PUBLIC DISCLOSURE

May 11, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community First Bank
RSSD #77347

900 Highway 62, NW
Corydon, IN 47112

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, MO 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 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'S CRA RATING*:* This institution is rated Satisfactory.

Community First Bank meets the criteria for a satisfactory rating based upon an evaluation of the bank's lending performance. A majority of the bank's loans were originated within the bank's assessment area. The bank's loan-to-deposit (LTD) ratio is favorable given the bank's size, financial condition, and the credit needs of its assessment area. The loan activity analysis reveals reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI) borrowers, and businesses of different revenue sizes. The analysis of the bank's geographic distribution of loans reflects adequate dispersion throughout the assessment area. Lastly, no Community Reinvestment Act (CRA) related complaints were filed against the bank for this review period.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the small bank examination procedures. The review period was from the bank's previous CRA evaluation on May 2, 2005, through the current evaluation on May 11, 2009. The loan products evaluated included a statistical sample of Home Mortgage Disclosure Act (HMDA)[1] loans originated in 2007 and 2008, and a judgmental sample of consumer motor vehicle loans and small business loans originated in 2008. These loan categories are considered the bank's primary lines of business, based upon lending volume by number and dollar amount, and are considered indicative of the overall lending performance by the bank. The lending analysis involved an evaluation of the bank's lending volume relative to bank deposits, lending within the bank's assessment area, the distribution of loans by borrower income and business revenue, and the distribution of loans among different census tracts.

To augment the performance analysis, two community contact interviews were conducted with members of the local community to ascertain the specific credit needs, opportunities, and local market conditions within the assessment area the bank serves, and to evaluate the bank's responsiveness in helping to meet such needs.

DESCRIPTION OF INSTITUTION[2]

Community First Bank is a full-service, retail bank offering both consumer and commercial loan and deposit products. The bank is a wholly-owned subsidiary of Community First Financial Group a multi-bank holding company headquartered in Corydon, Indiana. The bank's office network consists of seven branches, including the main office, with four of the locations having automated teller machines (ATMs) on-site. All facilities are located within the state of Indiana. The main office and one branch are located in Corydon, in Harrison County. Another branch is located in Salem, in Washington County. Four branches are located in Crawford County in the cities of Leavenworth, Milltown, Marengo and English. Additional free-standing ATMs are located in Corydon (Harrison County) and Eckerty (Crawford County).

[1]The HMDA loan category includes loans for the purpose of purchase, refinance, and home improvement.
[2] Any percentage row or column "Total" figure displayed throughout this evaluation that does not equal exactly 100 percent is strictly due to rounding differences, which are considered immaterial to overall performance conclusions.

For the evaluation, the bank's overall assessment area is comprised of Harrison, Washington, and Crawford counties. The census tracts in the three counties are adjacent and contiguous. The Harrison and Washington counties are part of the Louisville-Jefferson County, Kentucky-Indiana metropolitan statistical area #31140 (Louisville MSA). Crawford County is part of the non-metropolitan area of Indiana (non-MSA Indiana).

The counties of Henderson and Washington in the Louisville MSA and the county of Crawford in the non-MSA Indiana are designated as separate assessment areas and each will be analyzed individually for their CRA performance. The Harrison and Washington assessment area contains the 6 census tracts in Harrison County and the 6 census tracts in Washington County. One census tract in Washington County is in a moderate-income category, with the remaining 11 census tracts in Harrison and Washington counties in middle-income categories. The Crawford County assessment area is comprised of three middle-income census tracts in Crawford County.

Appendix A contains a listing of all the 15 census tracts within the bank's assessment area.

The bank extends residential real estate, commercial real estate, business, farm, and consumer loans. As of March 31, 2009, the bank reported total assets of $254.6 million. As of the same date, gross loans outstanding were $179.6 million (70.5 percent of total assets), and deposits totaled $174.6 million (68.6 percent of assets). The bank has the ability to meet the credit needs of its assessment area based on its asset size, financial condition, and other resources.

The bank's loan portfolio composition by credit product type is summarized in the following table.

Distribution of Community First Bank's Total Gross Loans and Leases[3]		
Credit Product Type	**Amount in $000s**	**Percentage of Total Loans**
Construction and Development	$ 18,384	10.2%
Commercial Real Estate	$ 23,654	13.2%
Multifamily Residential	$ 3,955	2.2%
1-4 Family Residential - Revolving	$ 6,865	3.8%
1-4 Family Residential - Other	$ 76,232	42.5%
Farmland	$ 5,873	3.3%
Agricultural	$ 652	0.4%
Commercial and Industrial	$ 15,812	8.8%
Loans to Individuals	$ 22,244	12.4%
Total Other Loans & Leases	$ 5,901	3.3%
TOTAL Gross Loans & Leases	**$ 179,572**	**100%**

According to the Federal Deposit Insurance Corporation (FDIC) market share information, as of June 30, 2008, Community First Bank is one of 12 financial institutions operating in the bank's assessment area of Harrison, Washington, and Crawford counties. The bank has a deposit market share of 17.3 percent and is ranked second in terms of deposits in the bank's overall assessment area.[4]

As part of this evaluation under the CRA, the bank's performance was evaluated in relation to the performance of regional competitors. Three financial institutions were identified as similarly situated competitors with asset sizes ranging from $176.9 million to $460.6 million.

There are no apparent legal or financial impediments that prevent the bank from meeting the credit needs of the bank's assessment area. The bank received a satisfactory rating at its previous CRA evaluation conducted as of May 2, 2005, by this Reserve Bank.

[3] For purposes of this table, total loan information is derived from gross loans and leases data reported on the Consolidated Reports of Condition and Income as of March 31, 2009.
[4] The FDIC makes information regarding deposit market share available on its website, updated as of June 30 of each year.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Community First Bank meets the criteria for a satisfactory rating based upon its lending performance as measured by the CRA small bank performance standards. The bank's lending performance was based upon samples of HMDA, consumer motor vehicle, and small business loans. The loan activity represented by these credit products is considered indicative of the overall lending performance of the bank. The analyses of the loan samples were conducted within the context of the assessment area economies, credit needs, and competition among financial institutions. The CRA small bank performance standards evaluate the following five loan criteria, as applicable:

- The bank's level of lending inside the designated assessment area.
- The bank's quarterly average loan-to-deposit (LTD) ratio.
- The bank's distribution of loans by borrower income or by business revenue.
- The bank's geographic distribution of loans within the census tracts in the assessment area.
- A review of written complaints received concerning the bank's CRA performance.

The remaining sections of this evaluation are based upon analyses of the bank's lending performance under these five performance criteria. As the bank has designated MSA and non-MSA assessment areas, separate analyses of the bank's borrower and geographic distribution of loans in each assessment area was performed. The comparison of lending inside and outside the assessment area and the LTD ratio analyses are the only criteria that are evaluated on a combined basis. The discussion of those two factors is included in separate sections that follow below.

In addition, a discussion of the bank's lending to borrowers and businesses of different income and revenue levels and the geographic distribution of loans is summarized in the sections that follow the LTD analysis. A detailed discussion of the borrower and geographic analyses in each of the assessment areas follows later in the individual MSA and non-MSA sections of the performance evaluation.

Lending in the Assessment Area

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

Lending Inside and Outside of Assessment Area (Number and Dollar Volume in $000s)			
Loan Type	**Inside Assessment Area**	**Outside Assessment Area**	**TOTAL**
2007 & 2008 Residential Real Estate	357 73.9%	126 26.1%	**483** **100%**
	$ 26,635 68.0%	$ 12,537 32.0%	**$ 39,172** **100%**
2008 Consumer Motor Vehicle	121 78.6%	33 21.4%	**154** **100%**
	$ 1,526 78.2%	$ 426 21.8%	**$ 1,952** **100%**
2008 Small Business	81 73.6%	29 26.4%	**110** **100%**
	$ 5,872 55.3%	$ 4,741 44.7%	**$ 10,613** **100%**
TOTAL	**559** **74.8%**	**188** **25.2%**	**747** **100%**
	$ 34,033 **65.8%**	**$ 17,704** **34.2%**	**$ 51,737** **100%**

The analysis of the loan sample revealed that the bank originated a majority of each of the loan products reviewed within its assessment area. The preceding table demonstrated that 559 (74.8 percent by number) of the 747 loans sampled were originated within the bank's assessment area. By dollar volume, 65.8 percent of the loans were originated inside the bank's assessment area. Therefore, the bank's lending practices under this performance criterion meet the standard for satisfactory performance.

Loan-to-Deposit (LTD) Ratio

Another indication of the bank's overall level of lending activity is its LTD ratio. The lending performance of similarly situated competitors serves as an additional method of assessing the adequacy of a bank's LTD ratio. The following table displays the bank's quarterly average LTD ratio[5] in comparison to that of three regional bank competitors. Similarly situated lenders are defined as financial institutions that are located in or near the bank's assessment area and are the most comparable to the bank based on asset size, market served, product offerings, loan portfolio composition, and branching structure.

[5] The average net LTD ratio represents a 16-quarter average dating back to the bank's last CRA examination on May 2, 2005, through March 31, 2009. Note: The last two comparison banks are savings banks. Data for these institutions was only available up to December 31, 2008. Therefore, the last two institutions reflect a 15-quarter average from June 2005 through December 2008 instead of 16 quarters.

Loan-to-Deposit Ratio Analysis for the Assessment Area			
Name	**Asset Size (in $000)**	**Headquarters**	**Average LTD Ratio**
Community First Bank	$ 254,581	Corydon, Indiana	97.4%
Regional Bank Competitors	$ 406,804	Seymour, Indiana	99.0%
	$ 460,613	Corydon, Indiana	100.1%
	$ 176,882	Salem, Indiana	91.6%

As shown in the preceding table, the bank's quarterly average LTD ratio was 97.4 percent for this review period. In comparison, the quarterly average LTD ratios of the bank's competitors ranged from 91.6 to 100.1 percent. For the last 16 quarters, the bank's LTD ratio ranged from a low of 86.7 percent to a high of 107.4 percent, with the March 31, 2009, quarter at 101.4 percent. Based on data from the above table, the bank's level of lending indicates a favorable responsiveness to the assessment area credit needs and therefore meets the standard for satisfactory performance for this criterion.

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

The borrower distribution performance criterion evaluates the bank's loan originations of bank credit products to borrowers of different income levels and businesses of various revenue sizes. Special emphasis is placed on loans originated to LMI borrowers and to small businesses. Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable 2007 or 2008 median family income figure as estimated by the Department of Housing and Urban Development (HUD). Businesses are classified according to those having gross annual revenues of $1 million or less and those with revenues greater than $1 million. The number and amount of the bank's loan originations in each borrower income classification are then compared to the percentage of families or households in those categories as applicable. Businesses are analyzed based on its revenue size and the number and amount of the loans originated.

In the Harrison and Washington counties assessment area, the bank's distribution of HMDA, consumer motor vehicle, and small business loans to borrowers of different income levels and businesses of various revenue sizes is considered reasonable and rated as satisfactory. In the Crawford County assessment area, the bank's record of originating residential real estate, motor vehicle, and loans to borrowers of different income levels and businesses of varying revenue sizes is also considered reasonable and rated as satisfactory.

Due to the equal dispersion of the bank's branches throughout both assessment areas, the findings from the Harrison and Washington counties assessment area and the Crawford County assessment area are weighted equally.

A detailed discussion of the borrower and small business loan distribution and analyses can be found in the separate MSA and non-MSA assessment area sections that follow later.

Geographic Distribution of Loans

The analysis of the geographic distribution of loans evaluates the bank's distribution of loans based upon the dispersal among census tracts by income category compared to the applicable demographic information, specifically focusing on loans in LMI census tracts within the assessment area.

In the Harrison and Washington assessment area, there is one moderate-income and 11 middle-income census tracts. The geographic distribution of loans in this assessment area is satisfactory. The Crawford County assessment area does not include any LMI geographies and only 3 middle census tracts. The analysis of the geographic distribution of loans in this assessment area indicated the loans of each product type were adequately dispersed and consistent with the population of the assessment area.

A detailed discussion of the analysis and conclusions relating to the bank's geographic distribution of loans can be found in the separate MSA and non-MSA assessment area sections that follow later.

Review of Complaints

No CRA-related complaints were received for this institution during the time frame covered by this performance evaluation (May 2, 2005, through May 11, 2009).

Fair Lending of Other Illegal Credit Practices Review

During the Consumer Affairs examination conducted concurrently with this CRA evaluation, a fair lending analysis was performed to assess the bank's compliance under Regulation B (Equal Credit Opportunity) and the Fair Housing Act. The analysis concluded that the bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations for the products and services reviewed.

METROPOLITAN STATISTICAL AREA

DESCRIPTION AND CONCLUSIONS: HARRISON AND WASHINGTON COUNTIES ASSESSMENT AREA

Harrison and Washington counties are part of the Louisville MSA. Based on 2000 census data, the total population of the bank's Harrison and Washington assessment area was 61,548.

According to the Federal Deposit Insurance Corporation (FDIC) market share data as of June 30, 2008, the bank is one of 11 FDIC-insured institutions operating in Harrison and Washington counties, ranking fourth in total deposits with 11.5 percent.

The following table reflects the number of census tracts within the Harrison and Washington assessment area by each income category and the corresponding family population within those census tracts.[6]

Harrison and Washington Counties Assessment Area: Geographical Information by Income Category

2000 Census Data	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Assessment Area Census Tracts	0	1	11	0	0	**12**
	0.0%	8.3%	91.7%	0.0%	0.0%	**100%**
Family Population	0	870	16,504	0	0	**17,374**
	0.0%	5.0%	95.0%	0.0%	0.0%	**100%**

As shown in the table above, the Harrison and Washington assessment area contains no low-income census tracts, one moderate-income census tract, 11 middle-income census tracts, and no upper-income census tracts. The bank's main office is located in Corydon, Indiana, in a middle-income census tract. Two additional branches and one free-standing ATM are also located in this assessment area, all in middle-income census tracts. The largest portion of the assessment area family population resides in middle-income census tracts, which account for 95.0 percent of the total family population.

The following table displays the distribution of Harrison and Washington assessment area families by income level compared to the state of Indiana and the entire Louisville MSA.

[6] . See the glossary in Appendix B for the definitions of the low-, moderate-, middle-, and upper-income categories for borrower and geographic analyses.

Harrison and Washington Counties Assessment Area: Family Population by Income Level

2000 Census Data	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Assessment Area Census Tracts	3,313 19.1%	3,614 20.8%	4,719 27.2%	5,728 33.0%	0 0.0%	**17,374** **100%**
State of Indiana	291,330 18.1%	305,092 18.9%	390,310 24.2%	624,313 38.8%	0 0.0%	**1,611,045** **100%**
Louisville-Jefferson Co, KY-IN MSA #31140	62,457 19.9%	56,520 18.0%	71,932 22.9%	123,643 39.3%	0 0.0%	**314,552** **100%**

Although the largest portion of the assessment area families are upper income (33.0 percent), the assessment area population is evenly distributed among the income classifications. The assessment area has a slightly higher percentage of LMI families (39.9 percent) in comparison to the state of Indiana (37.0 percent) and the Louisville MSA (37.9 percent). The table above shows that a significant portion of the Harrison and Washington assessment area families (39.9 percent) are considered low-and moderate-income, regardless of the census tract designation of where they live.

Based on 2000 census data, the median family income for the Harrison and Washington assessment area was $46,030, compared to $50,261 for the state of Indiana and $49,301 for the entire Louisville MSA. For 2007, Housing and Urban Development (HUD) estimated the Louisville MSA median family income to be $57,500. For 2008, the median family income for the Louisville MSA was estimated to be $59,400.

Housing in the Harrison and Washington assessment area is slightly more affordable relative to the state of Indiana and Louisville MSA as shown by a lower median gross rent value and by a higher affordability ratio.[7] The 2000 median gross rent for this assessment area was $445 per month, compared to $521 for the state of Indiana and $491 per month for the Louisville MSA. Conversely, the assessment area affordability ratio as of the year 2000 was 46 percent, compared to 44 percent for the state of Indiana and 41percent for the Louisville MSA.

The major employment sectors in the Harrison and Washington assessment area include manufacturing (25.8 percent of all employees), accommodation and food services (22.7 percent), retail (13.8 percent), and health care and social services (13.4 percent).

The 2007 annualized unemployment rate for Harrison County and Washington County was 4.5 and 5.2 percent, with the annualized rates rising to 5.9 and 6.7 percent respectively. The 2007 annualized unemployment rate for the entire Louisville MSA was 5.2 percent, compared to the

[7] This figure 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 geography. Values closer to 100 percent indicate greater affordability.

state of Indiana unemployment rate of 4.6 percent.[8] These rates increased in 2008 for the Louisville MSA and the state of Indiana to 6.3 and 5.9 percent, respectively.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The following table displays the distribution of 2007 and 2008 HMDA loans in the Harrison and Washington assessment area by income level of the borrower in relation to the percentage of families in that income category in the assessment area per 2000 census data.

Distribution of Loans (Number and Dollar Volume in $000s) Inside Harrison and Washington Assessment Area by Income Level of Borrower						
Loan Type	**Borrower Income Classification**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
2007-2008 HMDA Real Estate	35 17.6%	43 21.6%	57 28.6%	54 27.1%	10 5.0%	**199** **100%**
	$ 1,825 11.0%	$ 3,446 20.7%	$ 4,678 28.1%	$ 5,612 33.7%	$ 1,071 6.4%	**$ 16,632** **100%**
Family Population	19.1%	20.8%	27.2%	33.0%	0.0%	**100%**

The bank's performance in lending to LMI borrowers within this assessment area is similar to the family population percentage. The bank made 39.2 percent of its HMDA loans (31.7 percent by dollar volume) to LMI borrowers. In comparison, the LMI family population is 39.9 percent within the assessment area. The analysis of residential real estate loans originated by the bank within this assessment area reflects a reasonable distribution of loans among retail customers of different income levels.

The following table shows the distribution of consumer motor vehicle loans by income level of the borrower compared to the household population percentages in that category within the Harrison and Washington assessment area.

[8] Source: Bureau of Labor Statistics. Unemployment rates are not seasonally adjusted.

Distribution of Loans (Number and Dollar Volume in $000s) Inside Harrison and Washington Assessment Area by Income Level of Borrower						
Loan Type	**Borrower Income Classification**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
2008 Consumer Motor Vehicle	14 15.2%	16 17.4%	31 33.7%	31 33.7%	0 0.0%	**92** **100%**
	$ 155 12.6%	$ 186 15.1%	$ 364 29.5%	$ 530 42.9%	$ 0 0.0%	**$ 1,235** **100%**
Household Population	21.9%	16.7%	22.8%	38.6%	0.0%	**100%**

The bank's lending performance to LMI borrowers within the Harrison and Washington assessment area, although slightly lower than the level of LMI households, is reasonable. The bank made 32.6 percent of its consumer motor vehicle loans (27.7 percent by dollar volume) to LMI borrowers. In comparison, LMI households comprise 38.6 percent of the households in the assessment area. Lending levels to low-income borrowers are somewhat below the level of low-income households, while lending to moderate-income borrowers is slightly above the level of moderate-income households.

A sample of business loans was reviewed to determine the bank's level of lending to small businesses. The loans were analyzed by revenue size of the business and by loan amount. The bank's performance in the Harrison and Washington assessment area was compared to 2008 Dun & Bradstreet statistics.[10] The following table illustrates the distribution of business loans by revenue level and loan origination amount.

Lending Distribution Inside the Harrison and Washington Assessment Area by Business Revenue Level				
Gross Revenue	**Loan Origination Amount (in $000s)**			**TOTAL**
	≤$100	**>$100≤$250**	**>$250≤$1,000**	
$1 Million or Less	34 55.7%	5 8.2%	1 1.6%	40 65.6%
Greater Than $1 Million	18 29.5%	2 3.3%	1 1.6%	21 34.4%
TOTAL	**52** **85.2%**	**7** **11.5%**	**2** **3.3%**	**61** **100%**

The analysis of small business loans revealed that of the 61 business loans reviewed, 40 (65.6 percent) were made to businesses with gross annual revenues of $1 million of less. In

[10] These statistics are derived from business geo-demographic data for the assessment area as reported by Dun & Bradstreet for 2008.

comparison, 2008 Dun & Bradstreet data indicate that 92.1 percent of the businesses within the assessment area are small businesses. The bank's lending to small businesses is significantly less than the percentage of small businesses in the assessment area. However, the bank's willingness to meet the credit needs of small businesses is demonstrated by the following: 85.2 percent of the business loans originated was in amounts of $100,000 or less, amounts typically needed by smaller businesses. In addition, a community contact in Harrison County reported that Community First Bank is the only bank in the area that participates in the Harrison County revolving loan fund. Through this program, Community First Bank provides 80.0 percent of necessary funding for small businesses, and the revolving loan fund covers the additional 20.0 percent gap financing.

The contact also observed that the area has seen a dramatic decrease in the number of business permit applications. In 2007, there were over 500 small businesses applications for start-up permits, but fewer than 100 in 2008. This lack of new businesses in the area may contribute to the bank's observed low level of small business lending.

Given the bank's willingness to loan in small amounts, its support of the revolving fund, and in light of the current business climate, the bank's distribution of loans to businesses of various revenue sizes is reasonable.

Overall, for the three loan products analyzed in the Harrison and Washington counties assessment area, the borrower distribution of the bank's loans reflects reasonable penetration among individuals of different income levels, including LMI individuals, and among businesses of different revenue sizes. The assessment area lending performance meets the standard for satisfactory performance under this criterion.

Geographic Distribution of Loans

The geographic distribution of loans in the Harrison and Washington assessment area is also considered in evaluating lending performance. As described previously, this assessment area contains one moderate- and 11 middle-income census tracts. Loans are evaluated under this criterion based upon the distribution among census tracts by income category, compared to applicable demographic information.

The following table displays the geographic distribution of the bank's 2007 and 2008 HMDA residential real estate loans within this assessment area that were originated in the review period, compared to the 2000 census data statistics for owner-occupied housing in the assessment area.

Distribution of Loans (Number and Dollar Volume in $000s) Inside Harrison and Washington Assessment Area by Income Level of Geography					
Loan Type	**Geography Income Classification**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
2007 & 2008 HMDA	0 0.0%	11 5.5%	188 94.5%	0 0.0%	**199** **100%**
	$ - 0.0%	$ 707 4.3%	$ 15,925 95.7%	$ - 0.0%	**$ 16,632** **100%**
Owner-Occupied Housing	0.0%	4.9%	95.1%	0.0%	**100%**

As illustrated in the above table, 5.5 percent of the HMDA loans (4.3 percent by dollar volume) within the Harrison and Washington assessment area were made in LMI census tracts. This figure is comparable to the 4.9 percent of total owner-occupied housing units that are located in LMI census tracts.

The following table shows the geographic distribution of a sample of the bank's consumer motor vehicle loans by the income category of the census tracts in relation to the percentage of household population in each geography income category.

Distribution of Loans (Number and Dollar Volume) Inside Harrison and Washington Assessment Area by Income Level of Geography						
Loan Type	**Borrower Income Classification**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
2008 Consumer Motor Vehicle	0 0.0%	8 8.7%	84 91.3%	0 0.0%	0 0.0%	**92** **100%**
	$ - 0.0%	$ 105 8.5%	$ 1,129 91.5%	$ - 0.0%	$ 0 0.0%	**$ 1,234** **100%**
Household Population	0.0%	6.2%	93.8%	0.0%	0.0%	**100%**

The bank originated 8.7 percent of the consumer motor vehicle loans (8.5 percent by dollar volume) in LMI census tracts in this assessment area. This figure is higher than the 6.2 percent of the assessment area households that are located in LMI tracts.

The bank's geographic distribution of small business loans was also reviewed. The following table displays the results of the review of small business loans, compared to the percentage of small businesses located in each geography income category.

Distribution of Loans (Number and Dollar Volume in $000s) Inside Harrison and Washington Assessment Area by Income Level of Geography					
Loan Type	**Geography Income Classification**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
2008 Small Business	0 0.0%	5 8.2%	56 91.8%	0 0.0%	**61** **100%**
	$ - 0.0%	$ 189 5.3%	$ 3,397 94.7%	$ - 0.0%	**$ 3,586** **100%**
Business Institutions	0.0%	9.5%	90.5%	0.0%	**100%**

As displayed in the table above, the bank's level of small business lending in the LMI census tracts is 8.2 percent (5.3 percent by dollar volume) as compared to the 9.5 percent of businesses in the assessment area that are located in LMI census tracts. Given the factors previously described relating to the current business climate and the bank's participation in the county revolving fund, although slightly lower than the number of businesses in LMI tracts as reported by 2008 Dun and Bradstreet data, this is still considered adequate performance.

Overall, for the three loan products analyzed in the Harrison and Washington assessment area in the Louisville MSA, the geographic distribution of the bank's loans reflects adequate penetration among census tracts of different income level categories, including LMI census tracts. The assessment area lending performance meets the standard for satisfactory performance.

NON-METROPOLITAN STATISTICAL AREA

DESCRIPTION AND CONCLUSIONS: CRAWFORD COUNTY ASSESSMENT AREA

The Crawford County assessment area is part of non-MSA Indiana. It is comprised of the three census tracts in Crawford County, Indiana. Based on 2000 census data, the total population of the Crawford County assessment area was 10,743.

According to the FDIC market share data as of June 30, 2008, the bank is one of two FDIC-insured institutions operating in Crawford County, ranking first in total deposits (69.7 percent).

The following table reflects the number of census tracts within the assessment area by each income category and the corresponding family population within those census tracts.

Crawford County Assessment Area Geographical Information by Income Category						
2000 Census Data	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area Census Tracts	0 0.0%	0 0.0%	3 100.0%	0 0.0%	0 0.0%	**3** **100%**
Family Population	0 0.0%	0 0.0%	3,038 100.0%	0 0.0%	0 0.0%	**3,038** **100%**

As shown in the table above, the Crawford County assessment area contains no low-, moderate-, or upper-income census tracts and only three middle-income census tracts. The bank has four branch offices and one free-standing ATM located in Crawford County.

The following table displays the distribution of the Crawford County assessment area families by income level, compared to the income levels in the state of Indiana and the state-wide non-metropolitan areas in Indiana (non-MSA Indiana).

Crawford County Assessment Area Family Population by Income Level						
2000 Census Data	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area Census Tracts	829 27.3%	626 20.6%	743 24.5%	840 27.6%	0 0.0%	**3,038** **100%**
State of Indiana	291,330 18.1%	305,092 18.9%	390,310 24.2%	624,313 38.8%	0 0.0%	**1,611,045** **100%**
Non-MSA Indiana	62,842 16.5%	75,627 19.8%	98,566 25.8%	144,761 37.9%	0 0.0%	**381,796** **100%**

Although the Crawford County assessment area contains only middle-income census tracts, LMI families comprise 47.9 percent of the assessment area family population. The assessment area has a noticeably higher percentage of LMI families in comparison to the state of Indiana (37.0 percent) and non-MSA Indiana (36.3 percent).

Based on the 2000 census data, the median family income for the Crawford County assessment area was $37,679, compared to $50,261 for the state of Indiana and $45,666 for non-MSA Indiana. For 2007, the HUD median family income was estimated to be $51,900 for non-MSA Indiana. For 2008, the median family income was estimated to be $53,200.

The Crawford County assessment area affordability ratio was 51 percent, compared to 44 percent for the state of Indiana and 48 percent for the non-MSA Indiana. The 2000 gross rent for this assessment area was $390 per month, compared to $521 per month for the state of Indiana and $449 per month for non-MSA Indiana. The higher affordability ratio and lower gross median rent in the assessment area indicated that housing in the Crawford County assessment area is more affordable in comparison to the state of Indiana overall and non-MSA Indiana.

The major employment sectors in the Crawford County assessment area include retail trade (22.5 percent of all employees), mining (15.4 percent), accommodation and food service (13.5 percent), and health care and social services (13.4 percent).

The 2007 annualized unemployment rate for Crawford County was 6.1 percent, compared to the state of Indiana rate of 4.6 percent. The 2008 annualized unemployment rate for Crawford County and the state of Indiana increased to 7.7 and 5.9 percent, respectively.

<u>Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes</u>

The following table displays the distribution of 2007 and 2008 HMDA loans in the Crawford County assessment area by income level of the borrower in relation to the percentage of families in that income category in this assessment area per 2000 census data.

Distribution of Loans (Number and Dollar Volume in $000s) Inside Crawford County Assessment Area by Income Level of Borrower						
Loan Type	**Borrower Income Classification**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
2007-2008 HMDA Real Estate	31 19.6%	43 27.2%	45 28.5%	35 22.2%	4 2.5%	**158** **100%**
	$ 1,103 11.0%	$ 2,257 22.6%	$ 2,905 29.0%	$ 3,516 35.1%	$ 222 2.2%	**$ 10,003** **100%**
Family Population	27.3%	20.6%	24.5%	27.6%	0.0%	**100%**

The bank's performance in lending to LMI borrowers within this assessment area is similar to the family population percentage. The bank made 46.8 percent of its HMDA loans (33.6 percent by dollar volume) to LMI borrowers. In comparison, the LMI family population is 47.9 percent within the assessment area. The analysis of residential real estate loans originated by the bank within the assessment area reflects a reasonable distribution of loans among retail customers of different income levels and is rated as satisfactory.

The following table shows the distribution of consumer motor vehicle loans by income level of the borrower, compared to the household population percentages in that category within the Crawford County assessment area.

Distribution of Loans (Number and Dollar Volume in $000s) Inside Crawford County Assessment Area by Income Level of Borrower						
Loan Type	**Borrower Income Classification**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
2008 Consumer Motor Vehicle	7 24.1%	6 20.7%	11 37.9%	5 17.2%	0 0.0%	**29** **100%**
	$ 74 25.3%	$ 49 16.8%	$ 121 41.4%	$ 48 16.4%	$ 0 0.0%	**$ 292** **100%**
Household Population	30.5%	17.0%	22.1%	30.4%	0.0%	**100%**

The bank's lending performance to LMI borrowers within this assessment area is comparable to the household population in each income level. The bank made 44.8 percent of its consumer motor vehicle loans (42.1 percent by dollar volume) to LMI borrowers. In comparison, LMI households comprise 47.5 percent of the households in the assessment area. Similar to its motor vehicle lending performance in the Harrison and Washington Assessment area, the bank's level of lending to low-income borrowers is lower than the level of low-income households in the assessment area; its level of lending to moderate-income borrowers is greater than the level of moderate-income households. Therefore, overall, the bank's distribution of consumer motor vehicle loans to LMI borrowers is considered reasonable and rated as satisfactory.

A sample of business loans was reviewed to determine the bank's level of lending to small businesses. The loans were analyzed by revenue size of the business and by loan amount. The bank's performance in the Crawford County assessment area was compared to 2008 Dun & Bradstreet statistics. The following table illustrates the distribution of business loans by revenue level and loan origination amount.

Lending Distribution Inside Crawford County Assessment Area by Business Revenue Level				
Gross Revenue	Loan Origination Amount (in $000s)			TOTAL
	≤$100	>$100≤$250	>$250≤$1,000	
$1 Million or Less	12 60.0%	4 20.0%	1 5.0%	17 85.0%
Greater Than $1 Million	0 0.0%	1 5.0%	2 10.0%	3 15.0%
TOTAL	**12** **60.0%**	**5** **25.0%**	**3** **15.0%**	**20** **100%**

The analysis of small business loans revealed that of the 20 business loans reviewed, 17 (85.0 percent) were made to businesses with gross annual revenues of $1 million or less. In comparison, 2008 Dun & Bradstreet data indicate that 88.4 percent of the businesses within the assessment area are considered small businesses. The bank's willingness to meet the credit needs of small businesses is further demonstrated by the fact that 60.0 percent of the business loans originated were in amounts of $100,000 or less, amounts typically needed by smaller businesses. Therefore, the bank's distribution of loans to businesses of various revenue sizes is satisfactory.

Overall, for the three loan products analyzed in the Crawford County assessment area, the borrower distribution of the bank's loans reflects reasonable penetration among individuals of different income levels, including LMI individuals, and among businesses of different revenue sizes. The assessment area lending performance meets the standard for satisfactory performance under this criterion.

Geographic Distribution of Loans

The analysis of the geographic distribution of loans evaluates the bank's distribution of loans among census tracts within the Crawford County assessment area by the income level of each census tract.

Under the CRA, specific emphasis is placed on the bank's performance in LMI census tracts. However, as noted previously, the Crawford County assessment area does not include any LMI census tracts and is comprised of only three middle-income census tracts. Therefore, a detailed analysis of the distribution of the bank's lending within the Crawford County assessment area by geographic income level is not as meaningful for evaluating the bank's performance under this criterion.

Nevertheless, the dispersion of the loan products sampled within the three middle-income census tracts that comprise the Crawford County assessment area was reviewed. The analysis indicated that loans of each product type were adequately dispersed throughout the assessment area and consistent with the population in the area. The bank's geographic distribution of loans in this assessment area meets the standards for satisfactory performance.

Appendix A

Listing of Census Tracts in the Bank's CRA Assessment Area				
County	**Census Tract Number**	**Census Tract Income Category**	**MSA**	**Contains Bank Office**
Washington	9675.00	Moderate	31140	No
Harrison	0601.00	Middle	31140	No
Harrison	0602.00	Middle	31140	No
Harrison	0603.00	Middle	31140	No
Harrison	0604.00	Middle	31140	**Yes (2)**
Harrison	0605.00	Middle	31140	No
Harrison	0606.00	Middle	31140	No
Washington	9672.00	Middle	31140	No
Washington	9673.00	Middle	31140	No
Washington	9674.00	Middle	31140	No
Washington	9676.00	Middle	31140	**Yes**
Washington	9677.00	Middle	31140	No
Crawford	9519.00	Middle	N/A	**Yes (2)**
Crawford	9520.00	Middle	N/A	**Yes**
Crawford	9521.00	Middle	N/A	**Yes**

Appendix B

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.

Census tract: A small subdivision of metropolitan and other densely populated 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 upon 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 development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; 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; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (ii) Distressed or underserved non-metropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
    - a. Rates of poverty, unemployment, and population loss; or
    - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

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, 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 (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 (for example, 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: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, 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.

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 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.

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.

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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small loan(s) to business (es): A loan included in 'loans to small businesses' as defined in the Consolidated Report 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 either by 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 non-mortgage, commercial loans.

Small loan(s) to farm(s): 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, 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 geography.