



**ANNUAL USE OF CAPITAL SURVEY - 2009**

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Manhattan Bancshares, Inc. - First Bank of Manhattan

Person to be contacted regarding this report:	John E. Kramer, President	RSSD: (For Bank Holding Companies)	1206603
CPP Funds Received:	\$2,639,000	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Repaid to Date:	\$0	FDIC Certificate Number: (For Depository Institutions)	3702
Date Funded (first funding):	6/19/2009	City:	Manhattan
Date Repaid <sup>1</sup> :		State:	Illinois

<sup>1</sup>If 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.*

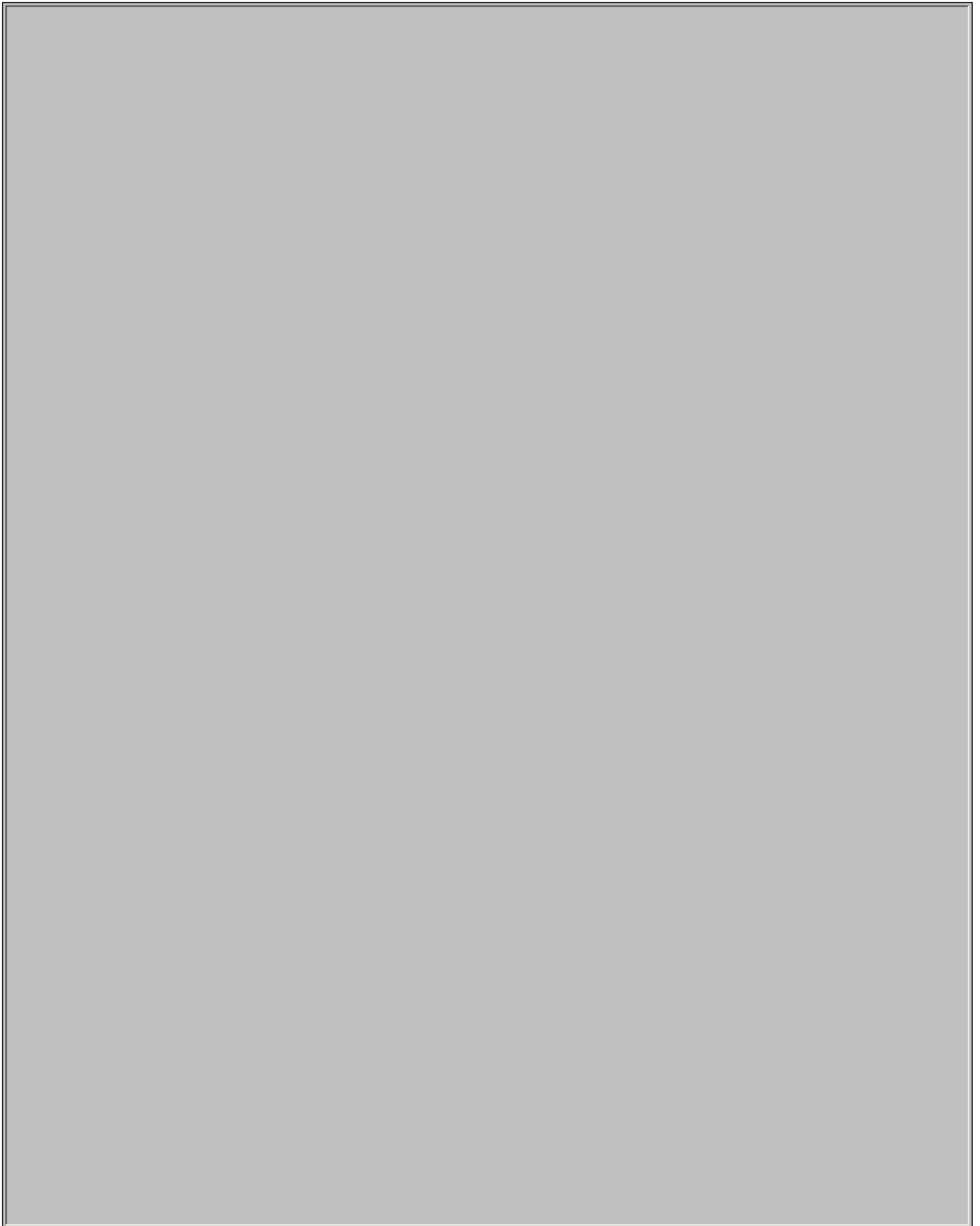
What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	Total loans outstanding declined during the period. In an effort to stabilize asset quality the bank worked to reduce exposure to commercial real estate. As outlined below significant lending activity continued throughout the period.
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<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 checked="" type="checkbox"/> Increase securities purchased (ABS, MBS, etc.).	Securities issued by government sponsored agencies increased by \$8,675,000 during the period.
<input type="checkbox"/> Make other investments	
<input checked="" type="checkbox"/> Increase reserves for non-performing assets	As local and national economic activity continued to decline the bank added reserves in recognition of declining asset quality

<input type="checkbox"/> Reduce borrowings	
<input checked="" type="checkbox"/> Increase charge-offs	Charge – offs increased as economic conditions continued to decline
<input type="checkbox"/> Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/> Held as non-leveraged increase to total capital	Increasing total capital through CPP strengthened our already solid capital ratios. The additional capital provides a cushion against further stress in the bank's commercial real estate portfolio.

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

A large, empty rectangular box with a thin black border, intended for a response to the question above. The box is currently blank, suggesting that the user has not yet provided an answer.

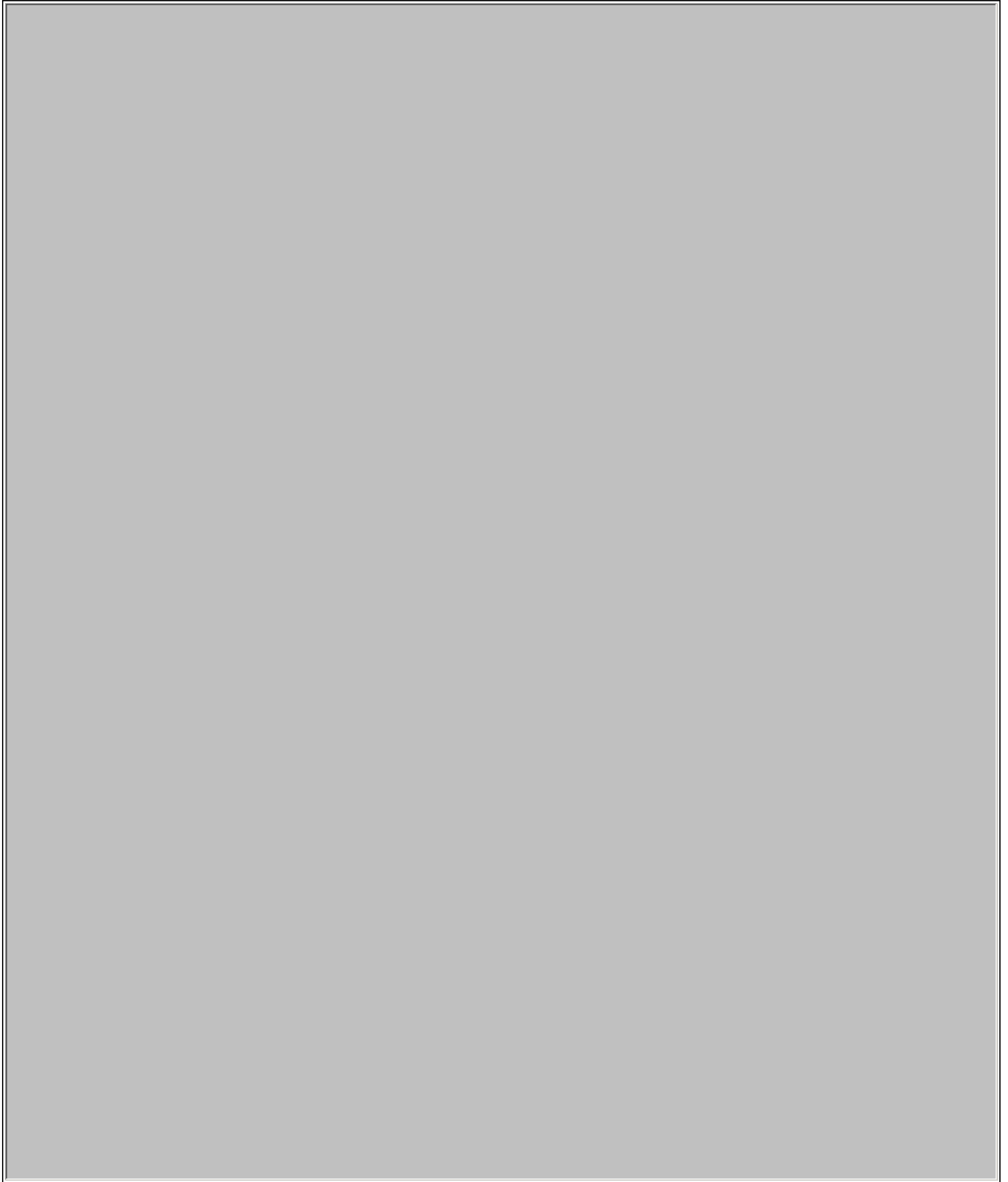
What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Although total loans outstanding declined during the period in question lending activity remained brisk. Activity during the period includes:

- 1) Origination of \$2,876,000 in loans for the purchase of single family residences
- 2) Origination of \$7,266,000 in loans to refinance single family residences
- 3) Origination of \$636,000 in loans to allow a not for profit organization to purchase properties to be used as group homes for developmentally disabled adults
- 4) Origination of \$650,000 in loans to facilitate the purchase of farm land
- 5) Origination of \$1,467,000 in loans to local municipal governments for the purchase of fire fighting equipment, highway maintenance equipment and to refinance land acquisition debt

CPP funds also allowed us to keep a group of consumer mortgages in portfolio when the nationwide mortgage company that had agreed to purchase the loans collapsed. We were able to honor the original rates and terms as well as meet all of the closing dates.

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