

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Chambers Bancshares, Inc./Chambers Bank

Point of Contact:	Michael W. Donnell	RSSD: (For Bank Holding Companies)	1141487
UST Sequence Number:	1037	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	19,817,000	FDIC Certificate Number: (For Depository Institutions)	5615
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May 29, 2009	City:	Danville
Date Repaid ¹ :	N/A	State:	Arkansas

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.

In 2010, Chambers Bancshares, Inc./Chambers Bank's gross lending increased approximately \$8.4 million or 1.31%. However, after adjustments for net charged off loans, the loan balances decreased to \$616.7 million.

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 and Industrial loans increased 13.9% or \$14.7 million.

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

Make other investments.

Increase reserves for non-performing assets.

From December 2009 to December 2010, Chambers Bancshares, Inc. made provisions to its loan loss reserve in the amount of \$30.4 million. During this same time frame Chambers Bancshares, Inc. had net charge-off's in the amount \$30.8 million.

Reduce borrowings.

By retaining funds at the the holding company level, the program has allowed Chambers Bancshares, Inc. to reduce it correspondent borrowings approximately 10.3%. Additionally, TLGP borrowings were reduced by \$225,000.

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Increase charge-offs.

Chambers Bancshares, Inc. was able to absorb \$30.8 million in net charge-off's.

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

Held as non-leveraged increase to total capital.

In 2010, Chambers Bancshares, Inc. made an injection to Chambers Bank in the amount of \$5 million dollars.

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

The injection of the CPP funds at Chambers Bancshares, Inc. has precluded the holding company from drawing additional funds from the bank in order to maintain liquidity at the parent company. This enabled the bank to maintain a higher capital ratio as well as increase liquidity.

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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 a detailed answer to the question above. The box is currently blank.

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

The CPP injection to Chambers Bancshares, Inc. has enabled the holding company to not rely on the bank for liquidity.