

CPP ANNUAL USE OF CAPITAL SURVEY - 2012

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Titonka Bancshares, Inc.

Person to be contacted regarding this report:	Allan J. Boyken	RSSD: (For Bank Holding Companies)	1209837
UST Sequence Number:	906	Holding Company 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:	2,117,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	Apr3,2009	City:	Titonka
Date Repaid ¹ :	Apr4,2012	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).

<input type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Loan volume decreased by \$6.2 million during the period 01 January 2012 to 04 April 2012. The bank is an agricultural bank and typically, loan volume peaks at year end, dramatically decreases in the first several months of the new year and then builds during the balance of the year.
<input 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.).	Because of the strength of the local agricultural based economy, all segments of the bank's loan portfolio experienced contraction except for the bank's Ready Reserve and Credit Card Loan segments which experienced slight increases in volume.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Titonka Bancshares had no change in its securities purchased while the Titonka Savings Bank increased its securities purchased by \$3.2 million during the period 01 January 2012 to 04 April 2012.

<input type="checkbox"/>	Make other investments	Titonka Bancshares, Inc. made no other investments in 2012.
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Titonka Bancshares, Inc. had no changes in reserves for nonperforming assets. Titonka Savings Bank increased its ALLL reserves by \$30,650 during the period 01 January 2012 to 04 April 2012 as a normal course of business.
<input type="checkbox"/>	Reduce borrowings	Titonka Bancshares, Inc. did not reduce its borrowings during the period 01 January 2012 to 04 April 2012.
<input type="checkbox"/>	Increase charge-offs	Titonka Bancshares, Inc. did not have an increase in charge offs during the period 01 January 2012 to 04 April 2012. Titonka Savings Bank charged of \$903.00 during that time period.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	Titonka Bancshares, Inc. has not purchased another financial institution nor has it purchased assets from another financial institution during the period 01 January 2012 to 04 April 2012.
<input type="checkbox"/>	Held as non-leveraged increase to total capital	Titonka Bancshares, Inc. held CPP funds as a non-leveraged increase in total capital until 04 April 2012 at which time the CPP funds were repaid to the United States Treasury.

What actions were you able to avoid because of 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 the recession 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 had no other source of additional bank capital should the need have arisen. Therefore, having the CPP funds available as a source of additional capital was done in the abundance of caution given what were at the time, very uncertain economic conditions. During the period 01 January 2012 to 04 April 2012, the bank continued to experience significant deposit growth due to a continued excellent agricultural economy. However, by early 2012, it became evident that the general economy was gradually improving and that the local agricultural economy was very strong. Given these considerations, we determined that we could safely exit the CPP and repay the funds to the United States Treasury.

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

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

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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.