

PUBLIC DISCLOSURE

January 6, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community First Banking Company
Certificate Number: 34610

1330 Southern Hills Center
West Plains, Missouri 65775

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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 **Outstanding**.

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The bank's Community Reinvestment Act (CRA) performance under the Lending Test, enhanced by qualified investments and services, supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans reviewed were made within the institution's assessment area.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area, considering pertinent demographic data, performance context information, and other relevant factors.
- The distribution of borrowers reflects an excellent penetration among individuals of different income levels and businesses and farms of different sizes in the assessment area, considering pertinent performance context information and other relevant factors.
- The institution has not received any CRA-related complaints since the previous CRA evaluation performed as of October 15, 2013; therefore, this factor did not affect the rating.
- Examiners reviewed investment and service activity during this evaluation at the request of management. The bank has a significant volume of qualified investments and five community development services that received consideration at this evaluation. This level of qualified community development investments and services enhanced the overall CRA performance of the bank to an outstanding level.

DESCRIPTION OF INSTITUTION

Community First Banking Company (CFBC) is a full-service commercial bank headquartered in West Plains, Missouri, with \$190.6 million in total assets as of September 30, 2019. Community Bancshares of West Plains, Inc., West Plains, Missouri, wholly owns CFBC. CFBC has no lending affiliates. An “Outstanding” rating was assigned at the October 15, 2013, FDIC Performance Evaluation, which utilized Small Bank Evaluation Procedures. Additionally, examiners reviewed investment and service activity, which enhanced the CRA rating.

In addition to the main office in West Plains, Missouri, CFBC operates full-service locations in Mountain Grove, Missouri, and Thayer, Missouri, and a deposit-production office in West Plains, Missouri. The bank acquired the Thayer branch on February 19, 2016, and moved this branch to the current location at 220 E. Walnut, Thayer, Missouri 65791 on November 12, 2019. No branches have closed since the previous CRA evaluation. A deposit-taking automated teller machine is located at each of the four locations.

Examiners used 2015 American Community Survey (ACS) data to determine the income designations for each census tract where the bank has office locations. The main office and the Mountain Grove branch are located in moderate-income census tracts, and the Thayer and West Plains branches are located in middle-income census tracts.

The bank offers lending products that tie to its business focus of home mortgage, commercial, and agricultural lending. In addition, the bank offers consumer loans. Home loan products include adjustable rate mortgages, home equity lines of credit, mobile home loans, and construction loans. Deposit products include checking accounts, savings accounts, money market accounts, certificates of deposit, individual retirement accounts, and health savings accounts. The bank offers alternative banking products and services such as debit cards, online banking, mobile banking, mobile check deposit, and bill pay service. Although not consistent across locations, banking hours are convenient for the communities served.

As of September 30, 2019, the Call Report shows total assets of \$190.6 million, total loans of \$130.8 million, and total deposits of \$166.2 million. The table on the following page details the loan portfolio.

Loan Portfolio Distribution as of 09/30/2019		
Loan Category	\$(000s)	%
Construction and Land Development	5,923	4.5
Secured by Farmland	20,143	15.4
Secured by 1-4 Family Residential Properties	47,809	36.6
Secured by Multifamily (5 or more) Residential Properties	169	0.1
Secured by Nonfarm Nonresidential Properties	25,306	19.4
Total Real Estate Loans	99,350	76.0
Commercial and Industrial Loans	13,117	10.0
Agricultural Loans	8,672	6.6
Consumer Loans	7,377	5.7
Other Loans	2,264	1.7
Less: Unearned Income	0	0.0
Total Loans	130,780	100.0
<i>Source: Reports of Condition and Income, Due to rounding, totals may not equal 100.0</i>		

Examiners did not identify any financial, legal, or other impediments affecting the bank's ability to meet the assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. CFBC's assessment area consists of the entirety of Douglas, Howell, Ozark, and Wright counties, along with census tract 4802 in Oregon County and census tracts 4803 and 4804 in Texas County.

Economic and Demographic Data

Based on 2015 ACS data, the assessment area consists of 8 moderate-income census tracts and 12 middle-income census tracts. This assessment area has not changed since the previous evaluation; however, the income designations for eight census tracts have changed. Specifically, census tract 9501 in Douglas County and census tracts 4901 and 4903 in Wright County changed from moderate-income census tracts to middle-income census tracts. Further, census tracts 9505 in Douglas County, 4804 in Texas County, 4702 in Ozark County, and 4902 and 4904 in Wright County changed from middle-income census tracts to moderate-income census tracts. The table on the following page illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	20	0.0	40.0	60.0	0.0	0.0
Population by Geography	99,674	0.0	40.0	60.0	0.0	0.0
Housing Units by Geography	46,973	0.0	40.8	59.2	0.0	0.0
Owner-Occupied Units by Geography	28,079	0.0	38.2	61.8	0.0	0.0
Occupied Rental Units by Geography	11,642	0.0	48.2	51.8	0.0	0.0
Vacant Units by Geography	7,252	0.0	39.1	60.9	0.0	0.0
Businesses by Geography	5,170	0.0	36.2	63.8	0.0	0.0
Farms by Geography	441	0.0	32.2	67.8	0.0	0.0
Family Distribution by Income Level	26,760	27.2	20.4	20.4	32.0	0.0
Household Distribution by Income Level	39,721	30.7	17.9	17.7	33.7	0.0
Median Family Income - Nonmetropolitan MO		\$48,553	Median Housing Value			\$97,621
			Median Gross Rent			\$539
			Families Below Poverty Level			18.6%
<i>Source: 2015 ACS Census and 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Services Industries represents the largest portion of businesses and farms in the assessment area at 36.4 percent; followed by Retail Trade at 15.1 percent; Non-Classifiable Establishments at 10.8 percent; Agriculture, Forestry, and Fishing at 7.9 percent; and Finance, Insurance, and Real Estate at 7.1 percent. In addition, 66.3 percent of area businesses have four or fewer employees and 85.4 percent operate from a single location. Management indicated the largest employer in the assessment area is Ozark Medical Center, followed by Missouri State University-West Plains, Walmart, and West Plains School District.

The 2018 FFIEC-updated median family income figure for the nonmetropolitan portion of Missouri was used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories. These categories are based on the 2018 FFIEC-updated median family income figure of \$53,100.

Nonmetropolitan MO Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2018 (\$53,100)	<\$26,550	\$26,550 to <\$42,480	\$42,480 to <\$63,720	≥\$63,720
<i>Source: FFIEC</i>				

According to the U.S. Bureau of Labor Statistics, the unemployment rate for Missouri, as of October 2019, was 3.1 percent. Further, the unemployment rates for Douglas, Howell, Oregon

Ozark, Texas, and Wright counties were 3.7 percent, 3.6 percent, 3.1 percent, 4.2 percent, 3.4 percent, and 4.8 percent, respectively.

Competition

The assessment area is a relatively competitive market for financial services. According to FDIC Deposit Market Share data, as of June 30, 2019, there were 19 financial institutions operating 56 offices within Douglas, Howell, Oregon, Ozark, Texas, and Wright counties. Of these institutions, CFBC ranked 3rd with 8.6 percent of the deposit market share.

CFBC is not required to collect and report information regarding its home mortgage, small business, or small farm loans, and it has not elected to do so. However, this data provides an indicator of loan demand and is considered in the performance context. The 2018 home mortgage aggregate lending data shows 155 institutions reported 1,574 home mortgage loans in the assessment area, which indicates moderate demand for this product. Additionally, the 2017 small business aggregate lending data shows 64 institutions reported 1,503 small business loans in the assessment area, which indicates moderate demand for this product. Lastly, the 2017 small farm aggregate lending data shows 23 institutions reported 714 small farm loans in the assessment area, which indicates moderate demand for this product.

Management indicated the bank's primary competitors in the West Plains market are West Plains Bank and Trust Company, Southern Bank, Arvest Bank, Wood & Huston Bank, and Great Southern Bank. Additionally, the primary competitor in the Thayer market is Alton Bank. Lastly, the primary competitors in the Mountain Grove market are Town & Country Bank, Progressive Federal Savings Bank, Arvest Bank, Legacy Bank & Trust Company, and Great Southern Bank.

Community Contacts

Examiners reviewed a community contact with a representative from an entity that promotes economic development in the assessment area. Community contact interviews are used to obtain a profile of the local communities, identify community development opportunities and general credit needs, and assess opportunities for participation by local financial institutions.

The community contact focused on Houston, Missouri, and the surrounding Texas County area. The individual indicated the local economy has been steadily growing in the past five years primarily due to major expansion of the Texas County Memorial Hospital in Houston; however, this expansion and the related influx of employees have created a major housing shortage. The contact also stated that the Houston area is in need of new business to support additional population. The contact stated that financial institutions are meeting area banking and credit needs. No adverse information was shared regarding the lending performance of any local financial institutions.

Credit Needs

According to management, the overall economic conditions in the assessment area are stable and strengthening. Economic development opportunities include a hospital expansion that is anticipated to create over 100 jobs, an expansion of a local defense systems manufacturer that is anticipated to create 100 jobs, and a new commercial development. However, Regal Beloit Corp. and Robert Shaw have closed since the previous evaluation. The number of openings is enough to offset the number of closures which has led to an increase in the workforce. The residential market has seen

an increase in demand due to a flood in 2017 that affected many households in the assessment area. Federal Emergency Management Agency grant money is available to purchase homes lost in the flood at 125 percent of the home's value. This money has resulted in hundreds of flooded homes being demolished with no immediate plans to rebuild. Management has seen a need for new housing due to the housing supply decreasing; however, there is an increase in multifamily housing complexes as opposed to one-to-four family housing. One development was noted as being for low- and moderate-income families. The commercial and agricultural loan demand has been stable. The commercial market has seen a few businesses open, mainly in the West Plains area. The Ozark Small Business Incubator creates small business lending opportunities in the West Plains area. The agricultural market is mainly comprised of beef cattle farmers; flooding did not affect these borrowers. Management indicated a significant competitor for agricultural lending is Farm Credit Services of America, who is able to offer different lending products. Lastly, the assessment area includes a competitive banking environment of regional and national banks.

Considering economic and demographic data along with information from bank management and the community contact, the primary credit needs in the assessment area are home mortgage, small business, and agricultural lending.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated October 15, 2013, to the current evaluation dated January 6, 2020. Examiners used the Interagency Small Institution Examination Procedures to evaluate CFBC's CRA performance. Please refer to the *Small Bank Performance Criteria* section in the Appendices for a summary of the Lending Test.

Activities Reviewed

Based on the September 30, 2019, Call Report, the bank's primary loan products by dollar volume are residential real estate, commercial, and agricultural loans, which represent 36.4 percent, 29.4 percent, and 22.0 percent of loans, respectively. These are the loan products emphasized by the bank's business strategy. As a result, examiners reviewed home mortgage, small business, and small farm loans to evaluate the bank's CRA performance. Construction and land development and consumer lending do not constitute a significant portion of the overall lending efforts, so these loan products were not reviewed.

Examiners reviewed home mortgage, small business, and small farm loans originated or renewed from January 1, 2018, to December 31, 2018. Management indicated that a review of lending activity from this time frame should be representative of the bank's performance since the previous evaluation. For the Assessment Area Concentration analysis, examiners reviewed all 2018 home mortgage, small business, and small farm loan originations and renewals. Specifically, 98 home mortgage loans totaling \$8,584,000; 94 small business loans totaling \$7,413,000; and 81 small farm loans totaling \$4,959,000 were reviewed. For the Geographic Distribution analysis, examiners reviewed all 2018 home mortgage, small business, and small farm loan originations and renewals within the assessment area. For the Borrower Profile analysis, examiners selected a sample of 41 home mortgage loans totaling \$3,716,000; 41 small business loans totaling \$2,172,000; and 36 small farm loans totaling \$1,575,000 from those within the assessment area. Examiners utilized

2015 ACS data to evaluate home mortgage lending performance and 2018 D&B data to evaluate small business and small farm lending performance.

Examiners analyzed lending performance by both the number and dollar volume of loans. However, the performance by number of loans is emphasized in the Geographic Distribution and Borrower Profile analyses, as it is generally a better indicator of the efforts to serve lower-income individuals, small businesses, and small farms throughout the assessment area. Home mortgage, small business, and small farm lending were weighted evenly in drawing conclusions as each type of lending represents a similar proportion of the loan portfolio.

Examiners also reviewed community development investments and services from the prior evaluation date to the current evaluation date.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Deposit Ratio

Overall, the loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. The bank’s net loan-to-deposit ratio, calculated from Call Report data, averaged 83.1 percent over the past 24 calendar quarters from December 31, 2013, to September 30, 2019. The ratio ranged from a low of 72.2 percent, as of June 30, 2019, to a high of 94.5 percent, as of December 31, 2015. Between December 31, 2013, and September 30, 2019, the net loan-to-deposit ratio reflected an overall decrease of 10.3 percent, from 88.2 percent to 77.9 percent.

When available and relevant, the performance of similarly situated lenders serves as an additional method of assessing the adequacy of an institution’s average net loan-to-deposit ratio. Similarly situated lenders are defined as financial institutions located in or near the bank’s assessment area(s) and are comparable to the subject institution based on asset size, branching structure, markets served, product offerings, and/or loan portfolio composition. As shown in the table below, CFBC’s average net loan-to-deposit ratio compares reasonably to the three identified similarly situated institutions. Considering the above factors, the bank’s ratio of 83.1 percent is reasonable.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 09/30/2019 (\$000s)	Average Net LTD Ratio (%)
Community First Banking Company, West Plains, Missouri	190,591	83.1
Alton Bank, Alton, Missouri	64,816	70.7
Century Bank of the Ozarks, Gainesville, Missouri	175,951	87.6
HomePride Bank, Mansfield, Missouri	97,610	88.7
<i>Source: Reports of Condition and Income 12/31/13 through 09/30/19</i>		

Assessment Area Concentration

As shown in the following table, CFBC has extended an overall substantial majority of its loans in the assessment area. The lower percentage of small farm loans in the assessment area by dollar amount is primarily attributed to two large dollar loans that constitute over 50 percent of the dollar volume of loans made outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	80	81.6	18	18.4	98	6,692	78.0	1,892	22.0	8,584
Small Business	83	88.3	11	11.7	94	6,098	82.3	1,315	17.7	7,413
Small Farm	66	81.5	15	18.5	81	3,418	68.9	1,541	31.1	4,959
Total	229	83.9	44	16.1	273	16,208	77.3	4,748	22.7	20,956

*Source: Evaluation Period: 1/1/2018 - 12/31/2018
Due to rounding, totals may not equal 100.0*

Geographic Distribution

Overall, the geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. Consideration was given to local competition and other relevant factors, and particular focus was given to the dispersion of these loans in moderate-income census tracts in the assessment area. There are no low-income census tracts in the assessment area. The performance of the bank relative to home mortgage, small business, and small farm lending is reasonable. As a result, the bank’s overall performance under this criterion is reasonable.

Home Mortgage Loans

Overall, the geographic distribution of home mortgage lending reflects a reasonable dispersion of lending in the moderate-income census tracts. CFBC’s lending percentage in the moderate-income census tracts, based on the number of loans, compares reasonably to demographic data.

The following table reflects the geographic distribution of the home mortgage loans reviewed by tract income level.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	38.2	29	36.3	2,281	33.7
Middle	61.8	51	63.7	4,492	66.3
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Total	100.0	80	100.0	6,773	100.0

Source: 2015 ACS Census, 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0

Small Business Loans

Overall, the geographic distribution of small business lending reflects a reasonable dispersion of lending in the moderate-income census tracts. CFBC’s lending percentage in the moderate-income census tracts, based on the number of loans, is less than the percentage of businesses in the moderate-income census tracts. However, the lending percentage is considered reasonable in comparison to demographic data. It is noted that small business loans reviewed were originated to businesses in four of the eight moderate-income census tracts in the assessment area. None of the small business loans reviewed were originated in the following moderate-income census tracts: 4902 in Wright County, 902 in Howell County, and 9502 and 9505 in Douglas County. Management indicated these areas include alternative banking options and are geographically distant from the four bank locations. Additionally, the majority of small business lending opportunities are located in bigger cities such as West Plains, where competition is high. Further, the Ozark Small Business Incubator located in West Plains has contributed to the majority of small business lending opportunities being located in West Plains. Examiners also considered the fact that there is only one moderate-income census tract in the West Plains area.

The following table reflects the geographic distribution of the small business loans reviewed by tract income level.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	36.2	23	27.7	1,949	32.0
Middle	63.8	60	72.3	4,149	68.0
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	83	100.0	6,098	100.0
<i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Due to rounding, totals may not equal 100.0</i>					

Small Farm Loans

Overall, the geographic distribution of small farm lending reflects a reasonable dispersion of lending in the moderate-income census tracts. CFBC’s lending percentage in the moderate-income census tracts, based on the number of loans, is less than the percentage of farms in the moderate-income census tracts. However, the lending percentage is considered reasonable in comparison to demographic data. It is noted that small farm loans reviewed were originated to farms in four of the eight moderate-income census tracts in the assessment area. None of the small farm loans reviewed were originated in the following moderate-income census tracts: 4902 in Wright County, 902 in Howell County, and 9502 and 9505 in Douglas County. Management indicated these areas include alternative banking options and are geographically distant from the four bank locations. Examiners also considered high competition from local and national banks and the Farm Credit Services of America.

The following table reflects the geographic distribution of the small farm loans reviewed by tract income level.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	32.2	17	25.8	988	28.9
Middle	67.8	49	74.2	2,430	71.1
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	66	100.0	3,418	100.0
<i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>					

Borrower Profile

Overall, the distribution of borrowers reflects an excellent penetration among individuals of different income levels and businesses and farms of different sizes. Particular focus was given to the dispersion of home mortgage loans to low- and moderate-income borrowers and small business and small farm loans to businesses and farms with gross annual revenues (GARs) of \$1 million or less. The performance of the bank relative to small business and small farm lending is excellent and the performance relative to home mortgage lending is reasonable. As a result, the bank’s overall performance under this criterion is excellent.

Home Mortgage Loans

Overall, the distribution of home mortgage loans reflects reasonable penetration to individuals of different income levels, including low- and moderate-income individuals. Although CFBC’s home mortgage lending percentage to low-income borrowers, based on the number of loans, is lower than demographic data, the lending percentage to moderate-income borrowers is slightly higher than demographic data.

In evaluating CFBC’s performance, examiners considered certain limitations. For example, according to FFIEC data, the maximum income of a “low-income” family in the bank’s assessment area was \$26,550 in 2018. A family at this income level would likely not qualify for a home mortgage under conventional underwriting standards, especially considering the assessment area’s median housing value of \$97,621. Examiners also considered the 2015 ACS data, which reveals 18.6 percent of families in the assessment are living below the poverty level. Considering these factors, along with management and community contact comments regarding the lower level of housing supply in the assessment area, the CFBC’s lending percentage to low-income borrowers of 7.3 percent reflects a reasonable penetration.

The following table reflects the distribution of the home mortgage loans reviewed by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	27.2	3	7.3	105	2.8
Moderate	20.4	9	22.0	603	16.2
Middle	20.4	9	22.0	565	15.2
Upper	32.0	20	48.7	2,443	65.8
Not Available	0.0	0	0.0	0	0.0
2018 Totals	100.0	41	100.0	3,716	100.0

*Source: 2015 ACS Census ; 1/1/2018 - 12/31/2018 Bank Data,
Due to rounding, totals may not equal 100.0*

Small Business Loans

Overall, the distribution of borrowers reflects excellent penetration among businesses of different sizes. CFBC's lending percentage to businesses with GARs of \$1 million or less, based on the number of loans, substantially exceeds demographic data, reflecting excellent performance.

The following table reflects the distribution of the small business loans reviewed based on the GAR level of the business.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	78.7	39	95.1	1,954	90.0
>1,000,000	5.4	2	4.9	218	10.0
Revenue Not Available	15.9	0	0.0	0	0.0
2018 Totals	100.0	41	100.0	2,172	100.0

*Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data
Due to rounding, totals may not equal 100.0*

Small Farm Loans

Overall, the distribution of borrowers reflects excellent penetration among farms of different sizes. All 36 loans sampled totaling \$1,575,000 were made to farms with GARs of \$1 million or less.

Response to Complaints

CFBC has not received any CRA-related complaints since the previous CRA evaluation on October 15, 2013; therefore, this criterion did not affect the institution's overall CRA rating.

QUALIFIED INVESTMENTS AND SERVICES

Management opted for examiners to review investment and service activity during this evaluation period to help augment the CRA rating of the bank. CFBC has shown a strong commitment to meeting the community development needs of the assessment area, and a broader area that includes the assessment area, through qualified investments and services, particularly in regard to qualified investments that provided community services targeted to low- and moderate-income individuals. By definition, qualified community development investments and services must have a primary purpose of community development.

As of September 30, 2019, CFBC's ratio of qualified investments to total assets was 5.2 percent; the ratio of qualified investments to total investments was 21.5 percent; and the ratio of qualified investments to total securities was 30.3 percent. These ratios clearly evidence a significant commitment to meeting the community development needs.

Since the previous evaluation, CFBC has purchased a total of \$9,895,000 in bonds that received consideration at this evaluation. Of these bonds, \$8,218,000 represented bonds purchased from school districts in the State of Missouri, with \$6,548,000 of these bonds purchased from school districts in the assessment area. These investments provide community services targeted to low- and moderate-income individuals as all of the applicable school districts have a majority of the total enrollment of students qualifying for free or reduced lunch or are districts located in distressed census tracts. Additionally, the bank purchased \$915,000 in bonds from a city in the assessment area and a \$257,000 bond from a corporation in the State of Missouri. These investments provide community services targeted to low- and moderate-income individuals and/or geographies.

In addition, CFBC provided community development services to its assessment area during the period since the previous evaluation. These community development services provided by the bank consist of financial and technical expertise provided by three members of the bank staff across five organizations operating in the assessment area. Three of the organizations promote economic development in the assessment area, one organization supports community services targeted to low- and moderate-income individuals, and one organization assists in the revitalization of a moderate-income geography in the assessment area. All of the organizations perform services that meet the definition of community development under CRA, and all of the services provided by bank staff relate to financial services as required for consideration under the CRA.

Overall, the level of qualified investments and community development services that received consideration during this evaluation enhanced the overall CRA performance of the bank to an outstanding level.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
- 4) The geographic distribution of the bank's loans; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in

information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.