



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

ICB FINANCIAL / INLAND COMMUNITY BANK, N.A.

Person to be contacted regarding this report:	THOMAS GRIEL, SVP AND CFO	RSSD: (For Bank Holding Companies)	3360273
CPP Funds Received:	\$6,000,000	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Repaid to Date:		FDIC Certificate Number: (For Depository Institutions)	32916
Date Funded (first funding):	3/6/2009	City:	ONTARIO
Date Repaid ¹ :		State:	California

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.	Although our total lending remained constant from year to year, the CPP Capital allowed our Bank to keep our lending doors open to prospective customers and increase our lending activity in the area of mortgage warehouse financing which outstandings fluxuated throughout the year.
-------------------------------------	---	--

<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.).	Short term residential mortgage participation financing increased during the year from \$9.5 million at the end of 2008 to \$17.3 million at the end of 2009.
<input checked="" type="checkbox"/> Increase securities purchased (ABS, MBS, etc.).	The Bank has increase its securities portfolio by more than \$14 million with purchases of FHLB, FHLMC and US Treasury securities since the CPP funds were received. Without the liquidity provided by the CPP funds we would not have been able to improve our liquidity in this fashion.
<input type="checkbox"/> Make other investments	
<input checked="" type="checkbox"/> Increase reserves for non-performing assets	The Bank has increased its Reserve for Loan and Lease Losses by over \$1.4 million or a 50% increase year-over-year with the help of the CPP funds.

☒	Reduce borrowings	The Bank has reduced its borrowing position from \$9 million at the beginning of 2009 to \$0 at the end of the year with the help of the liquidity provided by the Treasury funding.
☒	Increase charge-offs	ICB Financial and its subsidiary were able to provide for losses and OREO impairments that amounted to \$7.8 million during 2009. Without the additional capital provided by the CPP funding the Bank would have have been subject to much more severe regulatory scrutiny.
☒	Purchase another financial institution or purchase assets from another financial institution	The Bank has participated extensively in the FDIC failed bank acquisition process. If successful an acquisition would have allowed ICB to expand our lending into new service areas. Capital and liquidity levels would have not been adequate for such consideration without the CPP capital.
☒	Held as non-leveraged increase to total capital	ICB Financial has maintained a portion of the funding provided by CPP in the Company as insurance for potential unforeseen problems created by the deterioration in the economy.

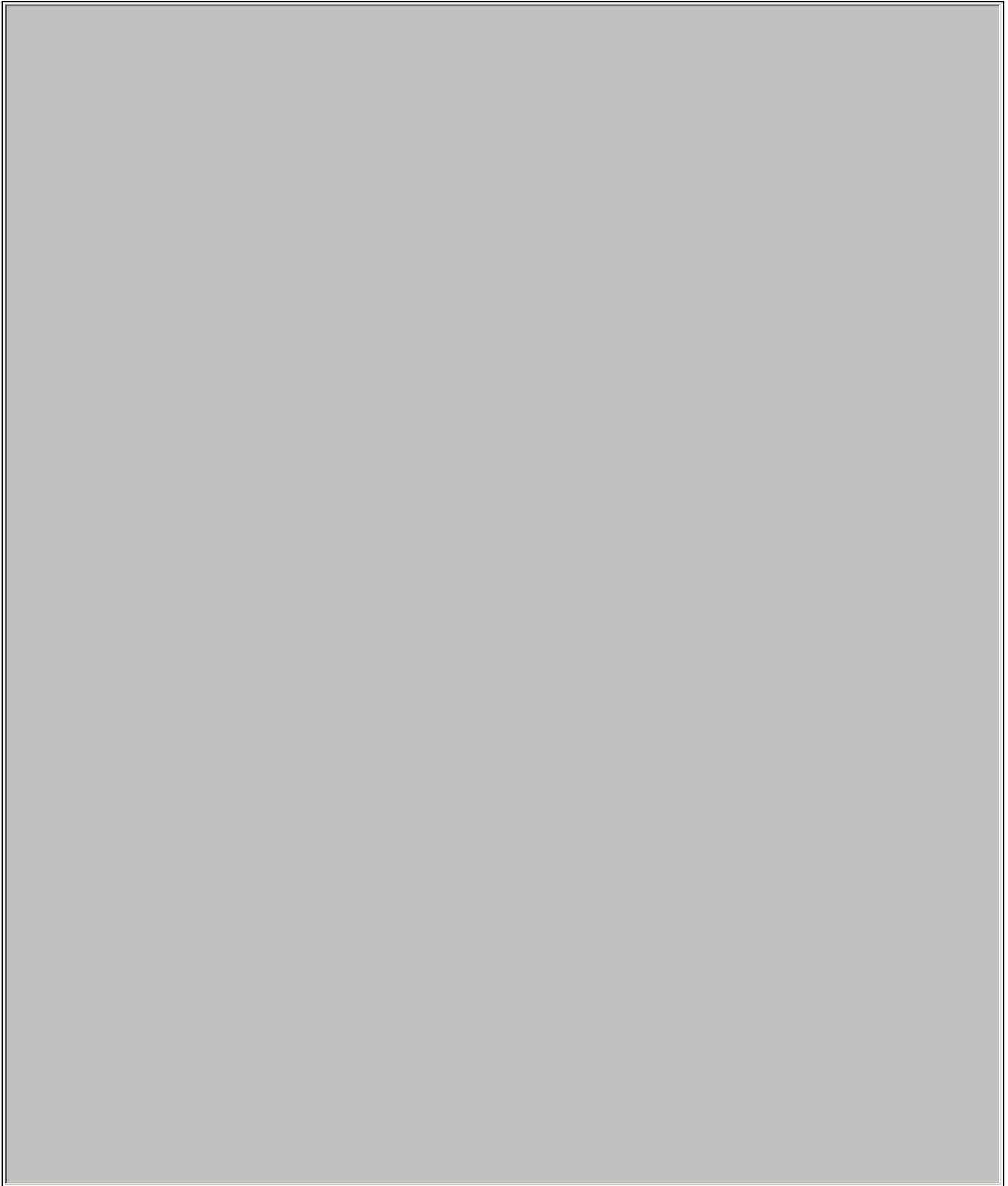
What actions were you able to avoid because of the capital infusion of CPP funds?

Regulatory limitations made it necessary to reduce the amount of outstanding debt to several long standing customers of our Bank. These are customers who are extremely credit worthy and would have been qualified for additional funding from the Bank except for lending limit constraints. With the CPP funding which we maintained at the Holding Company level, we were able to accommodate the additional credit needs of these customers.

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

The CPP funding allowed the Bank to keep the lending doors open for new credit worthy customers. Because of the additional liquidity provided by CPP we were able to continue lending without the need to borrow funds from other sources such as the FHLB. In fact we were able to reduce borrowings which we had been receiving the funds.

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.