



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

United Financial Banking Companies, Inc.

| | | | |
|---|---|--|----------|
| Person to be contacted regarding this report: | Lisa Porter - CFO (703) 938-5751 x4406 | RSSD: (For Bank Holding Companies) | 1075788 |
| UST Sequence Number: | #426 | Holding Company Docket Number: (For Thrift Holding Companies) | N/A |
| CPP Funds Received: | 5,658,000 | FDIC Certificate Number: (For Depository Institutions) | 23567 |
| CPP Funds Repaid to Date: | 0 | City: | Vienna |
| Date Funded (first funding): | Jan 16, 2009 | State: | Virginia |
| 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).

| | | |
|-------------------------------------|--|--|
| <input checked="" type="checkbox"/> | Increase lending or reduce lending less than otherwise would have occurred. | The CPP Funds supported our commercial lending in 2009. With real estate markets in disarray the loan portfolio mix shifted. Commercial loan volume was offset by market driven declines in construction and mortgage loans. Overall, the loan portfolio increased \$6.2 million, 3.2%, over 2008. |
| <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 loans, usually small business loans, our largest category, increased \$12.7 million, 8.7% over 2008. Construction declined \$4.4 million, 17.0%, and mortgage lending declined \$2.0 million, 17.3%. Consumer lending was unchanged at \$8.9 million. |
| <input type="checkbox"/> | Increase securities purchased (ABS, MBS, etc.). | |

| | | |
|-------------------------------------|--|---|
| <input checked="" type="checkbox"/> | Make other investments | The CPP funds assisted in funding the FDIC prepayment assessment of insurance premiums. The Bank's Prepaid FDIC Insurance increased over \$1.25 million in 2009. Prepaid FDIC Insurance absorbed over 22.0% of the CPP funding. |
| <input checked="" type="checkbox"/> | Increase reserves for non-performing assets | The CPP funds were helpful in funding a \$620 thousand provision for loan losses in 2009. |
| <input checked="" type="checkbox"/> | Reduce borrowings | \$270,000 was used to pay down to \$-0- a line of credit in a non-bank subsidiary. |
| <input checked="" type="checkbox"/> | Increase charge-offs | The CPP funds were helpful in funding \$462 thousand of charge-offs in 2009. |
| <input checked="" type="checkbox"/> | Purchase another financial institution or purchase assets from another financial institution | The CPP funds positioned us to where we could realistically consider the purchase of another financial institution. We actively considered this in 2009, but have not consummated an institutional transaction to date. |
| <input checked="" type="checkbox"/> | Held as non-leveraged increase to total capital | Although not directly leveraged, the CPP Funds are valued as an increase to capital in both the parent and the bank subsidiary. |

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

The infusion of CPP funds assisted us in avoiding borrowing or other external funding sources to support liquidity in 2009.

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

The infusion of CPP funds enabled us to increase commercial lending and better serve our market at a time when our weaker competitors were retracting their loan portfolios.

We were also able to expand our bank subsidiary's geographic footprint by opening our seventh branch. The CPP funds supported our commitment to growth and service in our market community.

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.