



PUBLIC DISCLOSURE

August 11, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community First Bank, National Association
Charter Number 7518

118 East Lima Street
Forest, Ohio 45843

Office of the Comptroller of the Currency

West Lake Center
4555 Lake Forest Drive, Suite 520
Blue Ash, Ohio 45242-3760

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.

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

- A substantial majority of the loans originated during the evaluation period were in the assessment area.
- The distribution of residential mortgage loans to borrowers among different income levels and to farms of different sizes is excellent.
- The geographic distribution of residential mortgage loans and farm loans is reasonable.
- The average loans-to-deposit ratio since the previous CRA evaluation is reasonable.

SCOPE OF EXAMINATION

We performed a small bank Community Reinvestment Act (CRA) evaluation of the Community First Bank (CFB), National Association, using financial data as of March 31, 2014. The evaluation period for lending activity included loans originated from January 1, 2012 through December 31, 2013. We reviewed the loan-to-deposit ratio using both the current ratio and a 20-quarter average ratio. We analyzed the lending performance inside the identified assessment area (AA) based on borrower income distribution and geographical distribution. We based that analysis on loan origination data from a sample of 20 residential real estate loans and 20 farm loans originated during the evaluation period.

The following table indicates the bank's primary lending products (by dollar) during the evaluation period. Residential real estate and farm loans are the bank's primary loan products.

Table 1 – Loan Portfolio Mix (March 31, 2014)		
Loan Type	Dollar Volume (000s)	Percent of Gross Loans
Residential Real Estate Loans	\$ 18,684	58%
Consumer Installment Loans	\$ 850	3%
Commercial Loans	\$ 2,505	8%
Farm Loans	\$ 9,306	29%
Other Loans	\$ 924	2%
Total	\$ 32,269	100%

Source: March 31, 2014 consolidated report of condition and Uniform Bank Performance Report

DESCRIPTION OF INSTITUTION

CFB is a wholly owned subsidiary of a one-bank holding company, Community First BancShares, Inc (CFBI). CFB has total assets of \$56.2 million as of March 31, 2014, with the main office of both CFB and CFBI located in the village of Forest, Ohio, (Hardin County); approximately 70 miles northwest of Columbus, Ohio. In addition to its main office, CFB operates two full-service branches located in Kenton (Hardin County) and Upper Sandusky (Wyandot County). CFB offers a variety of traditional products and services including residential real estate, farm, consumer and commercial loans. The bank offers ATMs at each of its three locations.

The bank received a CRA rating of Satisfactory on the previous performance evaluation dated June 1, 2009. No legal or financial impediments exist at this time, which could restrict CFB's ability to serve the community's credit needs.

DESCRIPTION OF ASSESSMENT AREA

CFB's AA includes all of Hardin and Wyandot Counties, which are not in a metropolitan statistical area (MSA). These counties are contiguous. Hardin County consists of seven census tracts (CT). Based on the 2010 U.S. Census data, the CTs include one moderate-, four middle-, and two upper-income geographies. Wyandot County consists of six CTs, of which five are middle- and one is upper-income. The AA meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income areas.

CFB maintains a market share of 5.7 percent of all AA deposits according to the June 30, 2013 FDIC market share report. The bank has significant competition from other community banks, as well as large national banks, such as The Huntington National Bank and U.S. Bank, N.A. CFB's deposit market share is eighth out of 11 deposit-taking financial institutions.

The economies of Hardin and Wyandot Counties have experienced improving economic trends and declining unemployment. The AA is primarily rural with an agricultural focus, but does contain a significant number of manufacturing and retail businesses. Larger employers include an auto trim manufacturer, M-Tek, Inc.; Guardian Automotive Products; Ohio Northern University; Dupont Liquid Packaging Systems; and International Paper Food Services. There is no reliance on any one particular employer in the area. Per the U.S. Bureau of Labor Statistics July 2014 data, the unemployment rates for Hardin and Wyandot County show an improving trend through 2012 and 2013. At March 31, 2014, the rates for Hardin County and Wyandot County were 5.9% and 5.6%, respectively. The unemployment rates for the AA were comparable to the 6.2% unemployment rate for Ohio.

As of the 2010 Census, the population of the AA is 54,673, consisting of 14,090 total families. Of the AA's 22,992 housing units, 65.46% (15,050) are owner-occupied. The average weighted median housing cost is \$104,701.

The Department of Housing and Urban Development's (HUD) weighted average of the Ohio statewide non-MSA updated median family income was \$53,600 for 2012 and was \$53,000 for 2013. With a significant poverty rate of 14 percent (as determined by the 2010 U.S. Census Bureau), limited opportunities to lend may exist as low-income residents may not meet traditional underwriting standards. Based on 2013 Dunn and Bradstreet data, 586 farms are located in the AA, of which 98.46% are considered small farms. Table 2 describes the distribution of families and CTs in the AA. Community contacts revealed needs for financial literacy, affordable housing, and new business start-ups.

Table 2 - AA Income Composition by Families and CTs								
Income Designation	Low Income		Moderate Income		Middle Income		Upper Income	
	#	%	#	%	#	%	#	%
Families	2,116	15.02%	2,552	18.11%	3,346	23.75%	6,076	43.12%
CTs	0	0%	1	7.69%	9	69.23%	3	23.08%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

CFB's performance under the lending test is outstanding.

Loan-to-Deposit Ratio

CFB's LTD ratio is reasonable. For analysis purposes, we compared both CFB's current and 20-quarter average LTD ratios to a custom peer group consisting of FDIC insured community banks located in Hardin and Wyandot Counties. The bank's LTD ratio is 63.06 percent as of March 31, 2014. We found the LTD ratio reasonable compared with the peer group's average of 65.64 percent at March 31, 2014. CFB's average LTD ratio over the last 20 quarters since the prior CRA examination (April 1, 2009 through March 31, 2014) of 73.39 percent exceeded the peer group 20 quarter average of 64.99 percent.

Lending in Assessment Area (AA)

The bank's lending performance within the AA exceeds the standard for satisfactory performance. Based on a review of internal bank reports and quarterly call reports,

CFB's primary loan products offered during the evaluation period were residential real estate and farm loans. Our loan sampling results are illustrated in Table 3 and reflect the bank's percentage of lending inside the AA by number and dollar volume. We found a substantial majority of the loans included in our sample were located inside the bank's AA.

Table 3 - Lending in the AA										
Loan Type	Number of Loans					Dollars of Loans (in 000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate Loans	20	100%	0	100%	20	\$1,363	100%	\$0	0%	\$1,363
Farm Loans	16	80%	4	20%	20	\$2,210	94%	\$134	6%	\$2,344
Totals	36	90%	4	10%	40	\$3,573	96%	\$134	4%	\$3,707

Source: Loan Sample.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The bank's lending to borrowers of different incomes and to businesses of different sizes exceeds the standards for satisfactory performance. The residential mortgage loan sample analysis indicates that loan originations during the evaluation period exceed the standard for satisfactory performance. While CFB originated no residential mortgage loans to low-income residents, the level of residential mortgage lending to moderate-income residents exceeds the AA demographic by a wide margin. We considered the significant poverty rate (14 percent as determined by the 2010 U.S. Census Bureau) in the analysis of mortgage lending to low-income residents, as this group may not qualify for traditional mortgage loans. Table 4A demonstrates the bank's distribution of home loans by borrower income and compares this to the AA's specific family income composition.

Table 4A - Borrower Distribution of Residential Mortgage Loans in the AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate Loans	15.02%	0%	18.11%	30%	23.75%	15%	43.12%	55%

Source: Loan Sample, 2010 U. S. Census Data, 2012 and 2013 FFIEC median family incomes.

The farm loan analysis indicates that farm loan originations during the evaluation period exceed the standard for satisfactory performance. All farm loan originations sampled were to farms with reported revenues less than \$1,000,000, which exceeds the percentage of farms in the area with revenues of \$1,000,000 or less. Table 4B below lists the percentages by dollar and by number of loans made to farms of different sizes.

Table 4B - Borrower Distribution of Loans to Farms in the AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	98.46%	0.51%	1.03%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

Source: Loan sample, 2013 Dunn and Bradstreet Data.

Geographic Distribution of Loans

The bank's lending to geographies of different income levels meets the standards for satisfactory performance. The residential mortgage loan sample analysis indicates that loan originations during the evaluation period meet the standard for satisfactory performance. The percentage of mortgage loans in the moderate-income geography was near the percentage of owner-occupied units in the moderate-income geography. Table 5A demonstrates the bank's distribution of home loans by geography income level and compares this to the number of owner-occupied housing units in each area.

Table 5A - Geographic Distribution of Residential Mortgage Loans in the AA								
Geography Income Level	Low		Moderate		Middle		Upper	
	% of Owner-Occupied Housing Units	% of Number of Loans	% of Owner-Occupied Housing Units	% of Number of Loans	% of Owner-Occupied Housing Units	% of Number of Loans	% of Owner-Occupied Housing Units	% of Number of Loans
Residential Real Estate Loans	NA	NA	6.37%	5%	70.82%	60%	22.81%	35%

Source: Loan Sample, and U.S. Census Bureau

The farm loan sample analysis indicates loan originations during the evaluation period meet the standard for satisfactory performance. CFB did not originate any farm loans in the moderate-income geography. However, the moderate-income geography contains only 2.05% of all farms in the AA. Table 5B demonstrates the bank's distribution of farm loans by geography income level.

Table 5B - Geographic Distribution of Farm Loans in the AA								
Geography Income Level	Low		Moderate		Middle		Upper	
	% of AA Farms	% of Number of Loans						
Farm Loans	NA	NA	2.05%	0%	67.75%	50%	30.20%	50%

Source: Loan sample, 2013 Dunn and Bradstreet Data

Responses to Complaints

We noted no complaints related to the bank's CRA performance since the last CRA evaluation.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c) in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.