

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

CBB Bancorp

Point of Contact:	Richard E. Drews, Jr.	RSSD: (For Bank Holding Companies)	2921211
UST Sequence Number:	764	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	4,397,000	FDIC Certificate Number: (For Depository Institutions)	35236
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	February 26, 2009	City:	Cartersville
Date Repaid ¹ :	N/A	State:	Georgia

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.

Without the CPP, our subsidiary bank's lending capacity would have been considerably curtailed due to the reduction in capital that would have occurred due to the substantial loan charge-offs taken in 2009 and 2010.

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.).

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.

Our ALLL was also increased partially through the availability of the CPP, which permitted the bank to maintain appropriate reserves for loan losses in spite of substantial and historical charge-offs.

Empty response box for 'Increase reserves for non-performing assets.'

Reduce borrowings.

Empty response box for 'Reduce borrowings.'

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Increase charge-offs.

Funds provided by CPP provided additional capital to the subsidiary bank which supported substantial and historical charge-offs due to terrible economic conditions and substantial and rapid reductions in collateral values.

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

Held as non-leveraged increase to total capital.

CPP funds have also been utilized to acquire non-performing assets from the subsidiary bank, thereby improving NPA ratios and allowing an orderly liquidation of said asset(s).

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

Although the CPP investment was utilized in a number of different ways, the ultimate result was it provided additional capital to our subsidiary bank to offset the capital loss created by the historical and unprecedented charge-offs that occurred in 2009, and to a lesser extent, 2010. There was no capital available to a community bank during this time. The capital injection assured that even after the charge-offs, we were still able to maintain well-capitalized status with regulators, which allowed us to continue making loans in our community, even when other banks had been forced to stop.

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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 box is currently blank.

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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 undertaken with the capital infusion of CPP/CDCI funds.