

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Birmingham Bloomfield Bancshares, Inc

Point of Contact:	Thomas H. Dorr	RSSD: (For Bank Holding Companies)	3438145
UST Sequence Number:	450	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	3,379,000	FDIC Certificate Number: (For Depository Institutions)	58101
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	March 31, 2009	City:	Birmingham
Date Repaid ¹ :	N/A	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) 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.

The capital investment from the CPP program allowed Birmingham Bloomfield Bancshares, Inc. to provide the necessary capital to our subsidiary, Bank of Birmingham to facilitate an increase in lending activity.

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.).

The additional capital supported an increase in commercial credits, specifically, commercial real estate and C&I loans. The total commercial portfolio at the Bank of Birmingham increased approximately \$16.7 million in 2010.

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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.

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.

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

Held as non-leveraged increase to total capital.

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

The capital investment from the CPP program allowed Birmingham Bloomfield Bancshares, Inc. to avoid making difficult decisions about the direction of the organization. Given the limited amount of capital alternatives available to small community banks, Birmingham Bloomfield Bancshares, Inc. and our subsidiary would have been forced to potentially eliminate personnel, cut operating costs and reduce lending to maintain capital at required levels.

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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?

As a result of the investment from the CPP program, Birmingham Bloomfield Bancshares, Inc. was able to leverage the additional capital to increase lending activity in our core market. The subsidiary, Bank of Birmingham increased total loans \$20.7 million or \$26% in 2010. Without the investment, Birmingham Bloomfield Bancshares, Inc. and our subsidiary would have been restricted in our ability to pursue lending opportunities to support our local communities. Currently, access to capital markets for small community banks is very limited and it would have been difficult for our institution to generate sufficient interest from investors to raise the level of capital received from the CPP program.

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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 taken with the capital infusion of CPP/CDCI funds.