



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Birmingham Bloomfield Bancshares, Inc. (Bank of Birmingham)

Person to be contacted regarding this report:	Deb Thompson
UST Sequence Number:	450
CPP Funds Received:	3,379,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	4/24/2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	3438145
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	58101
City:	Birmingham
State:	Michigan

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.	Bank of Birmingham has used TARP funds to expand its commercial lending efforts in Michigan. Since receipt of the TARP money the Bank has made \$37 million in new loan commitments while remaining well capitalized. Loans outstanding have grown from \$59 million to \$82.9 million (41%)
<input 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.).	
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input checked="" type="checkbox"/>	Make other investments	The increased capital level made it possible for the Bank to divest itself of an unprofitable branch location and reduce overall expenses which will aid in future profitability and capital levels of the organization.
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<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 funds?

We were able to avoid lending limitations.

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

Continue to lend to smaller commercial businesses in our primary operating area.

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

Bank of Birmingham has received approval from the U.S. Small Business Administration to participate in the SBA guaranteed loan pro