

**CPP ANNUAL USE OF CAPITAL SURVEY - 2011**



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

MainSource Financial Group, Inc.

Point of Contact:	Archie M. Brown, Jr.	RSSD: (For Bank Holding Companies)	1209109
UST Sequence Number:	423	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	57,000,000	FDIC Certificate Number: (For Depository Institutions)	5766
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 16, 2009	City:	Greensburg
Date Repaid <sup>1</sup> :	N/A	State:	Indiana

<sup>1</sup>If 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.**

Without the CPP funds, the bank would have reduced lending more than what occurred

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**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.).**

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

Investment security holdings increased by approximately \$70 million from 12/31/10 to 12/31/11. The increases were primarily in the municipal and agency mortgage-backed security areas.

**Make other investments.**

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**Increase reserves for non-performing assets.**

Empty response area for 'Increase reserves for non-performing assets.'

**Reduce borrowings.**

Empty response area for 'Reduce borrowings.'

**Increase charge-offs.**

Empty response area for 'Increase charge-offs.'

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

Held as non-leveraged increase to total capital.

Approximately two-thirds of the TARP funds received were retained at the holding company level. This allowed the holding company to serve as a source of strength for the bank subsidiary and to support the holding company cash needs given the restriction on dividends from the bank.

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

The Company avoided having to restrict lending in the markets that it serves. While our underwriting standards became more stringent in certain types of lending such as construction and development and commercial real estate, we were able to continue to lend to consumers and small businesses.

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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?**

A large, empty rectangular box with a black border, intended for the respondent to provide answers to the question above.

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

This area is a large, empty rectangular box intended for the respondent to provide a detailed description of any other actions undertaken with the capital infusion of CPP/CDCI funds. The box is currently blank.