



**ANNUAL USE OF CAPITAL SURVEY - 2009**

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

MainSource Financial Group, Inc.

Person to be contacted regarding this report:	Archie M. Brown, Jr.
UST Sequence Number:	423
CPP Funds Received:	57,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Jan 16, 2009
Date Repaid <sup>1</sup> :	N/A

RSSD: (For Bank Holding Companies)	1209109
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	05766
City:	Greensburg
State:	Indiana

<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 type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	
<input 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.).	
<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	As a result of a deterioration in credit quality at our Illinois banking subsidiary, the holding company pushed down \$2 million in capital to this affiliate to account for a significant increase in loan loss reserves.
<input checked="" type="checkbox"/>	Reduce borrowings	As a result of elevated non-performing loans, we were out of compliance with covenants under our line of credit. We had difficulty resolving the covenant violations and/or replacing the line on terms that were satisfactory. Therefore we elected to pay off the \$10.5 million balance.
<input type="checkbox"/>	Increase charge-offs	
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	In May 2009 we purchased \$95 million in deposits in a three-branch acquisition from a struggling institution. The transaction required the holding company to push down \$8 million in capital to the Indiana banking subsidiary.
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	The remaining TARP funds of \$36.5 million were retained at the holding company. This allowed the holding company to remain a source of strength for the banking subsidiaries and to support the holding company cash needs given the restrictions on dividends from the banks.

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

The Company avoided having to restrict lending in the markets that it serves. While our underwriting standards became more stringent in certain types of lending such as construction and development and commercial real estate, we were able to continue to lend to consumers and small businesses.

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

As mentioned above, we were able to acquire three branches (which totaled \$95 million in deposits) from an institution that was under a cease and desist order. As a result of the cease and desist order, the previous institution was not in a position to properly serve the community and its lending needs.

In addition, the capital infusion allowed us to continue to serve the credit needs in the communities in which we operate.

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

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.