



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Integra Bank Corporation

Person to be contacted regarding this report:	Michael B. Carroll, EVP Chief Financial Officer	RSSD: (For Bank Holding Companies)	1132654
UST Sequence Number:	855	Holding Company Docket Number: (For Thrift Holding Companies)	N/A
CPP Funds Received:	83,586,000	FDIC Certificate Number: (For Depository Institutions)	
CPP Funds Repaid to Date:	0	City:	Evansville
Date Funded (first funding):	Feb 27, 2009	State:	Indiana
Date Repaid ¹ :	N/A		

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). 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.	The CPP funds have allowed us to lend more than we otherwise would have had we not received the funds, given the stress we have had in our CRE portfolio. We have continued to lend funds in our core community markets when structured appropriately, fairly priced and accompanied by deposits.
<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.).	The loans we had made in our community markets consist of commercial and industrial, direct consumer, certain small business related commercial real estate and residential mortgage loans.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	During 2009, we increased our allowance for loan losses from 2.59% of total loans at December 31, 2008 to 4.39% at December 31, 2009, an increase of \$24.2 million.
<input checked="" type="checkbox"/>	Reduce borrowings	Receipt of the funds did contribute to our ability to reduce wholesale borrowings. Total wholesale borrowings plus brokered certificates of deposit, totaled \$776.2 million at December 31, 2009, compared to \$1.043 billion at December 31, 2008.
<input checked="" type="checkbox"/>	Increase charge-offs	Net charge-offs for 2009 were \$89.1 million, compared to \$28.6 million in 2008. We also charged off the deferred income tax asset we had on our balance sheet at December 31, 2008 of \$67.8 million, increasing our total deferred income tax valuation allowance to \$104.1 million.
<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 receipt of these funds has likely allowed us to avoid formal capital restrictions as well as additional losses of liquidity sources and a heightened level of reputation risks that could have further impacted our operations.

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

Participation in the CPP resulted in a substantial addition to our capital base, both at our holding company and at our wholly owned bank subsidiary, Integra Bank NA, and represented 80.1% of our consolidated total equity at December 31, 2009. It allowed us to absorb the following during 2009 while remaining well capitalized at the bank level at December 31, 2009: a provision for loan losses of \$113.4 million, an increase to our deferred income tax valuation allowance of \$101.0 million, a reduction in net interest income in part due to the amount of non-performing assets and higher loan collection and personnel costs.

During 2009, we invested \$60.9 million, or about 72.9% of the funds received into Integra Bank N.A., allowing it to remain well capitalized at December 31, 2009. The funds also helped us maintain sufficient liquidity at the holding company level to fund normal operations and also allowed us to maintain adequate capital levels at the holding company. The positive impact of the CPP funds on our capital and liquidity allowed us to formulate an action plan to reduce our credit risk, improve our capital positions and return to profitability. That plan includes exiting the commercial real estate line of business for both the short and long term, narrowing our operating footprint through the sale of multiple branch clusters, using the capital generated from those branch sales to increase sales of both performing and non-performing assets, ensuring adequate levels of liquidity and improvement in our credit quality measures and finally, aggressively reducing our cost structure to match our core earning capacity, aggressively marketing our services to our customers and returning to profitability. We continue to execute that plan.

As mentioned above, we were able to lend to our customers located in our core operating footprint more than we otherwise would have had we not received the CPP funds. During 2009, we originated new or renewed existing loans made in our core operating footprint of \$652 million. Our core operating footprint consists of loans made in areas served by our branch locations and does not include loans made as part of the commercial real estate lending programs we have in Chicago, Illinois and the Greater Cincinnati, Ohio area that we are in process of exiting. The \$652 million of originations consisted of \$516 million of commercial, \$63 million of home equity, \$48 million of direct consumer and \$25 of residential mortgage loans.

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

[Empty response box]

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.