

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Tri-County Financial Corporation

Point of Contact:	William Pasenelli	RSSD: (For Bank Holding Companies)	2523389
UST Sequence Number:	75	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	15,540,000	FDIC Certificate Number: (For Depository Institutions)	30903
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 19, 2008	City:	Waldorf
Date Repaid ¹ :	N/A	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) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI 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/CDCI investment was deployed or how many CPP/CDCI 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/CDCI 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/CDCI funds were outstanding).

Increase lending or reduce lending less than otherwise would have occurred.

See actions we were able to take.

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.

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Increase securities purchased (ABS, MBS, etc.).

Make other investments.

Increase reserves for non-performing assets.

Reduce borrowings.

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Increase charge-offs.

Purchase another financial institution or purchase assets from another financial institution.

Held as non-leveraged increase to total capital.

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

None

A large, empty rectangular box with a black border, intended for the respondent to provide details on actions avoided due to capital infusion. The box is currently empty, with the word 'None' written in the top-left corner.

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

CPP proceeds of \$15.5 million represented the majority of the 2009 increase in actual risk weighted capital from \$65.6 million at December 31, 2007 to \$87.4 million at December 31, 2009. Risk weighted capital increased to \$90.3 million at December 31, 2010 due primarily to current year net income available to shareholders of \$3.9 million. During 2010, the Company continued to lend in a safe and sound manner while maintaining risk based capital approximately 5% above minimum capital requirements (total capital to risk-weighted assets was 12.94% at December 31, 2010). At December 31, 2010 and 2009, the Company had \$20.8 and \$22.7 million, respectively, in excess of what is required to be considered well capitalized for risk based capital. Due mainly to deposit growth of \$ 84.2 million and \$115.3 million during 2010 and 2009, respectively, the Company was able to increase its total assets from \$716.7 million at December 31, 2008 to \$885.9 million at December 31, 2010. The net loan portfolio increased to \$654.4 million or by \$111.40 million at December 31, 2010 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.

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

None.