



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Grand Mountain Bancshares, Inc.

Person to be contacted regarding this report:	Frank DeLay	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	1219	Holding Company Docket Number: (For Thrift Holding Companies)	H4351
CPP Funds Received:	3,076,000	FDIC Certificate Number: (For Depository Institutions)	57531
CPP Funds Repaid to Date:	0	City:	Granby
Date Funded (first funding):	N/A	State:	Colorado
Date Repaid ¹ :	N/A		

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). 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.	The Bank has worked to increase permanent residential lending. Unfortunately, the market demand for new loans has been slower than anticipated.
<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 Bank's permanent residential loans have increased more than any other category.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	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.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	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.
<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 additional TARP funds increased total capital.

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

Without the funds, the Bank would have needed to seriously 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 uncertain economic and regulatory times.

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

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

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.