



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Western Illinois Bancshares, Inc.

Person to be contacted regarding this report:	Christopher J. Gavin
UST Sequence Number:	6
CPP Funds Received:	11,422,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	12/23/2008
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	3356632
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	
City:	Monmouth
State:	Illinois

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.	
<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.).	Commercial, Agricultural, Agricultural Real Estate, Consumer Real Estate. Total loans were increased by \$7.3 million.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Excess liquidity was used to purchase MBS's

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Reserves were increased by \$1.4 million
<input checked="" type="checkbox"/>	Reduce borrowings	Reduced holding company debt by \$920K.
<input type="checkbox"/>	Increase 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	Tier 1 Leverage Ratio improved from 6.21% to 7.54% at bank level.

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

We received our first \$6.8 million in CPP funds in December of 2008. These funds were primarily used to replace the capital we lost from Fannie and Freddie Preferred Stock losses. Without these funds the bank would have been challenged to maintain adequate capital levels, which would have created major regulatory issues and caused us to shrink the bank, including a reduction in loans.

The additional CPP funds were received in December of 2009. These funds are being used to support our capital levels and continued growth.

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

In January of 2009 we launched a "Business as Usual" campaign, which included lending, community support and a new branch opening in April. Without the CPP funds we would have been focused primarily on meeting capital requirements, which would have resulted in a decrease in our lending activity and a shrinkage of our loan portfolio.

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

With the funds received in December of 2009 we were able to complete a new strategic plan that focuses on continued loan growth.