PUBLIC DISCLOSURE

February 26, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community First Bank of the Heartland
RSSD #273840

117 North 10th Street
Mount Vernon, Illinois 62864

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

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 the 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'S CRA RATING: This institution is rated OUTSTANDING.

Community First Bank of the Heartland meets the criteria for an Outstanding rating, based on the evaluation of the bank's lending. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the assessment area.
- The geographic distribution of loans reflects an excellent dispersion throughout the assessment area.
- The distribution of loans to borrowers reflects excellent penetration among individuals of different income levels [including low- and moderate-income (LMI)] levels and businesses and farms of different sizes.
- No CRA-related complaints were filed against the bank since the previous CRA evaluation.
- In addition, community development investments and services were considered, thereby, enhancing the bank's rating.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) small bank procedures. Residential real estate, small business, and small farm loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy.[1] Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	December 31, 2012 – December 31, 2017
Assessment Area Concentration	January 1, 2013 – December 31, 2016
Geographic Distribution of Loans	January 1, 2013 – December 31, 2016
Loan Distribution by Borrower's Profile	January 1, 2013 – December 31, 2016
Response to Written CRA Complaints	December 3, 2012 – February 25, 2018
Community Development Investments	December 3, 2012 – February 25, 2018

[1] 1–4 family residential real estate, small business, and small farm loans were sampled for this review according to CA Letter 01-8, "CRA Sampling Procedures."

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2010 U.S. Census data; certain business and farm demographics are based on 2013, 2014, 2015, and 2016 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $105.7 million to $193.4 million, as of December 31, 2017.

To augment this evaluation, two community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions in the assessment area. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from the community contact interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Community First Bank of the Heartland is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Cedar Bancorp, Inc., a one-bank holding company headquartered in Mount Vernon, Illinois. The bank's branch network consists of five offices (including the main office), all of which have non-deposit taking automated teller machines (ATMs) on site. The bank also has two non-deposit ATMs at non-branch locations. One is located at Crossroads Hospital, and the other at Good Samaritan Regional Health Center (both of which are located in Mount Vernon, Illinois). All branches are located in Jefferson County. The bank did not open or close any branch offices during the review period. Based on this branch network, the bank is well positioned to deliver financial services to its entire assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of December 31, 2017, the bank reported total assets of $174.3 million. As of the same date, loans and leases outstanding were $140.4 million (80.5 percent of total assets) and deposits totaled $157.1 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of December 31, 2017		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$3,706	2.6%
Commercial Real Estate	$56,292	40.1%
Multifamily Residential	$1,910	1.4%
1–4 Family Residential	$24,921	17.8%
Farmland	$25,882	18.4%
Farm Loans	$6,344	4.5%
Commercial and Industrial	$15,414	11.0%
Loans to Individuals	$671	0.5%
Total Other Loans	$5,255	3.7%
TOTAL	**$140,395**	**100%**

As indicated in the table above, a significant portion of the bank's lending resources is directed to commercial real estate loans, farmland secured loans, and loans secured by 1–4 family residential properties. The bank also originates and subsequently sells a significant volume of loans related to residential real estate. As these loans are sold on the secondary market shortly after origination, this activity would not be captured in the table.

The bank received an Outstanding rating at its previous CRA evaluation conducted on December 3, 2012, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 38,827, is located in southern Illinois, about 70 miles southeast of St. Louis, Missouri, in a nonmetropolitan statistical area (nonMSA) portion of the state. The bank's assessment area consists of the entirety of Jefferson County, which is primarily rural. However, Mount Vernon is the county seat and the assessment area's most populous city.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2017, there are 10 FDIC-insured depository institutions in the assessment area that operate 18 offices. Community First Bank of the Heartland (operating five offices in the assessment area [27.8 percent]) ranked second in terms of deposit market share, with 25.2 percent of the total assessment area deposit dollars.

Commercial lending products, specifically small business and small farm loans, represent a credit need in the assessment area, along with the need for a standard blend of consumer loan products. Particular credit needs in the assessment area, as noted by community contacts, include home renovation loans, because existing older homes are in need of renovation.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	1	2	7	1	0	**11**
	9.1%	18.2%	63.6%	9.1%	0.0%	**100%**
Family Population	269	1,396	7,685	899	0	**10,249**
	2.6%	13.6%	75.0%	8.8%	0.0%	**100%**

As shown above, 27.3 percent of the census tracts in the assessment area are LMI geographies, but only 16.2 percent of the family population resides in these tracts. The LMI areas are located in and around the city of Mount Vernon.

Based on 2010 U.S. Census data, the median family income for the assessment area was $51,262, which was less than the median family income for nonMSA Illinois ($54,499). More recent income estimates by the FFIEC are shown in the following table.

FFIEC Estimated Median Family Income	
Time Period	**NonMSA Illinois**
2013	$56,200
2014	$58,600
2015	$60,100
2016	$58,000

The following table displays population percentages of assessment area families by income level compared to nonMSA Illinois family population as a whole.

Family Population by Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area	2,234	2,000	2,306	3,709	0	**10,249**
	21.8%	19.5%	22.5%	36.2%	0.0%	**100%**
NonMSA Illinois	78,502	75,456	91,300	162,112	0	**407,370**
	19.3%	18.5%	22.4%	39.8%	0.0%	**100%**

As shown in the table above, 41.3 percent of families in the assessment area were considered LMI, which is higher than the LMI family percentage of 37.8 percent in nonMSA Illinois. The percentage of families living below the poverty threshold in the assessment area, 12.4 percent, is greater than the 9.7 percent level in nonMSA Illinois. Considering these factors, the assessment area appears to be less affluent than nonMSA Illinois as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be slightly more affordable than in the entirety of nonMSA Illinois. The median housing value for the assessment area is $85,800, which is less than for nonMSA Illinois ($89,798). The assessment area housing affordability ratio (48.0) is the same as that of nonMSA Illinois. Lastly, the median gross rent for the assessment area is $546 per month, which is slightly lower than the $561 per month for nonMSA Illinois.

According to community contacts, one of the main reasons that housing is affordable is because many houses are of poorer quality. Furthermore, values are affected by a limited amount of new home construction and existing houses are not being renovated and updated.

Industry and Employment Demographics

Most of the businesses in the assessment area tend to be small businesses; Dun & Bradstreet data reveals that from 2013 through 2016, between 87.8 percent and 90.2 percent of businesses in the assessment area had less than or equal to $1 million in annual revenue. County business patterns indicate that there are 18,381 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are manufacturing (21.6 percent), healthcare and social assistance (19.3 percent), and retail trade (13.3 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to nonMSA Illinois.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**NonMSA Illinois**
2013	9.6%	9.0%
2014	7.4%	7.0%
2015	6.7%	6.1%
2016	6.5%	6.1%
2017	5.6%	5.1%

As depicted in the table above, unemployment levels for the assessment area, as well as nonMSA Illinois as a whole, show a decreasing trend. Additionally, unemployment levels in the assessment area were consistently higher than nonMSA Illinois levels.

Community Contact Information

Information from two community contact interviews was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Of these interviews, one contact works in economic development and the other works for a community development organization. Contacts classified the county's economic condition as resilient and relatively strong, which they credited to the major local industries. Both also acknowledged that the biggest credit need in the area is small business loans, including products through the Small Business Administration. The contact with the community development organization stated that home values are low, and with very little new home construction, there is a need for small dollar home improvement loans to facilitate renovations to the area's older housing stock. Other assessment area needs noted by contacts include down payment assistance, workforce development programs, and financial education. Despite these needs, both interviewees stated that banks do a good job of administering credit to the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LTD Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio compared to those of regional peers. The average LTD ratio represents a 21-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of December 31, 2017**	**Average LTD Ratio**
Community First Bank of the Heartland	Mount Vernon, Illinois	$174,349	88.1%
Regional Banks	Johnston City, Illinois	$105,681	61.5%
	Clay City, Illinois	$139,692	83.0%
	Carlyle, Illinois	$193,407	66.6%

Based on data from the previous table, the bank's level of lending in relation to deposits is above that of the other banks in the region. During the review period, the LTD ratio experienced a generally increasing trend, with a 21-quarter average of 88.1 percent. The bank experienced its lowest quarterly LTD ratio, 75.1 percent, on December 31, 2012, and its highest ratio, 98.3 percent, on December 31, 2015. In comparison, the average LTD ratios for regional peers were lower. Two similarly situated peers also experienced increasing trends over the review period, while the other institution's LTD ratio was more volatile. Based on a review of all three peer institutions, the maximum LTD ratio was 90.7 percent, while the minimum was 50.9 percent. Therefore, compared to data from regional banks, the bank's average LTD ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

Lending Inside and Outside of Assessment Area January 1, 2013 through December 31, 2016						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
1–4 Family Residential Real Estate	71	84.5%	13	15.5%	**84**	**100%**
	4,525	72.5%	1,715	27.5%	**$6,240**	**100%**
Small Business	69	61.1%	44	38.9%	**113**	**100%**
	8,591	51.9%	7,974	48.1%	**$16,565**	**100%**
Small Farm	62	78.5%	17	21.5%	**79**	**100%**
	6,090	75.7%	1,951	24.3%	**$8,041**	**100%**
TOTAL LOANS	**202**	**73.2%**	**74**	**26.8%**	**276**	**100%**
	19,206	**62.3%**	**11,640**	**37.7%**	**$30,846**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown above, 73.2 percent of the total loans were made inside the assessment area, accounting for 62.3 percent of the dollar volume of total loans.

Geographic Distribution of Loans

As noted previously, the bank's assessment area includes one low-income and two moderate-income census tracts, representing 27.3 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects excellent penetration throughout these LMI census tracts, based on all three loan categories. The distribution of 1–4 family residential real estate and small business loans is excellent, while small farm loan distribution is reasonable.

The following table displays the geographic distribution of 2013 through 2016 1–4 family residential real estate loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography
January 1, 2013 through December 31, 2016

	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
1–4 Family Residential Real Estate Loans	2	2.8%	9	12.7%	49	69.0%	11	15.5%	0	0.0%	**71**	**100%**
Owner-Occupied Housing	1.6%		12.8%		75.5%		10.0%		0.0%		**100%**	
HMDA Aggregate Data												
	Low-		Moderate-		Middle-		Upper-		Unknown		TOTAL	
2013	0.4%		3.9%		83.2%		12.5%		0.0%		**100%**	
2014	0.6%		8.3%		75.5%		15.6%		0.0%		**100%**	
2015	0.7%		5.2%		77.4%		16.6%		0.0%		**100%**	
2016	0.6%		5.9%		77.8%		15.7%		0.0%		**100%**	

The bank's level of 1–4 family residential real estate lending in the low-income census tract (2.8 percent) is above the percentage of owner-occupied housing units (1.6 percent). Additionally, during the years analyzed, aggregate data ranged from 0.4 to 0.7 percent. While the bank only made two loans, opportunities to originate residential real estate loans in this census tract are limited. Of the total 733 housing units in the tract, 74.9 percent are either rentals or vacant units, and 59.9 percent of the families in the census tract fall below the poverty level. Because of these factors, and the bank's lending in comparison to demographic and aggregate data, 1–4 family residential real estate lending in the low-income census tract is deemed excellent.

The bank's performance in the moderate-income census tracts (12.7 percent) is in line with the percentage of owner-occupied housing (12.8 percent), while aggregate data ranged from 3.9 to 8.3 percent. Therefore, the bank's 1–4 family residential real estate lending performance in the moderate-income census tracts is deemed excellent. With excellent performance in both low- and moderate-income census tracts, the bank's overall distribution of 1–4 family residential real estate loans is considered excellent.

Second, the bank's geographic distribution of small business loans was reviewed. The following table displays 2013 through 2016 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2013 through December 31, 2016												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Small Business Loans	15	21.7%	9	13.0%	41	59.4%	4	5.8%	0	0.0%	**69**	**100%**
Dun & Bradstreet Business Institutions												
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**		**TOTAL**	
2013	14.2%		10.7%		65.4%		9.7%		0.0%		**100%**	
2014	14.4%		11.4%		63.9%		10.3%		0.0%		**100%**	
2015	14.3%		11.4%		63.7%		10.6%		0.0%		**100%**	
2016	15.1%		11.8%		62.8%		10.2%		0.0%		**100%**	
Small Business Aggregate Data												
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**		**TOTAL**	
2013	17.2%		10.8%		60.7%		9.6%		1.7%		**100%**	
2014	13.1%		13.8%		59.9%		8.1%		5.0%		**100%**	
2015	14.0%		12.0%		62.3%		8.5%		3.3%		**100%**	
2016	14.3%		12.3%		60.3%		11.9%		1.1%		**100%**	

The bank's level of small business lending in the low-income census tract (21.7 percent) was consistently above the estimated percentage of businesses operating inside the census tract (14.2 percent to 15.1 percent). In comparison, aggregate lending data ranged from 13.1 percent to 17.2 percent. Therefore, the bank's small business lending in the low-income census tract is excellent.

The bank's percentage of loans in the moderate-income census tracts (13.0 percent) is slightly higher than the percentage of small businesses in these tracts. Additionally, aggregate lending data ranged from 10.8 percent to 13.8 percent during the years reviewed. In comparison to aggregate lending data, the bank's small business lending in moderate-income census tracts is reasonable. In total, 34.7 percent of the bank's small business lending occurred in LMI census tracts. Overall, the bank's distribution of small business loans is excellent.

The bank's geographic distribution of small farm loans was reviewed. The following table displays 2013 through 2016 small farm loan activity by geography income level compared to the location of farms throughout the bank's assessment area and aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2013 through December 31, 2016												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Small Farm Loans	2	3.2%	2	3.2%	57	91.9%	1	1.6%	0	0.0%	**62**	**100%**
Dun & Bradstreet Farm Institutions												
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**		**TOTAL**	
2013	0.0%		2.6%		96.3%		1.1%		0.0%		**100%**	
2014	0.0%		3.2%		95.5%		1.3%		0.0%		**100%**	
2015	0.0%		1.6%		97.7%		0.8%		0.0%		**100%**	
2016	0.0%		1.9%		97.2%		0.9%		0.0%		**100%**	
Small Farm Aggregate Data												
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**		**TOTAL**	
2013	0.0%		2.2%		97.8%		0.0%		0.0%		**100%**	
2014	1.2%		7.1%		91.8%		0.0%		0.0%		**100%**	
2015	0.0%		6.1%		93.9%		0.0%		0.0%		**100%**	
2016	0.0%		6.5%		92.2%		1.3%		0.0%		**100%**	

Despite Dun & Bradstreet data stating that there were no small farms in the low-income census tract, the bank originated two (3.2 percent) loans to small farms in the tract. Additionally, during the four years analyzed, aggregate data ranged from 0.0 to 1.2 percent. All things considered, the bank's small farm lending in the low-income census tract is considered reasonable.

The bank's level of small farm lending in moderate-income census tracts (3.2 percent) is in line with the estimated percentage of farms operating in the census tracts in all four years reviewed. In addition, aggregate performance ranged from 2.2 to 7.1 percent. As a result, the bank's small farm lending in the moderate-income census tracts is reasonable. With reasonable performance in both low-income geographies and moderate-income geographies, the bank's overall distribution of small farm lending is deemed reasonable.

Finally, based on reviews from all three loan categories, Community First Bank of the Heartland had loan activity in all 11 assessment area census tracts. Additionally, there were no conspicuous lending gaps noted in LMI areas. This information supports the conclusion that the bank's overall geographic distribution of loans is excellent.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is excellent, based on performance from the three loan categories reviewed. The bank's distribution of 1–4 family residential real estate and small farm loans by borrower's profile is excellent, while small business is reasonable.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC. The following table shows the distribution of 1–4 family residential real estate loans by borrower income level compared to family population income demographics for the assessment area. Additionally, 2013 through 2016 aggregate data is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income
January 1, 2013 through December 31, 2016

	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
1–4 Family Residential Real Estate Loans	13	18.3%	18	25.4%	11	15.5%	23	32.4%	6	8.5%	**71**	**100%**
Family Population	21.8%		19.5%		22.5%		36.2%		0.0%		**100%**	

HMDA Aggregate Data						
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
2013	6.0%	17.4%	25.3%	41.8%	9.6%	**100%**
2014	6.9%	21.0%	24.9%	30.1%	17.0%	**100%**
2015	7.6%	19.7%	23.1%	30.7%	18.9%	**100%**
2016	5.2%	22.6%	22.7%	36.4%	13.1%	**100%**

As shown in the preceding table, the bank's percentage of lending to low-income borrowers (18.3 percent) is below the low-income family population figure (21.8 percent). However, aggregate data ranged from 5.2 to 7.6 percent during the years reviewed. Therefore, the bank's lending percentage reflects reasonable performance. The percentage of lending to moderate-income borrowers (25.4 percent) is above the moderate-income family population (19.5 percent), while aggregate data ranged from 17.4 to 22.6 percent. Therefore, the bank's lending to moderate-income borrowers reflects excellent performance. Since overall lending to LMI borrowers (43.7 percent) is greater than the LMI family population figure (41.3 percent), the bank's distribution of 1–4 family residential real estate loans is excellent.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2013 through 2016 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2013 through December 31, 2016								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	<$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	41	59.4%	10	14.5%	4	5.8%	**55**	**79.7%**
Greater than $1 Million/Unknown	7	10.1%	3	4.3%	4	5.8%	**14**	**20.3%**
TOTAL	**48**	**69.6%**	**13**	**18.8%**	**8**	**11.6%**	**69**	**100%**
Dataset	**2013**		**2014**		**2015**		**2016**	
Dun & Bradstreet Businesses ≤ $1 Million	89.5%		89.4%		90.2%		87.8%	
Small Business Aggregate < $1 Million	46.2%		42.5%		43.5%		44.4%	

The bank's level of lending to small businesses is reasonable. The bank originated the majority of its small business loans (79.7 percent) to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that between 87.8 percent and 90.2 percent of businesses in the assessment area had annual revenues of $1 million or less, and the 2013, 2014, 2015, and 2016 aggregate lending levels ranged from 42.5 to 46.2 percent.

Finally, small farm loans were reviewed to determine the bank's lending levels to farms of different sizes. The following table shows the distribution of 2013 through 2016 small farm loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Farm Revenue January 1, 2013 through December 31, 2016								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	<$100		**>$100 and ≤$250**		**>$250 and ≤$500**			
$1 Million or Less	40	64.5%	17	27.4%	3	4.8%	**60**	**96.8%**
Greater than $1 Million/Unknown	1	1.6%	1	1.6%	0	0.0%	**2**	**3.2%**
TOTAL	**41**	**66.1%**	**18**	**29.0%**	**3**	**4.8%**	**62**	**100%**
Dataset	**2013**		**2014**		**2015**		**2016**	
Dun & Bradstreet Farms ≤ $1 Million	99.5%		100.0%		100.0%		100.0%	
Small Farm Aggregate < $1 Million	84.9%		83.5%		84.1%		83.1%	

The bank's level of lending to small farms is excellent. The bank originated nearly all of its small farm loans (96.8 percent) to farms with revenues of $1 million or less. In comparison, assessment area demographics estimate 99.5 to 100.0 percent of farms in the assessment area had annual revenues of $1 million or less, and the aggregate lending levels ranged from 83.1 to 84.9 percent.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (December 3, 2012 through February 25, 2018).

COMMUNITY DEVELOPMENT INVESTMENTS AND SERVICES

Community First Bank of the Heartland requested to have its community development activities reviewed. The bank's overall community development performance is significant, especially when considering its size ($174.3 million in assets), and includes qualified community development investments and services.

During the review period, the bank made community development investments and donations totaling $2,333,473. This amount included three qualified investments totaling $2,258,473 and two donations totaling $75,000. The investments and donations all benefitted local schools in the assessment area that primarily serve students from LMI families.

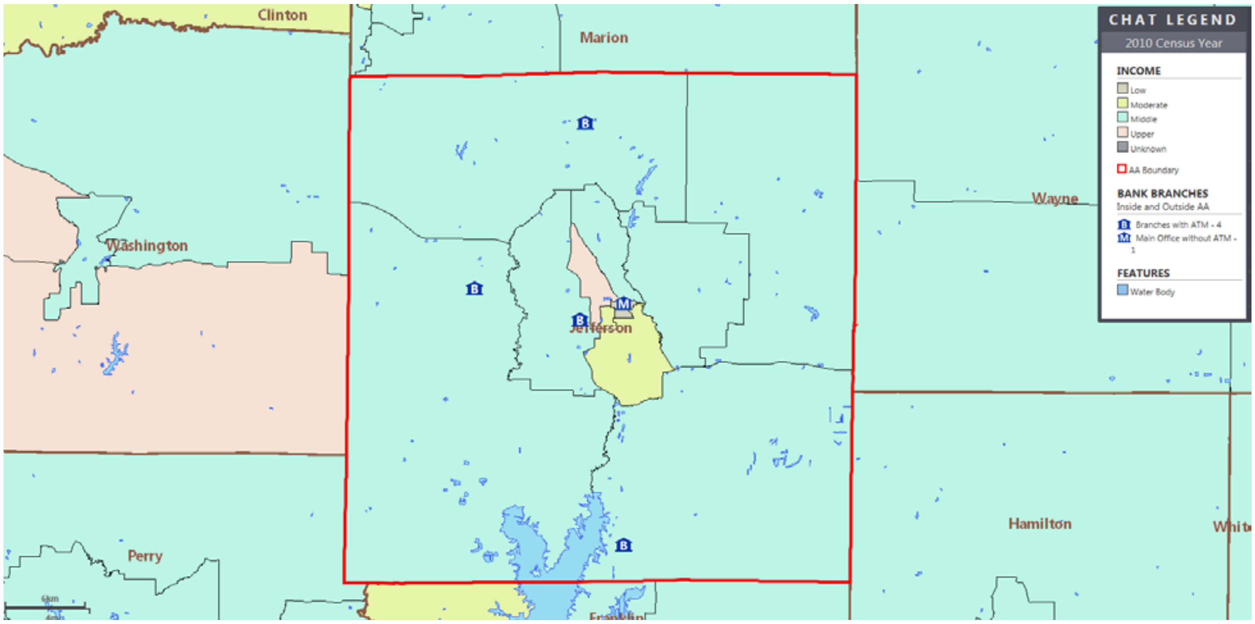
The bank has made itself readily accessible to LMI geographies. It's main office is located in the assessment area's one low-income census tract. The bank's other branches are all located in middle-income geographies; however, one of the branches is in close proximity to a moderate-income census tract. Furthermore, the two locations closest to the assessment area's LMI census tracts offer banking services on Saturdays.

Given the level of community development investments and services, the bank's overall CRA rating is enhanced.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

ASSESSMENT AREA DETAIL



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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- and moderate-income (LMI) individuals; (2) community services targeted to LMI individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; (4) activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 who 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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 family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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 percent 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 percent and less than 80 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in 'loans to small businesses' as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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.