



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

HopFed Bancorp, Inc. Heritage Bank

Person to be contacted regarding this report:	Billy Duvall	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	109	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	0	FDIC Certificate Number: (For Depository Institutions)	30090
CPP Funds Repaid to Date:	0	City:	Hopkinsville
Date Funded (first funding):	12-12-2008	State:	Kentucky
Date Repaid <sup>1</sup> :	N/A		

<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.	Including floorplan lending for businesses who had lenders go out of business, financed automobile finance company after another lending removed line and financed emergency funding of sewer repair after municipality was unable to get money from state in a timely manner.
<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.).	Increased lending on commercial real estate and residential mortgage . Loans
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Purchased large amount of SBA participation pools, MBS and Municipal Bonds

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Increased provision for loan loss expense to \$4.2 million in 2009 as compared to \$2.4 million in 2008
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Small increase in charge offs not material to amount of funds received.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<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?

Our Total risk based capital was 10.80% before the sale of preferred stock. We were in a position to dramatically slow down our lending function and possible shrink the bank's asset size.

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

Able to continue to generate loan growth and fund small business lending.  
Local businesses able to maintain inventory due to increased capital levels of bank.

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

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.