

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



NAME OF INSTITUTION  
(Include Holding Company Where Applicable)

IA Bancorp, Inc. (Holding Company for Indus American Bank)

Point of Contact:	Keith Van Sadlers	RSSD: (For Bank Holding Companies)	3370012
UST Sequence Number:	881	Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	5,976,000	FDIC Certificate Number: (For Depository Institutions)	57983 Indus American Bank
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	September 18, 2009	City:	Iselin
Date Repaid <sup>1</sup> :	N/A	State:	New Jersey

<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.**

All funds basically were used in lending by Indus American Bank through IA Bancorp, Inc. within 120 days of TARP funding.

**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 majority of funds were used for Commercial Mortgage loans and small business commercial loans.

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

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

Make other investments.

Empty response box for 'Make other investments.'

Increase reserves for non-performing assets.

Additional capital has allowed for additional reserves to be placed against non-performing assets and to work with borrowers on recovery plans.

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

Reduce borrowings.

The additional funding eliminated the need to raise borrowings to fund loans.

Empty response box for 'Reduce borrowings.'

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**Increase charge-offs.**

Additional capital has provided a cushion against partial loan charge-offs as the Bank works with borrowers.

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

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

Additional capital as allowed Indus American Bank to maintain an 8% leverage ratio while working down its non-performing assets.

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

The capital infusion allowed Indus American Bank to avoid additional borrowings or other non-traditional sources to fund lending.

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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?**

Without the capital infusion, Indus American Bank would have been forced to slow the growth of its lending program to a halt. The increased capital allowed the Bank to continue its asset growth resulting in the funding of approximately \$25 million of new loans in the first half of year 2010.

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

The capital infusion also provided Indus American Bank with a cushion against the deterioration of loans which began in late 2009 and continued into 2010.