ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

IBC Bancorp, Inc. (International Bank of Chicago)

Person to be contacted regarding this report:	Donald J. Stahl	RSSD: (For Bank Holding Companies)	2006024
UST Sequence Number:	1163	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	4,205,000	FDIC Certificate Number: (For Depository Institutions)	33708
CPP Funds Repaid to Date:	0	City:	Chicago
Date Funded (first funding):	May 15, 2009	State:	Illinois
Date Repaid[1]:	N/A		

[1]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).

☒	Increase lending or reduce lending less than otherwise would have occurred.	We received CPP funds in May 2009, at which time we reported $130.2 million in outstanding loans on our CPP Lending report to the US Treasury. At 12/31/09, our outstanding loans totaled $148.2 million, an increase of $17.8 million (20.5% annualized growth), made possible by CPP capital.
☒	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 CPP capital was used to fund residential mortgage loans, commercial and commercial real estate loans and loans to small businesses.
☒	Increase securities purchased (ABS, MBS, etc.).	The Bank's securities portfolio totaled $50.8 million on our 03/31/09 Call report prior to the receipt of CPP funds in May. At 12/31/09, the Call report reflects investments of $54.4 million. CPP funds afforded the $3.6 million in additional growth and liquidity, used mainly to purchase MBS securities.

☐	Make other investments	
☒	Increase reserves for non-performing assets	While the receipt of CPP funds did not influence the timing or extent of any increases to our reserves on non-performing assets, the availability of the CPP funds provided us with a greater capital cushion with which we could sustain these loan loss reserves.
☒	Reduce borrowings	Upon receipt of the CPP funds in May 2009, we paid off $2.8 million of our holding company's outstanding line of credit. As our loan portfolio grew during 2009, we were able to leverage the CPP capital and by yearend, we returned to borrow another $3 million to continue to fund new loans.
☒	Increase charge-offs	While the receipt of CPP funds did not influence the timing or extent of any charge-offs, the availability of the CPP funds provided us with a greater capital cushion with which we could sustain these losses.
☐	Purchase another financial institution or purchase assets from another financial institution	
☒	Held as non-leveraged increase to total capital	Since the receipt of CPP funds in May 2009, the assets of the Bank have grown by $21.7 million from $197.7 million in May to $219.4 million in December 2009. We believe the CPP funds can be further leveraged to support another $21 million in future asset growth.

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

When the Bank applied for CPP funds, it was already a strong and well-capitalized institution as determined by the FDIC. We did not originate sub-prime loans nor did we hold Fannie Mae or Freddie Mac preferred stock or illiquid trust preferred investments that needed to be written down/written-off. At the time of our application, we also did not have significant asset quality issues. Our capital ratios from our 03/31/09 Call Report prior to receiving CPP funds in May 2009 were 12.97%, 11.97%, and 8.87% for Total Capital/Risk-weighted assets (RWA), Tier 1 Capital/RWA, and Tier 1 Capital/Average Assets, respectively. The minimum ratios required by the FDIC to be considered well-capitalized were 10.0%, 6.0%, and 5.0%, respectively. At 12/31/09, our regulatory capital ratios of 15.19%, 14.04%, and 10.07%, respectively, continue to remain above the minimum to be well-capitalized. CPP funds have had the effect of further strengthening our capital position.

Our objective in utilizing CPP funds was to expand lending efforts in our local community by $40 million. 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 storm of the current economic recession, declining real estate collateral values, and high unemployment. CPP funds allowed us to grow our loan portfolio by $17.8 million while also providing $1.7 million for loan losses and withstanding $1.4 million in loan charge-offs during 2009.

CPP 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 would certainly become more inefficient and costly if capital levels were allowed to fall below the minimums to be well-capitalized. Our well-capitalized status also minimized the FDIC insurance assessments in 2009 that we might otherwise have experienced with lower capital levels.

In conclusion, we believe that the American taxpayer's investment in CPP 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 funds?

Although we did not complete an acquisition or make a bid to purchase the assets of a failed institution during 2009, the capital infusion of CPP funds allowed us the opportunity with which to consider such acquisitions.

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

None noted