

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Indiana Community Bancorp

Point of Contact:	Mark Gorski	RSSD: (For Bank Holding Companies)	3059504
UST Sequence Number:	119	Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	21,500,000	FDIC Certificate Number: (For Depository Institutions)	28285
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	December 12, 2008	City:	Columbus
Date Repaid ¹ :	N/A	State:	Indiana

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) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI 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/CDCI investment was deployed or how many CPP/CDCI 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/CDCI 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/CDCI funds were outstanding).

Increase lending or reduce lending less than otherwise would have occurred.

If TARP proceeds had not been received, lending would likely have decreased more as the overall Company would have likely had to shrink due to pressure on capital levels.

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.).

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Increase securities purchased (ABS, MBS, etc.).

TARP proceeds were generally invested in MBS and municipal securities consistent with prior investment practices to provide a return on the funds received.

Make other investments.

Increase reserves for non-performing assets.

Reserves for non-performing assets were increased since the receipt of TARP funds due to the decline in asset values securing loans combined with the challenges faced by a larger segment of our customer base due to the recession.

Reduce borrowings.

Since receipt of TARP funds, higher cost wholesale funding sources (primarily FHLB advances) have been reduced.

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Increase charge-offs.

Purchase another financial institution or purchase assets from another financial institution.

Held as non-leveraged increase to total capital.

The overall size of the Company has changed little since receipt of TARP funds. We have not chosen to further leverage the Company, but rather the TARP funds have served to increase total capital and enhance our capital ratios.

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

As a result of the receipt of the TARP funds, the Company has been able to absorb net operating losses associated with increases in the provision for loan losses. The elevated level of charge offs along with the increases in classified assets have driven credit related expenses (most notably provision for loan losses and workout related expenses) to levels never seen in the history of our Company. In addition to credit costs, the Company has also incurred additional costs associated with FDIC insurance resulting from the industry's need to fund the large number of failed institutions. Had we not received TARP funds, it is probable that the Company would have been required to take extraordinary steps to enhance its capital position such as either significantly reducing its size through the sale of Company assets and liabilities or attempt to raise additional funds through the capital markets. We believe that both of these options could have negatively impacted shareholder value as well as our ability to deliver products and services to the communities in which we are located.

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

As a result of the receipt of TARP funds, the Company had the ability to focus primarily on solutions that were in the best interests of customers, shareholders and the Company rather than being forced to focus on undesirable alternatives to address the weakening capital position. This has been particularly beneficial in working with commercial and retail customers that have experienced financial crises during the economic downturn. While the Company has experienced historically high levels of loan losses during this timeframe, our approach has been to work with customers to resolve these financial problems to the mutual benefit of both the Company and the customer whenever possible. The additional TARP funds have enhanced the Company capital position and allowed the Company to weather the high level of loan losses.

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

A large, empty rectangular box with a black border, intended for the respondent to provide a detailed description of actions taken with the capital infusion of CPP/CDCI funds.