



PUBLIC DISCLOSURE

January 16, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Vinton County National Bank
Charter Number 2036

112 West Main Street, McArthur, Ohio 45651

Office of the Comptroller of the Currency

Westlake Center, 4555 Lake Forest Drive, Suite 520, Cincinnati, Ohio 45242

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, and should not 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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Overall CRA Rating This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- The Loan-to-deposit (LTD) ratio in the review period is reasonable.
- A majority of the bank's lending occurs within its AAs.
- Lending to borrowers of different income levels reflects reasonable penetration.
- The bank's distribution of loans in its AAs among low-and moderate-income geographies reflects reasonable dispersion.
- The bank's community development (CD) performance demonstrates adequate responsiveness to the CD needs of its AA through CD loans, investments, and services.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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 MA/assessment area.

Census Tract (CT): 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 areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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: 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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 Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

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

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) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial 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.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

VCNB is a wholly owned subsidiary of Community Bancshares, Inc. Both the main office and the holding company are headquartered in McArthur, Ohio, the county seat of Vinton County. The bank operates seventeen banking offices and four offsite Automatic Teller Machines (ATMs) in Ashville, McArthur, Wilkesville, Chillicothe, Richmond Dale, Bremen, Lancaster, Canal Winchester, Pataskala, Logan, Tarlton, and Laurelville, Ohio. The bank closed its Salt Creek banking center (non-branch location) in December 2016, and opened its Jackson branch and an associated ATM in mid-October 2017. The bank closed the Salt Creek banking center because it was directly across the street from the Salt Creek full service branch and did not have enough traffic to warrant retaining. The Salt Creek banking center was located in a middle income CT and the Jackson branch is located in a moderate income CT. The bank added the entirety of Jackson County to its AA in October 2017 with the addition of the Jackson branch. Due to the minimal amount of time since the opening of the Jackson County branch, and corresponding bank adjustment of the MSA AA on October 19, 2017, we did not use the 2017 AA containing Jackson County for analysis purposes in this examination. Given the limited timeframe, the bank would not have been able to originate a reasonable number of loans or community development activities for inclusion in this evaluation.

VCNB's primary focus remains 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. There are no legal or economic impediments which restrict the institution's ability to serve the community's credit needs. VCNB earned a Satisfactory rating in the prior CRA evaluation, dated September 29, 2014.

As of September 30, 2017, VCNB reported total assets of \$922 million per the Uniform Bank Performance Report. Tier 1 Capital is \$98 million. Net loans and leases at approximately \$651 million represent approximately 70.61 percent of total assets. As noted above, the bank's primary lending products are residential real estate loans and loans to consumers. The table below reflects the bank's gross loan portfolio composition.

Outstanding Loans by Category		
Loan Type	\$(000s)	Percent
Residential Real Estate Mortgage Loans	359	55
Consumer Loans	116	18
Agricultural Loans	12	2
Commercial Loans (Including commercial real estate, multifamily, and non-residential construction loans).	160	24
All Other Loans	11	2
Total Gross Loans	657	100.0%

Source: Call Report as of September 30, 2017 (Schedule RC-C Part 1-Loans and Leases).

The bank has two AAs; one which is part of the Columbus Metropolitan Statistical Area #18140 (the MSA AA), and the other located in a non-MSA (Non MSA AA). The MSA AA consists of fourteen CTs (CT) (all of Grove City and Canal Winchester) in Franklin County, five CTs (all of Pataskala) in Licking County, and all of Pickaway Fairfield and Hocking Counties. The non-MSA AA is comprised of all of Vinton and Ross Counties.

The MSA AA contains one low – income CT. Lending opportunities in the only low-income census tract in the MSA AA are minimal. The number of owner occupied housing units (OOHU's) in the low-income tract is minimal at 512 total units. The number of AA households in low-income CTs in the AA is also relatively minimal at 1,152 AA households. Per CRA Wiz reports, total home mortgage applications received from low-income census tracts equaled less than one percent (2 home mortgage applications, or 0.25 percent) of total applications initiated in the MSA AA. Furthermore, the percentage of occupied rental units and vacant units in the low-income CT outnumber the percentage of owner occupied housing units in this CT, reflecting the limited affordable housing opportunities within the AA. Occupied rental units total 2.21 percent and vacant units total .84 percent in the low-income census tract.

The Non MSA AA economy is poor as confirmed by our community contact and reflected by the 13.82 percent of families living below the poverty level and 16.30 percent of households living below the poverty level. Our analysis of residential and consumer lending took into consideration the percentage of families and households in the AA living below the poverty level. Residents of limited income may face difficulty meeting credit underwriting standards. Additionally, the median housing value is 3.95 times the annual income of low-income families, thus a homeownership affordability issue exists for many low-income families, limiting mortgage demand among these families.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We conducted a Community Reinvestment Act (CRA) examination to assess VCNB's record of meeting the credit needs of its community. The evaluation covers the period from September 30, 2014 to January 16, 2018. We performed the evaluation using intermediate small bank CRA evaluation procedures.

The evaluation under the Lending Test analyzed the bank's primary loan products, consisting of home mortgage products and consumer loans and considered performance from January 1, 2015 through December 31, 2016 (lending evaluation period), excluding CD loans. The evaluation under the CD Test analyzed qualified CD loans, investments and services from August 1, 2014, 2011 through September 30, 2017 (CD evaluation period). No affiliate or subsidiary activity was considered in this review.

Residential real estate and consumer lending represent the bank's primary lending products as determined through review of the bank's loan origination data during the review period and discussions with management.

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, 2015 through December 31, 2016. Additionally, we selected a random sample of 20 consumer loans from each AA originated during the review period to evaluate consumer lending performance. We used HMDA data and sampled consumer files first to perform the analysis of Lending in the AAs, then to perform the Borrower and Geographic Distribution analysis. We also conducted interviews with individuals representing community organizations in both the bank's AAs.

To evaluate the bank's loan volume, we calculated an average quarterly loan-to-deposit ratio since the previous evaluation (from September 30, 2013 to September 30, 2016).

We use Federal Deposit Insurance Corporation (FDIC) annual deposit information to determine the bank's deposit market share and deposit market ranking within its AAs. The most recent deposit market share information is dated June 30, 2017.

Data Integrity

Prior to this evaluation, examiners validated the accuracy of the bank's Home Mortgage Disclosure Act (HMDA) data for 2015 and 2016 using a sample of 60 loans. No material errors were noted for the HMDA loan data. As such, we used all HMDA-reportable data for analysis of home loan products (purchase, improvement, and refinance). Additionally, examiners used a random sample of consumer loans from bank reports to evaluate consumer lending performance. We included all HMDA loans and a sample of 40 consumer loans originated in 2015 and 2016.

Selection of Areas for Full-Scope Review

We performed a full scope review of both of the bank's AAs. *Please refer to the table in Appendix A for further information.*

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

VCNB's performance in both the MSA AA and the Non-MSA AA is satisfactory. The loan-to-deposit (LTD) ratio is reasonable. A majority of the bank's loan activity is inside its AA. The bank's borrower distribution reflects reasonable penetration. The geographic distribution reflects reasonable dispersion.

Loan-to-Deposit Ratio

Vinton County National Bank's (VCNB) quarterly average loan to deposit ratio (LTD) is reasonable given the credit needs of the AA, market conditions, and the bank's size and financial condition. The bank's quarterly average LTD ratio, from September 30, 2014 to September 30, 2017, was 79.14 percent. The bank's peer group consisted of five institutions, with asset sizes ranging from \$299 million to \$884 million, located within VCNB's market. The LTD average quarterly ratio for the peer group ranged from 63.11 percent to 102.48 percent. VCNB's LTD is ranked fourth of six peer banks in its combined AAs. The bank's LTD is reasonable when considering that VCNB's primary emphasis on residential and consumer loans rather than higher dollar commercial loans has resulted in a LTD ratio that has been historically lower than its peer banks. Additionally, the strong competition in its MSA AA market limits lending opportunities. VCNB competes with large national and regional banks in its MSA market that have a larger market presence and capacity to lend such as The Huntington National Bank, JP Morgan Chase, PNC Bank, NA, and Fifth Third Bank. These four national lenders alone operate 236 banking offices in the market and hold a combined 73.67 percent of local deposits, while VCNB operates 11 local offices and holds .82 percent of local deposits.

Lending in Assessment Area

VCNB originated a majority of its loans both by number and dollar volume inside its AAs during the review period. *Please refer to the table below for reference.*

Table 1 - Lending in Vinton County National Bank's Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total (\$000's)
	#	%	#	%		\$	%	\$	%	
Home Purchase	797	72.00	310	28.00	1,107	98,694	71.63	39,090	28.37	137,784
Home Refinance	158	85.41	27	14.59	185	18,152	85.90	2,979	14.10	21,131
Home Improvement	119	81.51	27	18.49	146	12,409	74.11	4,334	25.89	16,743
Consumer Loans	36	70.59	15	29.41	51	881	68.83	398	31.09	1280
Totals	1,110	74.55	379	25.45	1,489	130,136	73.55	46,801	26.45	\$176,938

Source: 2015 and 2016 HMDA Data and Consumer Loan Sample.

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

VCNB's distribution of lending among borrowers of different income levels reflects reasonable penetration. Overall, lending in both the MSA AA and the non-MSA AA demonstrates reasonable penetration to both low- and moderate-income borrowers.

MSA AA

Lending to borrowers of different incomes in the MSA AA reflects reasonable penetration. The distribution of residential real estate is reasonable while the distribution of consumer lending is excellent.

Residential Lending

The overall distribution of home mortgage loans to borrowers of low-and moderate-income levels within the AA reflects reasonable penetration.

Borrower distribution of home purchase loans reflects poor penetration. The percentage of home purchase loans to low-income borrowers is well below the percentage of low-income families; however, the percentage of home purchase loans to moderate-income borrowers was near to the percentage of moderate-income families. Borrower distribution of home improvement loans reflects reasonable penetration. The percentage of home improvement loans to both low- and moderate-income borrowers is near to the percentage of low- and moderate-income families. Borrower distribution of home refinance loans reflects reasonable penetration. The percentage of home refinance loans to low-income borrowers is lower than the percentage of low-income families; however, the percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families.

Please refer to the table below for details.

Table 2 - Borrower Distribution of Residential Real Estate Loans in 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	19.04	11.06	19.53	16.35	22.92	22.12	38.51	50.48
Home Improvement	19.04	15.52	19.53	18.97	22.92	34.48	38.51	31.03
Home Refinance	19.04	13.92	19.53	20.25	22.92	30.38	38.51	35.44

Source: 2015 and 2016 HMDA Data

Consumer Lending

The distribution of consumer loans to borrowers of low-and moderate-income levels within the AA reflects excellent penetration.

The percentage of consumer loans to both low- and moderate-income borrowers exceeds the percentage of low-income households in the AA.

Table 2B - Borrower Distribution of Consumer Loans in MSA AA								
	Low		Moderate		Middle		Upper	
Borrower Income Level	% 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	20.24	40.00	16.45	20.00	19.78	25.00	43.53	15.00

Source: 2010 Census Data and sample of 20 consumer loans in the AA.

Non-MSA AA

Lending to borrowers of different incomes in the Non MSA AA reflects reasonable penetration. The distribution of both residential real estate and consumer lending is reasonable.

Our analysis of residential and consumer lending took into consideration the percentage of families and households in the AA living below the poverty level. Residents of limited income may face difficulty meeting credit underwriting standards. Additionally, the median housing value is 3.95 times the annual income of low-income families, thus a homeownership affordability issue exists for many low-income families, limiting mortgage demand among these families. Generally, home ownership is not a viable option for these families and affordable home purchase opportunities are limited.

Residential Lending:

The distribution of home mortgage loans to borrowers of low-and moderate-income levels within the AA reflects reasonable penetration.

Borrower distribution of home purchase loans reflects reasonable penetration. The percentage of home purchase loans to low-income borrowers is well below the percentage of low-income families in the AA; however, the distribution of home purchase loans to moderate-income families exceeds the percentage of moderate-income families in the AA.

Borrower distribution of both home refinance and home improvement loans reflects poor penetration. The percentage of home refinance and home improvement loans to low-income borrowers was well below the percentage of low-income families in the AA; however, the percentage of home refinance and home improvement loans to moderate-income families was near to the percentage of moderate-income families in the AA.

Please refer to the table below for details.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Non 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	22.70	8.85	20.70	23.01	20.74	25.07	35.85	43.07
Home Improvement	22.70	1.85	20.70	20.37	20.74	29.63	35.85	48.15
Home Refinance	22.70	6.25	20.70	18.75	20.74	26.56	35.85	48.44

Source: 2015 and 2016 HMDA Data

Consumer Lending

The distribution of consumer loans to borrowers of low-and moderate-income levels within the AA reflects reasonable penetration.

The percentage of consumer loans to low-income borrowers is well below the percentage of low-income households in the AA, while the percentage of consumer loans to moderate-income borrowers greatly exceeds the percentage of moderate-income households in the AA.

Table 2B - Borrower Distribution of Consumer Loans in the Non-MSA AA								
	Low		Moderate		Middle		Upper	
Borrower Income Level	% 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	25.07	10.00	16.99	40.00	17.79	5.00	40.15	45.00

Source: 2010 Census Data and sample of 20 consumer loans in the AA

Geographic Distribution of Loans

VCNB's distribution of loans in its AAs among low- and moderate-income geographies reflects reasonable dispersion overall. Lending in the MSA AA demonstrates reasonable dispersion while lending in the Non MSA AA demonstrates excellent dispersion among both low- and moderate-income geographies.

The bank does not have any low-income CTs in the Non MSA AA. Our analysis reflects lending in a majority of the CTs, with no conspicuous lending gaps.

MSA AA

Lending among low- and moderate-income geographies in the MSA AA reflects reasonable dispersion. The distribution of both residential real estate and consumer lending is reasonable.

Our analysis of residential and consumer lending took into consideration the limited lending opportunities in the only low-income CT in the AA. Lending opportunities in the low-income census tract are minimal. The number of owner occupied housing units in the low-income tract is minimal at 512 total units. Total home mortgage applications from low-income census tracts equaled less than one percent (0.25 percent) of total applications initiated in the MSA AA. Furthermore, the percentage of occupied rental units and vacant units in the low-income CT outnumber the percentage of owner occupied housing units in this CT, reflecting the limited affordable housing opportunities within the AA. Occupied rental units total 2.21 percent and vacant units total .84 percent in the low-income census tract.

Residential Lending

The overall distribution of home mortgage loans to low-and moderate-income geographies within the AA reflects reasonable dispersion.

The bank's geographic distribution in moderate-income CTs is excellent as the percentage of bank home purchase, refinance, and home improvement loans originated

in moderate-income census tracts exceeds the percentage of owner-occupied housing units (OOHUs) in these CTs.

The bank’s lending in low-income CTs reflects poor dispersion. The percentage of home purchase loans originated in low-income census tracts is below the percentage of OOHUs in these CTs. The bank did not originate any home improvement or refinance loans in low-income CTs.

Table 3 - Geographic Distribution of Residential Real Estate Loans in 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	0.55	0.23	20.53	30.57	49.57	55.40	29.35	13.79
Home Improvement	0.55	0.00	20.53	28.57	49.57	53.97	29.35	17.46
Home Refinance	0.55	0.00	20.53	47.73	49.57	48.86	29.35	3.41

Source: 2015 and 2016 HMDA Data

Consumer Lending

The distribution of consumer loans to geographies of different income levels in the MSA AA reflects reasonable dispersion.

Consumer lending in moderate-income CTs reflects excellent dispersion as the percentage of consumer loans originated in moderate-income CTs exceeds the percentage of moderate-income households in the AA in these CTs. The bank’s consumer lending in low-income CTs reflects poor dispersion as the bank did not originate any consumer loans in low-income CTs.

Geographic Distribution of Consumer Loans in MSA AA								
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	0.94	0.00	25.54	35.00	47.93	60.00	25.59	5.00

Source: sample of 20 consumer loans and 2010 U.S. Census data.

Non-MSA AA

Lending among low- and moderate-income geographies in the Non-MSA AA reflects excellent dispersion. The distribution of both residential real estate and consumer lending is excellent.

Residential Lending

The overall distribution of home mortgage loans to low-and moderate-income geographies within the AA reflects excellent dispersion.

VCNB's home purchase, home improvement, and home refinance lending in moderate-income CTs exceeds the percentage of OOHUs within the AA. There are no OOHUs in low income CTs within the non-MSA AA.

Geographic Distribution of Residential Real Estate Loans in Non-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	0.00	0.00	21.60	33.43	62.79	59.05	15.61	7.52
Home Improvement	0.00	0.00	21.60	34.55	62.79	58.18	15.61	7.27
Refinance	0.00	0.00	21.60	38.24	62.79	47.06	15.61	14.71

Source: 2015 and 2016 HMDA Data and 2010 U.S. Census data.

Consumer Lending

The overall distribution of consumer loans to low-and moderate-income geographies within the AA reflects excellent dispersion.

The bank's consumer lending in moderate-income CTs substantially exceeds the percentage of households in moderate income CTs in the AA. Furthermore, 33% of the consumer loans originated in moderate-income CTs were to FFIEC-designated distressed middle-income CTs. There are no low-income households in the AA.

Geographic Distribution of Consumer Loans in Non-MSA AA								
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	0.00	0.00	24.75	50.00	60.61	45.00	14.64	5.00

Source: sample of 20 consumer loans; 2010 U.S. Census data.

Responses to Complaints

VCNB has not received any written comments or complaints regarding its performance in its efforts to help meet the credit needs of its AA during the evaluation period. The OCC has not received any written complaints, comments, or inquiries concerning RBNA and its efforts to comply with the spirit and intent of the CRA.

COMMUNITY DEVELOPMENT TEST

Responsiveness to the CD needs of VCNB's AAs is adequate. The bank has been responsive to CD needs through CD loans, investments, and services considering the bank's capacity, the communities' needs, and the availability of such opportunities for CD in the bank's AAs.

Number and Amount of Community Development Loans

VCNB demonstrates adequate responsiveness to CD needs within its AAs through CD loans. The bank originated 18 loans in its AAs in response to community needs that meet the definition of CD, totaling approximately \$3.5 million during the review period. Two of these loans totaling \$93 thousand were to a community service agency which benefits both the MSA and the Non-MSA AA, and are discussed under the Non MSA AA section below. The bank also originated additional qualified CD loans totaling \$265 thousand dollars for affordable housing benefitting a broader statewide or regional area during the review period.

MSA AA

During the CD evaluation period, VCNB made nine qualified CD loans within the MSA AA totaling approximately \$2.6 million. One loan totaling \$400 thousand was to the Grow Now program, providing economic development through loans at reduced interest rates to small businesses. Economic development in the form of job creation and retention is an identified community need. One loan for \$645 thousand was to provide community development services to Hocking County, which is a primarily moderate-income CT area. Three of these loans totaling \$345 thousand supported economic development through loans to small farms. Two CD loans totaling \$796 thousand were to an organization providing rehabilitation and housing services to the homeless.

Non-MSA AA

The bank originated nine CD loans totaling approximately \$854 thousand in the AA, demonstrating adequate responsiveness. One of these loans was a small farm loan supporting economic development. Three of these loans were to programs and organizations that provide housing, and assistance in obtaining affordable housing, totaling \$338 thousand. Economic development and affordable housing are noted needs in the AA. Two of these loans totaling \$93 thousand were to a community service agency which benefits both the MSA and the Non-MSA AA.

Number and Amount of Qualified Investments

VCNB's number and amount of qualified CD investments is adequate. VCNB made 54 qualified donations in the AAs during the review period totaling \$69,696. The bank also made two qualified investments in the AA during the review period totaling \$1.5 million. One of these investments was to the Vinton County School District. Vinton County is an extremely rural area with a high poverty rate. The county is made up of two moderate income CTs and one middle income CT designated as distressed due to poverty.

Included in VCNB's investments is a \$22,800 donation to Everfi, a provider of financial education courses designed to develop financial literacy in youth. Everfi serves both AAs. Financial literacy is an identified need in both the bank's AAs. The bank's total investment in community services bonds and donations in its AAs is \$1.6 million. In addition to the investments inside of its AAs, VCNB invested in a \$3.1 million FNMA mortgage back security with a designated purpose of affordable housing which benefits a broader statewide or regional area. The affordable housing units collateralizing the bond are located in Bellbrook Ohio, in Green County.

MSA AA

VCNB made an adequate number and amount of qualified investments and donations in the MSA AA during the evaluation period. VCNB made donations to three economic development organizations supporting small business establishment and growth in the AA totaling \$16 thousand during the review period in addition to several food pantries and LMI social services such as the Canal Winchester Human Services and Habitat for Humanity. The bank made one investment totaling \$592 thousand to the City of Circleville, for a municipal building located in a primarily moderate-income geography.

Non-MSA AA

VCNB made an adequate number and amount of qualified investments and donations in the Non-MSA AA during the evaluation period. The bank holds \$960 thousand in Vinton County Local School Energy Conservation notes. The notes are held in accordance with HB 264, The School Energy Conservation Program, which allows schools to borrow funds to finance energy saving building and equipment upgrades and improvements, and use the energy an operational cost savings to repay the debentures. Vinton County is a primarily moderate-income geography with one distressed middle income CT designated for poverty. Furthermore, the investment will sustain the delivery of educational services to LMI students. The bank also made a donation to an economic development alliance in the AA which supports small business growth. Additionally, the bank made numerous donations to various local food pantries and social services for LMI individuals such the Salvation Army and a program that provides food to LMI children outside of school hours in the non-MSA AA.

Extent to Which the Bank Provides Community Development Services

VCNB provides an adequate level of qualified services and has a positive impact on community needs, benefiting its AA.

VCNB provided an adequate level of CD services during the evaluation period. During the review period, 21 employees provided CD services to 28 different organizations which provide services that benefit the bank's AAs, including board member services to one local governmental board, Area 20, which provides services that benefit both AAs. Area 20 is a local government Local Workforce Development System benefitting both AAs through providing workforce development services across Vinton, Fairfield, Ross,

Pickaway, Hocking counties. Economic development through job creation and retention is an identified community need in both AAs. One of the employees also provides financial advisor service to an organization providing community service throughout the state of Ohio, including to the bank's AAs.

MSA AA

Nine VCNB employees provided services to sixteen different organizations in the AA during the review period. Employees provided services to LMI groups active in meeting the economic and service needs of the community. Examples of organizations served include the Route 33 Alliance board, an organization that helps to stimulate economic development in the route 33 corridor; and the Fairfield County Revolving Loan Fund committee which assists new or existing small businesses in achieving goals and creates jobs in the AA.

Non-MSA AA

Eleven VCNB employees provided services to thirteen different organizations in the AA during the review period. Employees provided services to LMI groups active in meeting the economic and service needs of the community. Employees serve on organizations such as the Economic Development Alliance of Southern Ohio, the Jackson-Vinton County Community Action Group, and the Salvation Army.

Responsiveness to Community Development Needs

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

Job creation and retention, affordable housing, and financial literacy are identified needs within both AAs. VCNB made approximately \$1.1 million in affordable housing loans and loans to organizations that both provide housing and assist LMI community members in obtaining affordable housing, in addition to making qualified donations to organizations supporting affordable housing. Additionally, the bank made a \$3.1 million affordable housing investment in the broader statewide and regional area.

During the review period, VCNB made \$17 thousand in donations and \$745 thousand in loans to organizations supporting economic development, and approximately \$22 thousand in qualified donations to an organization providing financial literacy. Furthermore, VCNB's employees provide services to organizations providing financial literacy, and supporting economic development initiatives.

In addition to the noted lending, investments/donations and services, the bank serves as a deposit holder for the IOLTA/IOTA funds, which is used to fund civil legal aid for Ohioans who cannot afford an attorney. The bank holds \$140,596 in IOLTA funds opened during the review period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD loans): (1/1/2015 to 12/31/2016) Investment and Service Tests and CD Loans: (08/01/2014 to 09/30/2017)	
Financial Institution	Products Reviewed	
(Vinton County National Bank (VCNB) McArthur, OH)	HMDA Loans Consumer Loans	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Ohio (MSA AA: Columbus MSA) #18140 Non MSA AA : Vinton County and Ross County	Full Scope Full Scope	

Appendix B: Community Profiles for Full-Scope Areas

(MSA AA)

Demographic Information for Full-Scope Area: MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	67	1.49	29.85	47.76	19.40	1.49
Population by Geography	340,590	.78	23.77	47.27	27.12	1.06
Owner-Occupied Housing by Geography	93,828	.55	20.53	49.57	29.35	0.00
Businesses by Geography	17,613	.68	26.95	43.33	29.01	0.03
Farms by Geography	1,009	.30	12.78	64.92	22.00	0.00
Family Distribution by Income Level	90,399	19.04	19.53	22.92	38.51	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	34,867	.53	13.17	18.77	6.11	0.00
Median Family Income HUD Adjusted Median Family Income for 2016 Households Below the Poverty Level	= \$66,060 = \$69,100 = 10.14%	Median Housing Value Unemployment Rate		= \$154,691 = 4.60%		

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census, and 2016 HUD updated MFI.

The bank has two AAs; one which is part of the Columbus Metropolitan Statistical Area #18140 (the MSA AA), and the other located in a non-MSA (Non MSA AA). The MSA AA consists of fourteen CTs (CT) (all of Grove City and Canal Winchester) in Franklin County, five CTs (all of Pataskala) in Licking County, and all of Pickaway Fairfield and Hocking Counties. The non-MSA AA is comprised of all of Vinton and Ross Counties.

MSA AA

This AA contains all of Fairfield, Hocking, and Pickaway Counties and parts of Franklin and Licking Counties in Ohio. During the examination, we updated the AA to include all of the CTs in Grove City and the city of Pataskala. The bank has eleven banking offices throughout this AA. According to 2010 Census data, the MSA AA consists of one low-income CT, 20 moderate-income CTs, 32 middle-income CTs, and 13 upper-income CTs. The CTs in this AA are contiguous, meet the requirements of the CRA, and do not arbitrarily exclude any low- or moderate-income geographies.

According to 2010 census data, the AA population is 340,590. The AA contains approximately 90,399 families, of which 17,211 (19.04 percent) are low-income, and 17,656 (19.53 percent) are moderate-income. Approximately 7.84 percent of families live below the poverty level. The 2016 FFIEC weighted average median family income for the AA is \$69,100.

Of the 133,495 housing units in the AA, 93,828 or 70.29 percent are owner occupied. Of these owner-occupied units, 512 or .55 percent are located in low-income CTs, and 19,267 or 20.53 percent are located in moderate-income CTs. Of total housing units in the AA, 29,009 or 21.73 percent are occupied rental units and 10,658 or 7.98 percent are vacant. Approximately 10.14 percent of households live below the poverty level. The weighted average median housing value in the AA is \$154,691. Lending opportunities in the only low-income census tract in the MSA AA are minimal. The number of owner occupied housing units (OOHU's) in the low-income tract is minimal at 512 total units. The number of AA households in low-income CTs in the AA is also relatively minimal at 1,152 AA households. Per CRA Wiz reports, total home mortgage applications received from low-income census tracts equaled less than one percent (2 home mortgage applications, or 0.25 percent) of total applications initiated in the MSA AA. Furthermore, the percentage of occupied rental units and vacant units in the low-income CT outnumber the percentage of owner occupied housing units in this CT, reflecting the limited affordable housing opportunities within the AA. Occupied rental units total 2.21 percent and vacant units total .84 percent in the low-income census tract.

Financial institution competition in the MSA AA is strong due to the presence of large regional and national banks, as well as the many local community banks, savings and loan institutions, and credit unions. The majority of this competition is driven by the Franklin County portion of VCNB's market. VCNB ranks fourteenth of all (42) banks in the MSA AA holding 0.82 percent of the deposit market share per the June 30, 2017 FDIC Deposit Market Share Report.

The local economy in the MSA AA overall is growing and unemployment rates continue an improving trend. AA unemployment rates are well below state unemployment rates, with the exception of Hocking County, per the most recent (November 2017) county averages available per the US Bureau of Labor Statistics (BLS). November 2017 county unemployment rates for Fairfield, Franklin, Hocking, Licking and Pickaway counties respectively were as follows: 3.7 percent, 3.5 percent, 4.7 percent, 3.6 percent and 3.9 percent. State unemployment is 4.8 percent per BLS November 2017 data, while the national unemployment rate for the same period was 4.1 percent.

Industries providing the majority of employment across the AA are trade, transportation and utilities; education and health services; professional business services; local government, and manufacturing per data provided by the Ohio Development Services Agency.

Within the MSA AA, Hocking County demonstrates the highest unemployment rate at 4.7 percent, and highest percentage of families living below the poverty level at 13% per the Ohio Development Services Agency. Industries employing the highest number of the population in Hocking County are local government, leisure and hospitality industry and manufacturing.

We reviewed two community contacts (from agencies providing community services to Franklin, Fairfield, Licking and Pickaway counties) within the MSA AA during the review period. Contacts stated that there continues to be a high need for affordable, quality, housing in the portion of the MSA including Franklin, Fairfield and Licking counties, which is anticipated to increase. Population growth in Franklin County has increased the rents in the area and increased the need for affordable housing. Overall the

economy is doing very well for a substantial portion of the population, but for many residents, the availability of housing is decreasing. Landlords are also able to be more selective in screening their tenants, and many residents in need of housing spend 70% of their income on housing.

Per one contact, a lack of quality jobs makes rent difficult to pay, especially for units that are not substandard. In addition, there are hundreds of vacant homes, but the Land Bank is limited in funds and capacity to address all of the blight.

In addition to the need for affordable housing, there is a growing demand for utility assistance and food. Challenges for agency clients include substance abuse, such as opioids, history of criminal records or lack of soft skills for employment. Opportunities for financial institution involvement include low- cost construction financing, affordable mortgages, funding for financial literacy courses and sponsorship of community service organization applications by FHLB member banks.

(Non-MSA AA)

Demographic Information for Full-Scope Area: Non MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	20	0.00	30.00	55.00	15.00	0.00
Population by Geography	91,499	0.00	29.17	57.24	13.58	0.00
Owner-Occupied Housing by Geography	24,691	0.00	21.60	62.79	15.61	0.00
Businesses by Geography	3,910	0.00	42.33	45.68	11.99	0.00
Farms by Geography	256	0.00	16.41	67.97	15.63	0.00
Family Distribution by Income Level	23,221	22.70	20.70	20.74	35.85	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,079	0.00	13.68	25.64	4.09	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below the Poverty Level	= \$48,872 = \$55,400 = 16.30%	Median Housing Value Unemployment Rate		= \$107,401 = 6.13%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

Non-MSA AA

The Non MSA AA contains all of Vinton and Ross counties. The bank has seven banking offices throughout this AA. According to the 2010 Census data, this AA consists of six moderate-income CTs, 11 middle-income CTs, and three upper-income CTs. There is one distressed middle-income CT (designated for poverty) in Vinton County per FFIEC 2015 and 2016 designations. 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 level geographies.

According to 2010 census data, the AA population is 91,499. The AA contains approximately 23,221 families, of which 5,272 (22.7 percent) are low-income, and 4,807 (20.70 percent) are moderate-income. Approximately 13.82 percent of families live below the poverty level. The 2016 FFIEC weighted average median family income for the AA is \$55,400.

Of the 38,093 housing units in the AA, 24,691 or 64.82 percent are owner occupied. Of these owner-occupied units, 5,335 or 21.6 percent are located in moderate-income CTs. Of total housing units in the AA, 8,765 or 23.01 percent are occupied rental units and 4,637 or 12.17 percent are vacant. Approximately 16.3 percent of households live below the poverty level. The weighted average median housing value in the AA is \$107,401. The median housing value is 3.95 times the average median annual income of low-income families, thus a homeownership affordability issue exists for many low-income families, limiting mortgage demand among these families.

VCNB ranks first of all (9) banks in the AA in market share for deposits, holding 30.58 percent of AA deposits per the June 30, 2017 FDIC Deposit Market Share Report.

Economic conditions in the AA are depressed, primarily in Vinton County. Unemployment in the Non MSA AA overall is higher than the national unemployment rate. Furthermore, the Vinton County unemployment rate exceeds both state and national unemployment rates, per the most recent state and county averages available per the US Bureau of Labor Statistics (BLS). November 2017 unemployment rates for Vinton and Ross counties were 5.8 percent and 4.5 percent respectively, while the state and national November 2017 unemployment rates were 4.8 percent and 4.1 percent.

Industries providing the majority of employment in the Non MSA AA are trade, transportation and utilities; education and health services; and manufacturing per the Ohio Development Services Agency.

We conducted one community contact in the AA, representing a community services agency serving Vinton and Jackson counties. Our community contact indicated that the area's economy is poor. The county has a high unemployment rate as there are no local major employers; therefore residents must travel outside of the county for work.

The primary needs in Vinton County are infrastructure, credit counseling, job creation and retention, and affordable housing. In addition to the high unemployment rate, the county is experiencing a heroin epidemic, which further contributes to the cycle of poverty. Jackson County has two major employers and does not have as great an infrastructure need or as high a level of poverty.

Vinton County has a small population, is extremely rural and is in need of municipal infrastructure. Given the poverty rate, job loss easily spirals into a cycle of debt, which limits housing opportunities. Per the contact, even public housing is not available to those with poor credit.

The lack of infrastructure prohibits new construction in Vinton County. There are no large electric utilities; rather, there are co-ops which don't offer payment plans for electrical line installation. Perspective new home owners would have to put in a septic

system, and have water and electrical lines installed, costing thousands of dollars up front. Per our contact, when new water lines are installed, housing (typically trailers) tends to pop up surrounding the water line. There is also a lack of internet service providers and access to broadband, which presents further barrier to development as the lack of internet is prohibitive in attracting new businesses.

Opportunities for financial institution involvement include Services with “wrap around with flexibility” to help with debt relief, job retention, and affordable housing, debt counseling and lessons in budgeting, and grants or loans for new water lines.