CDCI ANNUAL USE OF CAPITAL SURVEY - 2010

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

IBC Bancorp, Inc. (International Bank of Chicago)

Point of Contact:	Donald J. Stahl	RSSD: (For Bank Holding Companies)	2339759
UST Sequence Number:	1163	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	8,086,000	FDIC Certificate Number: (For Depository Institutions)	33708
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May 15, 2009	City:	Chicago
Date Repaid[1]:	N/A	State:	Illinois

[1]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).

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

We exchanged CPP for CDCI funds in September 2010, borrowing an additional $3.9 million from Treasury. At 12/31/10, our outstanding loans totaled $173.6 million, an increase of $25.2 million (16.9% growth) from the prior year, made possible by CDCI capital.

X **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.).**

The increased lending supported by the CDCI capital was used to fund residential mortgage loans, commercial and commercial real estate loans and loans to small businesses.

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

☐ **Make other investments.**

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

While the receipt of CDCI funds did not influence the timing or extent of any increases to our reserves on non-performing assets, the availability of the CDCI funds provided us with a greater capital cushion with which we could sustain these loan loss reserves.

☒ **Reduce borrowings.**

Upon receipt of the additional CDCI funds in September 2010, we paid down $500,000 of our holding company's outstanding line of credit.

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X **Increase charge-offs.**

While the receipt of CDCI funds did not influence the timing or extent of any charge-offs, the availability of the CDCI funds provided us with a greater capital cushion with which we could sustain these losses.

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

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

Our Bank's assets have grown by $20.7 million during 2010 ($4.2 million since the receipt of additional CDCI funds in September 2010) . We believe the CDCI funds can be further leveraged to support another $20 million in future asset growth.

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

In 2010, the Bank remains a strong and well-capitalized institution as determined by the FDIC. We do not originate sub-prime loans nor do we hold Fannie Mae or Freddie Mac preferred stock or illiquid trust preferred investments that need to be written down/written-off. The minimum ratios required by the FDIC to be considered well-capitalized were 10.0%, 6.0%, and 5.0%, respectively. At 12/31/10, our regulatory capital ratios of 15.40%, 14.14%, and 9.90%, respectively, continue to remain above the minimum to be well-capitalized. CDCI funds have had the effect of further strengthening our capital position.As a certified community development financial institution (CDFI), our objective for utilizing CDCI funds was to expand lending efforts in our local communities by $80 million. A secondary goal was to use the capital to sustain loan loss reserves and charge-offs on non-performing assets that might result as we weathered the current economic recession, declining real estate collateral values, and high unemployment. CDCI capital allowed us to make loan modifications to troubled borrowers, grow our loan portfolio by $25.2 million while also provide $1.7 million for loan losses and withstand $773,000 in loan charge-offs during 2010.CDCI funds have also allowed us to continue to fund new loans through the use of various funding channels that might not otherwise have been available or that might have become more inefficient and costly if capital levels were allowed to fall below the FDIC's well-capitalized minimums. Having a well-capitalized status also reduced the FDIC insurance assessments in 2010 that we might otherwise have experienced with lower capital ratio levels.In conclusion, we believe that the American taxpayer's investment in CDCI funds issued to our institution will yield a good return, will remain safe and will be returned without loss.

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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?

Although we did not complete an acquisition or make a bid to purchase the assets of a failed institution during 2010, the capital infusion of CDCI funds allows us the opportunity with which to consider such acquisitions.

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

None noted