

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Titonka Bancshares, Inc.

Point of Contact:	Allan J. Boyken	RSSD: (For Bank Holding Companies)	1209837
UST Sequence Number:	906	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	2,117,000	FDIC Certificate Number: (For Depository Institutions)	17302
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	April 03, 2009	City:	Titonka
Date Repaid ¹ :	N/A	State:	Iowa

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.

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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.).

[Empty response area for increased lending]

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

[Empty response area for increased securities purchased]

Make other investments.

[Empty response area for other investments]

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Increase reserves for non-performing assets.

Titonka Savings Bank has increased its reserves for non-performing loans in 2011.

Reduce borrowings.

Titonka Bancshares, Inc. reduced its borrowings by \$2,000,000 in 2011.

Increase charge-offs.

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

Empty response area for the first category.

Held as non-leveraged increase to total capital.

Empty response area for the second category.

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

A large, empty rectangular box with a black border, intended for the respondent to provide answers to the question above.

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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?

A large, empty rectangular box with a black border, intended for the respondent to provide details on actions taken due to capital infusion.

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

Titonka Savings Bank is a smaller, closely held financial institution. It does not have ready access to the capital markets. At the time we decided to participate in the CPP, we did not know how deep the recession would be, we did not know how long it would last and we did not know how it would impact our rural agricultural economy. We viewed the CPP as an insurance policy should the economy further deteriorate as we may have no other readily available source of additional bank capital should the need arise. Therefore, having the CPP funds available as a source of additional capital is just added insurance that the bank will continue to be well capitalized. Our participation in the CPP was done in the abundance of caution given what were at the time, very uncertain economic conditions. In 2011, the bank experience significant deposit growth due to a continued excellent agricultural economy. The utilization of the CPP funds insured that the bank would remain well capitalized. Because of the excellent agricultural economy, many farmers paid down their loans and/or did not fully utilize there operating lines of credit. The result was that the bank's loan volume was essentially unchanged from 2010.