



**ANNUAL USE OF CAPITAL SURVEY - 2009**

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Banner County Ban Corporation, Banner County Bank

Person to be contacted regarding this report:	Roger Wynne
UST Sequence Number:	572
CPP Funds Received:	795,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Feb 6, 2009
Date Repaid <sup>1</sup> :	N/A

RSSD: (For Bank Holding Companies)	1067028
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	19274
City:	Harrisburg
State:	Nebraska

<sup>1</sup>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). To answer that question, Treasury is seeking responses that describe generally how the CPP 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 investment was deployed or how many CPP 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 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 funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Lending volume was increased with the ability to fund larger agriculture and commercial loans due to increasing the lending limit with the CPP funds as well as an investor capital contribution.
<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 majority of the loan volume increase was agricultural and commercial loans.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input checked="" type="checkbox"/>	Reduce borrowings	The CPP funds and investor capital assisted in funding the increased loan volume and reduced the dependency on FHLB borrowings and other sources of funding to support the volume increase.
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	The CPP funds and investor capital provided a strong capital base for future bank growth as well as capitalizing the loan volume increase.

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

Banner County Ban Corporation was in negotiations to purchase a bank at the time of application with the CPP funds to be utilized for the purchase. The purchase failed to materialize and the CPP funds and investor capital were contributed to the capital position of Banner County Bank. The CPP funds allowed the bank to fund many larger credits without having to utilize participants and unduly leverage the capital of the bank.

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

Meeting the credit demands of larger agriculture and commercial customers without leveraging the capital position of the bank. The strengthened capital was needed to support the 21% growth of the bank in 2009.

The CPP and investor capital contribution occurred in the third quarter of 2009 and resulted in a 13.77% increase in loans from June 30, 2009 to September 30, 2009 while Tier one leverage capital ratio increased 71.24% during the same period after the provision to the ALLL to cover the increase in loan volume.

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

The increased loan volume resulted in remodeling for additional office space and the hiring of an additional loan officer.

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.