

PUBLIC DISCLOSURE

June 22, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community Bank, NA
Charter Number 5784
100 North Market Street
Carmichaels, Pennsylvania 15320**

**Office of the Comptroller of the Currency
4075 Monroeville Boulevard - Suite 300
Monroeville, Pennsylvania 15146**

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 **Community Bank, NA** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 31, 1998**. 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**”.

The primary factors supporting the bank’s overall rating include:

- o The loan-to-deposit ratio averaged 74% for the period under review in comparison to 72% for similarly situated financial institutions.
- o The bank has a good record of lending within its assessment area. 88% of the number and 89% of the dollar amount of loan originations are in the assessment area.
- o The bank has a reasonable record of lending to borrowers of different income levels and to business of different sizes.

*The following table indicates the performance level of **Community Bank, NA** with respect to each of the five performance criteria.*

SMALL INSTITUTION ASSESSMENT	COMMUNITY BANK, NA PERFORMANCE LEVELS
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CRITERIA			
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans	Data not	available and	not required.
Response to Complaints	No complaints	were received since	the prior examination.

DESCRIPTION OF INSTITUTION

Community Bank NA (CBNA) is headquartered in Carmichaels, Pennsylvania. As of March 31, 1998, total assets were \$184 million, gross loans were \$130 million, and total deposits were \$160 million. As a percentage of gross loans, 36% were 1-4 family residential mortgage loans, 34% were consumer installment loans, 25% were commercial and commercial real estate loans, and 5% were consumer lines of credit including home equity lines. The bank offers a full range of loan and deposit services and is well positioned to help meet the credit needs of its assessment areas.

CBNA's branches are located in Greene and Washington Counties in Pennsylvania. In Greene County, in addition to the main office in Carmichaels, there are four branches. This includes two branches in Waynesburg, one branch in Greensboro, and one in Rogersville. In Washington County, the branches are located in Claysville, McMurray and Washington. All of the branches are full service. Lobby hours on Fridays are extended through 6:00 PM or 7:00 PM depending on branch location. Saturday morning lobby service is provided at the McMurray branch. Each branch offers 24 hour automated teller machine access. There is strong competition from other community banks, regional banks, thrifts, credit unions and non-financial institutions. CBNA has no impediments, legal or otherwise, which would hinder their efforts in helping to meet the credit needs of the bank's assessment areas.

DESCRIPTION OF ASSESSMENT AREA

CBNA has two contiguous assessment areas. The first assessment area is all of Greene County, a non-metropolitan statistical area (Non-MSA). The second assessment area is all of Washington County in the Pittsburgh metropolitan statistical area (MSA 6280). The bank's assessment areas comply with CRA and do not arbitrarily exclude low- or moderate-income census tracts or block numbering areas. Based on 1990 census information, the area population is approximately 244,134, of which 39,550 are in Greene County. The updated median family income for Greene County is \$35,200, and for Washington County is \$40,900. The demographics and characteristics of the bank's assessment areas reflect:

Assessment Area 1 - Greene County (Non-MSA):

<u>Census Tract Characteristics</u>			<u>Family Income Characteristics</u>	
<u>Tract Type</u>	<u>Number</u>	<u>Percent</u>	<u>Level of Income</u>	<u>Percent</u>
Low	0	0 %	Low Income	26 %
Moderate	2	25 %	Moderate Income	21 %
Middle	6	75 %	Middle Income	21 %
Upper	0	0 %	<u>Upper Income</u>	32 %
NA	0	0 %	Total	100 %
Total	8	100 %		

Assessment Area 2 - Washington County (MSA 6280):

<u>Census Tract Characteristics</u>			<u>Family Income Characteristics</u>	
<u>Tract Type</u>	<u>Number</u>	<u>Percent</u>	<u>Level of Income</u>	<u>Percent</u>
Low	1	2 %	Low Income	21 %
Moderate	19	31 %	Moderate Income	19 %
Middle	35	56 %	Middle Income	24 %
Upper	6	10 %	<u>Upper Income</u>	36 %
NA	1	1 %	Total	100 %
Total	62	100 %		

The economic environment of the respective assessment areas is considered stable. The major industry sectors are the service industry, retail trade, construction, wholesale trade, real estate/finance/insurance, manufacturing, transportation/communication, agriculture, and mining. Greene County is one of the poorest counties and has the highest unemployment rate of all counties in Pennsylvania. Greene County's largest employers are Waynesburg College, the School Districts, the County Government, Greene County Memorial Hospital, and the Emerald Mine. Washington County's largest employers are Washington Hospital, Monvalley Hospital, the County Government, Lukens Steel, and Allegheny Ludlum Steel. Management and the Board continue to identify the primary credit needs within the bank's assessment areas as residential mortgages, consumer loans, and commercial lending, particularly to small businesses, each of which are the bank's primary focus.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA
ASSESSMENT AREA 1 - GREENE COUNTY (NON-MSA)**

Loan to Deposit Ratio

CBNA's loan-to-deposit ratio is reasonable, indicating a commitment in helping to meet the credit needs of the bank's assessment areas. We reviewed the ten quarters since the last CRA examination. Our results reflect CBNA's loan-to-deposit ratio averaged 74% during this period in comparison to the 72% averaged during the same interval for similarly situated financial institutions. As of March 31, 1998, CBNA's loan-to-deposit ratio was 81%.

Lending in Assessment Area

A substantial majority of all loan originations are within CBNA's assessment area. We tested and relied on management reports of loans in CBNA's assessment area. Based on our review, Greene County assessment area contains 44% of the number and 40% of the dollar amount of loans.

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

CBNA has a good record of lending to borrowers of different income and to businesses of different sizes. We tested and relied on management's 1996 and 1997 HMDA data, the June 30, 1997 Call Report, and management's new loans reports.

The distribution of borrowers reflects reasonable penetration among individuals of different incomes. Our results below summarize HMDA originations by borrower income.

CBNA's Borrower Income Distribution

<u>Income</u>	<u># of Loans</u>	<u>Percent</u>
Low	33	11 %
Moderate	35	12 %
Middle	64	21 %
<u>Upper</u>	<u>172</u>	<u>56 %</u>
Total	304	100 %

Of total commercial and commercial real estate loans, 43% of the number and 47% of the dollar of loans are in Greene County. Based on our sample, 78% of the number of commercial and commercial real estate loans are to small businesses with annual revenues of \$1 million or less. Additionally, approximately 72% of commercial and commercial real estate loans are less than \$1 million in size. The following reflects the distribution of small business loans by loan size:

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA ASSESSMENT AREA 1 - GREENE COUNTY (NON-MSA)

CBNA's Commercial & Commercial Real Estate Loans To Small Businesses

<u>Loan Size</u>	<u># of Loans</u>	<u>\$ (000's)</u>
\$100M or Less	413	12,113
>\$100M to \$250M	42	4,705
>\$250 to \$1MM	18	6,716
Total	473	23,534

Geographic Distribution of Loans

Adequate data on the geographic distribution is not available and is not required. A substantial portion of CBNA's loans are in Greene County, a non-MSA area. The bank is not required to and does not collect and report the block numbering area for each HMDA reportable loan in a non-MSA area.

Response to Complaints

CBNA received no CRA complaints since the prior examination.

Compliance with Anti-discrimination Laws

No substantive violations involving illegal discrimination or discouragement were noted during the concurrent Fair Lending examination.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA ASSESSMENT AREA 2 - WASHINGTON COUNTY(MSA 6280)

Lending in Assessment Area

Based on our review, the Washington County assessment area contains 44% of the number and 49% of the dollar amount of loans.

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

CBNA has a good record of lending to borrowers of different income and to businesses of different sizes. We tested and relied on management's 1996 and 1997 HMDA data, the June 30, 1997 Call Report, and management's new loans reports. Our results follow below.

The distribution of borrowers reflects reasonable penetration among individuals of different incomes. Our results below summarize HMDA originations by borrower income.

CBNA's Borrower Income Distribution

<u>Income</u>	<u># of Loans</u>	<u>Percent</u>
Low	13	4 %
Moderate	56	17 %
Middle	84	26 %
<u>Upper</u>	<u>169</u>	<u>23 %</u>
Total	322	100 %

Of total commercial and commercial real estate loans, 48% of the number and 42% of the dollar of loans are in Washington County. Based on our sample, loans to small businesses with annual revenues of \$1 million or less, and the number of commercial and commercial real estate loans of \$1 million in size or less, our results mirror the previous assessment area.