



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

IBT Bancorp, Inc.

Person to be contacted regarding this report:	Brad L. Durham	RSSD: (For Bank Holding Companies)	3129902
UST Sequence Number:	UST No. 0960	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	2,295,000	FDIC Certificate Number: (For Depository Institutions)	57476
CPP Funds Repaid to Date:	0	City:	Irving
Date Funded (first funding):	Mar 27, 2009	State:	Texas
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.	CPP Allowed the bank to renew lending efforts in targeted areas (consumer, commercial and industrial, SBA and owner-occupied commercial real estate) while systematically reducing balances in the single family construction area.
<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 largest area for increased lending in 2009 and through the first quarter of 2010 have come in the small business (SBA) area, as well as modest increases in owner-occupied commercial real estate loans.
<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	CPP funds allowed the bank to make significant increases (approximately 35%) in reserves for non-performing assets in 2009, and to remain well capitalized throughout the resolution of those assets.
<input checked="" type="checkbox"/>	Reduce borrowings	The increased liquidity provided through CPP funds did allow the bank to replace higher-cost brokered deposit accounts, thus increasing earnings, and reducing the banks reliance on non-core funding sources.
<input checked="" type="checkbox"/>	Increase charge-offs	The funds allowed IBT to dispose of problem assets in a timely fashion, which in turn assisted the bank in returning to positive earnings more rapidly.
<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 bank's leverage ratio was improved from 7.90% to 10.55% through the CPP funds, and total Risk Based Capital was improved from 10.84% to 14.58%, thus allowing for further growth and increased lending to the communities that we serve.

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

Increased capital provided by the CPP funds allowed the bank to avoid the distressed sale of foreclosed real estate to predatory buyers, thus incurring significant loss. It also provided the bank the ability to extend renewal repayment terms to customers with matured loans, instead of calling for the full repayment to preserve or increase bank capital ratios.

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

Strengthened by the inclusion of the CPP funds, the holding company was able to successfully complete an additional stock offering in 2009 to service cash flow requirements of the CPP without the need for dividends to be paid by the bank.

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.