



Comptroller of the Currency
Administrator of National Banks

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Community Reinvestment Act Performance Evaluation

Vermont National Bank

**Charter No. 1430
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Brattleboro, Vermont 05302-0804**

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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.

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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 CRA performance of *Vermont National Bank* prepared by *The Office of the Comptroller of the Currency*, the institution's supervisory agency, as of **June 12, 1997**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated *Satisfactory*.

The factors supporting the bank's overall rating include:

- ▶ a good responsiveness to credit needs within the assessment area;
- ▶ a high percentage (92%) of home mortgage and small business loans made within the assessment area;
- ▶ a reasonable geographic distribution of all loans within the assessment area;
- ▶ a good distribution of loans among borrowers of different income levels and to businesses of different sizes;
- ▶ an adequate level of community development lending activity;
- ▶ satisfactory use of flexible lending practices in order to serve assessment area credit needs;
- ▶ a low level of investments throughout its assessment area;
- ▶ reasonable access to delivery systems for all segments of the assessment area; and
- ▶ an adequate level of community development services provided.

The following table indicates the performance level of *Vermont National Bank* with respect to the lending, investment, and service tests.

Performance Levels	<i>Vermont National Bank</i> Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	X		
Low satisfactory			X
Needs to improve		X	
Substantial noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Description of Institution

Vermont National Bank (VNB) is the principal subsidiary of Vermont Financial Services Corp. (VFSC), a two-bank \$1.3 billion holding company headquartered in Brattleboro, Vermont. VFSC also owns United Bank, a savings bank headquartered in Greenfield, Massachusetts. The goal of VNB is to become a premier banking institution delivering, with integrity, quality financial services to individuals, businesses, institutions and government entities in Vermont and adjacent states.

As of March 31, 1997, VNB's assets totaled \$1 billion. Wide ranges of loan products are available including residential mortgage, commercial and consumer loans. Net loans comprise 66% of total assets. The loan portfolio is primarily real estate at 64%, (41% residential real estate and 23% commercial real estate). Commercial loans at 18%, consumer instalment loans at 12%, and municipal loans at 6% comprise the remainder. There are no financial or legal impediments that would prevent VNB from helping to meet the credit needs of its community.

VNB operates 32 full service banking offices throughout its assessment areas (AA) with 24 drive-up facilities and 28 of the branches having ATM access. In addition, there are nine remote ATM sites located in West Brattleboro, Bennington, Townshend, Ludlow, Berlin and two in West Dover and Rutland, respectively.

In November 1996, VFSC signed a definitive agreement to purchase 100% of stock of Eastern Bancorp, Inc., the holding company for its subsidiary bank, Vermont Federal Bank. As of December 31, 1996, Vermont Federal Bank had total assets of \$862 million, with fifteen offices in

Vermont and ten offices in southern New Hampshire. When the acquisition is completed, VFSC will have banking assets of \$2.2 billion and 65 offices in Vermont, New Hampshire, and Massachusetts. VFSC also acquired the trust business of Green Mountain Bank in August 1996, adding approximately \$1.8 million to annual trust revenues.

Competition continues to be provided from larger regional institutions. Primary competitors are the Banknorth Group, Inc. (Howard Bank, N.A., First Vermont Bank, Granite Bank, Woodstock National Bank, and Franklin Lamoille Bank), Chittenden Bank, The Merchants Bank, and Marble Bank. Keycorp's acquisition of the Bank of Vermont from BancBoston has increased competitive pressures in the market. In addition, CFX Bank in Keene and Bank of New Hampshire in Manchester offers additional competition.

Description of Assessment Areas (AA)

VNB has defined two assessment areas within Vermont. The southern assessment area consists of 96 contiguous block numbering area (BNA's). This area contains all of Bennington, Rutland, Washington, Windham, and Windsor counties, portions of Orange County and the one BNA within Chittenden County. The northern assessment area contains 28 census tracts within the Burlington metropolitan statistical area (MSA). This assessment area contains the entire MSA area of Chittenden County and three census tracts in Franklin County.

The AA meets regulatory guidelines and does not arbitrarily exclude any low- or moderate-income areas (LMI). LMI is referred throughout this document to describe low- and moderate-income individuals and/or geographies (census tracts or BNA's). There are a total of 124 census tracts/BNA's in the AA. As noted in the table below, the vast majority of tracts are middle- or upper-income geographies. The LMI tracts are located within a few geographical areas, three low-income and two moderate-income census tracts in the city of Burlington, one moderate-income census tract in the city of Winooski, one moderate-income census tract in the city of St. Albans, and one moderate income BNA in the town of Bennington.

ASSESSMENT AREA DEMOGRAPHICS			
<i>Designation</i>	<i># Census Tracts</i>	<i>% of Total Tracts</i>	<i>% of Households Residing in the Census Tracts</i>
Low	3	2%	2%
Moderate	5	4%	5%
Middle	96	78%	75%
Upper	20	16%	18%
Total	124	100%	100%

The AA is populated by 405 thousand individuals. The Housing and Urban Development (HUD) statewide non-metropolitan median family income is \$33,025, and the median family income for the Burlington MSA is \$41,796. As reflected in the table on the previous page, 7% of households in the AA reside in LMI tracts. The median housing value in the AA is \$98 thousand. The median age of housing stock is 35 years. Total occupied housing units is 78%, with owner-occupied housing at 53% and rental occupied housing at 25%. Vacant housing units in the AA are 20%.

The major employers in the assessment area are International Business Machines (IBM) based in Essex Junction, Fletcher Allen Health Care of Burlington, University of Vermont in Burlington, C & S Wholesale Grocers, Inc. of Brattleboro, furniture maker's Ethan Allen, Inc., and GE Aircraft Engines based in Rutland. Other industries include dairy farming and other agricultural products, and mineral products such as marble, granite, slate, talc, sand and gravel. Vermont's seasonally adjusted unemployment rate is 3.9% as of March 1997, down from 4.6% in March 1996.

Affordable housing, micro and small business loans, small farm loans, and pre-1976 mobile home loans were described as primary credit needs by bank management and community contacts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Scope of Review

This review covered the time period from January 1, 1996 to March 31, 1997 for all Home Mortgage Disclosure Act (HMDA) reported loans. Small business loans and community development loans reviewed in our evaluation covered the time period from January 1, 1996 to May 27, 1997. Also, investments purchased over the time period and services were reviewed.

LENDING TEST

Performance Criteria

Lending Activity

During the evaluation period, VNB originated 1123 HMDA reportable loans for \$95 million and purchased 36 loans for an additional \$3 million. They were second in volume of HMDA lending within their assessment area. Also, 1186 small loans to businesses were originated for \$104 million. The volume of originations demonstrates a good responsiveness to meet the lending needs within the area. This responsiveness was also demonstrated by the development of products within the Socially Responsible Banking Fund. These products are discussed within the Flexible and Innovative Lending section of this report.

Lending Concentration

As indicated in next table, VNB demonstrates an excellent level of lending within the assessment area. On a combined basis for the evaluation period, 91% of the number of HMDA related and small business loans were within the assessment area. The following table details VNB's HMDA and small business lending, separately, for 1996 and year-to-date 1997.

HMDA and Small Business Loan Originations (000's) within Assessment Area Calendar Year 1996 & Year-to-Date 1997								
Loan Type	1996 - Inside Assessment Area				1997 - Inside Assessment Area*			
	# Loans	%	\$ Amt	%	# Loans	%	\$ Amt	%
HMDA Loans	848	87%	72,566	87%	144	80%	11,748	83%
Small Business	850	95%	72,981	93%	288	98%	24,779	98%
Totals	1,698	91%	145,547	90%	432	90%	36,527	93%

* HMDA loans through March-31-97 and Small Business Loans through May-27-97 Source: Internal Bank Data

Geographic Distribution

Home Mortgage Lending

The review of VNB's geographic distribution of HMDA reported loans reflects a reasonable dispersion throughout its assessment areas. For the evaluation period, 1% of the number of originations and volume were in low-income census tracts in the assessment areas. In addition, 3% of the number of originations and volume were in moderate-income census tracts. This compares closely to the percentage of owner-occupied housing in these census tracts. The demographic data for VNB's assessment area shows modest inventory levels of owner-occupied housing in low- and moderate-income census tracts at 1% and 3%, respectively. As well, VNB has only three low-

income and five moderate-income census tracts, out of the 124 census tracts or BNA's in its assessment area. The table below details VNB's geographic distribution of HMDA loans, by census tract, for 1996 and year-to-date 1997.

Geographic Distribution of HMDA Loans					
<i>Census Tracts</i>	1996		January - March 31, 1997		<i>% Owner-Occupied Households in AA</i>
	<i># Loans / %</i>	<i>\$ Amt / %</i>	<i># Loans / %</i>	<i>\$ Amt / %</i>	
Low	12 / 1%	726 / 1%	1 / 1%	93 / 1%	1%
Moderate	23 / 3%	1,678 / 2%	7 / 5%	660 / 6%	3%
Middle	633 / 75%	50,947 / 70%	107 / 74%	8,516 / 72%	76%
Upper	180 / 21%	19,215 / 27%	29 / 20%	2,479 / 21%	20%

Small Business Lending

VNB lending to small business in all portions of its assessment area is acceptable. On a combined basis for the evaluation period, 3% of the number of originations and the loan volume for small business loans were in low-income census tracts. As well, 3% of the number of originations and the loan volume of small business loans were in moderate-income census tracts. This corresponds to VNB's percentage of businesses in each census tract. The table below details VNB's small business loans geographic distribution by census tract for 1996 and year-to-date 1997.

Geographic Distribution of Small Business Loans					
<i>Census Tract Income Level</i>	1996		January - May 27, 1997		<i>% of Businesses in each Census Tract</i>
	<i># Loans / %</i>	<i>\$ Amt / %</i>	<i># Loans / %</i>	<i>\$ Amt / %</i>	
Low	29 / 3%	1,235 / 2%	5 / 2%	193 / 1%	6%
Moderate	22 / 3%	2,169 / 4%	8 / 3%	545 / 2%	6%
Middle	619 / 73%	43,732 / 71%	204 / 71%	16,280 / 66%	71%
Upper	180 / 21%	14,258 / 23%	71 / 24%	7,761 / 31%	17%

Borrower Characteristics

Home Mortgage Loans

VNB's lending performance is good for the home purchase and home improvement products to low income borrowers and exceeded the amount expected for moderate income borrowers. For the evaluation period, 6% of the number of originations and 3% of the volume of home purchase loans were to low-income individuals. In addition 24% of the number of originations and 18% of the volume were to moderate-income individuals. The table on the following page shows VNB's lending performance to borrowers of different income for HMDA loans based upon the number and volume of originations, during 1996 and year-to-date 1997.

Borrower Characteristics of HMDA Loans within Assessment Areas by Loan Product					
<i>Census Tract Income Level</i>	1996		January - March 31, 1997		<i>% of Families within each Income Category</i>
	<i># Loans / %</i>	<i>\$ Amt / %</i>	<i># Loans / %</i>	<i>\$ Amt / %</i>	
Home Purchase					
Low	24 / 6%	1,214 / 3%	2 / 4%	129 / 3%	16%
Moderate	95 / 24%	6,596 / 18%	13 / 25%	845 / 18%	18%
Middle	97 / 24%	8,103 / 22%	12 / 23%	910 / 20%	26%
Upper	172 / 43%	19,536 / 53%	22 / 41%	2,496 / 53%	40%
Income N/A	10 / 2%	1,292 / 4%	4 / 7%	287 / 6%	-
Totals	398 / 100%	36,741 / 100%	53 / 100%	4,667 / 100%	100%
Home Improvement					
Low	8 / 10%	39 / 8%	3 / 13%	14 / 11%	16%
Moderate	19 / 24%	108 / 21%	5 / 22%	20 / 16%	18%
Middle	16 / 21%	71 / 14%	8 / 35%	37 / 29%	26%
Upper	29 / 37%	248 / 49%	6 / 26%	52 / 41%	40%
Income N/A	6 / 8 %	41 / 8%	1 / 4%	4 / 3%	-
Totals	78 / 100%	507 / 100%	23 / 100%	127 / 100%	100%

Small Business Loans

VNB's distribution of lending to small businesses and farms by revenue size of the (gross annual sales) reflects excellent penetration of small businesses. On a combined basis for the evaluation period, 92% of the number of originations and 79% of the dollar volume were to businesses with revenues less than \$1 million. The table below shows the distribution of small business/ farm loans by revenue size within the assessment area, based upon the number of originations and volume, during 1996 and year-to-date 1997.

Distribution of Small Business / Farm Loans by Size within Assessment Area				
Business Revenue Size	1996		January - May 27, 1997	
	# Loans / %	\$ Amt / %	# Loans / %	\$ Amt / %
0 < \$1 Million	799 / 94%	60,401 / 83%	249 / 86%	16,634 / 67%
> \$1 Million	51 / 6%	12,981 / 17%	39 / 14%	8,145 / 33%
Totals	850 / 100%	72,981 / 100%	288 / 100%	24,779 / 100%

Community Development Lending

VNB originates an adequate level of community development loans. Community development loans are those that do not meet the definition of home mortgage, small business or small farm loans but do meet the definition of community development contained in the CRA regulation [12 C.F.R. 25.12(h)]. Based upon bank generated reports and review of files, VNB originated loans to 10 organizations since the last exam amounting to commitments of \$9.6 million. Of this amount, \$7.2 million was funded. Six of the organizations are affordable housing organizations. The remaining four organizations are local not for profits that benefit small farms, small businesses, and other social services that provide primarily to low- and moderate-income individuals. All of the identified loans benefitted an area that included the bank's assessment area.

Innovative or Flexible Lending Practices

The bank participates in the Vermont Housing Finance Agency (VHFA) which provides lower rate and flexible underwriting for low- and moderate-income individuals. For 1996 and year-to-date 97, the bank originated 87 loans for \$6 million. While VNB assumes little risk since these loans are sold to VHFA once closed, they generally require a higher level of service to underwrite.

The bank's Socially Responsible Banking (SRB) Fund created in January 1989 allows customers with any type of bank account to specify that their deposits are used only to support affordable housing, agriculture, the environment and conservation, education and dual bottom line businesses. This program was the first of its kind in the country and provided funds that were required to be directed toward SRB lending and investment programs.

The SRB Fund offers a 1-4 Family Affordable Housing program directed to owner-occupied and single family long-term housing for families up to 100% of the county median income. Highest priority projects are for low-income families, such as a single family house on land owned by a community land trust, houses with deed restrictions for long term affordability, or houses with first options to local non-profits. The program includes more flexible underwriting standards, debt to income ratios of 30% to 38%, and below market fixed rate for highest priority projects. For 1996 and year-to-date 1997, VNB originated 64 loans totaling \$4.8 million under this program.

In addition, the SRB Fund also offers a Consumer Housing program that provides housing alternatives to families and individuals in owner-occupied housing earning up to 100% of the county median income or FHA county limits. Projects include mobile home and manufacturing housing loans, cooperative share loans, and rehabilitation and home improvement loans. Highest priority loans are made to long-term affordable projects, or projects developed by or in partnership with a non-profit, including share loans for limited equity cooperatives and rehabilitation loans for long term affordable housing. VNB originated 15 loans totaling \$350 thousand since the last exam under this program.

INVESTMENT TEST

The total dollar amount of qualified investments is \$3 million as shown in detail below. However, only slightly more than \$1 million was invested during the evaluation period. Qualified investments that are specifically geared to VNB's assessment areas amount to \$18 thousand for the evaluation period. This level of qualified community development investments and grants specifically targeted toward VNB's assessment area is low. None of these grants and investments are considered to be complex or innovative. As mentioned previously, few of the investments address the direct needs of the assessment areas.

<i>Bank Investments:</i>		<i>Date</i>
Federal Farm Credit Bank	\$1,000,000	3/19/96
Federal Farm Credit Bank	\$1,000,000	9/22/93
Small Business Investment Corporation	958,866	9/23/92
Vermont Equity Fund II	58,872	5/30/91
Other grants and donations	<u>17,800</u>	throughout evaluation period
<i>Totals:</i>	\$3,035,238	
 <i>Affiliate Investments:</i>		
Vermont Venture Capital Fund	<u>63,498</u>	4/19/88 and 4/27/90
<i>Corporate Total</i>	\$3,098,736	

VNB originally invested \$495 thousand in the Vermont Equity Fund II in 1991. The bank invested in a limited partnership formed with the purpose of developing, owning, and renting a project consisting of 120 affordable residential units. The amount above represents the remaining balance of the Socially Responsible Banking (SRB) Funds original investment.

The grants and donations listed above represent various contributions to affordable housing groups and other organizations supporting activities essential to low and/or moderate income individuals and/or geographies.

SERVICE TEST

VNB's delivery systems are reasonably accessible to all portions of their assessment areas. The bank's record of opening or closing offices has not affected the accessibility to bank services. Branch hours are reasonable and convenient to VNB customers.

As reflected in the following table, the majority (94%) of VNB's offices are middle- and upper-income census tracts with 6% of the bank's offices in moderate-income census tracts. The moderate-income areas are centered in census tracts or BNA's in Bennington, Burlington, Winooski, and St. Albans. All of the low-income census tracts are in Burlington. VNB serves this area through its branch offices which are in close proximity to these areas. Since the last CRA examination, VNB opened a branch in the Wal-Mart store in Williston, Vermont, a middle income census tract.

Twenty-eight offices (88%) provide 24 hour access via automated teller machines (ATM's). In addition, VNB has nine remote free standing ATM's at various locations in the assessment areas. ATM's have some representation in moderate-income census tracts.

Overall, the bank's branch distribution and ATM network generally reflects the geographies in the assessment areas. The table below reflects VNB branch office and ATM network within the various census tracts.

Distribution of Delivery Systems (Branches and Remote ATM Facilities)				
<i>Census Tract</i>	<i>Branches</i>	<i>Proprietary ATM Facilities</i>	<i>Remote ATM Facilities</i>	<i>Number and % of Census Tracts in AA</i>
	<i># / %</i>	<i># / %</i>	<i># / %</i>	
Low	0 / 0%	0 / 0%	0 / 0%	3 / 2%
Moderate	2 / 6%	2 / 7%	1 / 11%	5 / 4%
Middle	24 / 75%	21 / 75%	8 / 89%	96 / 77%
Upper	6 / 19%	5 / 18%	0 / 0%	20 / 16%
Totals	32 / 100%	28 / 100%	9 / 100%	124 / 100%

Management continues to offer “Infogenie,” a toll-free telephone service which allows quick access to all accounts information 24 hours a day. In addition, a toll-free “Loan by Phone” is available 24 hours a day. By answering some questions over the telephone an applicant can receive a response within one business day. The loan types available are automobile, personal, credit cards, lines of credit, home equity, and recreation vehicle/boat.

Community Development Services

VNB provides an adequate level of community development services. Its primary services include providing standard financial services, addressing credit counseling, and providing technical financial assistance for consumers, small businesses, and small farms. The bank’s services include those targeted to low- and moderate-income individuals and small businesses and farms.

The following is a listing and description of the community development services provided in the Burlington MSA:

- Women’s Small Business Project - A project with Trinity College in which a commercial loan officer of the bank is part of the review team that reviews business plans to critique the overall plan for thoroughness and feasibility, and to provide feedback to the student on the strengths and weaknesses of the plan.
- Women’s Agricultural Advisory Network - This network is targeted to women who are considering sustainable agriculture as a career. A bank loan officer serves on the advisory board and has designed an outline/information sheet explaining how to create a business plan for small farms and how to deal with banks.

The following is a listing and description of some of the community development services provided in the non-MSA portion of the AA:

- Vermont Economic Development Association - A bank officer spends a half day each week with this program’s Sustainable Jobs Fund which provides funding for small businesses.
- Northeast Organic Farming Association Loan Committee - A bank officer serves on this committee which does the credit analysis and loan structuring for applicants to this loan fund to small organic farms.
- Windsor Loan Fund - A bank officer provides advice on methodology of intermediary lending for affordable housing rehabilitation and small business development.

FAIR LENDING EXAMINATION

A concurrent fair lending review did not identify any violations of the various anti-discrimination laws and regulations. VNB has an effective system in place to comply with fair lending regulations. A Fair Lending Committee was established in 1993 which is composed of managers from each lending area, compliance, audit and marketing/CRA. Second review programs are well established within each lending area. Training has been effective in introducing fair lending topics bankwide.

Metropolitan Statistical Areas

Conclusions with Respect to Performance Tests in portions of the Burlington MSA

The overall performance in this MSA area is consistent with the performance of VNB's overall performance.

Assessment Area - Burlington MSA

VNB includes portions of this MSA in their assessment area. The assessment area includes all of Chittenden County and three census tracts within Franklin County (St. Albans). The portion served was determined based on the location of the bank's branch system within the MSA. Seven of VNB's thirty-two branches are located within this assessment area. This assessment area includes all but 1 of the LMI geographies in the bank's overall assessment area. However, the distribution of families is similar throughout the assessment area. Thirty-four percent of the population of the total assessment is within the MSA portion. Primary credit needs are consistent with the overall assessment area as described by community contacts and bank management.

ASSESSMENT AREA DEMOGRAPHICS			
<i>Designation</i>	<i># Census Tracts</i>	<i>% of Total Tracts</i>	<i>% of Families in Income Category</i>
Low	3	11%	16%
Moderate	4	14%	18%
Middle	16	57%	27%
Upper	5	18%	39%
Total	28	100%	100%

LENDING TEST - Burlington MSA

The table below illustrates VNB's lending within the Burlington MSA and the percentage of the bank's total lending this comprises. Lending volumes in some products are slightly lower than would be expected based on the population breakdown of the assessment areas. However, the lending volume demonstrates a sound commitment to lending within this area.

Lending in Burlington MSA

		1996		1997	
		Lending	Percentage of Overall Lending	Lending	Percentage of Overall Lending
Home Purchase	#	154	36.0	60	38.3
	\$	15,676	39.7	5,378	43.3
Refinance	#	93	22.6	21	25.9
	\$	10,948	27.0	2,296	28.3
Home Improvement	#	9	9.4	7	21.2
	\$	78	10.9	40	20.4
Small Business w/ Revenues < \$1 million	#	203	25.4	56	22.5
	\$	17,999	29.8	4,090	24.6
Small Business w/ Revenues > \$1 million	#	14	27.4	20	51.3
	\$	4,059	32.3	4,208	51.7

The geographic distribution of lending is reasonable and slightly better than the overall, mainly due to the fact that most LMI census tracts are located in the MSA area. While 11% of the census tracts are low-income, only 4% of the HMDA lending occurred here in 1996 and 2% in 1997. Also while 14% of the census tract are moderate-income, 8% of the HMDA lending occurred here in 1996 but 14% in 1997. The demographic data for this MSA area shows modest inventory levels of owner-occupied housing in low- and moderate-income census tracts at 2% and 7%, respectively. Therefore, in both cases, VNB lending to low and moderate income tracts was double the amount expected based on available housing stock. There is an even better distribution in the small business lending, where 12% of the lending in 1996 was in low-income areas and 9% in moderate-income areas.

The borrower distribution is reasonable and closely mirrors the population of families within different income categories when the cost of housing and median income are considered. HMDA lending in 1996 exceeded the percentage of moderate-income families and equaled it in 1997. HMDA lending to low-income individuals was slightly lower than the percentage of families that meet this criterion but the median cost of housing in this area is \$114 thousand and median income is \$41 thousand. Therefore, the upper end of the low income group would be making \$20 thousand per year. The distribution of lending to small business based on revenue size is consistent with the overall lending within the total assessment area.

Community development lending within the assessment area is limited. Overall there was \$960 thousand committed and funded which benefitted this area or a greater area which included the

MSA. This represented only 10% of the total commitments for community development lending for the entire area.

All of the affordable lending programs that area offered by the bank are offered throughout the assessment area. Therefore, performance is consistent with overall performance.

INVESTMENT TEST

The majority of the bank's investments are nationwide investments and therefore benefit this area as the other areas of VNB's assessment area. Performance is considered to be consistent with the overall performance under this test.

SERVICES TEST

As mentioned previously seven branches are located in the MSA portion of the assessment area. Of these branches, two are located within moderate-income census tracts. VNB's delivery system within this area is accessible to essentially all portions of the MSA area. The only branch opened within the evaluation period was opened in Williston. Services and products offered are consistent with overall performance. Limited community development services are offered within this area.