CPP ANNUAL USE OF CAPITAL SURVEY - 2010

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

IBT Bancorp Inc.

Point of Contact:	Phillip M. Standley	RSSD: (For Bank Holding Companies)	3129881
UST Sequence Number:	960	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	2,295,000	FDIC Certificate Number: (For Depository Institutions)	57476
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	N/A	City:	Irving
Date Repaid[1]:	N/A	State:	Texas

[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.**

Booked $18 Million in new loans in 2010. In 2010 the Bank was recognized by the U.S. Small Business Administration for its increased lending to small businesses. Pay-offs exceeded new loans thus loans reduced by $800 thousand during 2010. Loans reduced by $3.2 Million in the fourth quarter.

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

☐ **Make other investments.**

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

☒ **Reduce borrowings.**

Reduced brokered deposits by greater than the $2,295,000 received.

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☐ **Increase charge-offs.**

☐ **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 infusion of the CPP funds allowed the bank to maintain a Well Capitalized position and allowed us to avoid the discontinuance of new lending activity.In March of 2010 the banks Capital Ratio's were as follows: Tier 1 RBC 12.53%, Total RBC 13.64%, and Leverage Ratio 9.50%. Without the CPP funding the banks Capital Ratio's would have been Tier 1 RBC 9.20%, Total RBC 10.32%, and Leverage Ratio 6.99%. In June of 2010 the banks Capital Ratio's were as follows: Tier 1 RBC 12.66%, Total RBC 13.75%, and Leverage Ratio 9.13%. Without the CPP funding the banks Capital Ratio's would have been Tier 1 RBC 9.29%, Total RBC 10.38%, and Leverage Ratio 6.71%. In September of 2010 the banks Capital Ratio's were as follows: Tier 1 RBC 12.85%, Total RBC 14.03%, and Leverage Ratio 8.84%. Without the CPP funding the banks Capital Ratio's would have been Tier 1 RBC 9.34%, Total RBC 10.52%, and Leverage Ratio 6.43%. In December of 2010 the banks Capital Ratio's were as follows: Tier 1 RBC 12.79%, Total RBC 13.93%, and Leverage Ratio 8.44%. Without the CPP funding the banks Capital Ratio's would have been Tier 1 RBC 9.27%, Total RBC 10.41%, and Leverage Ratio 6.12%. The adjusted capital ratio's would have strained the banks Well Capitalized position. With such ratio's we would of halted all lending efforts and we would not of booked $18 Million in new loans in 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?

We were able to continue to market and seek new lending activity.   In 2010 the bank booked approximately 18 Million in new loans. This represents 27% of our total net portfolio which averaged $67.4 Million during 2010.In 2010 the Bank was recognized by the United States Small Business Administration for its increased lending to small businesses.

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