



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Banks, Inc.

Person to be contacted regarding this report:	Lisa K. Vansickle	RSSD: (For Bank Holding Companies)	1118797
CPP Funds Received:	\$295,400,000	Holding Company Docket Number: (For Thrift Holding Companies)	Not Applicable
CPP Funds Repaid to Date:	\$0	FDIC Certificate Number: (For Depository Institutions)	12229
Date Funded (first funding):	12/31/2008	City:	St. Louis
Date Repaid <sup>1</sup> :		State:	Missouri

<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). 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.	<p>First Banks, Inc. received \$295.4 million of CPP funds on December 31, 2008 and has invested a total of \$280.0 million of these funds into its wholly-owned subsidiary bank, First Bank.</p> <p>First Bank has increased certain of its lending activities through the utilization of a portion of the CPP funds, primarily within the 1-4 family residential real estate loan portfolio originated for sale into the secondary loan markets and the home equity loan portfolio.</p>
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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.).	<p>The CPP funds have provided First Bank the opportunity to continue to be an active 1-4 family residential mortgage lender by providing First Bank with the supplemental capital necessary to support the increased balance of loans held for sale on its balance sheet. During the year ended December 31, 2009, First Bank originated and closed \$541.4 million of 1-4 family residential mortgage loans. In addition, First Bank sold \$522.6 million of 1-4 family residential mortgage loans into the secondary market during the year ended December 31, 2009. Furthermore, during the three months ended March 31, 2010, First Bank originated and closed \$61.9 million of 1-4 family residential mortgage loans and sold \$68.6 million of 1-4 family residential mortgage loans into the secondary market.</p> <p>During the year ended December 31, 2009, First Bank's home equity loan portfolio increased from \$430.1 million to \$458.2 million.</p>
<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?

The capital infusion of CPP funds by the U.S. Treasury in the amount of \$295.4 million, as well as the capital infusion of \$125.0 million by the voting shareholders in 2008, has assisted First Bank in maintaining its "well capitalized" status with regard to its regulatory capital ratios under the regulatory framework for Prompt Corrective Action provisions of the FDIC Improvement Act, which represents a critical element of First Bank's operating environment. By maintaining its "well capitalized" status, First Bank has been allowed the opportunity to have sufficient time to adopt its Capital Optimization Plan, or Capital Plan, as further described below, which was developed and designed to improve the Company's regulatory capital ratios and financial performance through certain divestiture activities, asset reductions and expense reductions.

As disclosed in First Banks, Inc.'s Annual Report on Form 10-K as of and for the fiscal year ended December 31, 2009, the Company has been working over the last two years to strengthen its regulatory capital ratios and improve its financial performance. First Banks, Inc. experienced operating losses in 2008 and 2009 that were significantly driven by substantial asset quality deterioration primarily resulting from the global economic recession as well as significantly reduced real estate values in most of the markets in which First Bank operates, including California, Florida, Illinois, Missouri and Texas. As a result, First Banks, Inc. announced the adoption of its Capital Plan in August, 2009. The Capital Plan was adopted in order to, among other things, preserve the Company's risk-based capital in the current and continuing economic downturn. As a result of the capital infusion of the CPP funds, First Bank was able to remain "well capitalized" and therefore, was able to avoid exiting certain loan products, such as home equity and 1-4 family residential mortgage loans. Furthermore, First Bank was able to avoid divesting of certain branch offices and/or business segments at sales prices that would have been substantially lower than the sales prices that First Bank has been able to generate subsequent to the capital infusion of CPP funds.

In addition to the Capital Plan, the Company has also developed several other plans, including a Profit Improvement Plan, a Liquidity Plan and an Asset Quality Improvement Plan. These plans were developed and designed to assist with the implementation of various business strategies developed to achieve earnings, growth and asset quality targets by (a) expanding the deposit base; (b) improving the net interest margin; (c) increasing noninterest income; (d) further diversifying the loan portfolio; (e) substantially improving asset quality; (f) controlling noninterest expenses; and (g) closely monitoring and managing the Company's overall liquidity position.

Through management's successful implementation of various elements of the Company's Capital Plan, First Bank has improved its regulatory capital position by approximately \$250.0 million and increased its liquidity position by approximately \$415.0 million since its receipt of CPP funds on December 31, 2008. Consequently, the CPP funds, along with the investment from the voting shareholders, have allowed First Banks, Inc. the opportunity to continue to successfully implement various elements of its Capital Plan, thereby contributing to its overall ability to continue to improve its financial performance and proceed through the significant and lengthy credit cycle that has contributed to substantial loan losses resulting from a number of borrower's inability and/or unwillingness to service their debt obligations to First Bank. The CPP funds have also allowed First Bank the opportunity to continue to lend in certain loan portfolio segments, primarily the 1-4 family residential mortgage and home equity segments, further contributing to First Bank's ability to meet the financial needs of its customers.

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

As described above, the CPP funds, along with the investment from the voting shareholders, have allowed First Banks, Inc. the opportunity to continue to successfully implement various elements of its previously announced Capital Plan, thereby contributing to its overall ability to continue to improve its financial performance and proceed through the significant and lengthy credit cycle that has contributed to substantial loan losses resulting from a number of borrower's inability and/or unwillingness to service their debt obligations to First Bank. Without the CPP funds, First Bank may not have had sufficient time to successfully complete various elements of its Capital Plan, including certain divestiture activities, asset reductions and expense reductions.

The CPP funds have also allowed First Bank the opportunity to continue to lend in certain loan portfolio segments, primarily the 1-4 family residential mortgage and home equity segments, further contributing to First Bank's ability to meet the financial needs of its customers. Additionally, as part of its Asset Quality Improvement Plan initiatives, First Bank has been highly focused on reducing its overall concentration in real estate lending, primarily within its 1-4 family residential real estate construction and development loan portfolio. Consequently, the CPP funds have also provided First Bank with a number of opportunities to aggressively exit certain loan relationships in this loan portfolio segment in an effort to mitigate potential future losses in certain geographical sectors.

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

Please refer to the responses included throughout the remainder of this survey.

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.