



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

September 26, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Vinton County National Bank of McArthur
Charter Number: 2036

112 West Main Street
McArthur, Ohio 45651

Office of the Comptroller of the Currency

Central Ohio Field Office
325 Cramer Creek Court, Suite 101
Dublin, Ohio 43017

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

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- The distribution of loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers, given the demographics of its assessment areas (AAs).
- The bank's loan-to-deposit (LTD) ratio is reasonable and commensurate with similarly situated banks in its AAs.
- A majority of the bank's lending occurs within its AAs.
- Responsiveness to the community development needs of its AAs is adequate.

Scope of Examination

Our office conducted a full scope Community Reinvestment Act (CRA) examination to assess the bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas. We used the intermediate small bank CRA examination procedures to perform the examination. The evaluation under the Lending Test considered performance from January 1, 2008 through December 31, 2010 (lending evaluation period), excluding Community Development (CD) loans. The evaluation under the CD Test considered CD loans, investments, and services from May 1, 2007 to September 26, 2011 (CD evaluation period).

The bank's performance in residential real estate, consumer, and commercial real estate (CRE) lending is considered foremost in this CRA examination. These three loan types represent the bank's primary lending products as determined through discussions with management and review of the bank's data on loan originations during the evaluation period.

To evaluate performance for residential real estate lending, we reviewed home purchase, home improvement, and home refinance loans reported under the Home Mortgage Disclosure Act (HMDA) from January 1, 2008 through December 31, 2010. In addition, we selected a sample of 20 consumer loans and 20 CRE loans that were originated during the evaluation period to evaluate performance for consumer lending and CRE lending. We used these files and the HMDA data first to perform the analysis of Lending in the AAs, then to perform the Borrower and Geographic Distribution analyses. In the Borrower and Geographic Distribution analyses for the consumer and CRE loans, we disregarded any loans not originated in the AAs. Additional consumer and CRE loans originated within the AAs were added to the sample to ensure it included at least 20 consumer and 20 CRE loans in the AAs originated between January 1, 2008 through December 31, 2010. We also conducted interviews with two individuals representing community organizations.

Description of Institution

The Vinton County National Bank of McArthur (VCNB) is a wholly owned subsidiary of Community Bancshares, Inc. Both the main office and the holding company are headquartered in the village of McArthur, Ohio, the county seat of Vinton County. McArthur is located approximately 80 miles southeast of downtown Columbus, Ohio, and is part of Appalachia. The bank operates three offsite Automatic Teller Machines (ATM) and has a total of 14 banking offices, with offices in Wilkesville, Chillicothe, Richmond Dale, Bremen, Lancaster, Canal Winchester, Pataskala, Logan, Laurelville, and Tarlton. In February 2009, the bank merged with its affiliate bank, The First Bremen Bank, Bremen, Ohio.

VCNB's primary focus is retail lending. The bank offers a variety of standard lending products and services through their full service banking offices to accommodate the credit needs of borrowers throughout the AAs.

Presently, no legal or economic impediments exist that could restrict the institution's ability to serve the community's credit needs. VCNB earned a rating of "Satisfactory" at the prior CRA examination, dated April 30, 2007.

As of June 30, 2011, VCNB reported total assets of \$718 million and held \$73 million in Tier 1 Capital, per the Report of Condition and Income (Call Report). Net loans represent approximately 63% of total assets. On February 20, 2009, VCNB merged with its affiliate bank, The First Bremen Bank, Bremen, Ohio. Prior to the merger on December 31, 2008, VCNB had total assets of \$343 million.

The bank's primary lending products are residential real estate loans, loans to individuals (consumer loans), and CRE loans (commercial mortgage loans). The table below reflects the bank's total loans originated/purchased between January 1, 2008 and December 31, 2010.

Table 1 - Primary Loan Types		
Loans Originated/Purchased from January 1, 2008 to December 31, 2010		
Loan Type	Percent by Number of Loans	Percent by Dollar of Loans
Residential Real Estate Mortgage Loans	9%	27%
Consumer Loans	79%	43%
CRE Loans	4%	22%
Commercial non-real estate	4%	7%
All Other Loans	4%	1%
TOTAL LOANS ORIGINATED	100%	100%

Source: Internal bank reports

Description of Assessment Areas

The bank's assessment area (AA) consists of all of Vinton County, all of Ross County, all of Fairfield County, six of seven census tracts (CTs) in Hocking County, one CT in Pickaway County (in the lower southeastern part of the county), four CTs in Licking County (in the lower southwestern part of the county), and one CT in Franklin County (in the lower southeastern part of the county). The bank has two AAs for examination purposes - one a Metropolitan Statistical Area (MSA) AA and one a Non-MSA AA. The MSA AA consists of the CTs referred to above in Fairfield, Franklin, Pickaway, and Licking counties, which are part of the Columbus MSA #18140. The CTs in Ross, Vinton, and Hocking counties are not located in an MSA and comprise the non-MSA AA.

Both community contacts, who represent organizations in Vinton County, indicated that the area's economy is very depressed. In addition, they expressed concerns regarding the area's high unemployment rates. According to the contacts, most residents commute outside of the area for work, which creates a transportation problem, since many low-income families cannot afford a vehicle and there is no public transportation system. The timber industry, a large industry in the area, is depressed due to the decline in the housing market and one of the local timber yards was forced to shut down. The primary credit needs of the AA continue to be residential one-to-four family real estate loans (affordable housing loans), consumer lending, and small business loans.

MSA AA

According to 2000 Census data (updated as of 2011), the MSA AA consists of seven moderate-income CTs, 17 middle-income CTs, and eight upper-income CTs. There are no low-income CTs in this AA. The CTs in this AA are contiguous, meet the requirements of the CRA, and do not arbitrarily exclude low- or moderate-income geographies. The bank has seven banking offices throughout this AA. This AA has a median family income of \$66,600 and contains approximately 40,870 families. Of the 56,439 total housing units in the AA, 73.6% are owner occupied. Of these owner-occupied units, 16.93% are in moderate-income CTs, 51.51% are in middle-income CTs, and 31.55% are in upper-income CTs. Approximately 6.38% of the households are living below the poverty level, 24.39% of the households receive social security benefits, and 19.31% are retired. The median housing value is \$124,483; the average median age of housing is 20 years. The weighted average monthly gross rent is \$538.

This AA contains all of Fairfield County and parts of Franklin, Pickaway, and Licking Counties. Competition in the MSA AA is strong due to many local community banks and savings and loan institutions, as well as branches of larger financial institutions. VCNB ranks in second place of all banks for deposit market share in Fairfield County, with 14.6% market share per the FDIC's market share report dated June 30, 2010; however, the bank holds less than 1% deposit market share in all other counties in this AA.

As of August 2011, the unemployment rate for Fairfield County was 7.8%, which was lower than the state and national unemployment rate of 9.1%. The unemployment rates for Franklin, Pickaway, and Licking Counties were 7.9%, 9.3%, and 8.2%, respectively. The largest sectors of employment in the area are trade, transportation, and utilities; local government; leisure and hospitality; education and health services; and professional and business services. The major employers in Fairfield County include the Kroger Company, Anchor Hocking Corporation, Cyril-Scott Company, Fairfield County, Fairfield Medical Center, Lancaster City Schools, McDermott International/Diamond Power, Nifco America, Pickerington Local Schools, Ralcorp/Ralston Foods, and the State of Ohio.

Non-MSA AA

This AA contains all of Vinton and Ross counties, and six of the seven CTs in Hocking County. According to 2000 Census data (updated as of 2011), this AA consists of three moderate-income CTs, 21 middle-income CTs, and two upper-income CTs. There are no low-income CTs in this AA. The CTs in this AA are contiguous. The AA meets the requirements of the CRA, and does not arbitrarily exclude low- or moderate-income geographies. The bank has seven banking offices in throughout this AA.

This AA has a median family income of \$52,900 and contains approximately 29,644 families. Of the 45,780 total housing units in the AA, 67.4% are owner occupied. Of these owner occupied units, 12% are in moderate-, 81.92% are in middle-, and 6.08% are in upper-income CTs. Approximately 13.50% of the households are living below the poverty level, 27.5% of the households receive social security benefits, and 19.39% are retired. The median housing value is \$80,097; the average median age of housing is 23 years. The weighted average monthly gross rent is \$414.

The economic conditions of the AA are strained. VCNB ranks in first place for deposit market share in Vinton County, with 87.9% market share per the FDIC's market share report dated June 30, 2010. As of August 2011, the unemployment rate for Vinton County was 11.4%, exceeding the state and national levels of 9.1%. The largest sectors of employment in Vinton County are local government; manufacturing; and trade transportation and utilities. The only other competing bank in Vinton County is a branch of a large community bank. The major employers in the area are Austin Powder Company, Community Bancshares Incorporated, Crownover Lumber Company, Incorporated, Huston Nursing Home, Sands Hill Coal Company, the State of Ohio, and Vinton County Local Schools.

VCNB competes with eight other financial institutions of varying sizes for deposit market share in Ross County. VCNB ranks in second place for deposit market share in Ross County, with 17.23% market share per the FDIC market share reports dated June 30, 2010. As of August 2011, the unemployment rate for Ross County was 9.9%, exceeding state and national levels. The major employers in area include the Adena Regional Health System, Chillicothe City Schools, Commercial Vehicle Group/Trim Systems, Horizon Telcom Incorporated, PACCAR/Kenworth Truck Company, PH Glatfelter Company, Ross County Government, the State of Ohio, US Federal Government/Veterans Administration, Wal-Mart Stores Incorporated, and Yanagawa

Seiki/YSK Corporation.

VCNB competes with four other financial institutions of varying sizes for deposit market share in Hocking County. VCNB ranks in third place for deposit market share in Hocking County, with 13.54% market share per the FDIC market share reports dated June 30, 2010. As of August 2011, the unemployment rate for Hocking County was 7.8%, lower than state and national levels. The largest sectors of employment in Hocking County are state and local government; education and health services; leisure and hospitality; and trade, transportation and utilities. The major employers in the area are Alexander Local Schools, Athens City Schools, Athens County Government, Diagnostic Hybrids Incorporated, ED MAP Incorporated, Federal Hocking Local Schools, Hocking College, Nelsonville-York City Schools, O'Bleness Memorial Hospital, Ohio University, Rocky Boot Company, Sunpower Incorporated, and Wal-Mart Stores Incorporated.

Conclusions with Respect to Performance Tests

LENDING TEST

VCNB's lending performance is satisfactory. Based on a full-scope review, VCNB's performance in both the MSA AA and the Non-MSA AA is satisfactory overall.

Loan-to-Deposit Ratio

VCNB's loan-to-deposit (LTD) ratio is reasonable and supports satisfactory performance. The average LTD ratio calculated over the last 17 quarters since the prior CRA examination (April 30, 2007 to June 30, 2011) of 77.03% is reasonable. VCNB's highest LTD ratio was 80.29% at December 31, 2007, and the lowest was 70.38% at March 31, 2011. VCNB's current (71.42% at June 30, 2011) and 17-quarter average LTD ratios compare reasonably to similarly situated institutions (includes community banks and savings and loan institutions in VCNB's geographical footprint) whose 17-quarter average LTD ratios ranged from 64.88% to 103.49% for the same time period.

Lending in Assessment Area

The bank's record of lending within its AA is reasonable and supports satisfactory performance. As illustrated in Table 2, a majority of VCNB's lending, by both number and dollar of loans, occurs within its AA.

Table 2 - Lending in all Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
						(000s)		(000s)		(000s)
Home Purchase	681	74%	238	26%	919	55,409	76%	17,037	24%	72,446
Home Refinance	434	79%	112	21%	546	41,776	80%	10,391	20%	52,167
Home Improvement	129	81%	30	19%	159	8,196	81%	1,920	19%	10,116
Consumer	11	55%	9	45%	20	134	53%	120	47%	254
CRE	18	90%	2	10%	20	7,008	91%	735	9%	7,743
Totals	1,273	77%	391	23%	1,664	112,523	79%	30,203	21%	142,726

Source: HMDA loans originated from January 1, 2008 to December 31, 2010; Loan Sample

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

VCNB's lending to borrowers of different incomes and to business of different sizes is reasonable. Overall, lending in the MSA AA is reflective of outstanding performance and lending in the Non-MSA AA is reflective of satisfactory performance.

MSA AA

Lending to borrowers of different incomes and to businesses of different sizes in the MSA AA reflects excellent penetration. For the MSA AA, the distribution of residential real estate lending reflects excellent penetration and the distribution of consumer lending reflects reasonable penetration among individuals of different incomes, including low- and moderate-income borrowers. In addition, the penetration of CRE lending to businesses of different sizes exceeds the standard for satisfactory performance.

The distribution of residential real estate lending reflects excellent penetration among individuals of different incomes, including low- and moderate-income borrowers, in the MSA AA, which demonstrates satisfactory performance. Lending to low-income borrowers (18%) slightly exceeds the percentage of low-income families in the AA (16%). Additionally, lending to moderate-income borrowers (27%) exceeds the percentage of moderate-income families in the AA (20%). Refer to Table 3 for detail on the distribution of residential real estate loans in the MSA AA, categorized by borrower income level, compared to the percentages of families at each income level.

Table 3 - Borrower Distribution of Residential Real Estate Loans in the MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	16%	17%	20%	27%	24%	19%	40%	37%
Home Improvement	16%	19%	20%	15%	24%	38%	40%	28%
Refinance	16%	20%	20%	33%	24%	23%	40%	24%
Total	16%	18%	20%	27%	24%	24%	40%	31%

Source: HMDA loans originated from January 1, 2008 to December 31, 2010; U.S. Census data, updated as of 2011

Based on our sample of consumer loans, the distribution of consumer lending reflects reasonable penetration among individuals of different incomes and supports the bank's overall satisfactory performance. Lending to low-income borrowers is slightly less than the percentage of low-income households in the AA. However, lending to moderate-income borrowers significantly exceeded the percentage of moderate-income households in this AA. Refer to Table 3A for detail on the distribution of consumer loans in the MSA AA.

Table 3A - Borrower Distribution of Consumer Loans in the MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	18%	15%	17%	35%	20%	30%	45%	20%

Source: Consumer loan sample; U.S. 2000 Census data, updated as of 2011

Based on our CRE loan sample, the penetration of loans to small businesses is excellent in the MSA AA. In this AA, on both number and dollar bases, the bank made 95% of loan originations to businesses with annual gross revenues less than \$1 million. See Table 3B for detail.

Table 3B - Borrower Distribution of Loans to Small Businesses in the MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	70%	2%	28%	100%
% of Bank Loans in AA by #	95%	5%	0%	100%
% of Bank Loans in AA by \$	95%	5%	0%	100%

Source: CRE loan sample; U.S. 2000 Census data, updated as of 2011

Non-MSA AA

Lending to borrowers of different incomes and to businesses of different sizes in the Non-MSA AA reflects reasonable penetration. For the Non-MSA AA, the distribution of residential real estate loans and the distribution of consumer lending reflects reasonable penetration among individuals of different incomes, including low- and moderate-income borrowers and supports satisfactory performance. In addition, the penetration of CRE lending to businesses of different sizes is reasonable and reflective of satisfactory performance.

The distribution of residential real estate lending reflects reasonable penetration among individuals of different incomes, including low- and moderate-income borrowers, in the Non-MSA AA, which demonstrates satisfactory performance. Lending to low-income borrowers (13%) is significantly lower than the percentage of low-income families (20%) in the AA. A contributing factor to the low penetration to low-income families is that 10% of the families in this AA live below the poverty-level and may have difficulty meeting the criteria to qualify for a home mortgage loan. Lending to moderate-income borrowers (24%) exceeded the percentage of moderate-income families (20%) in the Non-MSA AA. Refer to Table 4 for more details on the distribution of residential real estate loans originated in the Non-MSA AA during the evaluation period, compared to the number of families by income level.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20%	12%	20%	24%	24%	25%	36%	39%
Home Improvement	20%	22%	20%	18%	24%	21%	36%	39%
Refinance	20%	13%	20%	26%	24%	29%	36%	32%
Total	20%	13%	20%	24%	24%	26%	36%	37%

Source: HMDA loans originated from January 1, 2008 to December 31, 2010; U.S. Census data, updated as of 2011

Based on our sample of consumer loans, the distribution of consumer lending reflects reasonable penetration among individuals of different incomes and supports the bank's overall satisfactory performance. Lending to low-income borrowers is lower than the percentage of low-income households in the AA. However, the distribution of lending to moderate-income borrowers significantly exceeded the percentage of moderate-income households in this AA. Refer to Table 4A for specific details.

Table 4A - Borrower Distribution of Consumer Loans in the Non-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	25%	20%	17%	50%	21%	15%	37%	15%

Source: Consumer loan sample; U.S. 2000 Census data, updated as of 2011

Based on our CRE loan sample, the penetration of loans to small businesses is reasonable in the Non-MSA AA and meets the standards for satisfactory performance. In this AA, on a number basis, the bank made 65% of their loans to businesses with annual gross revenues less than \$1 million compared to at least 69% of the AA businesses having annual gross revenues of less than \$1 million. On a dollar basis, the bank made 66% of their loans to businesses with annual gross revenues less than \$1 million.

Table 4B - Borrower Distribution of Loans to Small Businesses in the Non-MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	69%	2%	29%	100%
% of Bank Loans in AA by #	65%	35%	0%	100%
% of Bank Loans in AA by \$	66%	34%	0%	100%

Source: CRE loan sample; U.S. 2000 Census data, updated as of 2011

Geographic Distribution of Loans

Overall, the bank’s performance in lending to geographies of different income levels within its AAs, including low- and moderate-income areas, is reasonable and reflects satisfactory performance for both the MSA AA and the Non-MSA AA. The bank does not have any low-income CTs in either of its AAs. Our analysis reflects lending in a majority of the CTs, with no conspicuous gaps.

MSA AA

Lending to geographies of different income levels in the MSA AA reflects reasonable dispersion and demonstrates satisfactory performance. Within the MSA AA, there are zero low-income tracts and seven moderate-income CTs out of a total of 32 CTs.

Lending to geographies of different income levels in the MSA AA reflects excellent dispersion for residential real estate lending. VCNB made 19% of the total residential real estate loans in this AA in moderate-income CTs, which exceeds the 17% of owner-occupied units located in moderate-income CTs in the AA. See Table 5 for specific details on the dispersion of residential real estate lending in different income geographies in the MSA AA.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner-Occupied Housing	% of Number of Loans	% of AA Owner-Occupied Housing	% of Number of Loans	% of AA Owner-Occupied Housing	% of Number of Loans	% of AA Owner-Occupied Housing	% of Number of Loans
Home Purchase	0%	0%	17%	18%	51%	74%	32%	8%
Refinance	0%	0%	17%	22%	51%	71%	32%	7%
Home Improvement	0%	0%	17%	20%	51%	67%	32%	13%
Total	0%	0%	17%	19%	51%	71%	32%	10%

Source: HMDA loans originated from January 1, 2008 to December 31, 2010; U.S. Census data, updated as of 2011

Based on our consumer loan sample, lending to geographies of different income levels in the MSA AA reflects reasonable dispersion for consumer lending and demonstrates satisfactory performance. VCNB made 30% of the total consumer loans in this AA in moderate-income CTs, based on the loan sample, which exceeds the percentage of households (23%) in moderate-income CTs. See Table 5A for specific details on the dispersion of consumer loans in different income geographies in the MSA AA.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0%	0%	23%	30%	50%	50%	27%	20%

Source: Consumer loan sample; U.S. 2000 Census data, updated as of 2011

Based on our CRE loan sample, the geographic distribution of business loans in the MSA AA reflects poor dispersion. VCNB made only 5% of the business loan sample in moderate-income CTs, which is significantly less than the 18% of AA businesses located in moderate-income areas. Excellent loan dispersion in the residential lending area and reasonable dispersion in the consumer lending area compensate for the lower performance for business loans. See Table 5B for specific details on the dispersion of CRE loans in different income geographies.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	0%	0%	18%	5%	49%	85%	33%	10%

Source: CRE loan sample; U.S. 2000 Census data, updated as of 2011

Non-MSA AA

Lending to geographies of different income levels in the Non-MSA AA reflects reasonable dispersion and demonstrates satisfactory performance. Within the Non-MSA AA, there are zero low-income and only three moderate-income CTs out of a total of 26 CTs.

Lending to geographies of different income levels in the Non-MSA AA reflects excellent dispersion for residential real estate lending. VCNB made 25% of residential real estate loan originations in moderate-income CTs which significantly exceeds the 12% of owner-occupied housing units located in moderate-income CTs in the AA. See Table 6 for detail on the dispersion of residential real estate loans in different income geographies.

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0%	0%	12%	24%	82%	73%	6%	3%
Refinance	0%	0%	12%	27%	82%	71%	6%	2%
Home Improvement	0%	0%	12%	26%	82%	73%	6%	1%
Total	0%	0%	12%	25%	82%	73%	6%	2%

Source: HMDA loans originated from January 1, 2008 to December 31, 2010; U.S. Census data, updated as of 2011

Based on our consumer loan sample, lending to geographies of different income levels in the Non-MSA AA reflects excellent dispersion for consumer lending. VCNB made 40% of the total consumer loans in this AA in moderate-income CTs, which significantly exceeds the percentage of households (13%) in moderate-income CTs. See Table 6A for detail on the dispersion of consumer loans in different income geographies.

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0%	0%	13%	40%	81%	60%	6%	0%

Source: Consumer loan sample; U.S. 2000 Census data, updated as of 2011

Based on our CRE loan sample, the geographic dispersion of business loans in the Non-MSA AA reflects poor dispersion. Based on our sample, VCNB made one or 5% of its loans to businesses in moderate-income CTs, which is significantly less than the

percentage of businesses located in moderate-income CTs (12%). Excellent loan dispersion in the residential lending and in the consumer lending areas compensates for the lower performance for business loan dispersion. Please refer to table 6B below for specifics of the dispersion of CRE loans in different income geographies.

Table 6B - Geographic Distribution of Loans to Businesses in the Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	0%	0%	12%	5%	83%	75%	5%	20%

Source: CRE loan sample; U.S. 2000 Census data, updated as of 2011

Responses to Complaints

VCNB has not received any complaints about its performance in helping to meet the assessment area’s credit needs during this evaluation period.

COMMUNITY DEVELOPMENT TEST

Overall, VCNB’s responsiveness to the community development needs of its AAs is adequate and reflective of satisfactory performance. The bank has been adequately responsive to CD needs through CD loans and services, considering the bank’s capacity and the need, and availability of such opportunities for CD in the bank’s AAs. VCNB’s responsiveness to community needs by way of investments is poor and needs improvement.

Number and Amount of Community Development Loans

VCNB’s amount of CD loans is satisfactory, as the bank is adequately responsive to the CD needs of the AAs through CD loans. During this evaluation period, the bank made five loans totaling \$4,670,037 in the MSA AA, and seven loans totaling \$1,031,121 in the Non-MSA AA. Brief descriptions of the loans can be found below for each AA.

The evaluation period for CD loans, investments, and services was from May 1, 2007 to September 26, 2011.

MSA AA

During the CD evaluation period, VCNB originated five CD loans totaling \$4,670,037, which represents adequate responsiveness. The bank originated two loans to medical facilities: one for \$3,000,000 and one for \$1,000,000. Both loans helped revitalize and stabilize economic conditions by stimulating economic development and job creation. The bank also originated a loan for \$150,000 to a nonprofit organization which primarily provides meals, transportation, and other services to low-to moderate-income individuals. VCNB participated in the state of Ohio’s Grow Now loan program,

originating two loans totaling \$520,037. This program provides low cost financing to small business owners to help create and retain jobs in the state of Ohio.

Non-MSA AA

The level of CD lending in the Non-MSA AA represents adequate responsiveness. During the evaluation period, the bank originated seven loans totaling \$1,031,121. VCNB originated three loans totaling \$253,462 to Buckeye Community Services, which is a private, not-for-profit agency that provides housing and other services to low-income persons with developmental disabilities. Additionally, VCNB originated three loans totaling \$377,659 to Frontier Development Corporation, Incorporated, which is a not-for-profit corporation that provides housing to low-income mentally handicapped and developmentally disabled individuals. According to the community contacts, affordable housing is a primary need of the community. VCNB also originated one loan for \$400,000 as part of the State of Ohio's Grow Now loan program.

Number and Amount of Qualified Investments

VCNB's amount of qualified CD investments is less than satisfactory, as the bank's responsiveness to the CD needs of the AAs through CD investments is poor and needs improvement. The number, amount, and descriptions of the investments, can be found below for each AA.

MSA AA

VCNB did not originate any qualifying CD investments during this evaluation period in the MSA AA.

Non-MSA AA

The bank continues to hold two prior period municipal bonds: one to the Vinton County Local School District and one to Vinton County Job & Family Services. The purpose of the bond to the Vinton County Local School District was to construct four new school buildings for the county school district. The activity helps to revitalize and stabilize the area by helping to build/maintain jobs and residents. As of this evaluation period, the outstanding balance on this bond was \$90,080. The bond to Vinton County Job & Family Services helps to provide community services to low- and moderate-income persons. As of this evaluation period, the outstanding balance on this bond was \$772,632. VCNB did not originate any qualifying CD investments during this evaluation period in the Non-MSA AA.

Number and Amount of Qualified Grants and Donations

Notable qualifying donations made in the MSA AA and the Non-MSA AA totaled \$10,341 during the evaluation period. These included donations to numerous food banks which provide groceries and other items to low- and moderate-income persons; donations to organizations which provide social services to low- and moderate-income

persons; and donations to organizations which provide toys and gifts to low- and moderate-income persons.

Extent to Which the Bank Provides Community Development Services

CD Services provided by the bank represent adequate responsiveness and demonstrate satisfactory performance.

MSA AA

VCNB is represented on two community groups active in meeting the economic needs of the community. A bank employee serves on the Route 33 Alliance board, which is an organization that helps stimulate economic development in the route 33 corridor. Another bank employee serves on the Fairfield County Revolving Loan Fund committee, which helps to assist new or existing small businesses achieve their goals and create jobs in Fairfield County. Additionally, the bank originated two loans totaling \$149,435 under the Welcome Home program. This program provides funds to assist low- and moderate-income individuals purchase homes and become homeowners.

Of the seven branches in the MSA AA, two of the branches are located in moderate-income CTs. This AA contains seven moderate-income CTs, 17 middle-income CTs, and eight upper-income CTs. The MSA AA does not contain any low-income CTs.

Non-MSA AA

The bank is represented on various major community groups active in meeting housing, service, and economic needs of low- and moderate-income persons. Various employees serve on the boards of organizations that help to promote economic development and provide services to low- and moderate-income individuals. Employees serve on organizations such as the Economic Development Alliance of Southern Ohio, the Jackson-Vinton County Community Action Group, Chillicothe Ross Improvement, the Salvation Army, and the Community Improvement Corporation.

Of the seven branches in the Non-MSA AA, one is located in a moderate-income CT. This AA contains three moderate-income CTs, 21 middle-income CTs, and two upper-income CTs. The Non-MSA AA does not contain any low-income CTs.

Responsiveness to Community Development Needs

VCNB is adequately responsive to the CD needs of the AAs through lending and services.

Fair Lending or Other Illegal Credit Practices Review

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