

**CPP ANNUAL USE OF CAPITAL SURVEY - 2012**

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Todd Bancshares, Inc. / United Southern Bank

Person to be contacted regarding this report:	Jeff Fritts	RSSD: (For Bank Holding Companies)	1140574
UST Sequence Number:	582	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	4,000,000	FDIC Certificate Number: (For Depository Institutions)	9309
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	Feb 6, 2009	City:	Hopkinsville
Date Repaid <sup>1</sup> :	N/A	State:	Kentucky

<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).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	United Southern Bank has been able to increase lending to a degree that would not have been possible without the \$4,000,000 capital injection from its parent holding company, Todd Bancshares, Inc. on February 6, 2009.
<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.).	USB has increased its overall lending every year since receiving TARP including loan categories (Res RE; Comm; Comm RE; Cons; Farmers). From 2-6-09 - 12-31-09 total loans +8.52%. From 2009-2010, total loans +10.56%. From 2010-2011, total loans +5.29%. From 2011-2012, total loans +.51%.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	From 12-31-09 to 12-31-10, USB increased its balances by \$8M (29%). From 12-31-10 to 12-31-11, USB increased its balances by \$6M (17%). From 12-31-11 to 12-31-12, USB increased its balances by \$277K (.62%).

<input type="checkbox"/>	Make other investments	N/A
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	From 2009-2010, USB increased Loan Loss \$199K (11%). From 2010-2011, USB increased Loan Loss \$1.099M (55%). From 2011-12, USB increased Loan Loss \$627K (20%).
<input checked="" type="checkbox"/>	Reduce borrowings	From 2009-2010, USB decreased its YTD Avg. Balance of Fed Funds Borrowed by \$3M (80%). From 2010-2011, it decreased \$549K (69%). From 2011-2012, it decreased \$160K (67%).
<input checked="" type="checkbox"/>	Increase charge-offs	From 2009-2010, USB increased charge offs by \$374K (680%). From 2010-2011, USB reduced \$60K (13%). From 2011-2012, USB increased \$15K (4%).
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	N/A
<input type="checkbox"/>	Held as non-leveraged increase to total capital	N/A

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

Todd Bancshares, Inc. / United Southern Bank was able to avoid having to go to other capital markets in 2009 to secure additional capital at a time when there was much concern about the banking industry. By not having to do this at that time, the capital injection was able to be obtained at a cost that was less than what otherwise might have been available (if at all). This allowed USB to make additional loans at lower interest rates, and keep its capital ratios at an acceptable level. Because of the TARP capital injection, USB was able to increase its loans to consumers and businesses at a time when other banks were not lending.

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

United Southern Bank was able to increase its loans to home owners, home buyers, commercial businesses, commercial real estate customers and farmers at a time when some banks were limiting their lending business and tightening lending standards. USB continues to increase its loan balances to customers in the previous mentioned areas.

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

N/A