



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Citizens First Bank (Citizens First Corporation)

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CPP Funds Received:	\$8,779,000	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Repaid to Date:	\$0	FDIC Certificate Number: (For Depository Institutions)	35022
Date Funded (first funding):	12/19/2008	City:	Bowling Green
Date Repaid ¹ :		State:	Kentucky

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.	The Bank's loan portfolio declined \$7.8 million from 12/31/08 to 12/31/09, which reduced lending less than otherwise would have occurred. CPP capital allowed the bank to promote lending instead of curtail lending programs.
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<input type="checkbox"/>	<p>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.).</p>	
<input type="checkbox"/>	<p>Increase securities purchased (ABS, MBS, etc.).</p>	
<input type="checkbox"/>	<p>Make other investments</p>	
<input checked="" type="checkbox"/>	<p>Increase reserves for non-performing assets</p>	<p>Provision to the Allowance for Loan and Lease Losses was \$4.7 million in 2009 (representing 1.79% of average loans) as opposed to \$1.9 million in 2008 (representing 0.70% of average loans). At 12/31/09, the Allowance had a balance of \$3.988 million, which represented 1.51% of total loans.</p>

<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	The Bank had net charge-offs of \$4.6 million in 2009 (vs. \$1.3 million in 2008), primarily attributed to one customer related to the automotive industry. Losses to this one customer totaled \$3.23 million for the year as assets were liquidated.
<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	The Bank experienced net losses in 2008 and 2009, but CPP funds have allowed the Bank to maintain a strong capital ratio.

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

The Bank had net losses in 2008 and 2009 but was able to remain "well capitalized" under the regulatory framework for prompt corrective action. Even after experiencing said losses, the Bank was able to keep a stable loan portfolio, which declined by only \$7.8 million from 12/31/08 to 12/31/09.

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

The Bank was able to absorb \$3.23 million in losses attributed to a customer in the automotive-related industry and still remain well-capitalized.

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



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