



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 23, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Vinton County National Bank
Charter Number: #2036

112 West Main Street
McArthur, Ohio 45651

The Office of the Comptroller of the Currency

**Central Ohio Field Office
325 Cramer Creek Court, Suite 202
Dublin, Ohio 43017**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The Vinton County National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 23, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **SATISFACTORY** .

This institution meets the requirements for satisfactory performance for all applicable performance criteria. The current and eleven quarter average loan-to-deposit ratios of 79% and 78%, respectively, are reasonable and comparable to the ratios demonstrated by national, custom and local peer banks. A sample of 91 loans, combined with an internally prepared dispersion analysis, illustrate that a majority of the bank's loans are made within the assessment area and are reasonably dispersed. Based upon the sample, the bank's loans are made to customers of all income levels, including 18% to low-, 26% to moderate-, 29% to middle- and 26% to upper-income borrowers. The bank has had no consumer complaints regarding its CRA performance since the prior examination.

DESCRIPTION OF INSTITUTION

The Vinton County National Bank (VCNB) is a wholly owned subsidiary of Community Bancshares, Inc., a two bank holding company. The main office is located approximately 90 miles southeast of Columbus, Ohio in the village of McArthur, Ohio. The bank's primary business focus is retail banking. It offers standard products and services through four full service offices in Vinton and Ross counties. Competition for loans and deposits is moderate and comes primarily from several community banks in surrounding cities. Currently, no legal or economic impediments exist that could restrict the institution's ability to serve the community's credit needs.

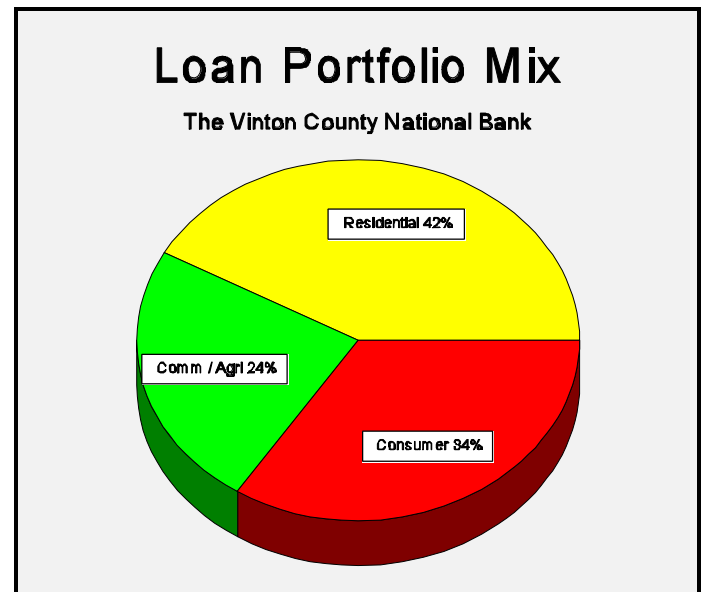


Figure 1

As of the June 30, 1997 Call Report, VCNB reported total assets of \$158 million and gross loans of \$115 million. Loans for one-to-four family residential housing purposes represented about 42% of gross loans, with the remainder divided among loans having individual and commercial/agricultural purposes. Figure 1 shows the bank's total loan mix as of June 30, 1997.

DESCRIPTION OF ASSESSMENT AREAS

The bank currently has two assessment areas (AA). The major, and primary AA consists of all eighteen block numbering areas (BNA) that comprise Ross and Vinton counties, and seventeen other BNAs from the surrounding counties of Jackson, Gallia, Athens, Meigs, Hocking, Fayette, Highland and Pike. The second AA contains two census tracts of Pickaway County that are contiguous to Ross County and are located in the Columbus, Ohio metropolitan statistical area (MSA) #1840. Management selected these AAs based on the bank's desired lending territory. Of the thirty-seven BNA/CTs included in the AAs, nineteen are characterized as moderate-income areas, seventeen are middle-income areas and one is an upper-income area. The AAs contain a population of about 158,000 people and have an approximate median family income of \$25,000 as of the 1990 census. The AAs comply with all regulation requirements and do not arbitrarily exclude any low- or moderate-income areas.

The overall economic condition of the AAs is fair with stable trends. The AAs are primarily rural with timber as the major industry, but also contain a moderate level of light manufacturing. Larger employers in Vinton County include Crownover Lumber and Austin Powder, and Mead Paper and Columbus Kenworth in Ross County. The average unemployment rate for all eleven counties represented in the AAs as of August, 1997, is 5.2%, which compares unfavorably to

state and national unemployment rates of 3.8% and 4.8%, respectively. Community contact interviews revealed that loans for the purchase, rehabilitation and construction of residential properties is the primary need of the AAs. Community contacts also revealed that these types of loans are readily available from all area institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

VCNB's current loan-to-deposit (LTD) ratio of 79% as of June 30, 1997, and average LTD ratio over the last eleven calendar quarters of 78% are comparable to other similarly situated institutions, and reflect satisfactory performance. VCNB's LTD ratios were compared with a peer group of banks nationwide and a custom peer group consisting of banks in Ohio, West Virginia and Kentucky with total assets between \$140 million and \$170 million. The bank's ratios were then further compared with three local community banks also competing in the AAs. VCNB's ratios were slightly higher than the 70%-76% range demonstrated by the combined peer bank sample, and were within the 70%-90% range demonstrated by the local banks.

A sample of 91 loans made since June 1, 1997, was reviewed for borrower location and income. The sample consisted of 50 residential real estate loans, 21 commercial loans and 20 consumer loans. Management internally monitors the geographic distribution of all loans using the postal zip codes of borrowers. Although this method does not completely identify each BNA or CT involved, it does provide an effective and accurate picture of the bank's lending penetration throughout the AAs, including the volume of loans made inside versus outside the AAs. The internal geographic dispersion analysis and the dispersion of the loans sampled demonstrate that the bank has a reasonable level of lending activity in all sections of the AAs and supports satisfactory performance. In addition, both the internal analysis and the loan sample indicate that approximately 82% of the bank's loans are made within the AAs, which is also consistent with satisfactory performance.

The bank's record of lending to borrowers of different income levels is appropriate. The 50 residential real estate loans and the 20 consumer loans mentioned above were also used to test the bank's dispersion of credit to borrowers of different income levels. The income information from each loan was compared to the State of Ohio non-metropolitan statistical area median family income figure to determine the income category for each. The sample indicated that the bank approved credit to borrowers in the following income categories: 18% to low-, 26% to moderate-, 29% to middle- and 26% to upper-income borrowers. Approximately 55% of the sampled loans were made to moderate- and middle-income borrowers, which is consistent with the make-up of the bank's AAs. The sample of 21 commercial loans revealed that 48% of these loans were made to businesses with gross revenue of less than \$1 million and the majority were made in amounts less than \$100M.

No evidence of discriminatory or other illegal credit practices on any prohibited basis was noted during the course of the examination. The bank is in compliance with the substantive provisions of the antidiscrimination laws.