further aggressive reserve provisioning was made in 2010, while loan growth was significantly slowed, in order to preserve capital to meet enhanced capital guidelines now applicable to this company.

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

Discussed above.