



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Premier Financial Bancorp, Inc.

Person to be contacted regarding this report:	Brien M. Chase, SVP & CFP
UST Sequence Number:	1078
CPP Funds Received:	22,252,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	10/2/2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	2007647
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	
City:	Huntington
State:	West Virginia

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).

<input type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	
<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.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	As a result of Premier's acquisition of Abigail Adams National Bancorp and subsequent capital injection into its subsidiary Adams National Bank, the bank was able to adjust its non-performing loans and assets to an estimated net realizable (or fair) value. (see detailed explanation below)
<input checked="" type="checkbox"/>	Reduce borrowings	In conjunction with the acquisition of Abigail Adams National Bancorp, TARP funds were used to reduce the outstanding debt at the Abigail Adams parent company reducing the combined company's reliance on borrowed funds. (see detailed explanation below)
<input type="checkbox"/>	Increase charge-offs	
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	The primary use of the TARP funds awarded to Premier Financial Bancorp was to acquire and stabilize Abigail Adams National Bancorp, Inc. (AANB). AANB owned two banks, one of which (Adams National Bank) was deemed a troubled institution by its primary regulatory authority. (see below)
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Premier currently holds \$2.9 million of the TARP funds for potential capital injections into any of its eight subsidiary banks.

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

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

The additional capital infusion from Premier's participation in the TARP CPP funds facilitated the acquisition of Abigail Adams National Bancorp, Inc. and its two subsidiary banks. Premier used TARP funds to reduce the outstanding debt at the Abigail Adams parent company by \$14.3 million. Premier also used TARP funds to inject \$5.1 million of capital into one of the acquired Abigail Adams National Bancorp's subsidiary banks, Adams National Bank. Adams National Bank is considered a troubled institution by its primary banking regulatory authority. Premier's injection of additional capital into Adams National Bank from the TARP funds has served to strengthen the capital position of the bank as it works through a specific list of troubled loans. As a result of the acquisition and subsequent capital injection by Premier, Adams National Bank was able to adjust these loans to an estimated net realizable (or fair) value. These adjustments should help to minimize any potential future losses on these loans and give the bank and those borrowers sufficient time to develop and execute plans to repay the loans. Successful repayment and the avoidance of future losses on these loans will protect the bank's capital from further deterioration and thus ultimately protect the bank's depositors.

The remaining \$2.9 million of TARP funds is currently being held for other potential capital injections into any of Premier's eight subsidiary banks.

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.