

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

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Century Financial Services Corporation

Person to be contacted regarding this report:	Milo L. McGonagle	RSSD: (For Bank Holding Companies)	3632756
UST Sequence Number:	1238	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	10,000,000	FDIC Certificate Number: (For Depository Institutions)	28362
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	06/19/2009	City:	Santa Fe
Date Repaid <sup>1</sup> :	N/A	State:	New Mexico

<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).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Portfolio loan production was down year over year due to economic slowdown in the local economy and a construction and real estate recession. The overall portfolio declined in 2010 approximately \$17 million due to the above factors.
<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.).	The bank participated in various U.S. Small Business Administration programs and was named the 2011 New Mexico SBA Community/Rural Lender of the Year and 2011 New Mexico SBA Loan Volume Leader by the SBA for its FY 2010 production.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Liquidity (MBS and Municipals) was increased to ensure adequate contingency funding and as short term investments until funds can be redeployed into loans.

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	The provision for loan losses was \$3.3 million with net charge offs of \$2.5 million which increased the Allowance for Loan Losses to \$5.2 million. The reserve was increased in 2010 through charges to current earnings. CPP Funds were not used to increase reserves in 2010.
<input checked="" type="checkbox"/>	Reduce borrowings	Borrowings were decreased \$15 million year over year.
<input type="checkbox"/>	Increase charge-offs	Charge offs continued through 2010 but were down slightly from 2009.
<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	Significant amounts of funds were held in short duration mortgage securities for future deployment. Total risk based capital ratios increased to 16.71% at year end.

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

Stronger Bank capital ratios have allowed for the Bank to offer lending to qualified applicants and no discontinuance of any loan type (i.e. construction, land or commercial real estate) to qualified borrowers.

There were no asset class restrictions put into place because the Bank met the "bright-line" tests concerning commercial real estate.

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

Lending would have been curtailed to ensure capital ratios were maintained.

In addition, certain loan asset class lending (i.e. commercial real estate) would have been curtailed.

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

The Bank's capital ratios were market leading and resulted in less consumer anxiety concerning the local banking market's safety.

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.