



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Premier Bancorp, Inc.

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|---|---------------|--|----------|
| Person to be contacted regarding this report: | Shamim Esmail | RSSD: (For Bank Holding Companies) | 2933522 |
| UST Sequence Number: | 1214 | Holding Company Docket Number: (For Thrift Holding Companies) | |
| CPP Funds Received: | 6,784,000 | FDIC Certificate Number: (For Depository Institutions) | 35419 |
| CPP Funds Repaid to Date: | 0 | City: | Wilmette |
| Date Funded (first funding): | May 8, 2009 | State: | Illinois |
| Date Repaid ¹ : | N/A | | |

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). 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).

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|-------------------------------------|--|--|
| <input checked="" type="checkbox"/> | Increase lending or reduce lending less than otherwise would have occurred. | TARP CPP funds provided necessary capital to assist in facilitating new loan originations. |
| <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.). | |
| <input type="checkbox"/> | Increase securities purchased (ABS, MBS, etc.). | |

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|-------------------------------------|--|--|
| <input type="checkbox"/> | Make other investments | |
| <input checked="" type="checkbox"/> | Increase reserves for non-performing assets | As part of the write-down of troubled loan assets, TARP CPP funds were instrumental in bolstering capital levels while additional provisions to Loan Loss Reserves were established. |
| <input type="checkbox"/> | Reduce borrowings | |
| <input checked="" type="checkbox"/> | Increase charge-offs | Proceeds were used to remove troubled loan assets from the bank's balance sheet, in order to reduce non-performing and past-due loan-levels. |
| <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?

This institution's use of TARP CPP funds prevented cessation of new loan originations, and assisted with liquidity enhancement at a time when large prepaid FDIC premiums would have otherwise depleted cash assets.

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

This institution's use of TARP CPP funds facilitated the removal of troubled assets from the balance sheet, substantially reducing delinquency and non-performing metrics while simultaneously allowing the institution to increase liquidity and redeploy funds into origination of new loan assets.

The timing of the TARP CPP program was also fortuitous in light of FDIC's new requirement to prepay 3-year's of insurance premiums in advance, after significant premium increases borne over the past several years, which would have otherwise had a material dampening effect on liquidity to the detriment of new loan originations.

This institution's client base is largely comprised of small businesses and newer immigrant business-persons, both being segments of the population that are hard-hit during economic downturns such as have been experienced since 2007. TARP CPP funds provided the capital support and liquidity enhancement for this institution to continue providing new credit to our client base. In the past 10 months since receiving TARP CPP funds, this institution has originated over \$32 Million in new credit, representing nearly 17% of total average loans. Without TARP CPP funds, it is likely that new loan originations would have largely ceased, as capital funds would have been used for the other non-loan-origination purposes discussed above.

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

Discussed in prior section.

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