

**CPP ANNUAL USE OF CAPITAL SURVEY - 2010**



NAME OF INSTITUTION  
(Include Holding Company Where Applicable)

Community 1st Bank

Point of Contact:	James Kim	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	134	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	2,550,000	FDIC Certificate Number: (For Depository Institutions)	58191
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 16, 2009	City:	Auburn
Date Repaid <sup>1</sup> :	N/A	State:	California

<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) 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.**

We were able to continue offering the full suite of loan products to our customer base because of the capital infusion through CPP.

**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.).**

We have opened a mortgage loan department to meet the needs of the communities we serve. The Bank also has seriously focused its attention on small business lending, closing numerous conventional and SBA 7A loans.

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**Increase securities purchased (ABS, MBS, etc.).**

We have purchased MBS's from GNMA and FNMA increasing our portfolio by 113%, or over \$40 million, since receiving CPP funds.

**Make other investments.**

**Increase reserves for non-performing assets.**

The capital infusion provided the capacity to increase reserves to address the credit risk in our portfolio.

**Reduce borrowings.**

We were never heavily borrowed but the liquidity from the CPP capital infusion did reduce borrowings by the amount of the infusion.

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**Increase charge-offs.**

With the increased capital reserves from the CPP capital, we have aggressively charged-off whole and partial credits to reduce the risk in the overall portfolio.

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

**Held as non-leveraged increase to total capital.**

Growth of the Bank by leveraging capital has been restrained due to the increasing demand by regulators to maintain higher capital cushions.

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

We were able to avoid any contraction strategies, which the Bank may have had to pursue without CPP capital infusion. We were able to manage the balance sheet with the support the CPP funding provided without limiting any services to the communities we serve, including loans.

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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?**

We were able to hire several displaced business development officers from another institution to continue the bank's growth while offering employment to highly capable personnel who were displaced by their previous employer.

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

With the support of the CPP capital, we were able to continue serving the community with a full suite of banking products. The Bank continued all lending activity without interruption.