



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Chambers Bancshares, Inc./Chambers Bank

Person to be contacted regarding this report:	Michael W. Donnell	RSSD: (For Bank Holding Companies)	1141487
UST Sequence Number:	1037	Holding Company Docket Number: (For Thrift Holding Companies)	N/A
CPP Funds Received:	19,817,000	FDIC Certificate Number: (For Depository Institutions)	5615
CPP Funds Repaid to Date:	0	City:	Danville
Date Funded (first funding):	May 29, 2009	State:	Arkansas
Date Repaid <sup>1</sup> :	N/A		

<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).

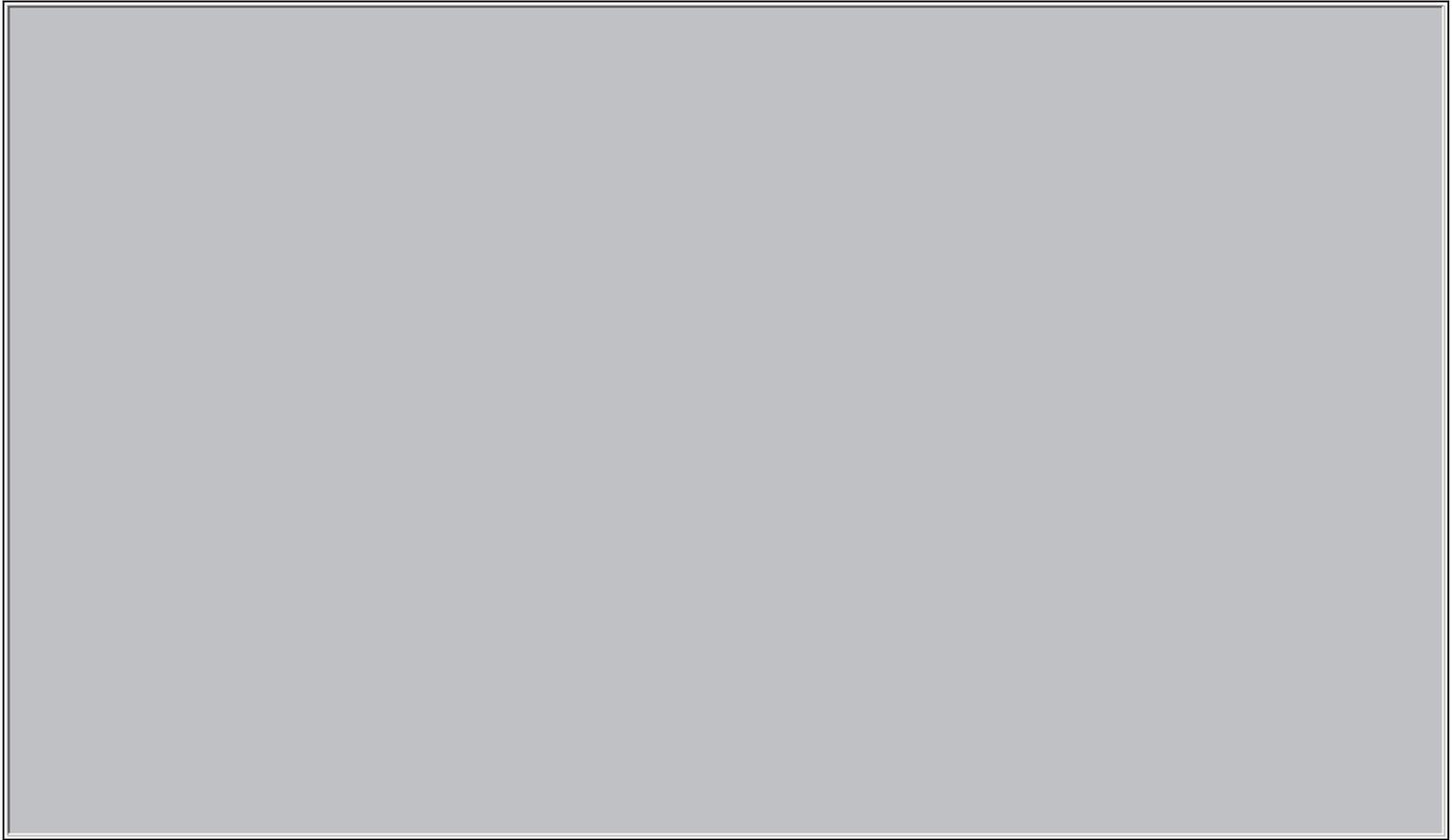
<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Total loans increased approximately 6% since the injection date on a consolidated basis. However, the bank has always been an aggressive lender and it would be difficult to determine what portion was a result of the CPP injection.
<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.).	There was approximately a 35% increase in Commercial Loans during this time frame which represents the predominant amount of the reported increase.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Initially, when Chambers Bancshares, Inc. received the CPP injection the amount was deposited in Chambers Bancshares, Inc. checking account that is at Chambers Bank. The deposit caused an increase to the bank's liquidity and short term securities were purchased at the bank level.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	From March 2009 through December 2009, the Allowance for Loan and Lease Loss increased approximately 41% as a result of anticipation of declining market conditions. The CPP funding helped facilitate this increase.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	The increase in the Loan Loss Provision during the year was partially utilized for an increase in charge-offs.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Chambers Bancshares, Inc. made an injection of Capital to Chambers Bank that caused Additional Paid-In Capital (Surplus) to increase approximately 13.47%.

What actions were you able to avoid because of the capital infusion of CPP 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.

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



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

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



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