

CDCI ANNUAL USE OF CAPITAL SURVEY - 2013



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

IBC Bancorp, Inc. (International Bank of Chicago)

Person to be contacted regarding this report:	Marc A. DeFauw	RSSD: (For Bank Holding Companies)	2339759
UST Sequence Number:	1163	Holding Company 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:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May 15, 2009	City:	Chicago
Date Repaid ¹ :	N/A	State:	Illinois

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).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	At 12/31/13, our outstanding loans totaled \$297.4 million, an increase of \$11.1 million (3.9% growth) from the prior year, made possible by CDCI capital. The loan portfolio experienced growth despite a still challenging economic environment.
<input checked="" type="checkbox"/>	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.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Our securities portfolio grew to \$148.5 million at 12/31/13 from \$117 million the prior year, an increase of 26%.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	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.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	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.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

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

At 12/31/13, the Bank maintains very strong regulatory capital ratios of 17.94% (total risk based), 16.68% (tier 1 risk based), and 10.78% (tier 1 leverage). CDCI funds have had the effect of further strengthening our capital position as loan losses and problem loans have accumulated and been worked out from two failed bank acquisitions in 2011 and 2012.

As a certified community development financial institution (CDFI), our objective for utilizing CDCI funds was to expand lending efforts in our local communities. 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 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 while also providing \$4.1 million for loan losses to withstand \$2.4 million in loan charge-offs during 2013.

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. The CDCI capital prevented us from having to raise more capital and at a higher cost of capital than if not provided.

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.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

None noted

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

None noted

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.