



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

PREMIERWEST BANCORP

Person to be contacted regarding this report:	MICHAEL D. FOWLER, CFO
CPP Funds Received:	\$41,400,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	2/13/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	2867542
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	32975
City:	MEDFORD
State:	Oregon

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.

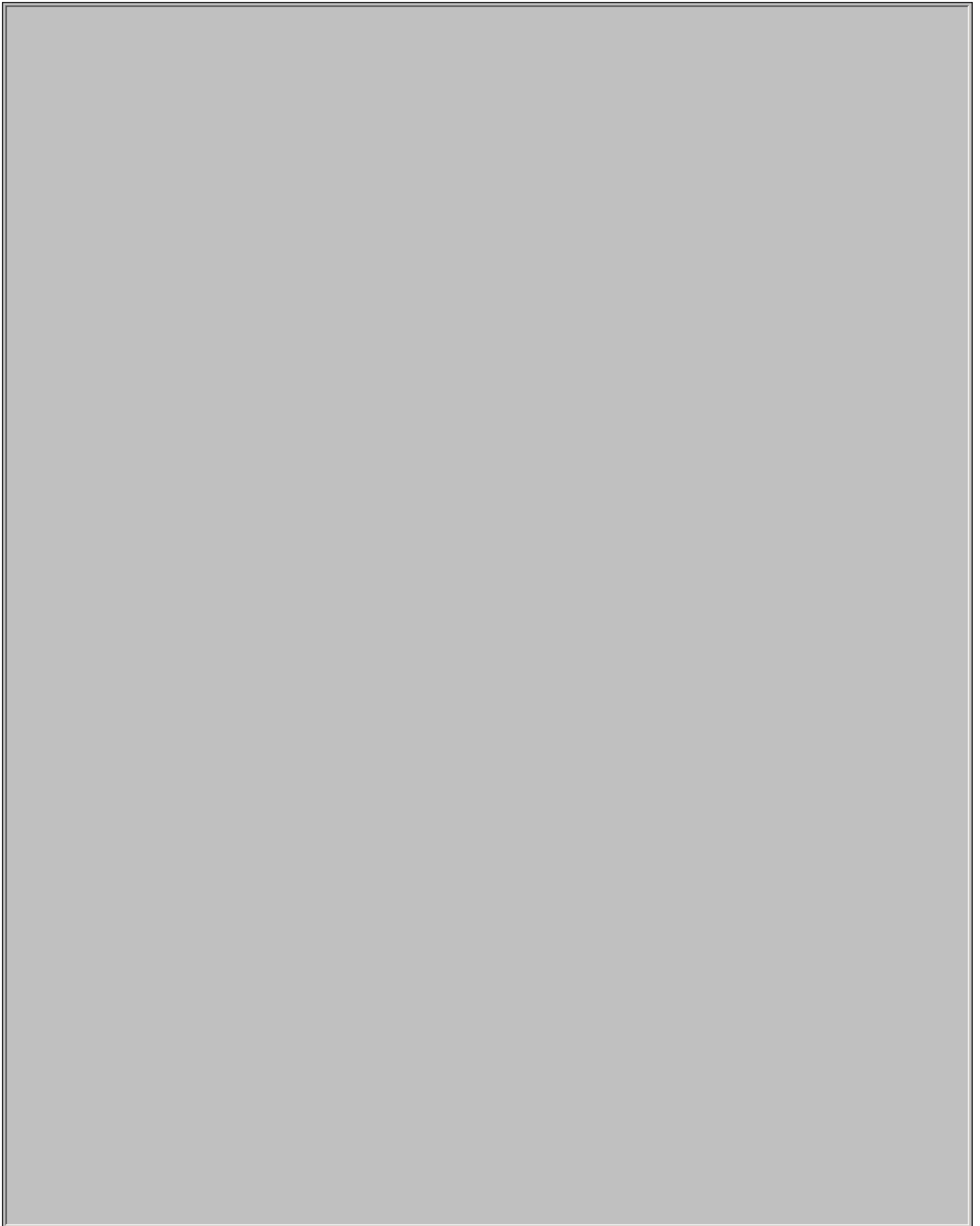
What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	PremierWest Bank originated or renewed \$217.3 million in loans from February 2009 through December 31, 2009.
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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.).	Commercial mortgage loans, commercial & industrial loans, small business loans in descending order of magnitude.
<input checked="" type="checkbox"/> Increase securities purchased (ABS, MBS, etc.).	PremierWest Bank increased its securities portfolio by approximately \$130 million during the period February 2009 through December 31, 2009. The securities were predominantly MBS and CMO securities.
<input type="checkbox"/> Make other investments	
<input checked="" type="checkbox"/> Increase reserves for non-performing assets	During 2009, PremierWest Bank increased its allowance for loan losses by \$28.7 million with net charge-offs of \$19.7 million. This obviously had a significant impact on the bank's capital position, and the TARP CPP funding provided critical equity capital reserves.

<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	As discussed above, PremierWest Bank had significant charge-offs during 2009 and, in light of those charge-offs and risk associated with its loan portfolio, was required to add to its allowance for loan and lease losses to reflect the ongoing loss potential inherent in its loan portfolio.
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	The TARP CPP funding provided sufficient capital support to facilitate FDIC approval of PremierWest Bank's application to acquire approximately \$342 million in deposit liabilities from Wells Fargo Bank/Wachovia in July 2009. This greatly enhanced PremierWest Bank's liquidity position (see below).
<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?

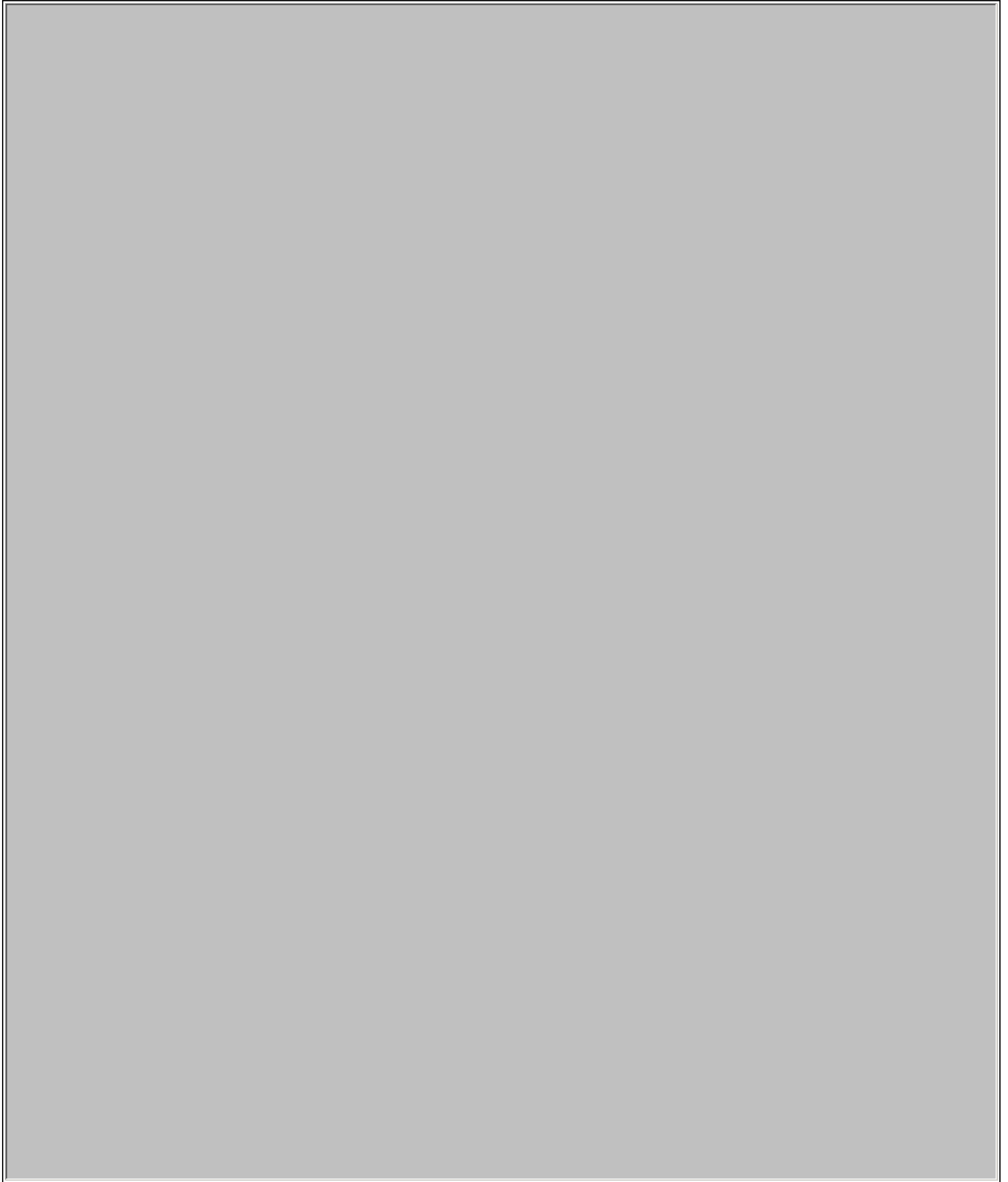
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What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

As described above, the TARP CPP funds provided capital to PremierWest Bank that facilitated the FDIC approval of the Bank's acquisition of \$342 million in deposits from Wells Fargo/Wachovia in July 2009. This has provided sufficient liquidity to the Bank to maintain its customer base and operating flexibility during a period of significant financial stress within the banking industry. Absent the TARP CPP funding, our ability to service our customers in the manner to which they are accustomed could have been seriously impaired potentially leading to our closing a number of facilities, several of which are the only financial institution in the community.

The acquisition of the deposit base also provided funding to expand PremierWest Bank's investment portfolio by approximately \$130 million to better serve our municipal customers, who require collateral for their deposits, and to reduce our reliance on brokered deposits by approximately \$154 million. Neither of the foregoing actions could have occurred without the TARP CPP funding.

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.