

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



NAME OF INSTITUTION  
(Include Holding Company Where Applicable)

The Barboo Bancorporation, Inc.

Point of Contact:	Jeff Blada	RSSD: (For Bank Holding Companies)	1209248
UST Sequence Number:	443	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	20,749,000	FDIC Certificate Number: (For Depository Institutions)	12788
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 16, 2009	City:	Baraboo
Date Repaid <sup>1</sup> :	N/A	State:	Wisconsin

<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.**

The gross loan balances decreased by about \$83,000,000 from Dec 31, 2009 to Dec 31, 2010. If BBC had not received the additional TARP capital, because of the economic slowdown and declining commercial and real estate values, our total loans outstanding may have decreased even more.

**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.).**

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

Total investments increased by about \$5,700,000 from December 31, 2009 to December 31, 2010. The \$20,749,000 of TARP funds received increased BBC's liquid assets during a time of economic slowdown.

**X Make other investments.**

Total Fed Funds Sold and deposits at the Federal Reserve increased by about \$76,000,000 from December 31, 2009 to December 31, 2010. The \$20,749,000 of TARP funds received increased BBC's liquid assets during a time of economic slowdown.

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

The total BBC provision for loan loss entries were about \$13,000,000 in 2010. The allowance for loan loss balance decreased by about \$5,700,000 from Dec 31, 2009 to Dec 31, 2010. The TARP capital helped BBC maintain a Tier 1 capital ratio of 8.53% as of Dec 31, 2010.

**X Reduce borrowings.**

The FHLB borrowings decreased from \$7,600,000 as of Dec 31, 2009 to \$3,100,000 as of Dec 31, 2010. BBC's correspondent bank loan decreased from \$7,578,000 as of Dec 31, 2009 to \$6,626,000 as of Dec 31, 2010. The borrowings decreased because BNB was very liquid at the end of 2010.

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**Increase charge-offs.**

Because of the economic downturn, and the decrease in commercial and consumer real estate values, net charge-offs were about \$18,700,000 in 2010. Without the TARP capital our Dec 31, 2010 Tier 1 capital and Total Risk Based capital ratios would have been lower.

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

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

The TARP funds were not leveraged. Total loans decreased by about \$83,000,000 in 2010. BBC's Tier 1 capital ratio was 8.53% as of Dec 31, 2010. It would have been about 6.07% without the TARP funds.

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

Because of the economic downturn the value of commercial and consumer real estate has fallen in 2008, 2009, and 2010. The amount of non-performing loans has increased at many banks across the nation during this time period. In general, bank regulators have asked banks to increase their loan reserves to protect against future losses. They have also asked banks to increase their capital ratios to levels that are higher than the required minimum or well capitalized ratios. The TARP capital allowed BBC to provide \$18,700,000 to provision for loan losses in 2010, and at the same time keep BBC's Tier 1 capital ratio at 8.53% as of December 31, 2010.

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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?**

From December 31, 2009 to December 31, 2010, the BBC loan balances outstanding decreased by about \$83,000,000. Without the \$20,749,000 of TARP capital, BBC would probably have had to reduce the amount of loans on its balance sheet even further. TARP funds helped BBC continue to renew loans, and make new loans, in the local communities that it serves.

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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.