



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

FIRST AMERICAN BANK CORPORATION

Person to be contacted regarding this report:	DONALD A. ROUBITCHEK	RSSD: (For Bank Holding Companies)	0001199974
UST Sequence Number:	1302	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	50,000,000	FDIC Certificate Number: (For Depository Institutions)	03657
CPP Funds Repaid to Date:	0	City:	ELK GROVE VILLAGE
Date Funded (first funding):	Jul 24, 2009	State:	Illinois
Date Repaid ¹ :	N/A		

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.	One of the main reasons for accepting TARP funds was to increase our Total Risk Based Capital Ratio ("TRBCR") at both FABC and First American Bank ("FAB"), to exceed 12%. This negated a need to shrink the bank and curtail our lending programs.
<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.).	In today's commercial lending market, there are few borrowers who are both creditworthy and seeking funding. Exceptions are in tax-exempt educational lending and 1st mortgages for single family loans.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Upon acceptance of TARP funds in July, 2009, FAB continued its program of purchasing MBS. From August, 2009 through the end of the year, FAB purchased in excess of \$200mm of MBS.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	FAB endeavors, with or without TARP, to keep its reserves at appropriate levels. Loans are classified as non-performing as warranted. Having TARP funds serves as a safety net to keep capital at appropriate levels if earnings are ever not sufficient to cover problem loans.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Charge-off decisions are made independently of whether or not capital levels are sufficient.
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	Since receiving TARP, FAB has actively pursued the purchase of failed banks from the FDIC. Having TARP funds in place and in reserve has helped FAB qualify for such purposes. In January, 2010, FAB purchased a \$77 million bank in a failed bank transaction.
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Of the \$50 million of TARP funds that FABC received, \$25 million was downstreamed to the bank in the form of Tier 1 Capital. The remainder resides at FABC to be used to pay TARP and Trust Preferred interest costs and to be held in reserve for any future need to provide capital to FABC.

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

In general, having TARP has allowed FABC and FAB to avoid taking defensive measures such as shrinking the bank and curtailing lending activities. The Total Risk Based Capital Ratio before TARP was in the 11% range. While this ratio safely exceeded Well Capitalized standards, it was below targets set by the FDIC. Without TARP, FAB's CAMELS ratings might have been negatively affected. Lower CAMELS may have hurt FAB's ability to conduct business as usual.

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

(Combined with the following question)

As noted in the previous question, having TARP has allowed FABC and FAB to avoid any sanctions that may have been placed without TARP. FAB has been able to continue its lending and investment programs, attract funds at reasonable costs, and bid for failed banks. Within the lending programs are our initiatives to work with our mortgage loans borrowers to help structure affordable payment plans.

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

See above.

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.