

PUBLIC DISCLOSURE

January 22, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community First Bank
11348**

**714 1st Street
Keosauqua, Iowa 52565**

**Federal Deposit Insurance Corporation
2345 Grand Boulevard, Suite 1200
Kansas City, Missouri 64108**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The following information relating to the bank's performance illustrates Community First Bank's satisfactory record of meeting the credit needs of the community.

- The bank's average net-loan-to-deposit ratio of 87 percent is reasonable when compared to other similarly situated institutions demonstrating the bank's willingness to extend credit.
- The bank extended a majority of loans sampled to small farm borrowers, small businesses, and individuals located in the bank's assessment area. The bank originated a total of 86 percent by number and 62 percent by dollar volume of small farm loans within the bank's assessment area; 89 percent by number and 93 percent by dollar volume of small business loans within the bank's assessment area; and 94 percent by number and 98 percent by dollar volume of residential real estate loans within the bank's assessment area. Overall, these results demonstrate the bank's reasonable commitment to lending within the local community.
- The distribution of borrowers reflects a more than reasonable level of lending to small farm borrowers with annual gross revenues of less than \$1,000,000. Specifically, 97 percent of the bank's sampled loans by number were extended to small farm operations with annual gross revenues of less than \$1,000,000. Overall, the bank is considered to have a more than reasonable commitment to meeting the needs of small farm borrowers of all revenue classes.
- The distribution of borrowers reflects a more than reasonable level of lending to small business borrowers with annual gross revenues of less than \$1,000,000. Specifically, 95 percent of the bank's sampled loans by number were extended to small business operations with annual gross revenues of less than \$1,000,000. Overall, the bank is considered to have a more than reasonable commitment to meeting the needs of small business borrowers of all revenue classes.
- While the bank demonstrated a reasonable commitment to meeting the needs of borrowers of all income levels, the bank had a reasonable percentage of lending to low-income residential real estate borrowers, given the demographics of the assessment area. Specifically, the bank extended 18 percent of residential real estate loans by number to low-income borrowers. Lending to moderate-income residential real estate borrowers was reasonable; the bank extended 15 percent of residential real estate loans to moderate-income borrowers. U.S. Census Bureau data for 2000 indicates that the percentages of families in the bank's assessment area which are low- and moderate-

income are 21 percent and 24 percent, respectively. Overall, the bank is considered to have a reasonable commitment to meeting the needs of borrowers of all income levels.

- The geographic distribution of loans reflects a reasonable dispersion among the bank's assessment area census tracts with respect to small farm, small business, and residential real estate lending. This indicates the bank's willingness to extend loans throughout its assessment area.
- The bank has not received any CRA-related complaints since the bank's May 15, 2003 CRA evaluation.
- No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community needs was identified.

SCOPE OF THE EXAMINATION

The scope of this evaluation covers the period from May 15, 2003, to January 22, 2008. Loan sampling was conducted to arrive at conclusions in relation to the bank's lending performance. Using a statistical formula, regulatory personnel selected loan samples from the bank's agricultural, commercial, and residential real estate lending portfolios. Examiners determined that 846 small farm loans with current balances of \$15,001,488; 589 small business loans with current balances totaling \$9,706,860; and 115 residential real estate loans with current balances of \$5,146,065 were extended over the previous 12 months. Original balances were not available for this evaluation. Accordingly, regulatory personnel sampled 43 small farm loans totaling \$904,279; 44 small business loans totaling \$713,551; and 35 residential real estate loans totaling \$1,827,740 for CRA evaluation purposes. Management stated that the bank does not have a particular business focus among these groups, and the bank's September 30, 2007, Report of Condition loan portfolio distribution verifies this assertion. The bank's performance was also evaluated, in part, by a comparison to other similarly situated institutions and in relation to other objective performance context factors detailed later in this evaluation.

DESCRIPTION OF INSTITUTION

Community First Bank's main office is located in Keosauqua, Iowa, and the bank has a full-service branch office in Bloomfield, IA. Community First Bank is wholly owned by Van Buren Bancorporation, a one-bank holding company. Community First Bank offers various products and services including agricultural, commercial, consumer, and residential real estate credits. The bank owns and operates five automated teller machines; one at each of the bank's locations in Keosauqua and Bloomfield (both deposit-taking and cash dispensing terminals), and three cash-only terminals located at convenience stores in Keosauqua, Birmingham, and Pulaski, Iowa. The bank also has limited-service branches in Birmingham and Cantril, Iowa. According to management, the institution is focused on servicing the commercial, agricultural, and residential real estate needs of the assessment area. The bank's rating at the May 2003 CRA evaluation was

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“Satisfactory.” As of September 30, 2007, total assets of the institution totaled \$114,440,000, and total deposits aggregated \$91,962,000. Since September 30, 2003, the bank’s total loans have grown 12 percent from \$75,136,000 to \$84,110,000. Agricultural lending remains the bank’s largest loan category by dollar volume and remains at 48 percent of the total loan portfolio. Commercial lending experienced the largest increase during this same time period; going from \$11,153,000 in 2003 to \$18,247,000, representing a 64 percent increase in dollar volume and increasing from 15 to 22 percent of the total loan portfolio. All other loan categories remained steady with no significant fluctuations since September 30, 2003. The bank’s total deposits increased by eight percent during this period; increasing from \$85,233,000 to \$91,962,000. Total assets increased by ten percent in the same time period. Current detailed loan information appears in Table 1. Examining personnel did not detect any legal impediments or other factors that might inhibit the bank’s ability to meet the credit needs of its assessment area.

Table 1 – Loan Portfolio Distribution as of September 30, 2007		
Loan Category	Dollar Amount (000s)	Percent of Total Loans
Construction, Land Development, and Other Land	156	0
Secured by Farmland	19,005	23
Secured by 1-4 Family Residential Properties	19,027	23
Secured by Multi-Family (5 or more) Residential Properties	123	0
Secured by Non-farm Non-residential Properties	3,819	5
Total Real Estate Loans	42,130	51
Agricultural Production and Other Loans to Farmers	21,375	25
Commercial and Industrial	14,272	17
Consumer	5,169	6
Obligations of States and Political Subdivisions in the U.S.	1,137	1
Other	27	0
Lease Financing Receivables (net of unearned income)	0	0
Gross Loans	84,110	100
Less: Unearned Income	0	0
Total Loans and Leases	84,110	100

Source: Report of Condition

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As indicated in Table 1, residential real estate (comprised of *1-4 Family Residential Properties* and *Multi-Family (5 or more) Residential Properties*) accounts for 23 percent of the bank's portfolio. Commercial lending (comprised of *Construction, Land Development, and Other Land; Non-farm Non-residential Properties*; and *Commercial and Industrial*) accounts for 22 percent of the bank's portfolio. Agricultural lending (comprised of *Secured by Farmland* and *Agricultural Production and Other Loans to Farmers*), accounts for 48 percent of the bank's portfolio. Examiners reviewed the bank's lending relative to residential real estate, small business, and small farm loan products as these products make up a significant portion of the bank's lending portfolio. Equal weight was given to each loan product reviewed for this CRA evaluation.

DESCRIPTION OF COMMUNITY FIRST BANK'S ASSESSMENT AREA

The Community Reinvestment Act (CRA) of 1977 (12 U.S.C. 2901) requires financial institutions to identify one or more assessment areas within which its regulating agency will evaluate the bank's performance. An institution delineates its assessment area to include the geographies in which the bank has its main office, branches, and other deposit taking remote service facilities, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans. Assessment areas must consist of one or more census tracts (CTs), which are subdivisions of a county designated by the United States Bureau of the Census.

Each geography (CT) is designated as low-, moderate-, middle-, or upper-income by comparing the 2000 U.S. Census Bureau median family income (MFI) of the geography to the appropriate MFI for the area. The applicable figures used to determine the income categories for the geographies that comprise the assessment area is the 2000 U.S. Census Bureau MFI of \$43,887 for the non-metropolitan area of the State of Iowa. Table 2 illustrates the various income category definitions used in this evaluation.

Table 2 – Designation of Geography Income Categories	
Income Category	Definition
Low Income	Income of less than 50 percent of the area MFI
Moderate Income	Income of at least 50 percent and less than 80 percent of the area MFI
Middle Income	Income of at least 80 percent and less than 120 percent of the area MFI
Upper Income	Income of 120 percent or more of the area MFI

Demographic and Economic Data

To better understand the credit needs and current demographic information of local neighborhoods, cities, or counties, general demographic and economic data is gathered and confidential community contacts are conducted by all financial institution regulatory agencies.

Community First Bank's assessment area comprises all of Van Buren County, (census tracts 9501 and 9502) and all of Davis County (census tracts 9801 and 9802), Iowa. Both referenced census tracts in Van Buren County have been designated as underserved non-metropolitan middle-income geographies by the Federal Financial Institution Examination Council (FFIEC). To be designated as an underserved non-metropolitan middle-income geography, an area must meet criteria for population size, density, and dispersion that indicate that an area's population is sufficiently small, thin, and distant from a population center such that the geography is likely to have difficulty in financing the fixed costs of essential community needs.

The bank's main and the Birmingham offices are located in Van Buren County census tract 9501. The Bloomfield and Cantril locations are located in census tracts 9801 and 9502, respectively. According to U.S. Census Bureau data, the population of Van Buren County has increased two percent, and Davis County increased 4.7 percent over the ten years between 1990 and 2000. The population of the State of Iowa grew 5.4 percent over that same period.

According to 2000 U.S. Census Bureau data, Community First Bank's assessment area includes 7,111 households, of which 4,450 are considered families. Twenty-one percent of these families are low-income, 24 percent are moderate-income, 26 percent are middle-income, and 29 percent are upper-income. Approximately 13 percent of the families in the assessment area are below the poverty level¹, and the median family income of the assessment area is \$38,873.

Furthermore, 2000 U.S. Census data reports 72 percent of the housing in the assessment area as owner-occupied, 18 percent as occupied rental, and 10 percent vacant. Housing is primarily 1-4 family units, with 98 percent of housing within this category. Two percent of housing is comprised of homes with 5 or more units. The median housing value for the assessment area is \$54,859, compared to a statewide average of \$82,100.

Economic Characteristics

According to the 2005 Iowa Workforce Development Annual County Profile, the largest segment of the population of both Davis and Van Buren Counties is employed in the manufacturing sector. Some of the largest employers in Davis County are Performance Pipe and Harsco Corporation. In Van Buren County, the largest employers include Barker Company and Riverside Plastics.

¹ Families and persons are classified as "below poverty" if their total family income or unrelated individual income is less than the poverty level threshold specified for the applicable family size, age of the householder and number of related children under 18 present. For example, the poverty level threshold for a family of four in 2000 was \$17,029; therefore, such a family earning less than \$17,029 is considered to be below poverty level. (U.S. Census Bureau)

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According to Iowa Workforce Development statistics for the period December 2006 to December 2007, unemployment rates for Davis and Van Buren Counties increased 5.0 percent to 5.3 percent and 4.5 percent to 5.2 percent, respectively. By comparison, the State of Iowa reported a statewide unemployment level of 4.0 percent in December 2007, an increase from 3.5 percent in December 2006.

According to 2007 D&B Corporation data, the institution's assessment area contains 1,544 businesses and 381 farms. A comparison of 1997 and 2002 Agricultural Census reports reveals that the number of farms in Davis County increased by 14 percent while the average size of farms decreased by four percent.

Similarly, when using the same criterion for Van Buren County, the number of farms increased by eight percent, while the average farm size decreased by 28 percent. Statewide, the number of farms decreased by 6 percent, and farm sizes increased five percent.

Competition

Financial data submitted by banks for 2006² reports five financial institutions operating from 11 locations within Community First Bank's assessment area. These institutions range from small community banks to larger financial institutions operating branch locations within close proximity to the bank. Overall, the bank's assessment area is considered competitive.

Community Needs

To better understand the credit needs and current demographic information of local neighborhoods, cities, or counties, confidential community contacts are conducted by all financial institution regulatory agencies. CRA evaluation procedures include contacting area leaders to discuss the needs and development of the community, as well as the involvement of local financial institutions. Individuals interviewed provide information based upon their knowledge and expertise in various economic sectors. The individual contacted in conjunction with this evaluation reported that the housing sector of the local economy is strong. There are a large number of homes being built, primarily in rural segments of the area. The agricultural sector is also strong; primarily due to high cattle prices. The contact reported that much of the farm ground in the area is not suitable for crops. Property values have increased; however, this is due to many out-of-town buyers purchasing the ground for recreational purposes. The Amish communities in the area have contributed significantly to the commercial sector of the area. The contact also stated the retail sector is the greatest profitability challenge in the community as opportunities are limited due to the geographic and demographic restrictions of the area.

The contact stated that there is a fair amount of competition between banks in the area and that credit needs seem to be adequately met through the financial institutions currently operating in the area. The contact reported that a fair amount of residential real estate and agricultural lending is

² According to 2006 data received from Sheshunoff Information Services

being generated and stated that Community First Bank is active in these two areas as well as other community activities and needs in the immediate area. Based on community contact information and call report data, commercial loans are the primary credit need of the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Examiners reviewed the bank’s average quarterly net loan-to-deposit (LTD) ratio in order to evaluate the bank’s performance for this criterion. A small bank’s net LTD ratio is calculated by dividing the institution’s net loans and leases by its total deposits. The bank’s net LTD ratio is then averaged for all quarter-ends since the last evaluation. Each small institution’s ratio is evaluated and analyzed using performance context, including the bank’s capacity to lend, demographic, and economic factors present in the assessment area, and the lending opportunities available in the bank’s assessment area. Detailed below is an analysis of this performance criterion for the bank.

Community First Bank’s average net-loan-to-deposit ratio is reasonable when compared to other similarly situated institutions. Examining personnel compared the bank’s ratio to those of four other institutions operating in or near the bank’s assessment area. These financial institutions were selected as comparable banks because they operate under similar market conditions and have similar resources. Information pertaining to this review appears in Table 3; selected comparables are listed alphabetically by location of the institution’s main office.

Table 3 – Comparable Financial Institution Analysis		
Institution	Total Assets \$ (000s)*	Average Net LTD Ratios
Community First Bank, Keosauqua, IA	114,440	87
Davis County Savings Bank, Bloomfield, IA	85,916	83
The Libertyville Savings Bank, Fairfield, IA	150,225	91
Keokuk Savings Bank and Trust, Keokuk, IA	100,492	83
Pilot Grove Savings Bank, Pilot Grove, IA	242,659	92

Source: Reports of Condition for quarter-ends June 30, 2003 to September 30, 2007. Total assets are as of September 30, 2007.

As demonstrated in Table 3, the bank’s average net loan-to-deposit ratio is reasonable when compared with similarly situated institutions. The bank’s average net loan-to-deposit ratio has

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generally increased since the prior CRA evaluation, with minimal fluctuating trends throughout the 18 calendar quarters. According to Reports of Condition, the ratio declined to 81 percent during the second quarter of 2004 and grew to 94 percent in the third quarter of 2006. Most recently, the bank's ratio was at 90 percent in the third quarter of 2007. The bank originated \$1.4 million combined in 2005 and 2006 in residential real estate loans that were sold on the secondary market; however, these loans did not have a material impact on the net loan-to-deposit ratio. As noted in the performance context, the bank's total loans have increased 12 percent since September 30, 2003. Overall, the institution's average net loan-to-deposit ratio is reasonable and reflects management's willingness to provide credit.

Assessment Area Concentration

Examiners reviewed the bank's assessment area lending concentration in order to evaluate its performance under the CRA small bank criteria. Examiners typically sample loans and complete a comparative analysis that details loans extended inside and outside of the bank's assessment area (AA). Detailed below is an analysis of this performance criterion for this bank.

As Table 4 indicates, a majority of loan activity, by number and dollar volume, lies within the bank's assessment area.

Table 4 – Distribution of Loans Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollars Volume of Loans				
	Inside		Outside		Total #	Inside		Outside		Total \$ (000s)
	#	%	#	%		\$ (000s)	%	\$ (000s)	%	
Small Farm	37	86	6	14	43	562	62	342	38	904
Small Business	39	89	5	11	44	662	93	52	7	714
Residential Real Estate	33	94	2	6	35	1,789	98	39	2	1,828
Total	109	89	13	11	122	3,013	87	433	13	3,446

Source: Examiner Sampling

CRA sampling shows that 86 percent by number and 62 percent by dollar volume of sampled small farm loans lie within the bank's assessment area. Further, 89 percent by number and 93 percent by dollar volume of small business loans lie within the bank's assessment area, while 94 percent by number and 98 percent by dollar volume of residential real estate loans lie within the bank's assessment area. The aggregate amount of small farm, small business, and residential real estate lending by the bank is 89 percent by number and 87 percent by dollar. Based on the results detailed in Table 4, the institution's record of lending in the assessment area is reasonable.

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The majority of the remaining analysis will focus on the number of loans originated, rather than dollar volume, since loans extended to small business and small farm operations and to low- and moderate-income individuals are generally for smaller dollar amounts than loans to large commercial and farm operations and middle- and upper-income individuals.

Borrower Profile

For this criterion, examiners determine the distribution of loans that the bank originated inside its assessment area by borrower income (residential real estate) or by business gross annual revenues (small business and small farm), as applicable. Income categories used are compared to the Department of Housing and Urban Development's (HUD) estimates for residential real estate loans sampled, and D&B Corporation Data established revenue categories for small farm and small business loans sampled, as applicable.

CRA sampling revealed a more than reasonable distribution of loans extended to small farms and small business, and a reasonable distribution of loans extended to low- and moderate- income residential real estate borrowers, reflecting management's overall reasonable commitment to provide financing to borrowers at all income and revenue levels.

Small Farm and Small Business Loans

To aid in evaluating the institution's performance in lending to small farms and small businesses of different sizes, examiners used D&B Corporation data. D&B Corporation provides a breakdown of the number of farms and businesses surveyed in the AA that reported gross revenues, as well as those that did not report earnings, and assigns each business into a specific revenue category. Gross revenue information for the bank's loan samples were obtained from loan files and discussions with loan officers.

Regulatory personnel reviewed the number of small farm and small business loans extended to operations of different revenue levels operating *within* the bank's assessment area. Sampling results show a more than reasonable amount of lending to small farm borrowers with gross revenues less than \$1,000,000, given the demographics of the assessment area. Table 5 illustrates the bank's penetration of lending to these small farm operators.

Table 5 – Distribution of Small Farm Loans by Gross Annual Revenues					
Gross Annual Revenues	Farms in the AA	Distribution of Small Farm Loans Sampled			
	% of #	#	%	\$ (000's)	%
<\$100,000	53	27	73	222	40
\$100,000-<\$250,000	37	6	16	167	30
\$250,000-<\$500,000	7	0	0	0	0
\$500,000-<\$1,000,000	1	3	8	110	19
≥\$1,000,000	1	1	3	63	11
Gross Revenues Not Reported	1	0	0	0	0
Total	100	37	100	562	100

Source: Examiner sampling and 2006 D&B Corporation Data. (Note: three, or less than one percent, of the farm businesses in the AA that did not report incomes to D&B Corporation are excluded from this analysis.)

D&B Corporation data indicates that 53 percent of assessment area farms generated less than \$100,000 in annual gross revenues. Of the sampled small farm loans within the bank’s assessment area, 73 percent by number were extended to small farm operations that generated less than \$100,000 in annual gross revenues. The bank’s level of lending within the smallest revenue category is considered strong.

D&B Corporation data further states that 98 percent of farms which reported revenues reported earning less than \$1,000,000. The percentage by number of small farm entities within the bank’s assessment area reporting less than \$1,000,000 in annual gross revenue, as derived from examiner sampling, is 97 percent. Bank management has indicated that farms in the assessment area have evolved to either smaller size or the larger size, mainly due to the influence of larger agricultural interests that are buying and expanding existing farms or farm owners choosing to leave farming or downsize current operations. Bank management indicated that this activity has increased and decreased the gross annual revenues of acquired farms and placed them in higher or lower revenue brackets than they had previously been, and could account for the lack of lending in the \$250,000 to less than \$500,000 revenue range, as sampled by examiners. Bank management had no other explanation for this deficiency in the referenced revenue category. Information derived from the Agricultural Census report previously outlined in the Economic Conditions section of this evaluation seems to agree with this analysis for the lack of lending in the \$250,000 to less than \$500,000 revenue category, as farms in the area are increasing in number but decreasing in size. Overall, the bank’s distribution of loans to small farm borrowers of all revenue levels is more than reasonable.

Table 6 illustrates the bank’s penetration of lending to small business operations.

Table 6 – Distribution of Small Business Loans by Gross Annual Revenues					
Gross Annual Revenues	Businesses in the AA	Distribution of Small Business Loans Sampled			
	% of #	#	%	\$ (000’s)	%
<\$100,000	26	25	64	240	36
\$100,000-<\$250,000	12	6	15	131	20
\$250,000-<\$500,000	5	3	8	205	31
\$500,000-<\$1,000,000	2	3	8	44	7
≥\$1,000,000	3	2	5	42	6
Gross Revenues Not Reported	52	0	0	0	0
Total	100	39	100	662	100

Source: Loan files and 2006 D&B Corporation Data. (Note: 785, or 52 percent, of the commercial non-farm businesses in the AA that did not report incomes to D&B Corporation are excluded from this analysis.)

As Table 6 above reflects, sampling results also revealed a more than reasonable level of lending to small business operations. For business entities, D&B Corporation data indicates that 26 percent, by number, of assessment area businesses reported revenue less than \$100,000. Examiner sampling found that 64 percent of loans by number were extended to small business operations that generated less than \$100,000 in annual gross revenues. The percentage of small business entities within the bank’s assessment area reporting less than \$1,000,000 in annual gross revenues, as derived from examiner sampling, is 95 percent by number. This percentage is also considered reasonable when compared to D&B Corporation data, considering the fact that 52 percent of businesses surveyed did not report revenues.

Overall, the bank’s distribution of loans to small business borrowers of all revenue levels is more than reasonable when compared to area demographics.

Residential Real Estate Loans

The Department of Housing and Urban Development’s (HUD) estimates for the State of Iowa Non-Metropolitan Statistical Area (Non-MSA) median family incomes (MFI) for the years sampled were used to determine the income level for the residential real estate loans reviewed. Therefore, the borrower income reported to the institution for each loan at the time of application was compared to the HUD estimates for the corresponding year of income reported to determine whether each borrower should be considered low-, moderate-, middle-, or upper-income. The

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HUD estimated MFI categories for each year is illustrated in Table 7. Income information for the bank's loan samples were obtained from loan files and discussions with loan officers.

Regulatory personnel determined the borrower income distribution for residential real estate loans originated within the assessment area. Table 7 details the State of Iowa non-MSA median family incomes for 2007, as well as the dollar amounts used to classify families (or borrowers) by income level.

Table 7 – Median Family Income Ranges (HUD Estimated)	
Income Category	2007 Statewide Iowa Non-MSA MFI (\$53,100)
Low (< 50%)	<\$26,550
Moderate (50 - < 80%)	\$26,550 - <\$42,480
Middle (80 - < 120%)	\$42,480 - <\$63,720
Upper (≥ 120%)	≥\$63,720

Source: Department of Housing and Urban Development

Table 8 illustrates the bank's level of residential real estate lending to borrowers of varying income levels.

Table 8 – Distribution of Residential Real Estate Loans by Borrower Income Level					
Median Family Income Level	% of Families in the AA	Distribution of Residential Real Estate Loans Sampled			
	%	#	%	\$ (000s)	%
Low	21	6	18	133	7
Moderate	24	5	15	260	15
Middle	26	12	37	604	34
Upper	29	10	30	792	44
Total	100	33	100	1,789	100

Source: 2000 U.S. Census Bureau Data & examiner sampling.

The distribution of residential real estate loans to borrowers across all income levels is reasonable. Examiner sampling reflects a reasonable level of lending in the low-income category given that this category also includes the approximately 13 percent of the families in the bank's assessment area that have incomes below the poverty level established by the U.S. Census Bureau. These families would likely have difficulty qualifying for credit to purchase a home due to income and

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downpayment requirements. It is likely the same affordability restrictions are present in the moderate-income category where examiner sampling was 15 percent compared to demographic information of 24 percent in this income category. Overall, the distribution of borrowers reflects a reasonable level of lending at all income levels, including low-and moderate-income borrowers.

In conclusion, CRA sampling revealed a reasonable distribution of loans extended to small farm, small business, and residential real estate borrowers, reflecting management's overall reasonable commitment to provide financing to borrowers at all income and revenue levels.

Geographic Distribution of Lending

The geographic distribution of lending is another small institution performance criterion that examiners review. Examiners analyze the bank's performance under this criterion to determine if the bank is lending throughout its assessment area including the low- and moderate-income areas or geographies within the assessment area. The composition of the bank's assessment area by CT income level is important to this evaluation process because it is compared to where the bank originated its sampled loans by CT. Detailed below is an analysis of this performance criterion for the bank.

The geographic distribution of loans reflects a reasonable dispersion to small farm, small business and residential real estate borrowers, indicating the bank's willingness to extend loans throughout the assessment area.

Tables 9, 10, and 11 illustrate the distribution of lending inside the assessment area by census tract. As stated previously in this evaluation, Community First Bank's assessment area is comprised of 4 middle-income geographies.

Table 9 – Distribution of Small Farm Loans by Geography for the AA					
Census Tract	Farms in the AA	Distribution of Small Farm Loans Sampled			
	% of #	#	%	\$ (000's)	%
CT #9501	29	11	30	229	41
CT #9502	22	13	35	142	25
CT #9801	26	11	30	184	33
CT #9802	23	2	5	7	1
Total	100	37	100	562	100

Source: 2006 D&B Corporation Data & examiner sampling

Table 10 – Distribution of Small Business Loans by Geography for the AA					
Census Tract	Businesses in the AA	Distribution of Small Business Loans Sampled			
	% of #	#	%	\$ (000's)	%
CT #9501	25	11	28	280	42
CT #9502	22	7	18	36	6
CT #9801	27	13	33	258	39
CT #9802	26	8	21	88	13
Total	100	39	100	662	100

Source: 2006 D&B Corporation Data & examiner sampling

Table 11 – Distribution of Residential Real Estate Loans by Geography for the AA					
Census Tract	% of Families in the AA	Distribution of Residential Real Loans Sampled			
	%	#	%	\$ (000s)	%
CT #9501	27	12	36	783	44
CT #9502	22	13	40	653	36
CT #9801	26	6	18	251	14
CT #9802	25	2	6	102	6
Total	100	33	100	1,789	100

Source: 2000 U.S. Census Bureau Data & examiner sampling.

The distribution of small farm, small business, and residential real estate lending shown in Tables 9, 10, and 11 is reasonable, given the bank's location and the demographics of the assessment area. The bank's main location is in census tract 9501 in Van Buren County, and the predominance of lending is in census tracts 9501, 9502, and 9801, which are the census tracts where the bank has a physical presence in. Census tract 9802 is further removed from the bank's physical office locations, and there are other institutions that operate in that census tract or are in close proximity to that tract, which draws customers away from Community First Bank. Overall, the distribution of sampled loans demonstrates management's reasonable commitment to meeting the credit needs of the local community with regard to small farm, small business, and residential real estate lending services.

Response to CRA-Related Complaints

Examiners are required to review the bank's response to any substantiated complaints. If the bank receives any written comments from the public relating to its CRA performance, they will be found in its CRA public file along with the bank's response. Comments and responses for the preceding two calendar years will be maintained in the bank's CRA public file, except for those comments that reflect adversely on the good name or reputation of any persons other than the bank.

The institution has not received any CRA-related complaints since the bank's previous FDIC CRA evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners are required to take into consideration the bank's compliance with fair lending and other applicable laws when assigning a CRA rating.

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.