



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Tri-County Financial Corporation

Person to be contacted regarding this report:	William Pasenelli
UST Sequence Number:	75
CPP Funds Received:	15,540,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Dec 19, 2008
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	2523389
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	30903
City:	Waldorf
State:	Maryland

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.	See actions we were able to take.
<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.).	See actions we were able to take.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<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?

None

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

The increase of capital by \$15.5 million from CPP proceeds represented the increase in actual risk weighted capital from \$65.6 million at December 31, 2007 to \$87.4 million at December 31, 2009. At December 31, 2009, the Company had \$22.7 million in excess of what is required to be considered well capitalized for risk based capital, an increase to our excess of \$4.5 million since December 31, 2007. Due mainly to deposit growth of \$115.3 million during 2009, the Company was able to increase its total assets by \$98.4 million during the year to \$815.0 million at December 31, 2009. The net loan portfolio increased to \$616.6 million or by \$73.6 million at December 31, 2009 compared to \$543.0 million at December 31, 2008. The additional capital infusion by the Treasury assisted the Company in continuing its investment in the Southern Maryland market. Increased deposits and regulatory excess capital reserves allowed the Company to continue the flow of credit during the period and funded \$274 million in new loans during 2009.

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

None

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.