SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Community Bancorp /VT

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SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000
Commission File No. 000-16435

COMMUNITY BANCORP.
(Exact name of registrant as specified in its charter)

Vermont	03-0284070
(State of Incorporation)	(IRS Employer Identification No.)

Derby Road, Derby, Vermont	05829
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: (802) 334-7915

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each exchange on which registered
NONE	NONE

Securities registered pursuant to Section 12(g) of the Act:
Common Stock - $2.50 par value per share

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES (X) NO ( )

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )

As of March 16, 2001, the date of the latest known sale of the registrant's stock, the aggregate market value of the voting stock held by non-affiliates of the registrant, based on the per share sale price of the stock on that date, was $34,996,050.

There were 3,536,168 shares outstanding of the issuer's class of common stock as of the close of business on March 16, 2001.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Shareholders for fiscal year 2000 incorporated by reference to Part II, including the following financial statements
Report of Independent Public Accountants
Financial Statements:
Consolidated Balance Sheets as of December 31, 2000 and 1999
Consolidated Statements of Income for the fiscal years December 31, 2000, 1999 and 1998
Consolidated Statements of Stockholders' Equity for the fiscal years December 31, 2000, 1999 and 1998
Consolidated Statements of Cash Flows for the fiscal years December 31, 2000, 1999 and 1998
Notes to Consolidated Financial Statements
Condensed Financial Information (Parent Company Only)
Portions of the Proxy Statement for the Annual Meeting to be held May 8, 2001 are incorporated by reference to Part III.

Total Number of Pages - 30

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FORM 10-K ANNUAL REPORT

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PART I

Item 1. The Business

Organization and Operation

Community Bancorp. (The Corporation) was organized under the laws of the State of Vermont in 1982 and became a registered bank holding company under the Bank Holding Company Act of 1956, as amended, in October 1983 when it acquired all of the voting shares of Community National Bank (the Bank). The Bank is one of two subsidiaries of the Corporation and principally all of the Corporation's business operations are presently conducted through it. Liberty Savings Bank (Liberty), a New Hampshire guaranty savings bank, was acquired by Community Bancorp. on December 31, 1997, and is presently inactive.

Community National Bank was organized in 1851 as the Peoples Bank, and was subsequently reorganized as the National Bank of Derby Line in 1865. In 1975, after 110 continuous years of operation as the National Bank of Derby Line, the Bank acquired the Island Pond National Bank and changed its name to "Community National Bank." In the year 2001, the Bank is celebrating it's 150 anniversary, with many activities planned throughout the year.

Community National Bank provides a complete range of retail banking services to the residents and businesses in northeastern Vermont. These services include checking, savings and time deposit accounts, mortgage, consumer and commercial loans, safe deposit and night deposit services, automatic teller machine (ATM) facilities, credit card services, 24 hour telephone banking and a full line of personal fiduciary services. The Bank was among the first financial institutions to offer internet banking to the Northeast Kingdom of Vermont. This service was first offered to employees in order for them to become more familiar with it, test the different uses, and work out any potential problems. The Bank then began offering this service to its customers near the end of the second quarter of 1999. Additionally, the Bank maintains cash machines in three different businesses located in the towns of Irasburg, St. Johnsbury and Concord, Vermont.

Competition

The Bank has five offices located in Orleans County, one office in Essex County, and one office in Caledonia County, all in northeastern Vermont. Its primary service area is in the towns of Derby and Newport, Vermont, with approximately 59% of its total deposits as of December 31, 2000 derived from that area. Currently, the Bank is in the process of establishing a full service branch in Washington County, in the city of Montpelier, Vermont, with future plans for a loan production and trust office in the town of Barre, Vermont.

The Bank competes in all aspects of its business with other banks and credit unions in northern Vermont, including two of the largest banks in the state, which maintain branch offices throughout the Bank's service area. Historically, competition in Orleans and Essex Counties has come from The Chittenden Trust Company and The Howard Bank, N.A., a subsidiary of Banknorth Group, Inc., based in Burlington, Vermont. The Chittenden Trust Company maintains a branch office in Newport, and The Howard Bank maintains one office in Barton, one office in Orleans, and one office in St. Johnsbury. Competition in Caledonia County comprises of the Passumpsic Savings Bank and Citizens Savings Bank, both based in St. Johnsbury, Lyndonville Savings Bank and Trust Company, based in Lyndonville, The Merchants Bank based in Burlington, and with two local credit unions for deposits and consumer loans.

With recent changes in the regulatory framework of the banking industry, the competition for deposits and loans has broadened to include not only traditional rivals such as the mutual savings banks and stock savings banks, but also many non-traditional rivals such as insurance companies, brokerage firms, mutual funds and consumer and commercial finance and leasing companies.

Employees

As of December 31, 2000, the Bank employed 93 full-time employees and 18 part-time employees. Management of the Bank considers its employee relations to be good.

Regulation and Supervision

Holding Company Regulation - As a registered bank holding company, the Corporation is subject to on-going regulation supervision and examination by the Board of Governors of the Federal Reserve System, under the Bank Holding Company Act of 1956, as amended (the "Act"). A bank holding company for example, must obtain the prior approval of the Board before it acquires all or substantially all of the assets of any bank, or acquires ownership or control of more than 5% of the voting shares of a bank. Prior Federal Reserve Board approval is also required before a bank holding company may acquire more than 5% of any outstanding class of voting securities of a company other than a bank or a more than 5% interest in its property.

The Act generally limits the activity in which the Corporation and its subsidiaries may engage to certain specified activities, including those activities which the Federal Reserve Board may find, by order or regulation, to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.Some of the activities that the Federal Reserve Board has determined to be closely related to banking are: (1) making, and servicing loans that could be made by mortgage, finance, credit card or factoring companies; (2) performing the functions of a trust company; (3) certain leasing of real or personal property; (4) providing certain financial, banking or economic data processing services; (5) except as otherwise prohibited by law, acting as an insurance agent or broker with respect to insurance that is directly related to the extension of credit or the provision of other financial services or, under certain circumstances, with respect to insurance that is sold in certain small communities in which the bank holding company system maintains banking offices; (6) acting as an underwriter for credit life insurance and credit health and accident insurance directly related to extensions of credit by the holding company system; (7) providing certain kinds of management consulting advice to unaffiliated banks and non-bank depository institutions; (8) performing real estate appraisals; (9) issuing and selling money order and similar instruments and travelers checks and selling U.S. Savings Bonds; (10) providing certain securities brokerage and related services for the account of bank customers; (11) underwriting and dealing in certain government obligations and other obligations such as bankers' acceptances and certificates of deposit; (12) providing consumer financial counseling; (13) providing tax planning and preparation services; (14) providing check guarantee services to merchants; (15) operating a collection agency; and (16) operating a credit bureau. The Corporation does not presently engage, directly or indirectly, in any non-banking activities.

A bank holding company must also obtain prior Federal Reserve approval in order to purchase or redeem its own stock if the gross consideration to be paid, when added to the net consideration paid by the company for all purchases or redemptions by the company of its equity securities within the preceding 12 months, will equal 10% or more of the company's consolidated net worth.

The Corporation is required to file with the Federal Reserve Board an annual report and such additional information as the Board may require pursuant to the Act. The Board may also make examinations of the Corporation and any direct or indirect subsidiary of the Corporation.

Community Bancorp. and its subsidiaries, Community National Bank and Liberty Savings Bank, are considered "affiliates" for the purposes of Section 18(j) of the Federal Deposit Insurance Act, as amended, and Section 23A of the Federal Reserve Act, as amended. Accordingly, they are subject to limitations with respect to the Bank's ability to make loans and other extensions of credit to or investments in the Corporation or in any other subsidiaries that the Corporation may acquire. The Company is prohibited from engaging in certain tie-in arrangements in connection with any extension of credit or lease or sale of any property of the furnishing of services.

Financial Modernization. On March 11, 2000 the federal Gramm-Leach-Bliley financial modernization act ("Gramm-Leach-Bliley") became effective. Under Gramm-Leach-Bliley, eligible bank holding companies will be permitted to become financial holding companies and thereby affiliate with securities firms and insurance companies and engage in a broader range of activities than is otherwise permissible for bank holding companies. A bank holding company is eligible to elect to become a financial holding company and to engage in activities that are "financial in nature" if each of its subsidiary banks is well capitalized for regulatory capital purposes, is well managed and has at least a satisfactory rating under the Community Reinvestment Act ("CRA"). Activities which are deemed "financial in nature" under Gramm-Leach-Bliley would include securities underwriting, dealing and market making; sponsoring mutual funds and investment companies; insurance underwriting and agency; merchant banking activities; and activities that the Federal Reserve Board has determined to be closely related to banking. Gramm-Leach-Bliley also contains similar provisions authorizing eligible national banks to engage indirectly through a financial subsidiary and subject to limitations on investment, in activities that are financial in nature, other than insurance underwriting, insurance company portfolio investment, real estate development and real estate investment, through a financial subsidiary of the bank. In order to be considered eligible for these expanded activities, the bank must be well capitalized, well managed and have at least a satisfactory CRA rating.

Implementation of Gramm-Leach-Bliley will likely result in structural changes to the financial services industry, the full effect of which cannot be predicted with any certainty.

The Corporation has registered its Common Stock under Section 12(g) of the Securities Exchange Act of 1934 and is required to file annual and periodic reports and proxy statements and other information with the Securities and Exchange Commission.

Interstate Banking and Branching. Under the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, a bank holding company became able to acquire banks in states other than its home state beginning September 29, 1995, without regard to the permissibility of such acquisitions under state law, but subject to any state requirement that the bank has been organized and operating for a minimum period of time, not to exceed five years, and the requirement that the bank holding company, prior to or following the proposed acquisition, controls no more than 10% of the total amount of deposits of insured depository institutions in the United States and less than 30% of such deposits in that state (or such lesser or greater amount set by state law).

The Interstate Banking and Branching Act also authorizes banks to merge across state lines, subject to certain restrictions, thereby creating interstate branches, and to open new branches in a state in which it does not already have banking operations if the state enacts a law permitting such de novo branching.

Capital and Operational Requirements. The Federal Reserve Board, the OCC and other banking regulators have issued substantially similar risk-based and leverage capital guidelines applicable to U.S. banking organizations. In addition, those regulatory agencies may from time to time require that a banking organization maintain capital above the minimum levels, whether because of its financial condition or actual or anticipated growth. The Federal Reserve Board risk-based guidelines define a three-tier capital framework. "Tier 1 capital" generally consists of common and qualifying preferred shareholders' equity, less certain intangibles and other adjustments. "Tier 2 capital" and "Tier 3 capital" generally consist of subordinated and other qualifying debt, preferred stock that does not qualify as Tier 1 capital and the allowance for credit losses up to 1.25% of risk-weighted assets.

The sum of Tier 1, Tier 2 and Tier 3 capital, less investments in unconsolidated subsidiaries, represents qualifying "total capital," at least 50% of which must consist of Tier 1 capital. Risk-based capital ratios are calculated by dividing Tier 1 capital and total capital by risk-weighted assets. Assets and off-balance sheet exposures are assigned to one of four categories of risk weights, based primarily on relative credit risk. The minimum Tier 1 capital ratio is 4% and the minimum total capital ratio is 8%. The "leverage ratio" requirement is determined by dividing Tier 1 capital by adjusted average total assets. Although the stated minimum ratio is 3%, most banking organizations are required to maintain ratios of at least 100 to 200 basis points above 3%.

Prompt Corrective Action. The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), among other things, identifies five capital categories for insured depository institutions (well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized) and requires the respective U.S. federal regulatory agencies to implement systems for "prompt corrective action" for insured depository institutions that do not meet minimum capital requirements within such categories. FDICIA imposes progressively more restrictive constraints on operations, management and capital distributions, depending on the category in which an institution is classified. Failure to meet the capital guidelines could also subject a banking institution to capital raising requirements. An "undercapitalized" bank must develop a capital restoration plan and its parent holding company must guarantee that bank's compliance with the plan. The liability of the parent holding company under any such guarantee is limited to the lesser of 5% of the bank's assets at the time it became undercapitalized or the amount needed to comply with the plan. Furthermore, in the event of the bankruptcy of the parent holding company, such guarantee would take priority over the parent's general unsecured creditors. In addition, FDICIA requires the various regulatory agencies to prescribe certain non-capital standards for safety and soundness related generally to operations and management, asset quality and executive compensation and permits regulatory action against a financial institution that does not meet such standards.

The various federal bank regulatory agencies have adopted substantially similar regulations that define the five capital categories identified by FDICIA, using the total risk-based capital, Tier 1 risk-based capital and leverage capital ratios as the relevant capital measures. Such regulations establish various degrees of corrective action to be taken when an institution is considered undercapitalized. Under the regulations, a "well capitalized" institution must have a Tier 1 capital ratio of at least 6%, a total capital ratio of at least 10% and a leverage ratio of at least 5% and not be subject to a capital directive order. An "adequately capitalized" institution must have a Tier 1 capital ratio of at least 4%, a total capital ratio of at least 8% and a leverage ratio of at least 4%, or 3% in some cases. Under these guidelines, Community National Bank is considered "well capitalized."

The Federal bank regulatory agencies also have adopted regulations which mandate that regulators take into consideration concentrations of credit risk and risks from non-traditional activities, as well as an institution's ability to manage those risks, when determining the adequacy of an institution's capital. That evaluation will be made as part of the institution's regular safety and soundness examination. Banking agencies also have adopted final regulations requiring regulators to consider interest rate risk (when the interest rate sensitivity of an institution's assets does not match the sensitivity of its liabilities or its off-balance sheet position) in the determination of a bank's capital adequacy. Concurrently, banking agencies have proposed a methodology for evaluating interest rate risk. The banking agencies do not intend to establish an explicit risk-based capital charge for interest rate risk but will continue to assess capital adequacy for interest rate risk under a risk assessment approach based on a combination of quantitative and qualitative factors and have provided guidance on prudent interest rate risk management practices.

Distributions. The Corporation derives funds for cash distributions to its shareholders primarily from dividends received from its subsidiary, Community National Bank. The Bank is subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain capital above regulatory minimums. The prior approval of the Comptroller of the Currency is required if the total of all dividends declared by a national bank in any calendar year will exceed the sum of such bank's net profits for that last year and its retained net profits for the preceding two calendar years, less any required transfers to surplus. Federal law also prohibits national banks from paying dividends which would be greater than the bank's undivided profits after deducting statutory bad debt in excess of the bank's allowance for loan losses.

In addition, the Corporation and the Bank are subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The appropriate federal regulatory authority is authorized to determine under certain circumstances relating to the financial condition of a bank or bank holding company that the payment of dividends would be an unsafe or unsound practice and to prohibit such payment. The federal bank regulatory authorities have indicated that paying dividends that deplete a bank's capital base to an inadequate level would be an unsound and unsafe banking practice and that banking organizations should generally pay dividends only out of current operating earnings.

"Source of Strength" Policy. According to Federal Reserve Board policy, bank holding companies are expected to act as a source of financial strength to each subsidiary bank and to commit resources to support each such subsidiary. This support may be required at times when a bank holding company may not be able to provide such support. Similarly, under the cross-guarantee provisions of the Federal Deposit Insurance Act, in the event of a loss suffered or anticipated by the FDIC--either as a result of default of a banking subsidiary of a bank holding company or related to FDIC assistance provided to a subsidiary in danger of default--the other banking subsidiaries of such bank holding company may be assessed for the FDIC's loss, subject to certain exceptions.

Bank Regulation - The Bank is a national banking association and subject to the provisions of the National Bank Act and federal and state statutes and rules and regulations applicable to national banks. The primary supervisory authority for the Bank is the Comptroller of the Currency. The Comptroller's examinations are designed for the protection of the Bank's depositors and not for its shareholders. The Bank is subject to periodic examination by the Comptroller and must file periodic reports with the Comptroller containing a full and accurate statement of its affairs. The deposits of the Bank are insured by the Federal Deposit Insurance Corporation ("FDIC"). Accordingly, the Bank is also subject to regulation by the FDIC.

Liberty is subject to similar banking regulations and provisions in the state of New Hampshire.

Effects of Government Monetary Policy

The earnings of the Company are affected by general and local economic conditions and by the policies of various governmental regulatory authorities. In particular, the Federal Reserve Board regulates money and credit conditions and interest rates in order to influence general economic conditions, primarily through open market operations and United States Government Securities, varying the discount rate on member bank borrowings, setting reserve requirements against member and nonmember bank deposits, and regulating interest rates payable by member banks on time and savings deposits. Federal Reserve Board monetary policies have had a significant effect on the operating results of commercial banks, including the Company, in the past and are expected to continue to do so in the future.

DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY

The following tables summarize various consolidated information and provides a three year comparison relating to the average assets, liabilities, and stockholders' equity.
(Dollars in Thousands)

Year ended December 31,	**2000**		**1999**		**1998**	
ASSETS						
	Balance	%	Balance	%	Balance	%
Cash and Due from Banks						
Non-Interest Bearing	5,279	2.15%	5,212	2.25%	4,522	2.05%
Taxable Investment Securities(1)	48,080	19.61%	49,832	21.54%	38,784	17.56%
Tax-exempt Investment Securities(1)	16,398	6.69%	13,843	5.98%	13,060	5.91%
Other Securities(1)	1,222	0.50%	1,254	0.54%	1,270	0.57%
Total Investment Securities	65,700	26.80%	64,929	28.06%	53,114	24.04%
Overnight Deposits(2)	1,788	0.73%	2,638	1.14%	3,339	1.51%
Federal Funds Sold	1,090	0.45%	2,897	1.25%	4,928	2.23%
Gross Loans	165,176	67.37%	149,707	64.71%	150,321	68.05%
Reserve for Loan Losses and Accrued Fees	(2,713)	-1.11%	(2,579)	-1.12%	(2,491)	-1.13%
Premises and Equipment	4,466	1.82%	4,144	1.79%	3,135	1.42%
Other Real Estate Owned	379	0.16%	678	0.29%	660	0.30%
Other Assets	3,998	1.63%	3,737	1.63%	3,368	1.53%
Total Assets	245,163	100%	231,363	100%	220,896	100%
LIABILITIES						
Demand Deposits	25,574	10.43%	23,619	10.21%	20,857	9.44%
Now and Money Market Accounts	51,296	20.92%	51,850	22.41%	44,916	20.34%
Savings Accounts	32,696	13.34%	32,748	14.15%	30,840	13.96%
Time Deposits	92,747	37.83%	94,694	40.93%	98,181	44.45%
Total Deposits	202,313	82.52%	202,911	87.70%	194,794	88.19%
Other Borrowed Funds	9,319	3.80%	4,059	1.75%	4,060	1.84%
Repurchase Agreements(3)	9,956	4.06%	1,305	0.56%	93	0.04%
Other Liabilities	1,380	0.56%	1,154	0.50%	1,020	0.46%
Subordinated Debentures	20	0.01%	20	0.02%	48	0.02%
Total Liabilities	222,988	90.95%	209,449	90.53%	200,015	90.55%
STOCKHOLDERS' EQUITY						
Common Stock	8,559	3.49%	8,220	3.55%	6,174	2.79%
Surplus	11,257	4.59%	10,624	4.59%	8,293	3.75%
Retained Earnings	3,549	1.45%	3,654	1.58%	6,649	3.01%
Less: Treasury Stock	(973)	-0.39%	(447)	-0.19%	(445)	-0.20%
Accumulated Other Comprehensive Income(1)	(217)	-0.09%	(137)	-0.06%	210	0.10%
Total Stockholders' Equity	22,175	9.05%	21,914	9.47%	20,881	9.45%
Total Liabilities and Stockholders' Equity	245,163	100%	231,363	100%	220,896	100%

(1) FASB No. 115, an accounting method in which securities classified as Held to Maturity are carried at book value and securities classified as Available for Sale are carried at fair value with the unrealized gain (loss), net of applicable income taxes, reported as a net amount in accumulated other comprehensive income. The Company does not carry, nor does it intend to carry, securities classified as Trading Securities.

(2) Overnight deposits refers to the BankBoston sweep account established during the first half of 1998 as another means of selling funds overnight.

(3) Repurchase agreements were introduced during the second part of 1998 in an effort to attract new business customers.

AVERAGE BALANCES AND INTEREST RATES

The table below presents the following information: average earning assets (including non-accrual loans) and average interest-bearing liabilities supporting earning assets; and interest income and interest expense as a rate/yield.

(Dollars in Thousands)

		2000			1999			1998	
	AVE. BAL.	**INC./ EXP.**	**RATE/ YIELD**	**AVE. BAL.**	**INC./ EXP.**	**RATE/ YIELD**	**AVE. BAL.**	**INC./ EXP.**	**RATE/ YIELD**
EARNING ASSETS									
Loans (1)	165,176	14,539	8.80%	149,707	13,036	8.71%	150,321	13,758	9.15%
Taxable Investment Securities	48,080	2,835	5.90%	49,832	2,715	5.45%	38,784	2,196	5.66%
Tax-exempt Investment Securities(2)	16,398	1,208	7.37%	13,843	924	6.67%	13,060	930	7.12%
Federal Funds Sold	1,090	67	6.15%	2,897	143	4.94%	4,928	237	4.81%
Overnight Deposits(3)	1,788	104	5.82%	2,638	133	5.04%	3,339	185	5.54%
Other Securities (4)	1,222	92	7.53%	1,254	85	6.78%	1,270	82	6.46%
TOTAL	**233,754**	**18,845**	**8.06%**	**220,171**	**17,036**	**7.74%**	**211,702**	**17,388**	**8.21%**
INTEREST-BEARING LIABILITIES									
Savings Deposits	32,696	752	2.30%	32,748	756	2.31%	30,840	807	2.62%
NOW and Money Market Funds	51,296	1,907	3.72%	51,850	1,656	3.19%	44,916	1,565	3.48%
Time Deposits	92,747	5,040	5.43%	94,694	4,865	5.14%	98,181	5,496	5.60%
Other Borrowed Funds	9,319	601	6.45%	4,059	203	5.00%	4,060	198	4.88%
Repurchase Agreements(5)	9,956	487	4.89%	1,305	52	3.98%	93	4	4.30%
Subordinated Debentures	20	2	11.00%	20	2	11.00%	48	5	10.42%

TOTAL		196,034	8,789	4.48%	184,676	7,534	4.08%	178,138	8,075	4.53%
Net Interest Income			10,056			9,502			9,313	
Net Interest Spread(6)				3.58%			3.66%			3.68%
Interest Differential(7)				4.30%			4.32%			4.40%

(1) Included in gross loans are non-accrual loans with an average balance of $1,344,971 for 2000, $1,894,097 for 1999, and $2,004,438 for 1998.

(2) Income on investment securities of state and political subdivisions is stated on a tax equivalent basis (assuming a 34% rate). The amount of adjustment was $410,588 in 2000, $314,301 in 1999, and $316,232 in 1998.

(3) Overnight deposits refers to the BankBoston sweep account established during the first half of 1998 as another means of selling funds overnight.

(4) Included in other securities are taxable industrial development bonds (VIDA) , with income of $4,377 for 2000, $5,443 for 1999, $7,549 for 1998.

(5) Repurchase agreements were introduced during the second part of 1998 in an effort to attract new business customers.

(6) Net interest spread is the difference between the yield on earning assets and the rate paid on interest-bearing liabilities.

(7) Interest differential is net interest income divided by average earning assets.

CHANGES IN INTEREST INCOME AND INTEREST EXPENSE

The following table summarizes the variances in income for the years 2000, 1999, 1999, 1998, and 1997 resulting from volume changes in assets and liabilities and fluctuations in rates earned and paid.

(Dollars in Thousands)

	2000 vs. 1999			1999 vs. 1998			1998 vs. 1997		
Rate Volume	Variance(1)			Variance(1)			Variance(1)		
	Due to		Total	Due to		Total	Due to		Total
	Rate	Volume	Variance	Rate	Volume	Variance	Rate	Volume	Variance
Income-Earning Assets									
Loans(2)	156	1,347	1,503	(669)	(53)	(722)	(305)	195	(110)
Taxable Investment									
Securities	223	(103)	120	(107)	626	519	(107)	186	79
Tax-Exempt Investment									
Securities (3)	113	171	284	(62)	56	(6)	(69)	70	1
Federal Funds									
Sold	35	(111)	(76)	6	(100)	(94)	(30)	127	97
Overnight									

Deposits	20	(49)	(29)	(17)	(35)	(52)	0	185	185
Other									
Securities	9	(2)	7	4	(1)	3	(4)	7	3
Total Interest									
Earnings	556	1,253	1,809	(845)	493	(352)	(515)	770	255
Interest-Bearing Liabilities									
Savings Deposits	(3)	(1)	(4)	(101)	50	(51)	(42)	(28)	(70)
NOW and Money									
Market Funds	272	(21)	251	(151)	242	91	(30)	198	168
Time Deposits	281	(106)	175	(452)	(179)	(631)	0	192	192
Other Borrowed									
Funds	135	263	398	5	0	5	(47)	0	(47)
Repurchase									
Agreements	90	345	435	(4)	52	48	0	4	4
Subordinated									
Debentures	0	0	0	0	(3)	(3)	0	(6)	(6)
Total Interest									
Expense	775	480	1,255	(703)	162	(541)	(119)	360	241

(1) Items which have shown a year-to-year increase in volume have variances
As follows:
Variance due to rate = Change in rate x new volume
Variance due to volume = Change in volume x old rate

Items which have shown a year-to-year decrease in volume have variances
Allocated as follows:
Variance due to rate = Change in rate x old volume
Variance due to volume = Change in volume x new rate

(2) Total loans are stated net of unearned discount and allowance for loan
Losses. Interest on non-accrual loans is excluded from income. The
Principal balances of non-accrual loans are included in calculations of the
Yield on loans.

(3) Income on tax-exempt securities is stated on a tax equivalent basis.
The assumed rate is 34%.

INVESTMENT PORTFOLIO

The following tables show the classification of the investment portfolio by type of investment security based on book value for Held to Maturity securities and fair value for Available for Sale securities on December 31 for Sale securities on December 31 for each of the last 3 years.

(Dollars in Thousands)

	2000	**1999**	**1998**
U.S. Treasury Obligations:			
Available-for-Sale	19,146	28,982	20,590
Held-to-Maturity	5,702	6,650	15,562
U.S. Agency Obligations	22,975	11,127	4,582

Obligations of State & Political Subdivisions	13,520	12,110	9,734
Restricted Equity Securities	1,142	1,142	1,142
Total Investment Securities	**62,485**	**60,011**	**51,610**

The following is an analysis of the maturities and yields of investment securities as defined: (Available for Sale; fair value, Held to Maturity; book value)

December 31, **2000** **1999** **1998**

U.S. Treasury & Agency Obligations

Available for Sale	Fair Value (2000)	Wtd. Ave. Rate (2000)	Fair Value (1999)	Wtd. Ave. Rate (1999)	Fair Value (1998)	Wtd. Ave. Rate (1998)
Due within 1 year	9,028	6.37%	9,993	5.96%	0	0.00%
Due after 1 year within 5 years	10,118	6.21%	18,989	6.27%	20,590	6.16%
Total	**19,146**	**6.28%**	**28,982**	**6.27%**	**20,590**	**6.16%**

Held to Maturity	Book Value (2000)	Wtd. Ave. Rate (2000)	Book Value (1999)	Wtd. Ave. Rate (1999)	Book Value (1998)	Wtd. Ave. Rate (1998)
Due within 1 year	5,667	5.40%	1,000	6.38%	14,634	6.51%
Due after 1 year within 5 years	12,056	6.38%	14,824	5.30%	5,510	5.78%
Due after 5 years within 10 years	10,954	7.60%	1,953	6.93%	0	0.00%
Total	**28,677**	**6.66%**	**17,777**	**5.54%**	**20,144**	**6.31%**

Obligations of State &
Political Subdivisions (1)

	Book Value (2000)	Wtd. Ave. Rate (2000)	Book Value (1999)	Wtd. Ave. Rate (1999)	Book Value (1998)	Wtd. Ave. Rate (1998)
Due within 1 year	10,875	7.26%	8,738	6.40%	6,473	6.58%
Due after 1 year within 5 years	1,000	7.50%	1,507	7.18%	1,522	7.58%
Due after 5 years within 10 years	445	8.09%	600	7.78%	392	8.03%
Due after 10 years	1,200	9.92%	1,265	9.76%	1,347	9.65%
Total	**13,520**	**7.54%**	**12,110**	**6.92%**	**9,734**	**7.21%**

Restricted Equity Securities

Total Restricted Equity Securities	**1,142**	**7.76%**	**1,142**	**6.00%**	**1,142**	**6.00%**

(1) Income on Obligations of State and Political Subdivisions is stated on a tax equivalent basis assuming a 34 percent tax rate. Also included are taxable industrial development bonds (VIDA) with a fair value of $60,626 as of December 31, 2000, $92,828 as of December 31, 1999, and $123,546 as of December 31, 1998 with respective yields of 6.09%, 5.23%, and 4.76%.

LOAN PORTFOLIO

The following table reflects the composition of the Company's loan portfolio for years ended December 31:
(Dollars in Thousands)

	2000		1999		1998		1997		1996	
	TOTAL LOANS	% OF TOTAL	TOTAL LOANS	% OF TOTAL	TOTAL LOANS	% OF TOTAL	TOTAL LOANS	% OF TOTAL	TOTAL LOANS	% OF TOTAL
Real Estate Loans										
Construction & Land										

Development	1,021	0.58%	1,620	1.06%	2,025	1.37%	1,091	0.73%	1,432	0.98%
Farm Land	2,939	1.66%	3,229	2.11%	2,634	1.78%	2,093	1.39%	2,148	1.48%
1-4 Family Residential	107,411	60.50%	98,439	64.22%	98,407	66.34%	98,743	65.78%	94,393	64.83%
Commercial Real Estate	29,133	16.41%	21,223	13.85%	19,555	13.18%	19,992	13.32%	20,602	14.15%
Loans to Finance Agricultural Production	646	0.36%	661	0.43%	829	0.56%	1,354	0.90%	1,222	0.84%
Commercial & Industrial	13,989	7.88%	11,527	7.52%	8,767	5.91%	7,759	5.17%	7,084	4.87%
Consumer Loans	22,223	12.52%	16,344	10.66%	16,008	10.79%	18,943	12.62%	18,556	12.74%
All Other Loans	164	0.09%	236	0.15%	110	0.07%	141	0.09%	166	0.11%
Gross Loans	177,526	100%	153,279	100%	148,335	100%	150,116	100%	145,603	100%
Less:										
Reserve for Loan Losses	(1,797)	-1.01%	(1,715)	-1.12%	(1,659)	-1.12%	(1,502)	-1.00%	(1,401)	-0.96%
Deferred Loan Fees	(951)	-0.54%	(891)	-0.58%	(849)	-0.57%	(867)	-0.58%	(904)	-0.62%
Net Loans	174,778	98.45%	150,673	98.30%	145,827	98.31%	147,747	98.42%	143,298	98.42%

MATURITY OF LOANS

The following table shows the estimated maturity of loans (excluding residential properties of 1 - 4 families, consumer loans and other loans) outstanding as of December 31, 2000.

Fixed Rate Loans

	Maturity Schedule			
	Within 1 Year	1 - 5 Years	After 5 years	Total
Real Estate				
Construction & Land Development	821	0	0	821
Secured by Farm Land	0	9	835	844
Commercial Real Estate	534	512	6,064	7,110
Loans to Finance Agricultural Production	140	203	0	343
Commercial & Industrial Loans	551	5,531	2,781	8,863
Total	**2,046**	**6,255**	**9,680**	**17,981**

Variable Rate Loans

	Within 1 Year	1 - 5 Years	After 5 years	Total
Real Estate				
Construction & Land Development	200	0	0	200
Secured by Farm Land	1,755	340	0	2,095
Commercial Real Estate	12,953	4,927	4,143	22,023
Loans to Finance Agricultural Production	292	11	0	303
Commercial & Industrial Loans	4,034	1,075	17	5,126
Total	**19,234**	**6,353**	**4,160**	**29,747**

SUMMARY OF LOAN LOSS EXPERIENCE

The following table summarizes the Company's loan loss experience for each of the last five years.

(Thousands of Dollars)

December 31,	2000	1999	1998	1997	1996
Loans Outstanding End of Period	177,526	153,279	148,335	150,116	145,603
Ave. Loans Outstanding During Period	165,176	149,707	150,321	148,147	140,996
Loan Loss Reserve, Beginning of Period	**1,715**	**1,659**	**1,502**	**1,401**	**1,519**
Loans Charged Off:					
Real Estate	177	227	177	191	116
Commercial	15	41	41	104	86
Consumer	246	281	487	436	383
Total	**438**	**549**	**705**	**731**	**585**
Recoveries:					
Real Estate	17	10	65	12	18
Commercial	12	8	17	27	16
Consumer	107	90	120	133	68
Total	**136**	**108**	**202**	**172**	**102**
Net Loans Charged Off	302	441	503	559	483
Provision Charged to Income	**384**	**497**	**660**	**660**	**365**
Loan Loss Reserve, End of Period	**1,797**	**1,715**	**1,659**	**1,502**	**1,401**
Net Losses as a Percent Of Ave. Loans	0.18%	0.29%	0.33%	0.38%	0.34%
Provision Charged to Income as a Percent of Average Loans	0.23%	0.33%	0.44%	0.45%	0.26%
At End of Period:					
Loan Loss Reserve as a Percent Of Outstanding Loans	1.01%	1.12%	1.12%	1.00%	0.96%

Factors considered in the determination of the level of loan loss coverage include, but are not limited to historical Loss ratios, composition of the loan portfolio, overall economic conditions as well as future potential losses.

The following table shows an allocation of the allowance for loan losses, as well as the percent to the total allowance for the last five years (the corporation has no foreign loans, therefore, allocations for this category are not necessary).

December 31,	2000	%	1999	%	1998	%	1997	%	1996	%
Domestic										
Residential Real Estate	467	26%	421	24%	559	33%	362	24%	490	35%
Commercial	534	30%	372	22%	475	29%	645	43%	307	22%
Consumer	492	27%	356	21%	448	27%	487	32%	395	28%
Unallocated	304	17%	566	33%	177	11%	8	1%	209	15%
Total	1,797	100%	1,715	100%	1,659	100%	1,502	100%	1,401	100%

NON-ACCURAL, PAST DUE, AND RESTRUCTURED LOANS

The following table summarizes the bank's past due, non-accrual, and restructured loans:
(Dollars in Thousands)

December 31,	2000	1999	1998	1997	1996
Accruing Loans Past Due 90 Days or More:					
Consumer	9	77	53	121	36
Commercial	7	0	119	19	5
Real Estate	34	311	246	211	360

Total Past Due 90 Days or More	50	388	418	351	401
Non-accrual Loans	1,415	1,758	2,228	1,486	1,255
Restructured Loans (incl. non-accrual)	0	0	126	136	506
Total Non-accrual, Past Due And Restructured Loans	1,465	2,146	2,772	1,973	2,162
Other Real Estate Owned	201	435	542	1,089	663
Total Non Performing Loans	**1,666**	**2,581**	**3,314**	**3,062**	**2,825**
Percent of Gross Loans	0.94%	1.68%	2.23%	2.04%	1.94%
Reserve Coverage of Non performing Loans	107.86%	66.45%	50.06%	49.05%	49.59%

When a loan reaches non-accrual status, it is determined that future collection of interest and principal is doubtful. At this point, the Company's policy is to reverse the accrued interest and to discontinue the accrual of interest until the borrower clearly demonstrates the ability to resume normal payments. Our portfolio of non-accrual loans for the years ended 2000, 1999, 1998, 1997, and 1996 are made up primarily of commercial real estate loans and residential real estate loans. Management does not anticipate any substantial effect to future operations if any of these loans are liquidated. Although interest is included in income only to the extent received by the borrower , deferred taxes are calculated monthly, based on the accrued interest of all non-accrual loans. This accrued interest amounted to $369,536 in 2000, $398,006 in 1999, $363,713 in 1998, $216,770 in 1997, and $309,388 in 1996. The Company had total foreign loans of less than one percent in 2000, and has no Concentration in any industrial category.

DEPOSITS

The average daily amount of deposits and rates paid on such deposits is summarized for for the last three years. (Dollars in Thousands)

	December 31,				
	2000		1999		1998
	Amount	Rate	Amount	Rate	Amount
Non-Interest Bearing Demand Deposits	25,574	0.00%	23,619	0.00%	20,857
NOW & Money Market Funds	51,296	3.72%	51,850	3.19%	44,916
Savings Deposits	32,696	2.30%	32,748	2.31%	30,840
Time Deposits	92,747	5.43%	94,694	5.14%	98,181
Total Deposits	**202,313**	**3.81%**	**202,911**	**3.59%**	**194,794**

Increments of maturity of time certificates of deposit and other time deposits of $100,000 or more issued by domestic offices outstanding on December 31, 2000 are summarized as follows:

Time Certificates

Maturity Date	of Deposit
3 Months or Less	1,531
Over 3 through 6 Months	7,989
Over 6 through 12 Months	4,194
Over 12 Months	3,790
Total	**17,504**

RETURN ON EQUITY AND ASSETS

The following table shows consolidated operating and capital ratios of the Company for each of the last three years

		December 31,	
	2000	**1999**	**1998**
Return on Average Assets	0.99%	1.01%	0.99%
Return on Average Equity	10.92%	10.65%	10.49%
Dividend Payout Ratio	89.19%	90.75%	88.48%
Ave. Equity to Ave. Assets Ratio	9.05%	9.47%	9.45%

Item 2. Properties

Community Bancorp. does not own or lease real property. The Corporation's offices are located at the main offices of the Bank. All of the Bank's offices are located in Vermont. In addition to the main office in Derby, the Bank maintains facilities located in; City of Newport, Towns of Barton and St. Johnsbury, and Villages of Island Pond, Troy and Derby Line. Due to its inactive status, Liberty Savings Bank shares the same address as the main offices as it does not maintain a facility.

The Bank's main offices are located in a two-story brick building on U.S. Route 5 in Derby, Vermont. The main banking lobby and adjacent offices were constructed in 1972, expanded in 1978, and the most recent expansion was completed in July 1993, providing a total of 15,000 square feet at this location. The main office is equipped with a drive-up facility as well as an Automated Teller Machine (ATM). Computer and similar support equipment is also located in the main office building. The building previously housing our computer equipment serves as a conference center for the Bank as well as various non-profit organizations, free of charge, upon request.

The Bank owns the Derby Line office located on Main Street in a renovated bank building. The facility consists of a small banking lobby containing approximately 200 square feet. An ATM was installed in 1999, replacing the walk-up window at this office. Now all seven offices of the Bank are equipped with an ATM.

The Island Pond office is located in the renovated "Railroad Station" acquired by the town of Brighton in 1993. The Bank leases approximately two-thirds of the downstairs including a banking lobby, a drive-up window, and an ATM. The other portion of the downstairs is occupied by an information center, and the upstairs section houses the Island Pond Historical Society.

The Barton office is located on Church Street, in a renovated facility. This office is equipped with a banking lobby, a drive-up window, and an ATM. The facility is leased from Dean M. Comstock, who is a member of the Bank's Barton Advisory Committee. The lease was entered into in 1985 with a fifteen-year term, and was renewed in 2000 for an additional 15 years.

The Bank occupies condominium space in the state office building on Main Street in Newport to house its Newport office. The Bank occupies approximately 3,084 square feet on the first floor of the building for a full service banking facility equipped with a remote drive-up facility and an ATM. In addition, the Bank owns approximately 4,400 square feet on the second floor housing our trust department and an office for our public relations coordinator, with room for future expansion.

The Bank owns the Troy office located in a relatively new facility. This office is also equipped with an ATM to provide the same type of limited 24-hour accessibility as all of the other offices. The marketing department recently moved into this building in space formerly leased to another business.

The St. Johnsbury office is located at the corner of the I-91 Access Road and Route 5 in the town of St. Johnsbury. The Bank occupies approximately 2,250 square feet in the front of the Price Chopper building. Fully equipped with an ATM and a drive-up window, this office operates as a full service banking facility. This space is leased from Murphy Realty of St. Johnsbury. Peter Murphy, President of Murphy Realty, is a member of the Bank's St. Johnsbury Advisory Committee.

The Company has leased approximately 1,500 square feet of office space located at 95-97 State Street in Montpelier. This office is scheduled to open at the end of April or the first part of May and will operate as a full service banking facility.

Item 3. Legal Proceedings

Community National Bank is currently involved in a lawsuit filed on March 23,1998, in the Orleans Superior Court against the State of Vermont. The issue involves OREO property that is on "filled land" on the shores of Lake Memphremagog in the City of Newport. According to a so-called "public trust doctrine", the State of Vermont might have ownership of any lands created by filling any portion of the navigable waters of the state. The result of this is that the Bank has been unable to sell these properties for fair value because some attorneys will not clear title to the property. The suit filed is an attempt to clear title to said properties by seeking judicial clarification of the public trust doctrine. The Bank received documents in mid April pertaining to the ruling of the lawsuit. The judgement was not in the Bank's favor. On June 23, 2000, The Bank filed an appeal to the Vermont Supreme Court, but as of this filing, no date has been set for oral arguments. Regardless of the outcome of the suit, is not likely to have a material impact on the financial statements of the Bank or consolidated Company.

There are no other pending legal proceedings to which the Company is a party or of which any of its property is the subject, other than routine litigation incidental to its banking business.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II.

Item 5. Market for Registrant's Common Stock and Related Stockholder Matters

Common Stock Performance by Quarter

Incorporated by reference to Page 35 of the Annual Report to Shareholders for fiscal year 2000.

Item 6. Selected Financial Data

Following pages

SELECTED FINANCIAL DATA

(Not covered by Report of Independent Public Accountants)

(Dollars in thousands, except per share data)

Year Ended December 31,	**2000**	**1999**	**1998**	**1997**	**1996**
Total Interest Income	18,435	16,723	17,072	16,817	16,532
Less:					
Total Interest Expense	8,789	7,535	8,077	7,834	8,177
Net Interest Income	9,646	9,188	8,995	8,983	8,355
Less:					
Provision for Loan Losses	384	497	660	660	365

Other Operating Income	1,865	1,759	1,586	1,336	1,281
Less:					
Other Operating Expense	7,929	7,330	7,021	6,759	6,397
Income Before Income Taxes	3,198	3,120	2,900	2,900	2,874
Less:					
Applicable Income Taxes (1)	776	786	710	755	654
Net Income	**2,422**	**2,334**	**2,190**	**2,145**	**2,220**
Per Share Data: (2)					
Earnings per Share	0.72	0.71	0.68	0.69	0.74
Cash Dividends Declared	0.64	0.64	0.60	0.56	0.52
Weighted Average Number of Common Shares Outstanding	3,375,196	3,309,375	3,229,702	3,125,270	3,005,843
Number of Common Shares Outstanding	3,355,784	3,358,507	3,266,508	3,165,821	3,049,798
Balance Sheet Data:					
Net Loans	174,068	150,673	145,827	147,747	143,298
Total Assets	252,785	232,216	225,051	213,001	205,536
Total Deposits	208,385	201,843	197,797	187,580	183,854
Total Liabilities	230,255	210,035	203,049	192,521	186,425
Borrowed Funds	5,592	4,075	4,080	4,164	235
Total Shareholders' Equity	22,530	22,181	22,002	20,480	19,111

(1) Applicable Income Taxes above includes the income tax effect, assuming a 34% tax rate, on securities gains (losses), which totaled $(6,386) in 2000, $0 in each 1999, 1998, 1997, and $(656) in 1996.

(2) All per share data for calendar years prior to 1999 have been restated to reflect a 5% stock dividend paid in the first quarter of 1999. A 100% stock dividend was paid on June 1, 1998, requiring restatement of per share data for the calendar years 1997 and 1996. Additionally, a 5% stock dividend was declared payable during the first quarter of 1997, requiring restatement of per share data for the 1996 calendar year.

QUARTERLY RESULTS OF OPERATIONS

The following is an unaudited summary of the quarterly results of operations for the years ended December 31, 2000, 1999 and 1998.
(Dollars in thousands, except per share data)

2000	**MAR. 31**	**JUNE 30**	**SEPT. 30**	**DEC. 31**
Interest Income	4,177	4,457	4,815	4,986
Interest Expense	1,831	2,013	2,395	2,551
Net Interest Income	2,346	2,444	2,420	2,435
Provisions For Loan Losses	162	96	63	63
Other Operating Expenses	2,009	1,972	1,977	1,971
Income Before Taxes	578	895	830	895
Applicable Income Taxes	144	247	198	187
Net Income	434	648	632	708
Net Income Per Share(1):	0.13	0.19	0.19	0.21

1999

Interest Income	4,050	4,203	4,248	4,221
Interest Expense	1,872	1,889	1,897	1,876
Net Interest Income	2,178	2,314	2,351	2,345
Provisions For Loan Losses	150	150	115	82
Other Operating Expenses	1,847	1,829	1,826	1,827
Income Before Taxes	554	785	814	967
Applicable Income Taxes	143	219	210	214
Net Income	411	566	604	753
Net Income Per Share(1):	0.13	0.17	0.18	0.23
1998				
Interest Income	4,225	4,207	4,325	4,315
Interest Expense	1,990	2,053	2,045	1,989
Net Interest Income	2,235	2,154	2,280	2,326
Provisions For Loan Losses	200	160	150	150
Other Operating Expenses	1,810	1,761	1,768	1,730
Income Before Taxes	522	747	744	888
Applicable Income Taxes	114	189	182	226
Net Income	408	558	562	662
Net Income Per Share (1):	0.13	0.17	0.17	0.21

(1) All 1998 per share data has been restated to reflect a 5% stock dividend paid during the first quarter of 1999. Per share data for the first quarter of 1998 has been restated to reflect a 100% stock dividend paid on June 1, 1998.

CAPITAL RATIOS
Community Bancorp. and Subsidiaries
(Dollars in Thousands)

				ANNUAL GROWTH RATE	
At December 31,	**2000**	**1999**	**1998**	**2000/1999**	**1999/1998**
Total Assets	252,785	232,216	225,051		
LESS: Goodwill (3)	274	297	320		
Allowance for Possible Loan Losses	1,797	1,715	1,659		
Total Adjusted Assets	**254,308**	**233,634**	**226,390**	**8.85%**	**3.20%**
Gross Risk-Adjusted Assets	132,204	111,995	107,450		
Allowance for Loan Loss over limit (2)	144	315	316		
Total Risk-Adjusted Assets	**132,060**	**111,680**	**107,134**	**18.25%**	**4.24%**
Shareholders' Equity	22,530	22,181	22,002		
LESS:					
Valuation Allowance for Securities	(23)	(247)	236		
Intangible Assets(3)	293	319	339		
Total Adjusted Tier 1 Capital (1)	**22,260**	**22,109**	**21,427**	**0.68%**	**3.18%**
Eligible Discounted Subordinated Debt	12	16	16		
Max. Allowance for Possible Loan Losses (2)	1,653	1,400	1,343		
Total Capital (Tier II)	**23,925**	**23,525**	**22,786**	**1.70%**	**3.24%**

	2000	1999	1998
Tier I Capital/Total Adjusted Assets	**8.75%**	**9.46%**	**9.46%**
Tier II Capital/Total Adjusted Assets	**9.41%**	**10.07%**	**10.06%**
Tier I Capital/Total Risk-Adjusted Assets	**16.86%**	**19.80%**	**20.00%**
Tier II Capital/Total Risk-Adjusted Assets	**18.12%**	**21.06%**	**21.27%**

(1) Net unrealized holding gains and losses on available-for-sale securities are excluded from common stockholders' equity for regulatory capital purposes. However, National Banks continue to deduct unrealized losses on equity securities in their computation of Tier I Capital.

(2) The maximum allowance for possible loan losses used in calculating primary (TierII) capital is the lower of the period end allowance for possible loan losses or 1.25% of gross risk-adjusted assets, as implemented by regulatory capital guidelines.

(3) Included in the 2000, 1999 and 1998 balances of intangible assets are $274,130, $296,974 and $318,818 respectively, in goodwill associated with the acquisition of Liberty Savings Bank. Excess mortgage servicing rights totaling $19,528, $21,817, and $18,706 for 2000,1999 and 1998, respectively, comprise the balance of intangible assets.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Incorporated by reference to Pages 23-34 of the Annual Report to Shareholders for fiscal year 2000.

The Company's Management's Discussion and Analysis of Results of Operations, Cash Flow and Financial Condition contains certain forward-looking statements about the results of operations, financial condition and business of the Company and its subsidiaries. When used therein, the words "believes," "expects," "anticipates," "intends," "estimates," "plans," "predicts," or similar expressions, indicate that management of the Company is making forward-looking statements.

Forward-looking statements are not guarantees of future performance. They necessarily involve risks, uncertainties and assumptions. Future results of the Company may differ materially from those expressed in these forward-looking statements. Although these statements are based on management's current expectations and estimates, many of the factors that could influence or determine actual results are unpredictable and not within the Company's control. In addition, the Company does not undertake to, and disclaims any obligation to, publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence or anticipated occurrence of events or circumstances after the date of this Report. The Company claims the protection of the safe harbor for forward-looking statements provided in the Private Securities Litigation Reform Act of 1995.

Factors that may cause actual results to differ materially from those contemplated by these forward-looking statements include, among others, the following possibilities: (1) competitive pressures increase among financial services providers in the Company's northern New England market area or in the financial services industry generally, including competitive pressures from nonbank financial service providers, from increasing consolidation and integration of financial service providers, and from changes in technology and delivery systems; (2) interest rates change in such a way as to reduce the Company's margins; (3) general economic or monetary conditions, either nationally or regionally, are less favorable than expected, resulting in a deterioration in credit quality or a diminished demand for the Company's products and services; and (4) changes in laws or government rules, or the way in which courts interpret those laws or rules, adversely affect the Company's business.

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

Incorporated by reference to Pages 23-27 of the Management's Discussion and Analysis of Financial Condition and Results of Operation in the Annual Report to Shareholders for fiscal year 2000.

Item 8. Financial Statements and Supplementary Data

The financial statements and related notes of Community Bancorp. and Subsidiaries are incorporated herein by reference from the Annual Report to Shareholders for fiscal year 2000, Page 4 through Note 24 on Page 22.

Item 9. Disagreements on Accounting and Financial Disclosures

Inapplicable.

PART III.

Item 10. Directors and Executive Officers of the Registrant

The following is incorporated by reference to the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 8, 2001:

Listing of the names, ages, principal occupations and business experience of the directors under the caption "ARTICLE I - ELECTION OF DIRECTORS."
Listing of the names, ages, titles and business experience of the executive officers under the caption "EXECUTIVE OFFICERS."
Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 under the caption "SHARE OWNERSHIP INFORMATION - Section 16(a) Beneficial Ownership Reporting Compliance.

Item 11A. Executive Compensation

The following is incorporated by reference to the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 8, 2001:

Information regarding compensation of directors under the captions "ARTICLE I - ELECTION OF DIRECTORS - Directors' Fee and Other Compensation" and "-Directors' Deferred Compensation Plan."

Information regarding executive compensation and benefit plans under the caption "EXECUTIVE COMPENSATION."

Information regarding management interlocks and certain transactions under the caption "ARTICLE I - ELECTION OF DIRECTORS - Compensation Committee Interlocks and Insider Participation."

Information set forth under the caption "HUMAN RESOURCES COMMITTEE REPORT."

Information set forth under the caption "STOCK PERFORMANCE GRAPH."

Item 12. Security Ownership of Certain Beneficial Owners and Management

The following is incorporated by reference to the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 8, 2001:

Information regarding the share ownership of management and principal shareholders under the captions "SHARE OWNERSHIP INFORMATION" and "ARTICLE I - ELECTION OF DIRECTORS."

Item 13. Certain Relationships and Related Party Transactions

The following is Incorporated by reference to the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 8, 2001:

Information regarding transactions with management under the caption "ARTICLE I - ELECTION OF DIRECTORS - Transactions with Management."

PART IV.

Item 14. Financial Statement Schedules, Exhibits and Reports on Form 8-K

(a) (1) and (2) Financial Statements

Financial statements are incorporated by reference to the Annual Report to Shareholders for fiscal year 2000, filed as Exhibit 13 to this report.

(a) (3) Exhibits

The following exhibits are incorporated by reference:

Exhibit 3(i) - Restated Articles of Association filed as Exhibit 1 to the Company's current report on Form 8-K filed with the Commission on September 8, 1998.
Exhibit 3(ii) - By-laws of Community Bancorp. are incorporated by reference to Community Bancorp.'s Registration Statement dated May 20, 1983 (Registration No.2-83166).
Exhibit 4 - Indenture dated August 1, 1984 between Community Bancorp. and Community National Bank as trustee, relating to $750,000 in principal amount of 11% Convertible Subordinated Debentures due 2004 is incorporated by reference to Community Bancorp.'s Registration Statement dated July 11, 1984 (Registration No. 2-92147).
Exhibit 10(i) - Directors Deferred Compensation Plan* is incorporated by reference to pages 25-30 of the Form 10-K filed with the Commission on March 31, 2000.
Exhibit 10(ii) - Description of Supplemental Retirement Plan* is incorporated by reference to page 30 of the Form 10-K filed with the Commission on March 31, 2000.
Exhibit 10(iii) - Description of the Officer Incentive Plan* is incorporated by reference to the section of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 8, 2001, under the caption "EXECUTIVE COMPENSATION - Officer Incentive Plan."

The following exhibits are filed as part of this report:

Exhibit 11 - Computation of Per Share Earnings
Exhibit 13 - Portions of the Annual Report to Shareholders of Community Bancorp. for fiscal year 2000, specifically mentioned in this report and incorporated by reference.
Exhibit 21 - Subsidiaries of Community Bancorp.
Exhibit 23 - Consent of A.M. Peisch & Company

(b) Reports on Form 8-K

None

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*Denotes compensatory plan or arrangement.

Exhibit 11

COMMUNITY BANCORP.

PRIMARY EARNINGS PER SHARE

For The Fourth Quarter Ended December 31,	***2000***	***1999***	***1998***
Net Income	$707,782	$753,167	$662,615
Average Number of Common Shares Outstanding.	3,359,502	3,358,506	3,266,510
Earnings Per Common Share	$0.21	$0.22	$0.20

FULLY DILUTED EARNINGS PER SHARE

For The Fourth Quarter Ended December 31,	***2000***	***1999***	***1998***
Net Income	$707,782	$753,167	$662,615
Adjustments to Net Income (Assuming Conversion of Subordinated Convertible Debentures).	363	363	363
Adjusted Net Income	$708,145	$753,530	$662,978
Average Number of Common Shares Outstanding.	3,359,502	3,358,506	3,266,510

Increase in Shares (Assuming Conversion of Subordinated Convertible Debentures).	8,557	8,557	8,557
Average Number of Common Shares Outstanding (Fully Diluted).	3,368,059	3,367,063	3,275,067
Earnings Per Common Share Assuming Full Dilution.	$0.21	$0.22	$0.20

Per share data for 1998 restated to reflect a 5% stock dividend paid on February 1, 1999.

Exhibit 11 (cont'd.)

COMMUNITY BANCORP.

PRIMARY EARNINGS PER SHARE

For the Years Ended December 31,	*2000*	*1999*	*1998*
Net Income	$2,422,421	$2,334,358	$2,190,374
Average Number of Common Shares Outstanding.	3,375,196	3,309,375	3,229,702
Earnings Per Common Share	$0.72	$0.71	$0.68

FULLY DILUTED EARNINGS PER SHARE

For the Years Ended December 31,	*2000*	*1999*	*1998*
Net Income	$2,422,421	$2,334,358	$2,190,374
Adjustments to Net Income (Assuming Conversion of Subordinated Convertible Debentures).	1,452	1,452	3,034
Adjusted Net Income	$2,423,873	$2,335,810	$2,193,408
Average Number of Common Shares Outstanding.	3,375,196	3,309,375	3,229,702
Increase in Shares (Assuming Conversion of Subordinated Convertible Debentures).	8,557	8,558	16,691
Average Number of Common Shares Outstanding (Fully Diluted).	3,383,753	3,317,933	3,246,393
Earnings Per Common Share Assuming Full Dilution.	$0.72	$0.70	$0.68

Per share data for 1998 restated to reflect a 5% stock dividend paid on February 1, 1999.

Exhibit 21

The subsidiaries of Community Bancorp.are Community National Bank, a banking corporation incorporated under the Banking Laws of The United States, and Liberty Savings Bank, a New Hampshire guaranty savings bank.

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Community Bancorp. of our report dated January 5, 2001, included in the 2000 Annual Report to Shareholders of Community Bancorp.

We also consent to the incorporation by reference in the Registration Statement (Form S-3 No. 33-18535) pertaining to the Community Bancorp. Dividend

Reinvestment Plan and in the Registration Statement (Form S-8 No. 33-44713) pertaining to the Community Bancorp. Retirement Savings Plan of our report dated January 5, 2001, with respect to the consolidated financial statements incorporated herein by reference of Community Bancorp. included in the Annual Report (Form 10-K) for the year ended December 31, 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMMUNITY BANCORP.

BY: /s/ Richard C. White　　　　Date: March 28, 2001

Richard C. White, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

BY: /s/ Stephen P. Marsh　　　　Date: March 28, 2001
Stephen P. Marsh, Treasurer
and Chief Financial and Accounting Officer

COMMUNITY BANCORP. DIRECTORS

/s/ Thomas E. Adams　　　　Date: March 28, 2001
Thomas E. Adams

/s/ Jacques R. Couture　　　　Date: March 28, 2001
Jacques R. Couture

/s/ Elwood G. Duckless　　　　Date: March 28, 2001
Elwood G. Duckless

/s/ Michael H. Dunn　　　　Date: March 28, 2001
Michael H. Dunn

/s/ Rosemary M. Lalime　　　　Date: March 28, 2001
Rosemary M. Lalime

/s/ Marcel Locke　　　　Date: March 28, 2001
Marcel Locke

/s/ Stephen P. Marsh　　　　Date: March 28, 2001
Stephen P. Marsh

/s/ Anne T. Moore　　　　Date: March 28, 2001
Anne T. Moore

/s/ Dale Wells　　　　Date: March 28, 2001
Dale Wells

/s/Richard C. White　　　　Date: March 28, 2001
Richard C. White

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
Community Bancorp. and Subsidiaries
Derby, Vermont

We have audited the accompanying consolidated balance sheets of Community Bancorp. and Subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity, and cash flows for the years ended December 31, 2000, 1999, and 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community Bancorp. and Subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for the years ended December 31, 2000, 1999, and 1998 in conformity with U. S. generally accepted accounting principles.

January 5, 2001
St. Johnsbury, Vermont
VT Reg. No. 92-0000102

COMMUNITY BANCORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2000 and 1999

ASSETS	**2000**	**1999**
Cash and due from banks (Note 18)	$6,110,527	$9,928,586
Federal funds sold and overnight deposits	-0-	2,787,558
Cash and cash equivalents	6,110,527	12,716,144
Securities held-to-maturity (approximate fair value $42,466,587 and $29,502,766 at December 31, 2000 and 1999) (Note 2)	42,197,130	29,887,821
Securities available-for-sale (Note 2)	19,145,938	28,982,188
Restricted equity securities (Note 1)	1,141,650	1,141,650
Loans held-for-sale (Note 1)	710,991	660,423
Loans (Note 3)	176,815,408	152,618,876
Allowance for loan losses (Note 4)	(1,796,810)	(1,714,763)
Unearned net loan fees	(950,937)	(891,114)
Net loans	174,067,661	150,012,999
Bank premises and equipment, net (Note 5)	4,693,934	4,322,697
Accrued interest receivable	1,929,495	1,484,192
Other real estate owned, net (Note 6)	201,123	434,694
Other assets (Notes 7 and 12)	2,586,788	2,572,994
Total assets	$252,785,237	$232,215,802
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Demand, non-interest bearing	$ 25,640,868	$ 25,727,709
NOW and money market accounts	55,776,849	52,094,860
Savings	29,810,798	32,854,357
Time, $100,000 and over (Note 8)	17,504,358	15,894,363

Other time (Note 8)	79,651,657	75,271,591
	208,384,530	201,842,880
Repurchase agreements (Note 10)	14,371,538	2,623,282
Borrowed funds (Note 9)	5,592,000	4,055,000
Accrued interest and other liabilities (Note 17)	1,886,999	1,493,486
Subordinated debentures (Note 11)	20,000	20,000
Total liabilities	230,255,067	210,034,648
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 5, 13, 14, 15, and 17)		
STOCKHOLDERS' EQUITY		
Common stock, $2.50 par value; 6,000,000 shares authorized, 3,478,561shares issued at December 31, 2000 and 3,388,394 shares issued at December 31, 1999	8,696,402	8,470,985
Additional paid-in capital	11,515,514	10,942,510
Retained earnings (Note 19)	3,731,098	3,462,966
Accumulated other comprehensive loss	(23,108)	(247,086)
Less treasury stock, at cost (2000, 122,777 shares; 1999, 29,887 shares)	(1,389,736)	(448,221)
	22,530,170	22,181,154
Total liabilities and stockholders' equity	$252,785,237	$232,215,802

See accompanying notes.

COMMUNITY BANCORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2000, 1999, and 1998

	2000	**1999**	**1998**
Interest income			
Interest and fees on loans	$14,538,722	$13,036,041	$13,758,226
Interest and dividends on investment securities			
U.S. Treasury	1,503,302	2,192,557	2,058,981
U. S. Government agencies	1,331,431	522,774	137,074
States and political subdivisions	801,402	615,557	621,411
Dividends	89,130	79,540	74,046
Interest on federal funds sold and overnight deposits	170,783	276,322	421,972
	18,434,770	16,722,791	17,071,710
Interest expense			
Interest on deposits	7,699,756	7,277,456	7,868,323
Interest on borrowed funds and securities sold under agreements to repurchase	1,087,178	254,884	203,702
Interest on subordinated debentures	2,200	2,200	4,597
	8,789,134	7,534,540	8,076,622
Net interest income	9,645,636	9,188,251	8,995,088
Provision for loan losses (Note 4)	(384,000)	(497,000)	(660,000)
Net interest income after provision for loan losses	9,261,636	8,691,251	8,335,088
Other income			
Trust Department income	362,979	247,001	185,877
Service fees	808,139	704,348	676,558
Security losses (Note 2)	(18,782)	-0-	-0-
Other (Note 24)	712,846	808,014	771,947
	1,865,182	1,759,363	1,634,382
Other expenses			
Salaries and wages	2,917,665	2,839,193	2,795,987
Pension and other employee benefits (Notes 13 and 17)	936,367	792,328	744,715
Occupancy expenses	1,407,505	1,284,339	1,250,077
Other operating expenses (Note 24)	2,666,900	2,413,915	2,277,971
	7,928,437	7,329,775	7,068,750
Income before income taxes	3,198,381	3,120,839	2,900,720

Income taxes (Note 12)	775,960	786,481	710,346
Net income	$ 2,422,421	$ 2,334,358	$ 2,190,374
Earnings per common share on weighted average	$0.72	$0.71	$0.68
Weighted average number of common shares used in computing earnings per share	3,375,196	3,309,375	3,229,702
Book value per share on shares outstanding at December 31	$6.71	$6.60	$6.74

See accompanying notes.

COMMUNITY BANCORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2000, 1999, and 1998

	---Common Stock---	
	Shares	**Amount**
Balances, December 31, 1997	1,507,534	$3,842,907
Comprehensive income, net of taxes		
Net income	-0-	-0-
Net unrealized holding gains on securities available-for-sale, net of tax, ($103,889)	-0-	-0-
Total comprehensive income		
Dividends paid	-0-	-0-
100% stock split effected in the form of a dividend	1,529,430	3,823,575
Issuance of stock	74,013	185,034
Purchase of treasury stock	(17)	-0-
Balances, December 31, 1998	3,110,960	7,851,516
Comprehensive income, net of taxes		
Net income	-0-	-0-
Net unrealized holding losses on securities available-for-sale, net of tax, ($248,540)	-0-	-0-
Total comprehensive income		
Dividends declared	-0-	-0-
5% stock dividend	156,633	391,582
Issuance of stock	91,155	227,887
Purchase of treasury stock	(241)	-0-
Balances, December 31, 1999	3,358,507	8,470,985
Comprehensive income, net of taxes		
Net income	-0-	-0-
Net unrealized holding gains on securities available-for-sale, net of tax, ($115,383)	-0-	-0-
Total comprehensive income		
Dividends declared	-0-	-0-
Issuance of stock	90,167	225,417
Purchase of treasury stock	(92,890)	-0-
Balances, December 31, 2000	3,355,784	$8,696,402

See accompanying notes.

Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total stockholders' equity

$ 7,978,435	$ 9,070,443	$ 33,709	($ 445,137)	$20,480,357
-0-	2,190,374	-0-	-0-	2,190,374
-0-	-0-	201,666	-0-	201,666
				2,392,040
-0-	(1,833,146)	-0-	-0-	(1,833,146)
-0-	(3,823,575)	-0-	-0-	-0-
778,018	-0-	-0-	-0-	963,052
-0-	-0-	-0-	(244)	(244)
8,756,453	5,604,096	235,375	(445,381)	22,002,059
-0-	2,334,358	-0-	-0-	2,334,358
-0-	-0-	(482,461)	-0-	(482,461)
				1,851,897
-0-	(2,624,150)	-0-	-0-	(2,624,150)
1,459,756	(1,851,338)	-0-	-0-	-0-
726,301	-0-	-0-	-0-	954,188
-0-	-0-	-0-	(2,840)	(2,840)
10,942,510	3,462,966	(247,086)	(448,221)	22,181,154
-0-	2,422,421	-0-	-0-	2,422,421
-0-	-0-	223,978	-0-	223,978
				2,646,399
-0-	(2,154,289)	-0-	-0-	(2,154,289)
573,004	-0-	-0-	-0-	798,421
-0-	-0-	-0-	(941,515)	(941,515)
$11,515,514	$ 3,731,098	($ 23,108)	($ 1,389,736)	$22,530,170

COMMUNITY BANCORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 2,422,421	$ 2,334,358	$ 2,190,374
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	599,487	516,824	407,226
Provision for possible loan losses	384,000	497,000	660,000
(Credit) provision for deferred income taxes	(26,119)	21,068	(75,246)
Loss on sale of securities	18,782	-0-	-0-
Gain on sale of loans	(50,863)	(108,389)	(153,699)
Losses on sales of fixed assets	-0-	1,675	-0-
(Gains) losses on sales of OREO	(58,405)	(96,318)	4,448
OREO writedowns	23,343	19,590	26,592
Amortization of bond premium, net	174,685	270,141	48,621
Proceeds from sales of loans held for sale	3,886,000	10,790,620	18,780,207
Originations of loans held for sale	(3,885,705)	(10,310,457)	(19,658,705)
Increase in interest receivable	(445,303)	(23,521)	(373)
Decrease (increase) in mortgage servicing rights	22,892	(31,114)	(92,544)
(Increase) decrease in other assets	(191,227)	158,157	(261,297)
Increase (decrease) in unamortized loan fees	59,823	42,151	(17,626)

Increase (decrease) in taxes payable	123,041	(41,049)	20,628
Increase (decrease) in interest payable	107,381	(38,366)	(10,694)
(Decrease) increase in accrued expenses	(40,418)	55,097	950
Increase in other liabilities	221,637	103,265	55,359
Net cash provided by operating activities	3,345,452	4,160,732	1,924,221
CASH FLOWS FROM INVESTING ACTIVITIES			
Securities held-to-maturity			
Maturities and paydowns	21,842,506	31,875,523	26,602,459
Purchases	(34,157,564)	(31,987,612)	(22,365,543)
Securities available-for-sale			
Sales and maturities	9,987,892	-0-	3,000,000
Purchases	-0-	(9,291,211)	(15,282,969)
Purchase of restricted equity securities	-0-	-0-	(41,900)
(Increase) decrease in loans, net	(25,025,922)	(6,589,397)	1,758,500
Capital expenditures, net	(947,879)	(1,808,310)	(108,756)
Investments in limited partnership, net	24,740	(324,258)	12,779
Proceeds from sales of other real estate owned	659,648	908,399	864,835
Recoveries of loans charged off	136,422	108,004	202,057
Net cash used in investing activities	(27,480,157)	(17,108,862)	(5,358,538)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in demand, NOW, savings, and money market accounts	551,589	8,482,469	11,281,205
Net increase (decrease) in certificates of deposit	5,990,061	(4,436,883)	(1,064,312)
Net increase in short-term borrowings and repurchase agreements	11,748,256	2,335,041	288,241
Net increase (decrease) in borrowed funds	1,537,000	(5,000)	-0-
Payments to acquire treasury stock	(941,515)	(2,840)	(244)
Dividends paid	(1,356,303)	(1,132,601)	(954,095)
Net cash provided by financing activities	17,529,088	5,240,186	9,550,795
Net (decrease) increase in cash and cash equivalents	(6,605,617)	(7,707,944)	6,116,478
Cash and cash equivalents			
Beginning	12,716,144	20,424,088	14,307,610
Ending	$ 6,110,527	$12,716,144	$20,424,088

SUPPLEMENTAL SCHEDULE OF CASH PAID DURING THE YEAR

Interest	$ 8,681,753	$ 7,572,906	$ 8,087,316
Income taxes	$ 679,038	$ 806,462	$ 764,964

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Unrealized gain (loss) on securities available-for-sale	$ 339,361	($ 731,001)	$ 305,555
Other real estate owned acquired in settlement of loans	$ 391,015	$ 724,462	$ 348,911
Debentures converted to common stock	$ -0-	$ -0-	$ 84,000
Stock dividends	$ -0-	$ 1,851,338	$ 3,823,575
Dividends paid:			
Dividends declared	$ 2,154,289	$ 2,624,150	$ 1,833,146
(Increase) in dividends payable	435	(537,361)	-0-
Dividends reinvested	(798,421)	(954,188)	(879,051)
	$ 1,356,303	$ 1,132,601	$ 954,095

See accompanying notes.

COMMUNITY BANCORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

The accounting policies of Community Bancorp. and Subsidiaries ("Company") are in conformity with U. S. generally accepted accounting principles and general practices within the banking industry. The following is a description of the more significant policies.

Basis of presentation and consolidation

The consolidated financial statements include the accounts of Community Bancorp. and its wholly-owned subsidiaries, Community National Bank (Community) and Liberty Savings Bank (Liberty). All significant intercompany accounts and transactions have been eliminated.

Nature of operations

The Company provides a variety of financial services to individuals and corporate customers through its branches in northeastern Vermont, which is primarily a small business and agricultural area. The Company's primary deposit products are checking and savings accounts and certificates-of-deposit. Its primary lending products are commercial, real estate, and consumer loans.

Concentration of risk

The Company's operations are affected by various risk factors, including interest-rate risk, credit risk, and risk from geographic concentration of lending activities. Management attempts to manage interest rate risk through various asset/liability management techniques designed to match maturities of assets and liabilities. Loan policies and administration are designed to provide assurance that loans will only be granted to credit-worthy borrowers, although credit losses are expected to occur because of subjective factors and factors beyond the control of the Company. Although the Company has a diversified loan portfolio and economic conditions are stable, most of its lending activities are conducted within the geographic area where it is located. As a result, the Company and its borrowers may be especially vulnerable to the consequences of changes in the local economy. In addition, a substantial portion of the Company's loans are secured by real estate.

Use of estimates

The preparation of consolidated financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on loans and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans and deferred tax assets. In connection with the determination of the allowances for losses on loans and foreclosed real estate, management obtains independent appraisals for significant properties. Accordingly, the ultimate collectibility of a substantial portion of the Company's loan portfolio and the recovery of a substantial portion of the carrying amount of foreclosed real estate are susceptible to changes in local market conditions.

While management uses available information to recognize losses on loans and foreclosed real estate, future additions to the allowances may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowances for losses on loans and foreclosed real estate. Such agencies may require the Company to recognize additions to the allowances based on their judgments about information available to them at the time of their examination.

Presentation of cash flows

For purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, amounts due from banks (including cash items in process of clearing), federal funds sold (generally purchased and sold for one day periods), and overnight deposits.

Trust assets

Assets of the Trust Department, other than trust cash on deposit at the Company, are not included in these consolidated financial statements because they are not assets of the Company.

Investment securities

Investment securities purchased and held primarily for resale in the near future are classified as trading. Trading securities are carried at fair value with unrealized gains and losses included in earnings.

Debt securities the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity and reported at amortized cost. Debt and equity securities not classified as either held-to-maturity or trading are classified as available-for-sale. Investments classified as available-for-sale are carried at fair value with unrealized gains and losses net of tax and reclassification adjustment reported as a net amount in other comprehensive income. The specific identification method is used to determine realized gains and losses on sales of securities available-for-sale. Premiums and discounts are recognized in interest income using the interest method over the period to maturity.

Restricted equity securities

Restricted equity securities are comprised of Federal Reserve Bank stock and Federal Home Loan Bank stock. These securities are carried at cost. As a member of the Federal Reserve Bank (FRB), the Company is required to invest in FRB stock in an amount equal to 3% of Community National Bank's capital stock and surplus.

As a member of the Federal Home Loan Bank, the Company is required to invest in $100 par value stock of the Federal Home Loan Bank. The stock is nonmarketable, and when redeemed, the Company would receive from the Federal Home Loan Bank an amount equal to the par value of the stock.

Loans held for sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. All sales are made without recourse. Net unrealized losses are recognized through a valuation allowance by charges to income.

Loans

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

Loan interest income is accrued daily on the outstanding balances. The accrual of interest is discontinued when a loan is specifically determined to be impaired or management believes, after considering collection efforts and other factors, that the borrower's financial condition is such that collection of interest is doubtful. Any unpaid interest previously accrued on those loans is reversed from income. Interest income is generally not recognized on specific impaired loans unless the likelihood of further loss is remote. Interest payments received on such loans are generally applied as a reduction of the loan principal balance. Interest income on other nonaccrual loans is recognized only to the extent of interest payments received.

Loan origination and commitment fees and certain direct loan origination costs are being deferred and the net amount amortized as an adjustment of the related loan's yield. The Company is generally amortizing these amounts over the contractual life.

Allowance for loan losses

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's periodic evaluation of the collectibility of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, and economic conditions. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries.

Bank premises and equipment

Bank premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed principally by the straight-line method over their estimated useful lives. The cost of assets sold or otherwise disposed of, and the related allowance for depreciation, is eliminated from the accounts and the resulting gains or losses are reflected in the income statement. Maintenance and repairs are charged to current expense as incurred and the cost of major renewals and betterments are capitalized.

Other real estate owned

Real estate properties acquired through or in lieu of loan foreclosure are initially recorded at the lower of the Company's carrying amount or fair value less estimated selling cost at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. After foreclosure, these assets are carried at the lower of their new cost basis or fair value less cost to sell. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. Valuations are periodically performed by management, and any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its cost or fair value less cost to sell.

Income taxes

The Company recognizes income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are established for the temporary differences between the accounting basis and the tax basis of the Company's assets and liabilities at enacted tax rates expected to be in effect when the amounts related to such temporary differences are realized or settled. Adjustments to the Company's deferred tax assets are recognized as deferred income tax expense or benefit based on management's judgments relating to the realizability of such asset.

Foreign currency transactions

Foreign currency (principally Canadian) amounts are translated to U.S. dollars in accordance with FASB Statement No. 52, "Foreign Currency Translation". The U.S. dollar is the functional currency and therefore translation adjustments are recognized in income. Total translation adjustments, including adjustments on foreign currency transactions, are immaterial.

Mortgage servicing

Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Capitalized servicing rights are reported in other assets and are amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying the rights by predominant characteristics, such as interest rates and terms. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Impairment is recognized through a valuation allowance for an individual stratum, to the extent that fair value is less than the capitalized amount for the stratum.

Pension costs

Pension costs are charged to salaries and employee benefits expense and are funded as accrued.

Advertising costs

The Company expenses advertising costs as incurred.

Stock split effected in the form of a dividend

Effective June 1, 1998, the shareholders authorized a two-for-one stock split of the Company's $2.50 par value common stock. The stock split was effected in the form of a dividend. All references in the accompanying financial statements to the number of common shares and per-share amounts have been restated to reflect the stock split.

Comprehensive income

The Company adopted SFAS No. 130, *Reporting Comprehensive Income*, as of January 1, 1998. Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income. The adoption of SFAS No. 130 had no effect on the Company's net income or shareholders' equity.

The components of other comprehensive income and related tax effects at December 31 are as follows:

	2000	1999	1998
Unrealized holding gains (losses) on available-for-sale securities	$358,143	($731,001)	$305,555
Reclassification adjustment for losses realized in income	(18,782)	-0-	-0-
Net unrealized gains (losses)	339,361	(731,001)	305,555
Tax effect	115,383	248,540	(103,889)
Net of tax amount	$223,978	($482,461)	$201,666

Earnings per common share

Earnings per common share amounts are computed based on the weighted average number of shares of common stock outstanding during the period (retroactively adjusted for stock splits and stock dividends) and reduced for shares held in treasury. The assumed conversion of subordinated debentures does not result in material dilution.

Off-balance-sheet financial instruments

In the ordinary course of business, the Company has entered into off-balance-sheet financial instruments consisting of commitments to extend credit, commitments under credit card arrangements, commercial letters of credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable.

Fair values of financial instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the balance sheet for cash and cash equivalents approximate those assets' fair values.

Investment securities: Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Restricted equity securities: The carrying amounts of these securities approximate their fair values.

Loans and loans held for sale: For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts. The fair values for other loans (for example, fixed rate residential, commercial real estate, and rental property mortgage loans, and commercial and industrial loans) are estimated using discounted cash flow analysis, based on interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Loan fair value estimates include judgments regarding future expected loss experience and risk characteristics. The carrying amounts reported in the balance sheet for loans that are held for sale approximate their market values. Fair values for impaired loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Deposits and borrowed funds: The fair values disclosed for demand deposits (for example, checking and savings accounts) are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The fair values for certificates of deposit and debt are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates and debt to a schedule of aggregated contractual maturities on such time deposits and debt.

Short-term borrowings: The carrying amounts reported in the balance sheets for federal funds purchased approximate their fair values. These borrowings are short-term and due on demand.

Other liabilities: Commitments to extend credit were evaluated and fair value was estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present credit-worthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates.

Accrued interest: The carrying amounts of accrued interest approximates their fair values.

Transfers of financial assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Business segments

In 1998, the FASB issued SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, which establishes standards relative to public companies for the reporting of certain information about operating segments within their financial statements. This Statement is effective for fiscal years beginning after December 15, 1997. Management has determined that the Company does not have reportable segments as defined within the Statement.

Recent accounting pronouncements

The FASB issued Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by FAS No. 137, which becomes effective for years beginning after June 15, 2000. This Statement establishes new accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those derivatives at fair value. The accounting for the gains or losses resulting in the changes of value of those derivatives will depend on the intended use of the derivatives and whether it qualifies for hedge accounting. Management is currently evaluating the impact of this Statement on the Company's financial statements but does not anticipate it will have a material impact.

Reclassification

Certain amounts in the 1998 financial statements have been reclassified to conform to the current year presentation.

Note 2. Investment Securities

Securities available-for-sale (AFS) and held-to-maturity (HTM) consist of the following:

Securities AFS	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2000				
U. S. Government and agency securities	$19,180,950	$ 1,606	$ 36,618	$19,145,938
December 31, 1999				
U. S. Government and agency securities	$29,356,560	$ 7,065	$ 381,437	$28,982,188

Securities HTM

December 31, 2000				
U. S. Government and agency securities	$28,676,667	$ 373,580	$ 104,123	$28,946,124
States and political subdivisions	13,520,463	-0-	-0-	13,520,463
	$42,197,130	$ 373,580	$ 104,123	$42,466,587
December 31, 1999				
U. S. Government and agency securities	$17,777,541	$ 4,108	$ 389,163	$17,392,486
States and political subdivision	12,110,280	-0-	-0-	12,110,280
	$29,887,821	$ 4,108	$ 389,163	$29,502,766

Investment securities with a carrying amount of $28,021,023 and $8,133,750 and a fair value of $28,296,137 and $7,949,063 at December 31, 2000 and 1999, respectively, were pledged as collateral on public deposits and for other purposes as required or permitted by law.

Proceeds from the sale of securities available-for-sale amounted to $9,987,892 in 2000 and $-0- in 1999 and 1998. Realized gains from sales of investments available-for-sale were $1,391 in 2000 and $-0- in 1999 and 1998. Realized losses were $20,173 in 2000 and $-0- in 1999 and 1998.

The carrying amount and estimated fair value of securities by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

The scheduled maturities of securities available-for-sale at December 31, 2000 were as follows:

	Amortized Cost	Fair Value
Due in one year or less	$ 9,035,675	$ 9,028,128
Due from one to five years	10,145,275	10,117,810
	$19,180,950	$19,145,938

The maturities of securities held-to-maturity at December 31, 2000 were as follows:

	Amortized Cost	Fair Value
Due in one year or less	$16,540,934	$16,521,524
Due from one to five years	13,057,015	13,071,993
Due from five to ten years	11,399,203	11,673,092
Due after ten years	1,199,978	1,199,978
	$42,197,130	$42,466,587

Included in the caption "States and Political Subdivisions" are securities of local municipalities carried at $13,459,837 and $12,017,452 at December 31, 2000 and 1999, respectively, which are attributable to private financing transactions arranged by the Company. There is no established trading market for these securities and, accordingly, the carrying amount of these securities has been reflected as their fair value. The Company anticipates no losses on these securities and expects to hold them until their maturity.

Note 3. Loans

The composition of net loans at December 31 is as follows:

	2000	1999
Commercial	$ 14,635,161	$ 12,187,872
Real estate - Construction	1,021,113	1,619,793
Real estate - Mortgage	138,771,429	122,230,995
Installment and other	22,387,705	16,580,216
	176,815,408	152,618,876
Deduct:		
Allowance for loan losses	1,796,810	1,714,763
Unearned net loan fees	950,937	891,114

	2,747,747	2,605,877
	$174,067,661	$150,012,999

Total unamortized premiums on purchased loans totaled $71,082 and $-0- at December 31, 2000 and 1999, respectively, and are included in the "Installment and other" caption.

Commercial and mortgage loans serviced for others are not included in the accompanying balance sheets. The unpaid principal balances of commercial and mortgage loans serviced for others were $51,351,638, $50,638,724, and $44,821,268 at December 31, 2000, 1999, and 1998, respectively. Mortgage servicing rights of $25,672, $77,926, and $122,533 were capitalized in 2000, 1999, and 1998, respectively. Amortization of mortgage servicing rights was $48,564, $46,762, and $29,142 in 2000, 1999, and 1998, respectively.

The total recorded investment in impaired loans as determined in accordance with FASB Statements No. 114 and No. 118 approximated $399,450 and $717,801 at December 31, 2000 and 1999, respectively. These loans were subject to allowances for loan losses of approximately $8,732 and $56,372 which represented the total allowance for loan losses related to impaired loans at December 31, 2000 and 1999, respectively. The average recorded investment in impaired loans amounted to approximately $470,107, $895,365, and $1,065,049 for the years ended December 31, 2000, 1999, and 1998, respectively. Cash receipts on impaired loans amounted to $151,110, $444,327, and $173,694 in 2000, 1999, and 1998, respectively, of which $125,268, $384,860, and $148,703 were applied to the principal balances of the loans.

In addition, the Company had other nonaccrual loans of approximately $1,015,433 and $1,040,747 at December 31, 2000 and 1999, respectively, for which impairment had not been recognized. If interest on these loans had been recognized at the original interest rates, interest income would have increased approximately $117,954, $102,900, and $91,458 for the years ended December 31, 2000, 1999, and 1998, respectively.

The Company is not committed to lend additional funds to debtors with impaired, nonaccrual or modified loans.

Note 4. Allowance for Loan Losses

Changes in the allowance for loan losses for the years ended December 31 are as follows:

	2000	1999	1998
Balance, beginning	$1,714,763	$1,658,967	$1,502,202
Provision for loan losses	384,000	497,000	660,000
Recoveries of amounts charged off	136,422	108,004	202,057
	2,235,185	2,263,971	2,364,259
Amounts charged off	(438,375)	(549,208)	(705,292)
Balance, ending	$1,796,810	$1,714,763	$1,658,967

Note 5. Bank Premises and Equipment

The major classes of bank premises and equipment and accumulated depreciation at December 31 are as follows:

	2000	1999
Land	$ 80,747	$ 80,747
Buildings and improvements	3,794,658	3,470,089
Furniture and equipment	5,453,261	4,832,027
Leasehold improvements	418,916	416,840
	9,747,582	8,799,703
Less accumulated depreciation	(5,053,648)	(4,477,006)
	$4,693,934	$4,322,697

Depreciation included in occupancy and equipment expense amounted to $576,642, $493,979, and $384,376 for the years ended December 31, 2000, 1999, and 1998, respectively.

The Company occupies leased quarters at four branch office locations under operating leases expiring in various years through 2013 with options to renew.

Minimum future rental payments under non-cancelable operating leases having original terms in excess of one year as of December 31, 2000 for each of the next five years and in aggregate are:

2001	$102,028
2002	102,028
2003	102,028
2004	102,028
2005	77,973
Subsequent to 2005	302,637
	$788,722

Total rental expense amounted to $102,327, $150,865, and $293,784 for the years ended December 31, 2000, 1999, and 1998, respectively.

Note 6. Other Real Estate Owned

A summary of foreclosed real estate at December 31 is as follows:

	2000	1999
Other real estate owned	$464,129	$686,240
Less allowance for losses on OREO	(263,006)	(251,546)
Other real estate owned, net	$201,123	$434,694

Changes in the allowance for losses on OREO for the years ended December 31 were as follows:

	2000	1999	1998
Balance, beginning	$251,546	$251,546	$302,726
Provision for losses	23,343	19,590	26,592
Charge-offs, net	(11,883)	(19,590)	(77,772)
Balance, ending	$263,006	$251,546	$251,546

Note 7. Investments Carried at Equity

The Company purchased various partnership interests in limited partnerships. These partnerships were established to acquire, own and rent residential housing for low and moderate income Vermonters located in northeastern Vermont. The investments are accounted for under the equity method of accounting. These equity investments, which are included in other assets, are recorded at cost and adjusted for the Company's proportionate share of the partnership's undistributed earnings or losses. The carrying values of these investments were $601,454 and $626,194 at December 31, 2000 and 1999, respectively. The provision for undistributed net losses of the partnerships charged to earnings were $86,141, $28,992, and $74,779 for 2000, 1999, and 1998, respectively.

Note 8. Deposits

The following is a maturity distribution of time certificates of deposit at December 31, 2000:

Maturing in 2001	$77,615,065
Maturing in 2002	13,791,395
Maturing in 2003	5,039,129
Maturing in 2004	317,977
Maturing in 2005 and thereafter	392,449
	$97,156,015

A maturity distribution of time certificates of deposit in denominations of $100,000 or more at December 31, 2000 is as follows:

Three months or less	$ 1,531,225
Over three months through six months	7,989,096
Over six months through twelve months	4,194,080

Over twelve months	3,789,957
	$17,504,358

Note 9. Borrowed Funds

Borrowings from the Federal Home Loan Bank of Boston (FHLB) for the years ended December 31 were as follows:

	2000	1999
FHLB term borrowing, 5.39% fixed rate, payable November 24,2009	$ -0-	$4,000,000
FHLB term borrowing, 6.69% fixed rate, payable March 1, 2001	5,000,000	-0-
Community Investment Program borrowings, fixed rate (vary 7.16% to 7.67%), payable at various maturities through November, 2012	55,000	55,000
	$5,055,000	$4,055,000

Note 9. Borrowed Funds (Continued)

Principal maturities of borrowed funds as of December 31, 2000 are as follows:

2001	$5,000,000
2002	15,000
2003	-0-
2004	-0-
2005	-0-
Thereafter	40,000
	$5,055,000

The Company also maintains a $4,301,000 IDEAL Way Line of Credit with the Federal Home Loan Bank of Boston. Outstanding advances under this line were $537,000 and $-0- at December 31, 2000 and 1999, respectively. Interest on these borrowings is chargeable at a rate determined daily by the Federal Home Loan Bank and payable monthly. The rate was 6.77% on the outstanding amount at December 31, 2000.

Collateral on these borrowings consists of Federal Home Loan Bank stock purchased by the Company, all funds placed in deposit with the Federal Home Loan Bank, qualified first mortgages held by the Company, and any additional holdings which may be pledged as security.

Note 10. Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase amounted to $14,371,538 and $2,623,282 as of December 31, 2000 and 1999, respectively. These agreements are collateralized by U. S. Treasury notes with a carrying value of $21,998,106 and $4,095,514 and a fair value of $22,227,651 and $3,967,812 at December 31, 2000 and 1999, respectively. These securities pay interest at rates between 5.20% and 8.07% and mature at varying dates through 2010.

The average daily balance of this repurchase agreement approximated $9,956,407 and $1,304,828 during 2000 and 1999, respectively. The maximum borrowings outstanding on this agreement at any month-end reporting period of the Bank was $19,754,560 and $3,000,471 in 2000 and 1999, respectively. These repurchase agreements mature daily. The securities underlying these agreements are held in safekeeping by the Institution.

Note 11. Subordinated Debentures

On September 1, 1984, the Company issued $750,000 of 11% convertible debentures due August 1, 2004. The notes are subordinated to all other indebtedness of the Company. At December 31, 2000 and 1999, $20,000 remained outstanding.

These debentures are convertible prior to maturity in whole or in part, at the option of the holder, into common stock of the Company at a conversion price of $2.34 per share.

The debentures are redeemable, in whole or in any part, at the option of the Company at any time after July 31, 1996, and prior to maturity, on not less than 30 days prior notice to holders. The redemption price shall be equal to the percentage set forth below:

August 1, 2000 - July 31, 2002	102%
August 1, 2002 - July 31, 2004	101%

Note 12. Income Taxes

The Company prepares its federal income tax return on a consolidated basis (see Note 1). Federal income taxes are allocated to members of the consolidated group based on taxable income.

Federal income tax expense for the years ended December 31 was as follows:

	2000	1999	1998
Currently paid or payable	$802,079	$765,413	$785,592
Deferred	(26,119)	21,068	(75,246)
	$775,960	$786,481	$710,346

Total income tax expense differed from the amounts computed at the statutory federal income tax rate of 34 percent primarily due to the following at December 31:

	2000	1999	1998
Computed "expected" tax expense	$1,087,449	$1,061,085	$ 986,245
Tax exempt interest	(270,988)	(207,439)	(208,713)
Disallowed interest	40,229	30,736	32,786
Partnership tax credits	(93,169)	(109,749)	(64,405)
Other	12,439	11,848	(35,567)
	$ 775,960	$ 786,481	$ 710,346

The deferred income tax provision consisted of the following items for the years ended December 31:

	2000	1999	1998
Depreciation	$ 4,026	($23,241)	($16,003)
Loan fees	14,573	25,175	30,689
Mortgage servicing	(7,783)	10,579	31,465
Deferred compensation	(45,489)	(42,985)	(23,984)
Bad debts	(19,629)	4,566	(53,300)
Limited partnerships	32,649	47,344	42,958
Nonaccrual loan interest	9,680	(11,660)	(49,960)
OREO	(3,896)	-0-	17,401
Other	(10,250)	11,290	(54,512)
	($26,119)	$21,068	($75,246)

Listed below are the significant components of the net deferred tax asset at December 31:

	2000	1999
Components of the deferred tax asset:		
Bad debts	$ 441,945	$ 422,316
Unearned loan fees	62,706	77,279
Nonaccrual loan interest	125,642	135,322
OREO writedowns	89,422	85,526
Deferred compensation	163,206	117,717
Other	23,156	44,691
Unrealized loss on securities available-for-sale	11,904	127,286
Total deferred tax asset	917,981	1,010,137
Valuation allowance	-0-	-0-

Total deferred tax asset, net of valuation allowance	917,981	1,010,137
Components of the deferred tax liability:		
Depreciation	138,013	133,987
Limited partnerships	204,199	171,550
Mortgage servicing rights	66,396	74,179
Total deferred tax liability	408,608	379,716
Net deferred tax asset	$ 509,373	$ 630,421

FASB Statement No. 109 allows for recognition and measurement of deductible temporary differences (including general valuation allowances) to the extent that it is more likely than not that the deferred tax asset will be realized.

Net deferred tax assets are included in the caption "Other assets" on the balance sheets at December 31, 2000 and 1999, respectively.

Note 13. Pension Plan

The Company has a discretionary defined contribution plan covering all employees who meet certain age and service requirements. Due to the nature of the plan, defined contribution, there is no unfunded past service liability. The provisions for pension expense were $284,596, $280,650, and $287,788 for 2000, 1999, and 1998, respectively.

Note 14. Financial Instruments with Off-Balance-Sheet Risk

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees, interest rate caps and floors written on adjustable rate loans, and commitments to sell loans. Such instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit and financial guarantees written is represented by the contractual notional amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. For interest rate caps and floors written on adjustable rate loans, the contract or notional amounts do not represent exposure to credit loss. The Company controls the credit risk of their interest rate cap agreements through credit approvals, limits, and monitoring procedures.

The Company generally requires collateral or other security to support financial instruments with credit risk.

	Contract or ----Notional Amount----	
	2000	1999
Financial instruments whose contract amount represent credit risk:		
Commitments to extend credit	$16,600,962	$18,748,555
Standby letters of credit and commercial letters of credit	$ 51,362	$ 316,000
Credit card arrangements	$ 4,063,844	$ 3,268,057

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company upon extension of credit is based on management's credit evaluation of the counter-party. Collateral held varies but may include real estate, accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Standby letters of credit and financial guarantees written are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers.

The Company enters into a variety of interest rate contracts, including interest rate caps and floors written on adjustable rate loans in managing its interest rate exposure. Interest rate caps and floors on loans written by the Company enable customers to transfer, modify, or reduce their interest rate risk.

Note 15. Commitments and Contingencies

In the normal course of business, the Company is involved in various claims and legal proceedings. In the opinion of the Company's management, after consulting with the Company's legal counsel, any liabilities resulting from such proceedings would not have a material adverse effect on the Company's financial statements.

Note 16. Transactions with Related Parties

The Company has had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, principal officers, their immediate families and affiliated companies in which they are principal stockholders (commonly referred to as related parties), all of which have been, in the opinion of management, on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others.

Aggregate loan transactions with related parties as of December 31 were as follows:

	2000	1999
Balance, beginning	$396,339	$544,764
New loans	335,386	292,671
Repayments	(316,060)	(441,096)
Balance, ending	$415,665	$396,339

Total deposits with related parties approximated $745,476 and $678,697 at December 31, 2000 and 1999, respectively.

Note 17. Deferred Compensation Plans

The Company has a deferred compensation and retirement program for directors and key employees of the Company. These employees and directors are general creditors of the Company with respect to these benefits. The benefits accrued under these plans aggregated $480,016 and $346,227 at December 31, 2000 and 1999, respectively. The expense associated with these deferred compensation plans was $142,093, $131,426, and $76,592 for the years ended December 31, 2000, 1999, and 1998, respectively.

Note 18. Restrictions on Cash and Due From Banks

The Company is required to maintain reserve balances in cash with Federal Reserve Banks. The totals of those reserve balances were approximately $1,052,000 and $1,043,000 at December 31, 2000 and 1999, respectively.

The nature of the Bank's business requires that it maintain amounts due from banks which, at times, may exceed federally insured limits. The balance in these accounts at December 31 is as follows:

	2000	1999
Noninterest-bearing accounts	$ 408,026	$ 262,578
Federal Reserve Bank	4,365,530	6,813,899
Federal funds sold	-0-	2,787,558

No losses have been experienced in these accounts. In addition, the Company was required to maintain contracted clearing balances of $275,000 at December 31, 2000 and 1999.

Note 19. Regulatory Matters

The Bank (Community National Bank) is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Management believes, as of December 31, 2000, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2000, the most recent notification from the OCC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

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The Bank's actual capital amounts and ratios (000's omitted) are also presented in the table.

	Actual		Minimum For Capital Adequacy Purposes:		Minimum To be Well Capitalized Under Prompt Corrective Action Provisions:	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
As of December 31, 2000:						
Total capital (to risk weighted assets)	$22,513	17.08%	$10,543	8.0%	$13,178	10.0%
Tier I capital (to risk weighted assets)	$20,864	15.83%	$ 5,272	4.0%	$ 7,907	6.0%

Tier I capital (to average assets)	$20,864	8.06%	$10,359	4.0%	$12,949	5.0%
As of December 31, 1999:						
Total capital to risk weighted assets)	$22,466	20.12%	$ 8,935	8.0%	$11,168	10.0%
Tier I capital to risk weighted assets)	$21,066	18.86%	$ 4,467	4.0%	$ 6,701	6.0%
Tier I capital to average assets)	$21,066	8.98%	$ 9,382	4.0%	$11,727	5.0%

The Bank is restricted as to the amount of dividends which can be paid. Dividends declared by national banks that exceed net income for the current and preceding two years must be approved by the OCC. Regardless of formal regulatory restrictions, the Bank may not pay dividends that would result in its capital levels being reduced below the minimum requirements shown above.

Note 20. Fair Value of Financial Instruments

The estimated fair values of the Company's financial instruments are as follows:

	December 31, 2000	
	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	$ 6,110,527	$ 6,110,527
Securities held-to-maturity	42,197,130	42,466,587
Securities available-for-sale	19,145,938	19,145,938
Restricted equity securities	1,141,650	1,141,650
Loans and loans held-for-sale, net	174,778,652	173,969,010
Accrued interest receivable	1,929,495	1,929,495
Financial liabilities:		
Deposits	208,384,530	208,910,182
Repurchase agreements	14,371,538	14,371,538
Borrowed funds	5,612,000	5,612,000
Accrued interest payable	394,138	394,138

	December 31, 1999	
	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	$ 12,716,144	$ 12,716,144
Securities held-to-maturity	29,887,821	29,502,766
Securities available-for-sale	28,982,188	28,982,188
Restricted equity securities	1,141,650	1,141,650
Loans and loans held-for-sale, net	150,673,422	150,174,039
Accrued interest receivable	1,484,192	1,484,192
Financial liabilities:		
Deposits	201,842,880	202,091,623
Repurchase agreements	2,623,282	2,623,282
Borrowed funds	4,075,000	3,754,291
Accrued interest payable	286,757	286,757

The estimated fair values of deferred fees on commitments to extend credit and letters of credit were immaterial at December 31, 2000 and 1999.

The carrying amounts in the preceding table are included in the balance sheet under the applicable captions, except for long-term debt which consists of borrowed funds and subordinated debentures.

Note 21. Acquisition

On December 31, 1997, the Company purchased 100% of the stock of Liberty Savings Bank, a New Hampshire guaranty savings bank, for $1,746,538. The assets of the Bank, principally a U. S. government security, have been included in the consolidated financial statements. The excess of the purchase price over the assets of the Bank is being amortized on a straight-line basis over 15 years. Unamortized goodwill amounted to $274,130 and $296,972 as of December 31, 2000 and 1999, respectively, and is included in "Other Assets" on the balance sheet. Amortization expense was $22,845 for the years ended December 31, 2000 and 1999.

Liberty Savings Bank does not currently maintain any branches and does not have authority to take bank deposits. The Company is planning to acquire full deposit taking capabilities for Liberty Savings Bank.

Note 22. Condensed financial Information (Parent Company Only)

The following financial statements are for Community Bancorp. (Parent Company Only), and should be read in conjunction with the consolidated financial statements of Community Bancorp. and Subsidiaries.

COMMUNITY BANCORP. (PARENT COMPANY ONLY)
CONDENSED BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

ASSETS	2000	1999
Cash	$ 334,696	$ 55,122
Investment in Subsidiary - Community National Bank	20,860,217	20,840,821
Investment in Subsidiary - Liberty Savings Bank	1,860,860	1,825,340
Other assets	31,690	17,599
Total assets	$23,087,463	$22,738,882
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Other liabilities	$ 367	$ 367
Dividends payable	536,926	537,361
Subordinated convertible debentures	20,000	20,000
Total liabilities	557,293	557,728
Stockholders' equity		
Common stock, $2.50 par value;		
6,000,000 shares authorized, 3,478,561 shares issued at December 31, 2000 and 3,388,394 shares issued at December 31, 1999	8,696,402	8,470,985
Additional paid-in capital	11,515,514	10,942,510
Retained earnings (Note 19)	3,731,098	3,462,966
Accumulated other comprehensive loss	(23,108)	(247,086)
Less treasury stock, at cost (2000, 122,777 shares; 1999, 29,887 shares)	(1,389,736)	(448,221)
Total stockholders' equity	22,530,170	22,181,154
Total liabilities and stockholders' equity	$23,087,463	$22,738,882

The investment in the subsidiary banks is carried under the equity method of accounting. The investment and cash, which is on deposit with the Bank, has been eliminated in consolidation.

COMMUNITY BANCORP. (PARENT COMPANY ONLY)
CONDENSED STATEMENTS OF INCOME
Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Revenues			
Dividends			
Bank subsidiaries	$2,653,000	$ 942,200	$ 903,000
Total revenues	2,653,000	942,200	903,000
Expenses			
Interest on long-term debt	2,200	2,200	4,597
Administrative and other	91,007	49,560	64,490
Total expenses	93,207	51,760	69,087

Income before applicable income tax and equity in undistributed net income of subsidiaries	2,559,793	890,440	833,913
Applicable income tax (benefit)	(31,690)	(17,599)	(23,489)
Income before equity (deficit) in undistributed net income of subsidiaries	2,591,483	908,039	857,402
(Deficit) equity in undistributed net income - Subsidiaries	(169,062)	1,426,319	1,332,972
Net income	$2,422,421	$2,334,358	$2,190,374

COMMUNITY BANCORP. (PARENT COMPANY ONLY)
CONDENSED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$2,422,421	$2,334,358	$2,190,374
Adjustments to reconcile net income to net cash provided by operating activities			
Deficit (equity) in undistributed net income of subsidiaries	169,062	(1,426,319)	(1,332,972)
(Increase) decrease in income taxes receivable	(14,091)	5,890	(11,423)
Decrease in other liabilities	-0-	-0-	(1,283)
Net cash provided by operating activities	2,577,392	913,929	844,696
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of treasury stock	(941,515)	(2,840)	(244)
Dividends paid	(1,356,303)	(1,132,601)	(954,095)
Net cash used for financing activities	(2,297,818)	(1,135,441)	(954,339)
Net increase (decrease) in cash	279,574	(221,512)	(109,643)
Cash			
Beginning	55,122	276,634	386,277
Ending	$ 334,696	$ 55,122	$ 276,634
SUPPLEMENTAL SCHEDULE OF CASH PAID (RECEIVED) DURING THE YEAR			
Interest	$ 2,200	$ 2,200	$ 5,880
Income taxes	($ 17,599)	($ 23,489)	($ 12,066)
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Unrealized gain (loss) on securities available-for-sale	$ 339,361	($ 731,001)	$ 305,555
Debentures converted to common stock	$ -0-	$ -0-	$ 84,000
Stock dividends	$ -0-	$1,851,338	$3,823,575
Dividends paid			
Dividends declared	$2,154,289	$2,624,150	$1,833,146
Increase in dividends payable	435	(537,361)	-0-
Dividends reinvested	(798,421)	(954,188)	(879,051)
	$1,356,303	$1,132,601	$ 954,095

Note 23. Quarterly Financial Data (Unaudited)

A summary of financial data for the four quarters of 2000, 1999, and 1998 is presented below:

	Quarters in 2000 ended			
	March 31,	June 30,	Sept. 30,	Dec. 31,
Interest income	$4,177,223	$4,457,402	$4,814,499	$4,985,646
Interest expense	1,830,627	2,012,649	2,394,506	2,551,352
Provision for loan losses	162,000	96,000	63,000	63,000
Securities gains (loss)	(11,507)	-0-	(7,275)	-0-
Other operating expenses	2,008,774	1,971,934	1,976,764	1,970,965
Net income	433,625	648,664	632,348	707,784
Earnings per common share	$0.13	$0.19	$0.19	$0.21

	Quarters in 1999 ended			
	March 31,	June 30,	Sept. 30,	Dec. 31,
Interest income	$4,050,380	$4,203,280	$4,247,655	$4,221,476
Interest expense	1,872,028	1,889,484	1,897,260	1,875,768
Provision for loan losses	150,000	150,000	115,000	82,000
Securities gains (loss)	-0-	-0-	-0-	-0-
Other operating expenses	1,847,475	1,828,715	1,826,272	1,827,313
Net income	410,797	566,489	603,906	753,166
Earnings per common share	$0.13	$0.17	$0.18	$0.23

	Quarters in 1998 ended			
	March 31,	June 30,	Sept. 30,	Dec. 31,
Interest income	$4,224,450	$4,207,422	$4,324,448	$4,315,390
Interest expense	1,990,049	2,053,030	2,044,945	1,988,598
Provision for loan losses	200,000	160,000	150,000	150,000
Securities gains (loss)	-0-	-0-	-0-	-0-
Other operating expenses	1,809,612	1,761,241	1,767,714	1,730,183
Net income	407,679	557,942	562,139	662,614
Earnings per common share	$0.13	$0.17	$0.17	$0.21

Note 24. Other Income and Other Expenses

The components of other income and other expenses which are in excess of one percent of total revenues in any of the three years disclosed are as follows:

	2000	1999	1998
Income			
Other	$ 712,846	$ 808,014	$ 771,947
Expenses			
Printing and supplies	$ 216,966	$ 204,707	$ 198,008
State deposit tax	243,333	230,000	205,354
Other	2,206,601	1,979,208	1,874,609
	$2,666,900	$2,413,915	$2,277,971

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS

For the Year Ended December 31, 2000

Community Bancorp. is a holding company whose subsidiaries include Community National Bank ("The Bank") and Liberty Savings Bank ("Liberty"). Community National Bank is a full service institution operating in the state of Vermont, with seven branch offices located throughout three counties in northern Vermont. Liberty Savings Bank is a New Hampshire guaranty savings bank acquired by

Community Bancorp. on December 31, 1997. Acquired were the assets; primarily a U.S. Treasury Strip with a fair value of approximately $1.7 million, and all of the outstanding stock of Liberty Savings Bank. Presently, since no building was involved in the transaction, the address for Liberty Savings Bank is C/O Community Bancorp., Derby, Vermont. The following discussion refers primarily to the operations of the Bank, with consolidated balance sheets and income statement figures for the Company.

FINANCIAL SUMMARY

The calendar year of 2000 ended with a 3.8% increase in earnings over the calendar year of 1999, and a 10.6% increase over the calendar year of 1998. Total earnings of $2.4 million were reported for 2000 compared to $2.3 million in 1999, and $2.2 million for 1998. The results of these figures are earnings per share of $0.72, $0.71, and $0.68, respectively. A cash dividend of $0.16 per share was paid in each of the four quarters of 2000 with the most recent paid on November 1, 2000 to shareholders of record as of October 15, 2000. This dividend of $0.16 per share is equal to the cash dividends paid in 1999 and represents a 6% increase over the cash dividends paid in 1998. A 5% stock dividend was declared in 1999, payable on February 1, 1999 to shareholders of record as of the same date. In 1998, a two for one stock split was announced on March 13, 1998, payable on June 1, 1998, to shareholders of record as of May 15, 1998. This was accomplished through a 100% stock dividend. In order for this to occur, the Company's shareholders needed to approve a proposal to increase the number of shares the Company may issue. This was voted on and approved at the annual shareholders meeting held on May 5, 1998. As a result of both of these stock dividends, per share data for the applicable comparison periods have been restated to reflect these dividends.

CHANGES IN FINANCIAL CONDITION

The financial condition of the Company should be examined in light of its sources and uses of funds. The table entitled "Average Balances and Interest Rates" is a comparison of daily average balances and is indicative of how sources and uses of funds have been managed.

The average volume of earning assets grew from $211.7 million at the end of 1998, to $220.2 million at December 31, 1999, and then increased to $233.8 million as of December 31, 2000. The average volume of loans started at $150.3 million at year-end 1998 and decreased $614 thousand to $149.7 million at year-end 1999, and then increased $15.5 million to end the 2000 calendar year at $165.2 million. Taxable investment securities increased from $38.8 million to $49.8 million, and then decreased to just over $48 million for the respective year end comparisons. The Bank successfully increased its loan portfolio during the 2000 calendar year resulting in an increase in the average volume of loans as well as the decrease in the other interest earning assets.

Average interest-bearing liabilities began the comparison period at an average volume of $178.1 million for 1998, increasing to $184.7 million as of the end of 1999, and then increased to an average volume of $196 million as of December 31, 2000. Time deposits account for the biggest portion of interest bearing liabilities with volumes reported at $98.2 million, $94.7 million and $92.7 million respectively, for the years ended 1998, 1999, and 2000. Unfavorable interest rates led to the decline in volume as customers look to other sources during this period. Other borrowed funds increased during the 2000 calendar year as a result of the increase in loan volume versus the decrease in volume on most interest bearing deposit accounts.

Repurchase agreements have grown substantially since their introduction in 1998 attracting more business customers to the Bank and retaining bank customers who might have gone elsewhere in an effort to earn more money on their short term deposits. The average volume started at $93 thousand as of year-end 1998, increased to $1.3 million as of year-end 1999, and ended the year 2000 at an average volume of approximately $10 million.

RISK MANAGEMENT

Liquidity Risk- Liquidity management refers to the ability of the Company to adequately cover fluctuations in assets and liabilities. Meeting loan demand (assets) and covering the withdrawal of deposit funds (liabilities) are two key components of the liquidity management process. The repayment of loans and growth in deposits are two of the major sources of liquidity. Our time deposits greater than $100,000 increased from just under $16 million at the end of 1999 to $17.5 million at the end of 2000, an increase of $1.6 million or 10.13%. Other time deposits increased from $75.3 million to $79.7 million for the same time period, an increase of 5.82%. The Bank, in an effort to both keep and attract more long-term deposits, offered very competitive rates during the last part of 2000, resulting in these increases. A review of these deposits indicates that changes are generated locally and regionally by established customers of the Company. The Company has no brokered deposits. Savings deposits decreased just over $3 million for the comparison period, while NOW and money market accounts increased $3.7 million for the same period.

Our gross loan portfolio increased $24.2 million or by 15.9% to end the 2000 calendar year at $176.8 million compared to $152.6 million a year ago. As mention above, more fixed rate "in-house" loans were generated this year in an effort to increase our loan portfolio. The Bank also purchased approximately $4.4 million in loans from other institutions, contributing to the increase. The Bank sold a portion of the Available for Sale treasuries and replaced them with higher yielding Held to Maturity Agencies, resulting in an increase of $12.3 million in the Company's investment portfolio of "Held to Maturity" securities and a decrease of almost $10 million in the portfolio of "Available for Sale" securities. As of year-end 2000, the Company held in its investment portfolio treasuries classified as "Held to Maturity" with a book value of $42.2 million and investments classified as "Available for Sale" with a fair value just over $19 million compared to $30 million and $29 million, respectively, a year ago. Both of these types of investments mature at monthly intervals as shown on the gap report enclosed in this discussion. Securities classified as "Restricted Equity Securities" are made up of equity securities the Company is required to maintain in the form of Federal Home Loan Bank of Boston (FHLB) and Federal Reserve Bank stock. These securities remain at a balance totaling $1.14 million as of December 31, 2000.

The Company has two credit lines with available balances totaling $6.3 million and additional borrowing capacity of approximately $108 million through the Federal Home Loan Bank of Boston, which is secured by the Company's qualifying loan and treasuries portfolio. As of December 31, 2000, the Company had an advance of just over $5 million against the $108 million line at FHLB.

Credit Risk - Management believes that the policies and procedures established for the underwriting of its loan portfolio are both accurate and up-to-date helping to alleviate many of the problems that could exist within the portfolio in a changing environment. Loans are typically reviewed on a loan-by-loan basis with more emphasis placed on larger loans and loans that have the potential for a higher level of risk. These measures also help to ensure the adequacy of the allowance. The Executive Officers and Board of Directors perform periodic reviews of the loan portfolio. Among the topics discussed during their review are potential exposures that exist within the loan portfolio. Factors considered include, but are not limited to, historical loss ratios, each borrower's financial condition, the industry or sector of the economy in which the borrower operates, and overall economic conditions. Existing or potential problems are noted and reviewed by senior management to ensure that adequate loan-to-value ratios exist to help cover any cost associated with these loans. The Company employs a full-time loan review and credit administration officer staffed with a department whose duties include, but are not limited to, a review of the loan portfolio including delinquent and non-accrual loans. Also on staff are personnel whose primary duties are to monitor non-performing loans. Included in the duties of this department are the tracking of payments by delinquent loan customers, and management of the Company's OREO portfolio. A quick review of the OREO portfolio, as well as the portfolio of loans past due 90 days or more, shows positive results since the establishment of this department. Results from both departments mentioned are reported to senior management for further review and additional action if necessary.

Specific allocations are made in situations management feels are at a greater risk for loss. A quarterly review of certain qualitative factors, which include "Levels of, and Trends in, Delinquencies and Non-Accruals" and "National and Local Economic Trends and Conditions", helps to ensure that areas with potential risk are noted and coverage adjusted to reflect current trends in delinquencies and non-accruals. First mortgage loans make up the largest part of the loan portfolio and have the lowest historical loss ratio helping to alleviate overall risk.

Allowance for Loan Losses and Provisions - The valuation allowance for loan losses as of December 31, 2000 of $1.8 million constitutes 1.01% of the total loan portfolio compared to $1.7 million or 1.12% a year ago. In management's opinion, this is both adequate and reasonable in view of the fact that $140.5 million of the total loan portfolio, or 79.2% consists of real estate mortgage loans. Of this total for 2000, $107.4 million or 60.5% are loans secured by 1-4 family residences. A primary concern of management is to reduce the exposure of credit loss within the portfolio. This volume of home loans, together with the low historic loan loss experience, helps to support our basis for loan loss coverage. Additionally, in management's opinion, a loan portfolio consisting of 79.2% in residential and commercial real estate secured mortgage loans is more stable and less vulnerable than a portfolio with a higher concentration of unsecured commercial and industrial loans or personal loans.

A comparison of non-performing assets for 2000 and 1999 reveals a decrease of $904,332 or 35.3% from a figure of $2.56 million to $1.66 million. Non-accruing loans decreased $343,666 or by 19.5%, loans past due 90 days or more decreased $327,095 or by 88.4% and the Company's OREO portfolio decreased $233,571 or by 53.7%, to end at figures of $1,414,883, $43,122, and $201,123, respectively as of December 31, 2000. Of the total non-accrual loan portfolio of $1.4 million, approximately $1.3 million, or 92%, are real estate secured mortgage loans on which the Company has suffered relatively few losses.

Non-performing assets as of December 31, 2000 and 1999 were made up of the following:

	2000	1999
Non-accruing loans	$1,414,883	$1,758,549
Loans past due 90 days or more and still accruing	43,122	370,217
Other real estate owned	201,123	434,694
Total	$1,659,128	$2,563,460

Management continues to monitor the allowance for loan losses very carefully and maintains the reserve at a level of approximately one percent of total eligible loans. The Northeast Kingdom is known for being on the lower end of the economic scale, and as such suffers greatly in times of economic uncertainty. In view of this, the Company will always maintain its conservative approach to the review process for reserve requirements and adjust accordingly for any changes.

Other Real Estate Owned consists of properties that the Company has acquired in lieu of foreclosure or through normal foreclosure proceedings. The policy of the Company is to value property in other real estate owned at the lesser of appraised value or book value. An appraisal is necessary to determine the value of the property. If the book value of the property is less than the appraised value, a "write-down" is necessary to bring the loan balance to a level equal to the appraised value prior to including it in OREO. Any such write-down is charged to the reserve for loan losses. Once the property is in OREO, any additional write-downs are charged to earnings.

Market Risk and Asset and Liability Management - Market risk is the risk of loss in a financial instrument arising from adverse changes in market prices and rates, foreign currency exchange rates, commodity prices and equity prices. The Company's market risk arises primarily from interest rate risk inherent in its lending and deposit taking activities. To that end, management actively monitors and manages its interest rate risk exposure. The Company does not have any market risk sensitive instruments acquired for trading purposes. The Company attempts to structure its balance sheet to maximize net interest income while controlling its exposure to interest rate risk. The Company's Asset/Liability Committee formulates strategies to manage interest rate risk by evaluating the impact on earnings and capital of such factors as current interest rate forecasts and economic indicators, potential changes in such forecasts and indicators, liquidity, and various business strategies. The Asset/Liability Committee's methods for evaluating interest rate risk include an analysis of the Company's interest rate sensitivity "gap", which provides a static analysis of the maturity and repricing characteristics of the entire balance sheet, and a simulation analysis which calculates projected net interest income based on alternative balance sheet and interest rate scenarios, including "rate shock" scenarios involving immediate substantial increases or decreases in market rates of interest.

Interest Rate Sensitivity "Gap" Analysis - An interest rate sensitivity "gap" is defined as the difference between the interest-earning assets and interest-bearing liabilities maturing or repricing within a given time period. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities. A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. During a period of rising interest rates, a negative gap would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. During a period of falling interest rates, a negative gap would tend to result in an increase in net interest income, while a positive gap would tend to affect net interest income adversely. Because different types of assets and liabilities with the same or similar maturities may react differently to changes in overall market interest rates or conditions, changes in interest rates may affect net interest income positively or negatively even if an institution were perfectly matched in each maturity category.

The following tables set forth the estimated maturity or repricing of the Company's interest- earning assets and interest-bearing liabilities at December 31, 2000, and December 31, 1999. The Company prepares its interest rate sensitivity "gap" analysis by scheduling assets and liabilities into periods based upon the next date on which such assets and liabilities could mature or reprice. The amounts of assets and liabilities shown within a particular period were determined in accordance with the contractual term of the assets and liabilities, except that:

* Adjustable rate loans and certificates of deposit are included in the period when they are first scheduled to adjust and not in the period in which they mature;
* Fixed rate loans reflect scheduled contractual amortization, with no estimated prepayments;
 and
* NOW, money markets, and savings deposits, which do not have contractual maturities, reflect estimated levels of attrition, which are based on detailed studies by the Company of the sensitivity of each such category of deposit, to changes in interest rates.

Management believes that these assumptions approximate actual experience and considers them reasonable. However, the interest rate sensitivity of the Company's assets and liabilities in the tables could vary substantially if different assumptions were used or actual experience differs from the historical experiences on which the assumptions are based.

GAP ANALYSYS

Community Bancorp. & Subsidiaries

December 31, 2000

Cumulative repriced within:

Dollars in thousands, by repricing date	3 Months or less	4 to 12 Months	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
Interest sensitive assets:						
Federal funds sold	0	0	0	0	0	0
Overnight deposits	0	0	0	0	0	0
Investments -						
Available for Sale(1)	2,998	6,030	10,118	0	0	19,146
Held to Maturity	2,145	14,395	9,540	3,517	12,599	42,196
Restricted equity securities	0	0	0	0	1,142	1,142
Loans(2)	22,657	51,985	48,031	17,286	36,152	176,111
Total interest sensitive assets	27,800	72,410	67,689	20,803	49,893	238,595
Interest sensitive liabilities:						
Certificates of deposit	15,066	75,095	6,369	626	0	97,156
Money markets	31,710	0	0	0	0	31,710
Regular savings	0	4,811	0	0	25,000	29,811

Now and super now accounts	0	0	0	0	24,067	24,067
Borrowed funds	5,537	0	15	0	40	5,592
Repurchase agreements	14,372	0	0	0	0	14,372
Subordinated debentures	0	0	0	20	0	20
Total interest sensitive liabilities	66,685	79,906	6,384	646	49,107	202,728
Net interest rate sensitivity gap	(38,885)	(7,496)	61,305	20,157	786	
Cumulative net interest rate sensitivity gap	(38,885)	(46,381)	14,924	35,081	35,867	
Cumulative net interest rate sensitivity gap as a percentage of total assets	-15.38%	-18.35%	5.90%	13.88%	14.19%	
Cumulative interest sensitivity gap as a percentage of total interest-earning assets	-16.30%	-19.44%	6.25%	14.70%	15.03%	
Cumulative interest earning assets as a percentage of cumulative interest-bearing liabilities	41.69%	68.36%	109.76%	122.84%	117.69%	

(1) The Company may sell investments available for sale with a fair value of $19,145,937 at any time.
(2) Loan totals exclude non-accruing loans amounting to $1,414,883.

GAP ANALYSYS

Community Bancorp. & Subsidiaries

December 31, 1999

Cumulative repriced within:

Dollars in thousands, by repricing date	3 Months or less	4 to 12 Months	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
Interest sensitive assets:						
Federal funds sold	600	0	0	0	0	600
Overnight deposits	2,188	0	0	0	0	2,188
Investments -						
Available for Sale(1)	0	9,993	18,989	0	0	28,982
Held to Maturity	3,057	6,680	14,910	1,426	3,814	29,887
Restricted equity securities	0	0	0	0	1,142	1,142
Loans(2)	23,254	51,250	41,673	8,317	27,027	151,521
Total interest sensitive assets	29,099	67,923	75,572	9,743	31,983	214,320
Interest sensitive liabilities:						
Certificates of deposit	13,405	65,237	11,072	1,452	0	91,166
Money markets	32,299	0	0	0	0	32,299
Regular savings	0	2,854	0	0	30,000	32,854
Now and super now accounts	0	0	0	0	19,796	19,796
Borrowed funds	0	0	15	0	4,040	4,055
Repurchase agreements	2,623	0	0	0	0	2,623
Subordinated debentures	0	0	0	20	0	20
Total interest sensitive liabilities	48,327	68,091	11,087	1,472	53,836	182,813
Net interest rate sensitivity gap	(19,228)	(168)	64,485	8,271	(21,853)	
Cumulative net interest rate sensitivity gap	(19,228)	(19,396)	45,089	53,360	31,507	
Cumulative net interest rate sensitivity gap as a percentage of total assets	-8.28%	-8.35%	19.42%	22.98%	13.57%	

Cumulative interest sensitivity gap as a percentage of total interest-earning assets	-8.97%	-9.05%	21.04%	24.90%	14.70%
Cumulative interest earning assets as a percentage of cumulative interest-bearing liabilities	60.21%	83.34%	135.36%	141.37%	117.23%

(1) The Company may sell investments available for sale with a fair value of $28,982,188 at any time.

(2) Loan totals exclude non-accruing loans amounting to $1,758,549.

INVESTMENT SECURITIES

The adoption of FASB No. 115, "Accounting for Certain Investments in Debt and Equity Securities", has had an impact on our investment portfolio. This accounting standard requires banks to recognize all appreciation or depreciation of the investment portfolio either on the balance sheet or through the income statement even though a gain or loss had not been realized. These changes require securities classified as "trading securities" to be marked to market with any gain or loss charged to income. Securities classified as "available-for-sale" are marked to market with any gain or loss after taxes charged to the equity portion of the balance sheet. Securities classified as "held-to-maturity" are to be held at book value.

The Company does not own any trading securities as our investment policy prohibits active trading in our investment account. The Company had $1.14 million in equity securities classified as available-for-sale for both the 2000 and 1999 comparison periods. In addition, at December 31, 2000, the Company had $19.15 million in U.S. Government securities classified as available-for-sale, compared to $28.98 million at December 31, 1999. These securities have been marked to market, with a resulting unrealized loss after taxes of $23,108 for 2000 compared to an unrealized loss of $247,086 for 1999. These figures are presented in the equity section of our financial statement as "accumulated other comprehensive income". As adjusted for this item, our investment portfolios at the respective years' ends were as follows:

December 31, 2000:	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Government & agency securities				
Available-for-sale	$19,180,950	$ 1,606	$ 36,618	$19,145,938
Held-to-maturity(1)	28,676,667	373,580	104,123	28,946,124
States & political subdivisions				
Held-to-maturity	13,520,463	0	0	13,520,463
Restricted equity securities				
Available-for-sale	1,141,650	0	0	1,141,650
	$62,519,730	$375,186	$140,741	$62,754,175

December 31, 1999:	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Government & agency securities				
Available-for-sale	$29,356,560	$ 7,065	$381,437	$28,982,188
Held-to-maturity(1)	17,777,541	4,108	389,163	17,392,486
States & political subdivisions				
Held-to-Maturity	12,110,280	0	0	12,110,280
Restricted equity securities				
Available-for-Sale	1,141,650	0	0	1,141,650
	$60,386,031	$ 11,173	$770,600	$59,626,604

(1) Included in this portfolio is the U.S. Treasury Strip for Liberty Savings Bank with an amortized cost of $1,657,625 and fair value of $1,655,298 as of December 31, 2000; and an amortized cost of $1,569,196 and a fair value of $1,546,319 as of December 31, 1999.

Gross realized gains and gross realized losses on actual sales of securities were:

Gross realized gains:	2000	1999	1998
U.S. Government & agency securities	$ 1,391	$ 0	$ 0
Other Securities	0	0	0
	$ 1,391	$ 0	$ 0

Gross realized losses:	2000	1999	1998
U.S. Government & agency securities	$20,173	$ 0	$ 0
Other Securities	0	0	0
	$20,173	$ 0	$ 0

BANK PREMISES AND EQUIPMENT

Major classes of bank premises and equipment and the total accumulated depreciation are as follows:

	December 31,	
	2000	1999
Land	$ 80,747	$ 80,747
Buildings and improvements	3,794,658	3,470,089
Furniture and equipment	5,453,261	4,832,027
Leasehold improvements	418,916	416,840
	9,747,582	8,799,703
Less accumulated depreciation	-5,053,648	-4,477,006
	$ 4,693,934	$ 4,322,697

Depreciation included in occupancy and equipment expense amounted to $576,642, $493,979, and $384,376 for the years ended December 31, 2000, 1999 and 1998, respectively.

The Company currently leases four of the seven offices it occupies. These leased offices are in Island Pond, Newport, Barton, and St. Johnsbury, Vermont. During the first part of 1999, the Company moved it's Newport office to a condominium space of approximately 3,084 square feet in the new state office building at the opposite end of Main Street from the Company's former office. The operating leases for the three other locations expire in various years through 2013 with options to renew.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year, as of December 31, 2000, for each of the next five years and in aggregate are:

2001	$102,028
2002	102,028
2003	102,028
2004	102,028
2005	77,973
Subsequent to 2005	302,637
Total	$788,722

EFFECTS OF INFLATION

Rates of inflation effect the reported financial condition and results of operations of all industries, including the banking industry. The effect of monetary inflation is generally magnified in bank financial and operating statements because, as costs and prices rise, cash and credit demands of individuals and businesses increase, and the purchasing power of net monetary assets declines.

The Company's ability to preserve its purchasing power depends primarily on its ability to manage net interest income. The Company's net interest income improved during the last three years, in light of the fact that the spread has decreased from 1998 to 2000. The volume of loans increased more than the volume of interest bearing deposit accounts forcing the Company to borrow funds in order to fund the loan volume, thereby having a direct impact on the spread for the year 2000.

INTEREST INCOME VERSUS INTEREST EXPENSE
(NET INTEREST INCOME)

Net interest income represents the difference between interest earned on loans and investments versus the interest paid on deposits and other sources of funds (i.e. other borrowings). Changes in net interest income result from changes in the level and mix of earning assets and sources of funds (volume) and from changes in the yield earned and costs paid (rate). The table labeled "Average Balances and Interest Rates" provides the visual analysis for the comparison of interest income versus interest expense. These figures, which include earnings on tax-exempt investment securities, are stated on a tax equivalent basis with an assumed rate of 34%.

Net interest income was $10.1 million, $9.5 million and $9.3 million, respectively for the years ended 2000, 1999, and 1998. Net interest spread, the difference between the yield on interest earning assets versus interest bearing liabilities, at the end of 2000 was 3.58% versus 3.66% for 1999 and 3.68% for 1998. Interest differential, defined as net interest income divided by average earning assets, for the years ended 2000, 1999 and 1998, was reported at 4.30%, 4.32%, and 4.40% respectively.

Interest income decreased from $17.39 million at the end of 1998, to $17.04 million for 1999, and then increased to $18.85 million for the year ended 2000, a decrease of 2% and an increase of 10.6%, respectively. Interest expense decreased from $8.1 million at the end of 1998 to $7.5 million as of year-end 1999, and then increased to $8.8 million as of December 31, 2000. This translates to a decrease of 6.7% for 1998 versus 1999 and an increase of 16.7% for 1999 versus 2000.

Income from loans accounts for the biggest portion of interest income reporting $13.76 million for 1998, $13.04 million for 1999, and $14.54 million for 2000, with average yields of 9.15%, 8.71%, and 8.80%, respectively. Income on federal funds sold and overnight deposit has decreased throughout the comparison period to reflect the decrease in volume for both of these earning assets. As mentioned earlier, the growth in loan volume was not funded by a growth in interest bearing deposit accounts, therefore leading to the decrease in federal funds sold and overnight deposits.

Interest expense on time deposits accounts for the biggest portion of interest expense with figures for the comparison period totaling $5.5 million for 1998, $4.9 million for 1999 and $5.0 million for 2000, with average yields of 5.6%, 5.14%, and 5.43%, respectively.

Interest expense for other borrowed funds tripled, resulting in a 145 basis points increase in the yield from year-end 1999 to year-end 2000. These increases support the 130% increase in volume for other borrowed funds ending the comparison period at $9.3 million compared to $4.1 million a year ago. These funds, as mentioned earlier, are mostly short term to cover funding for the increase in the loan portfolio.

OTHER OPERATING INCOME AND EXPENSES

Other operating income for the fourth quarter was reported at $494,018 for 2000, $531,184 for 1999, and $441,652 for 1998. Other income supports the decrease for 2000 compared to 1999 as well as the increase for 1999 compared to 1998, with income of $171,001 for 2000 versus $267,458 for 1999 and $191,848 for 1998. A gain of $108,605 on the sale of an OREO property helped to boost other income for the fourth quarter of 1999. Other operating income of $1.87 million for the 12 months of 2000 is an increase of 6% over the 1999 figure of $1.76 million, which is an increase of 7.7% over the 1998 figure of $1.63 million. Trust department income reported the biggest increase for both periods with figures of $362,979 for 2000 versus $247,001 for 1999 and $185,877 for 1998. In addition to tremendous growth, the trust department acquired the assets of Northfield Savings Bank during the 2000 calendar year, contributing to the increase in income.

Other operating expenses for the fourth quarter of 2000 was reported at $1.97 million, an increase of 7.9% over the 1999 figure of $1.83 million, which increased 5.6% over the 1998 fourth quarter figure of $1.73 million. Occupancy expense for the fourth quarter of 1999 was higher than both the 2000 and 1998 fourth quarters due to expenses for furniture and equipment that were greater than anticipated, resulting in an increase in depreciation on these assets. An increase of $39,348 is noted in the fourth quarter comparisons for loss on limited partnerships due to a $17,107 reversal of an anticipated loss in 1999 and the booked loss of $22,241 during the same quarter of 2000. Total other operating expenses ended the 2000 fiscal year at $7.93 million, an increase of $598,662 or 8.2% over the 1999 fiscal year of $7.33 million, which increased $261,026 or by 3.7% over the 1998 fiscal year of $7.07 million. Other expenses tallied the biggest increase for 2000 versus 1999 with an increase of $210,414 or 8.9%. Pension and other employee benefits followed with an increase of $144,039 or 18.2% for the same period. Additional pension expenses related to SERP accounts were incurred during 2000 as well as an increase in medical insurance payments supporting the increase.

Many of the components of other operating expenses are estimated on a yearly basis and accrued in monthly installments. In an attempt to present accurate figures on the statement of income for any interim period, these expenses are reviewed quarterly by senior management to ensure that monthly accruals are accurate, and any necessary adjustments are made at that time.

APPLICABLE INCOME TAXES

Income before taxes of $894,344 are reported for the fourth quarter of 2000 compared to $967,578 for the fourth quarter of 1999 and $888,262 for the fourth quarter of 1998. This translates to a decrease of $73,235 or 7.6% for 2000 versus 1999 and an increase of $79,317 or 8.9% for 1999 versus 1998. As a result, provisions for income taxes for the fourth quarters ended 2000, 1999, and 1998 are reported at $186,562, $214,412, and $225,647, respectively. The figure presented at year-end 2000 of $3.2 million for income before taxes shows an increase of $77,541 or 2.5% for 2000 versus the 1999 figure of $3.1 million, and an increase of $220,119 or 7.6% for 1999 versus the 1998 figure of $2.9 million. Provisions for income taxes for each fiscal year are reported at $775,959, $786,481, and $710,346, respectively 2000, 1999, and 1998.

Return on average assets (ROA), which measures how effectively a corporation uses its assets to produce earnings, ended the fiscal years at 1.00% for 2000 compared to 1.02% for 1999 and 1.00% for 1998. Return on average equity (ROE), which is the ratio of income earned to average share-holders' equity was 10.70% for 2000, 10.54% for 1999, and 10.35% for 1998.

CAPITAL RESOURCES

Stockholders' equity at December 31, 1999, was $22,181,154, with a book value of $6.60 per share. It increased through earnings of $2,422,421, the sale of common stock of $798,421 through our dividend reinvestment program and $223,977 through adjustments for the valuation allowance of securities. It decreased through purchases of treasury stock of $1,063, dividends paid totaling $2,154,723, and the repurchase of stock through the Stock Buyback Plan of $940,452. Additionally, the Company declared a dividend in December of 2000, payable in February of 2001. As a result, an accrual for the dividend was necessary, decreasing stockholders' equity by $536,925 as of December 31, 2000. The same event occurred in December of 1999 announcing a dividend of $537,361 payable in February of 2000. As of December 31, 2000, stockholders' equity was $22,530,171 with a book value of $6.71 per share. All stockholders' equity is unrestricted. Additionally, it is noted that as the maturity date on securities classified as available for sale draws near, the market price on these securities becomes more favorable, thereby greatly reducing the material loss associated with these investments through the valuation allowance.

On April 11, 2000, the Company issued a press release announcing plans to buy up to 6% or 205,000 shares of its outstanding common stock at current market prices. Total shares bought back through the end of year 2000 totaled 92,778 and the repurchase price paid for these shares ranged from $9.75 to $11.00 per share.

The Bank, as a National Bank, is subject to the dividend restrictions set forth by the Comptroller of the Currency. Under such restrictions, the Bank may not, without the prior approval of the Comptroller of the Currency, declare dividends in excess of the sum of the current year's earnings (as defined) plus the retained earnings (as defined) from the prior two years.

The Bank is required to maintain minimum amounts of capital to total "risk weighted" assets, as defined by the banking regulators. At December 31, 2000, the Bank is required to have minimum Tier I and Total Capital ratios of 4.00% and 8.00%, respectively. The Company's consolidated risk weighted assets were reported at $132 million with reported ratios, at December 31, 2000, of approximately 17% for Tier I capital and 18% for Total capital. The report labeled "Capital Ratios" provides a better understanding of the components of each the Tier I and Tier II capital ratios as well as a three-year comparison of the growth of these ratios.

The Company intends to continue the past policy of maintaining a strong capital resource position to support its asset size and level of operations. Consistent with that policy, management will continue to anticipate the Company's future capital needs.

From time to time the Company may make contributions to the capital of either of its subsidiaries, Community National Bank or Liberty Savings Bank. At present, regulatory authorities have made no demand on the Company to make additional capital contributions to either the Bank's or Liberty's capital.

COMMON STOCK PERFORMANCE BY QUARTER

	2000			
	First	Second	Third	Fourth
Trade price				
High	$9.25	$10.50	$10.75	$12.00
Low	$8.63	$ 8.13	$ 9.00	$ 9.75
Cash Dividends				
Declared	$0.16	$0.16	$0.16	$0.16

	1999			
	First	Second	Third	Fourth
Trade price				
High	$13.00	$12.50	$11.00	$10.88
Low	$11.88	$12.00	$ 9.25	$ 8.63
Cash Dividends				
Declared	$0.16	$0.16	$0.16	$0.16

Form 10-K

A copy of the Form 10-K Report filed with the Securities and Exchange Commission may be obtained without charge upon written request to:

Stephen P. Marsh, Vice President & Treasurer
Community Bancorp.
P.O. Box 259
Derby, Vermont 05829

The report for the year 2000 is expected to be available about April 1, 2000.

Shareholder Services
For shareholder services or information contact:
Chris Bumps, Corporate Secretary
Community National Bank
P.O. Box 259
Derby, Vermont 05829
(802) 334-7915

Annual Shareholders Meeting
The 2001 Annual Shareholders Meeting will be held at 5:30 p.m., May 8, 2001, at the Haskell Opera House in Derby Line. We hope to see many of our shareholders there.

Community Bancorp. Stock

As of February 1, 2001, the Corporation's common stock ($2.50 par value) was owned by approximately 850 shareholders of record. Although there is no established public trading market in the Corporation's common stock, several brokerage firms follow the stock and maintain a minor market in it. Trading in the Corporation's stock, however, is not active. You can contact these firms at the following addresses:

First Albany Corp.
P.O. Box 387
Burlington, Vermont 05402
(800) 451-3249

A.G. Edwards
1184 Main Street, Suite 1
St. Johnsbury, Vermont 05819
(800) 457-1002

Salomon Smith Barney
P.O. Box 1095
Burlington, Vermont 05402
(800) 446-0193

Winslow, Evans & Crocker
33 Broad Street
Boston, Massachusetts 02109
(800) 556-8600