

CDCI ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Kilmichael Bancorp, Inc.

Person to be contacted regarding this report:	Bertram S. Mortimer	RSSD: (For Bank Holding Companies)	3097850
UST Sequence Number:	1295	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	3,154,000	FDIC Certificate Number: (For Depository Institutions)	09775
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	09/03/2010	City:	Kilmichael
Date Repaid ¹ :	N/A	State:	Mississippi

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).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Since our receipt of the CDCI funds in Sept 2010, our loans have increased 12% and our deposits have increased 21%. Without the additional capital provided by the CDCI funds, we would not have been comfortable with that growth.
<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.).	Of our total growth in loans, approx 44% of the growth has been Commercial and Industrial, 24% Consumer, 20% Residential Mortgage, 8% R/E non-mortgage, and 4% Agriculture.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	In Oct 2010, we purchased a branch bldg from another financial institution that had closed it. This branch is located in an underbanked rural area of MS (Webster County). Since we re-opened the branch in Oct 2010, it has grown to \$11.5 million in deposits and \$4.3 million in loans.
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

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

We were able to avoid a slow-down of lending in our market area.

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

Our bank was able to continue to grow and make loans because of the CDCI funds. Since our acceptance of the CDCI funds in Sept 2010, our loans have grown 12% and our deposits have grown 21%. Without the CDCI funds, we would have limited our growth and lending activity.

Without the CDCI funds, we would not have purchased and re-opened a branch that had been closed by a large regional bank competitor. This branch is located in a rural area of MS that qualifies as an investment area under our CDFI initiative.

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