

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

River Valley Bancorporation, Inc. River Valley Bank

Point of Contact:	Glendon Peterson	RSSD: (For Bank Holding Companies)	1209426
UST Sequence Number:	1216	Docket Number: (For Thrift Holding Companies)	n/a
CPP/CDCI Funds Received:	15,000,000	FDIC Certificate Number: (For Depository Institutions)	19772
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	June 12, 2009	City:	Wausau
Date Repaid ¹ :	N/A	State:	Wisconsin

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) 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).

Increase lending or reduce lending less than otherwise would have occurred.

The Bank's loan portfolio has shrunk since 2009, but this is mainly due to the charged off loans the Bank recorded since that time. The Bank extended over \$20 million in new loans to customers not including Small Business Administration (SBA) loans of approximately \$5 million that were sold to the secondary market. The Bank also originated and sold over \$203 million 1-4 family residential mortgages to the secondary market.

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.).

Nearly all of the increase in the Bank's loan portfolio is related to commercial real estate lending to small businesses in the communities the Bank serves. The Bank has also been able to increase its lending to consumers for residential real estate mortgages. The Bank's holdings of residential real estate loans have increased over \$20 million since the Bank accepted CPP funds.

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Increase securities purchased (ABS, MBS, etc.).

Empty response area for 'Increase securities purchased (ABS, MBS, etc.).'

Make other investments.

Empty response area for 'Make other investments.'

Increase reserves for non-performing assets.

Empty response area for 'Increase reserves for non-performing assets.'

Reduce borrowings.

The Bank has been able to reduce its borrowings by over \$20 million since it accepted CPP funds.

Empty response area for 'Reduce borrowings.'

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Increase charge-offs.

The receipt of CPP funds has allowed the Bank to aggressively charge off problem loans by over \$18 million since June 2009 while still improving its capital ratios well past the well capitalized standards

Purchase another financial institution or purchase assets from another financial institution.

Held as non-leveraged increase to total capital.

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

The Bank has been able to increase its Risk-Based Capital ratio and its Tier One Leverage Capital ratios from 10.29% and 8.41% as of December 31, 2008 to 12.48% and 9.10%, respectively as of December 31, 2010 without having to issue expensive subordinated debt or attempt to raise capital in a very difficult environment. The improved capital ratios allow the Bank to continue lending to consumers and small businesses in the communities it serves.

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

The Bank was able to acquire a failing insurance agency while improving its capital ratios with the accepted CPP funds. By acquiring the insurance agency the Bank was able to save twenty-seven jobs in the insurance agency that would have otherwise been dissolved. In addition to saving the jobs, purchasing the insurance agency allowed the agency to continue policies of over \$500,000 of premiums to customers that otherwise would have been unsecured creditors. Through the acquisition three other financial institutions were able to receive payment on loans extended to the former insurance agency and not incur a significant loss.

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

A large, empty rectangular box with a black border, intended for the respondent to provide a detailed description of actions taken with the capital infusion of CPP/CDCI funds.