

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Grand Mountain Bancshares, Inc.

Point of Contact:	Mark Lund	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	1219	Docket Number: (For Thrift Holding Companies)	H4351
CPP/CDCI Funds Received:	3,076,000	FDIC Certificate Number: (For Depository Institutions)	57531
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May 29, 2012	City:	Granby
Date Repaid ¹ :	N/A	State:	Colorado

¹If 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 continues to promote permanent residential lending. However, the market demand for new loans has been slow.

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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 Bank's permanent residential loans have increased more than any other category.

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

Make other investments.

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Increase reserves for non-performing assets.

The higher capital levels provided by the TARP funds has allowed the Bank to increase its reserves for performing and non-performing assets.

Reduce borrowings.

Increase charge-offs.

The higher capital levels provided by the TARP funds has allowed the Bank to increase its reserves for performing and non-performing assets.

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

Held as non-leveraged increase to total capital.

The TARP funds increased total capital.

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

Without the funds, the Bank would have needed to significantly contract lending and business activities in the Bank's market area. As the only community based Bank in our rural county, the funds help provide stability to the Bank in these very difficult economic times.

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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?

With the capital infusion, the Bank has been able to continue to serve the local community in difficult economic times. Although the Bank is limited in its ability to lend, the funds have allowed the Bank to continue to service existing small business customers as well as provide funds for permanent single family lending which might not have occurred otherwise.

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

This area is a large, empty rectangular box intended for the respondent to provide a detailed description of any other actions undertaken with the capital infusion of CPP/CDCI funds. The box is currently blank.