

**CPP ANNUAL USE OF CAPITAL SURVEY - 2010**



NAME OF INSTITUTION  
(Include Holding Company Where Applicable)

Centrue Financial Corporation

Point of Contact:	Kurt Stevenson	RSSD: (For Bank Holding Companies)	1206591
UST Sequence Number:	248	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	32,668,000	FDIC Certificate Number: (For Depository Institutions)	3744
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 09, 2009	City:	Clayton
Date Repaid <sup>1</sup> :	N/A	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) 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.**

Yes. The Company implemented a capital strategy to reduce balance sheet risk through a reduction of loans. Without CPP funds, all new lending activities would have been significantly reduced, if not completely suspended.

**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.).**

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

Yes. CPP funds were immediately deployed to investments securities, primarily U.S. government agency residential mortgage backed securities, until such time funds were needed for more targeted purposes.

**Make other investments.**

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

Yes. CPP funds allowed the Company to take a conservative stance in evaluating nonperforming assets for impairment and establish appropriate reserves. This has provided the Company with greater flexibility in managing the dramatic downward swings in real estate appraised values.

**Reduce borrowings.**

Yes. The Company used \$8.8MM of CPP funds to pay off senior debt from Bank of America after they notified the Company in later December 2008 of their intentions to reduce concentration and exposure to all financial institutions.

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**Increase charge-offs.**

Yes. Allowed the Company to more swiftly and aggressively move through problem credits in an effort to more quickly address deteriorating loans, reduce substandard assets and take the necessary OTTI charges on the Company's trust preferred collateralized debt obligations.

**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?**

Preserve sufficient liquidity levels and prevented a severe curtailment in lending activities.

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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?**

Allowed the Company to work with and restructure consumer and residential loans prior to them reaching a non-performing status and avoiding the liquidation or foreclosure that would have otherwise resulted. Allowed the Company to adopt a more conservative interpretation of FAS5 in determining the adequacy of the allowance for loan and lease loss. Allowed us to offset losses incurred in 2009 and 2010. Provided the Company the luxury of making loans that we would not have otherwise made. Allowed the Company to maintain a greater degree of flexibility in assisting troubled borrowers and, in some instances, avoiding complete liquidation. For borrowers unable or unwilling to work with the Bank, the CPP funds have provided the flexibility to swiftly exit these relationships and liquidate the related collateral.

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

As the economy improves, the CPP funds will allow us to return to lending activities quicker.