



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

AmFirst Financial Services, Inc.

Person to be contacted regarding this report:	Mark C. Korell
UST Sequence Number:	1320
CPP Funds Received:	5,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Aug 21, 2009
Date Repaid <sup>1</sup> :	N/A

RSSD: (For Bank Holding Companies)	1059676
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	5417
City:	McCook
State:	Nebraska

<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.	Prior to funding the the CPP, AmFirst Bank had adjusted its lending in order to preserve capital and focus on reducing problem loans. Since funding, the Bank has been actively pursuing new loan growth in local markets we serve in Nebraska and Colorado.
<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.).	Our institution's focus has been on originating a diverse mix of loans with a primary focus on small business loans, consumer loans and agriculture loans.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	The Bank is currently increasing its securities portfolio with additional purchases of US Treasury securities, mortgage backed securities issued by the Federal Home Loan Bank and municipal bonds issued by local municipalities.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	At June 30, 2009 prior to funding, the Banks reserve for loan losses was at 1.39% of total loans. Since funding, the Bank has significantly increased its reserves and had a reserve for loan losses equal to 1.74% of total loans at December 31, 2009.
<input checked="" type="checkbox"/>	Reduce borrowings	AmFirst Financial Services, Inc. has used a portion of the proceeds to pay down the principal balance of a loan for which the proceeds were originally used to provide capital to grow AmFirst Bank.
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

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

AmFirst Financial Services, Inc. was funded on August 21, 2009. Beginning in the second quarter of 2009, AmFirst Financial Services, Inc. and its banking subsidiary, AmFirst Bank (collectively "AmFirst"), like many of the bank in the U.S. began to adjust its lending in order to strengthen its capital ratios and build reserves for loan losses. The capital infusion of funds allowed AmFirst to begin actively pursuing loan growth again in the communities we serve in Nebraska and Colorado.

Upon receiving the CPP funds, AmFirst management immediately revised its business plan in order to increase lending and leverage this additional capital. We believed that the most beneficial use of this new capital was to leverage it to make additional loans. These additional loans would both increase the profitability of AmFirst and help to stimulate the economies of the communities we serve. Our revised business plan called for the pursuit of new lending to our targeted niche markets including agricultural loans, loans to small businesses, entrepreneurs, and professionals. Our business plan called for net loan growth of \$7.6 million from the CPP funding date to the end of 2009. This translates to an annual net growth rate in loans of approximately 11%. Furthermore, the business plan called for net loan growth in 2010 of \$13.5 million or an annual growth rate of 8.5%. In order to achieve these growth goals, AmFirst commenced a number of marketing activities to reach out to potential borrowers. These marketing activities included direct mailings, advertising, and aggressive networking with customers and other referral sources. AmFirst has also been actively pursuing SBA loan opportunities to help small businesses benefit from the temporary enhancements to the SBA's 7A loan program.

Although AmFirst has been actively pursuing new loan opportunities, our outstanding loan balances have declined. This decline is due in large part to the challenging economy, as many small businesses in our markets have been decreasing leverage. As a result, there have been fewer opportunities to make new loans than there would be in a robust economy. Additionally, the amount of loans paying down and paying off have exceeded the new loan volume we have been able to add. Even with these challenges, we have added a number of new relationships to our loan portfolio. Subsequent to the receiving the CPP funds, AmFirst made new loan commitments to existing customers and new customers which included agricultural and commercial commitments totaling \$18.0 million and consumer commitments totaling \$2.0 million. As we fell short of net growth goals in 2009, we revised our goals and expectations for 2010. Our 2010 budget provides for net loan growth of \$26.5 million which equates to a growth rate of 13%.

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

In addition to increasing lending as described above, AmFirst also made plans to further leverage the capital infusion of CPP funds by purchasing additional investments securities. The Bank's securities portfolio consists of US Treasury securities, mortgage-backed securities and municipal securities. Although these securities purchases were not completed before the end of 2009, our plan was to increase our securities portfolio by \$5 million or approximately 30% primarily with additional purchases of mortgage backed securities and municipal bonds issued by local municipalities. These securities purchases have been ongoing in the first quarter of 2010.

AmFirst also increased its reserves for possible loans losses from 1.39% of total loans at June 30, 2009 prior to the capital infusion of CPP funds to 1.74% at December 31, 2009. The increased reserves have strengthened our balance sheet and also allowed AmFirst to be aggressive in resolving problem loans. Effective resolution of problem loans has allowed AmFirst to focus on positive steps such as making new loans that benefit our local communities.

AmFirst also used a portion of the CPP capital to pay down other borrowings. These existing borrowings were primarily used to provide additional capital to our banking subsidiary to allow us to grow our loan portfolio. These payments and the resulting reduction of borrowings have strengthened AmFirst and will allow us to continue to focus on lending and investing.

At AmFirst, we have strived to align our business objectives where appropriate with the objectives of the CPP program. Our plan has been and will continue to be to leverage much of this additional capital to make loans that will benefit our communities and purchase securities which should benefit the broader economy. We had some success with these objectives in the last months of 2009 and fully intend to continue our efforts on into 2010 and beyond.

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.