

**CPP ANNUAL USE OF CAPITAL SURVEY - 2010**



NAME OF INSTITUTION  
(Include Holding Company Where Applicable)

PlainsCapital Corporation / PlainsCapital Bank

Point of Contact:	Scott J. Luedke	RSSD: (For Bank Holding Companies)	1247893
UST Sequence Number:	41	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	87,671,000	FDIC Certificate Number: (For Depository Institutions)	17491
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 19, 2009	City:	Dallas
Date Repaid <sup>1</sup> :	N/A	State:	Texas

<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) 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.**

While our subsidiary bank's total loans outstanding during 2010 remained relatively flat, it increased the warehouse line of credit to our mortgage origination subsidiary from \$600 million at the beginning of 2010 to \$750 million during the year.

**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.).**

With its increased warehouse line of credit, our mortgage origination subsidiary increased its average monthly balance during 2010 to approx. \$500 million (with a high of \$636 million in July 2010), and total loan originations increased from \$5.7 billion in 2009 to \$7.6 billion in 2010.

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

During 2010, our subsidiary bank purchased \$1.1 billion par value of securities. The portfolio totaled \$851 million at year end 2010 - a \$324 million increase over 2009. A significant portion of purchases were mortgages in the form of collateralized mortgage obligations.

**Make other investments.**

**Increase reserves for non-performing assets.**

**Reduce borrowings.**

During 2010, our subsidiary bank did not reduce (by dollar amount) its total borrowings. However, because our subsidiary bank's total assets grew 14% during 2010, the percentage of borrowings to total assets was reduced from 19.2% at year-end 2009 to 17.7% at year-end 2010.

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**Increase charge-offs.**

During 2010, our subsidiary bank charged off \$70.149 million, net, in loans. This compares to total net charge-offs of \$55.253 million during 2009.

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

**Held as non-leveraged increase to total capital.**

At December 31, 2009, we held approximately \$21 million of CPP capital as non-leveraged increase to total capital. At December 31, 2010, we did not hold CPP capital 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?**

Avoid Curtailing Lending Activities: With excess capital (including capital provided by through the CPP), our subsidiary bank was able to continue to grow assets on its balance sheet, maintain strong capital ratios, and avoid having to reduce or slow its lending activities.

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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?**

Facilitate Financing of Affordable Housing: During 2010, our subsidiary bank provided mortgage warehouse financing in the form of temporary purchases of mortgage-backed securities totaling \$48 million for the Texas Department of Housing and Community Affairs. This warehouse facility helped the Texas Department of Housing and Community Affairs assist low-income families in the purchase and finance of affordable housing.

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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 undertaken with the capital infusion of CPP/CDCI funds.