

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Titonka Bancshares, Inc

Point of Contact:	Allan J. Boyken	RSSD: (For Bank Holding Companies)	1209837
UST Sequence Number:	906	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	2,117,000	FDIC Certificate Number: (For Depository Institutions)	17302
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	April 03, 2009	City:	Titonka
Date Repaid ¹ :	N/A	State:	Iowa

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.

The Titonka Savings Bank increased its lending by \$2,176,000 in 2010. This increase represents 102.79% of the CPP funds received.

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.).

Loans to finance agricultural operations, agricultural equipment purchases and farm land purchases were the primary source of loan growth for the Titonka Savings Bank in 2010.

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

Empty response box for 'Increase securities purchased (ABS, MBS, etc.).'

Make other investments.

Empty response box for 'Make other investments.'

Increase reserves for non-performing assets.

Titonka Savings Bank has increased its reserves for non-performing loans in 2010.

Response box for 'Increase reserves for non-performing assets.' containing the text: Titonka Savings Bank has increased its reserves for non-performing loans in 2010.

Reduce borrowings.

Empty response box for 'Reduce borrowings.'

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Increase charge-offs.

Empty response box for "Increase charge-offs."

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

Empty response box for "Purchase another financial institution or purchase assets from another financial institution."

Held as non-leveraged increase to total capital.

Titonka Bancshares, Inc. has held CPP funds as a non-leveraged increase to total capital in 2010.

Empty response box for "Held as non-leveraged increase to total capital."

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

A large, empty rectangular box with a black border, intended for the respondent to provide their answer to the question above.

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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?

A large, empty rectangular box with a black border, intended for the respondent to provide a detailed answer to the question above. The interior of the box is a light gray color.

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

Titonka Savings Bank is a smaller financial institution and is closely held. It does not have ready access to the capital markets. At the time we decided to participate in the CPP, we did not know how deep the recession would be nor did we know how long it would last. We viewed the CPP as an insurance policy should the economy further deteriorate as we may have no other readily available source of additional bank capital should the need arise. Also, the bank is primarily an agricultural bank and while we have had several very good years in agriculture, the future remains far from certain. Therefore, having the CPP funds available as a source of additional bank capital is just added insurance that the bank will continue to be well capitalized. Our participation in the CPP was done in an abundance of caution given what were at the time very uncertain economic conditions. In 2010, the bank experienced significant deposit growth due to the excellent agricultural economy and the proceeds of a local government bond issue. The availability the CPP funds allowed the bank to remain well capitalized.