

PUBLIC DISCLOSURE
February 23, 1998
COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

One Valley Bank of Summersville, Inc.
05541440
811 Main Street
Summersville, West Virginia 26651

Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each Federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of One Valley Bank of Summersville, Inc., Summersville, West Virginia, prepared by The Federal Reserve Bank of Richmond, the institution's supervisory agency, as of February 23, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The bank primarily serves its assessment area through direct lending and offers a variety of credit products. A substantial majority of loans were originated in the assessment area, and the geographic distribution of loans is considered reasonable. Furthermore, the bank's lending to low- and moderate-income individuals and businesses with revenues less than \$1 million meets expected performance in relation to area demographics. The bank's investment portfolio is primarily comprised of Government securities, which are not considered qualified investments for purposes of CRA. However, the bank has made several qualified donations, and its level of responding to community development needs through these activities is considered adequate. Delivery systems and branch locations are considered readily accessible, and participation in community development services is considered reasonable.

The following table indicates the performance level of One Valley Bank of Summersville, Inc., with respect to the lending, investment, and service tests.

Performance Levels	<u>One Valley Bank of Summersville, Inc.</u>		
	PERFORMANCE LEVELS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X	X	
Needs to Improve			
Substantial Noncompliance			

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

DESCRIPTION OF INSTITUTION:

One Valley Bank of Summersville, Inc., is located in Summersville, West Virginia, and operates three offices throughout Nicholas County, West Virginia. The institution is a subsidiary of One Valley Bancorp of West Virginia, Inc., a multi-bank holding company located in Charleston, West Virginia. As of December 31, 1997, the bank had approximately \$120 million in assets of which 70% were loans and 25% were securities. The December 31, 1997, loan portfolio was comprised of 61% real estate secured (including consumer and business), 27% consumer, 9% commercial/agricultural, and 3% other. The bank’s previous CRA rating was outstanding.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The bank primarily serves its assessment area through direct lending and offers a variety of credit products. During a six-quarter period ending December 1997, the quarterly average loan-to-deposit ratio for all banks headquartered in nonmetropolitan areas of West Virginia and of similar asset size to One Valley Bank of Summersville, Inc., ranged from 74% to 81%. The bank’s average loan-to-deposit ratio for an eight-quarter period ending December 31, 1997, is 88% and is considered more than reasonable given the institution’s size, location, and financial capacity.

As identified in the CRA Public File, a full range of credit products is offered, including consumer, residential mortgage, home improvement, residential construction, small business, commercial, and agricultural loans. Unsecured loans are routinely made to customers for as little as \$100.

Since the previous examination, 992 loans for \$1,500 or less have been originated for a total of \$844,577. Also, Government-sponsored loans including those offered through the Federal Housing Administration, Veterans Administration, Farm Service Agency, and the West Virginia Housing Development Authority are offered by bank affiliates. These products offer more flexible underwriting criteria and lower down payments than conventional financing.

The institution is required to collect and report information about small business/farm loans that it originates. From January 30, 1996, through December 31, 1997, the bank extended 172 such loans totaling \$9.6 million. Approximately 1,277 consumer loans secured by motor vehicles totaling \$16 million and 634 residential real estate loans totaling \$43 million were also extended during this time period. The real estate lending activity includes loans for residential construction, home purchase (including mobile homes), and home improvement purposes. A sample of residential real estate and consumer loans secured by motor vehicles generated during the previous six months was reviewed to measure the volume of lending to low- and moderate-income borrowers and to geographies of varying income levels; an analysis of this lending activity is presented later in this report.

The institution's volume of small business/small farm lending from January 30, 1996, through December 31, 1997, is represented in the following table by number and dollar amounts. The consumer loans secured by motor vehicles and real estate loans sampled during the examination are also represented in this chart.

Comparison of Credit Extended Inside and Outside of Assessment Area

	Small Business/Farm*		Consumer Real Estate		Consumer Motor Vehicle		Total	
	Inside	Outside	Inside	Outside	Inside	Outside	Inside	Outside
Total Number of Loans	172	0	58	12	88	15	318	27
Percentage of Total Loans	100%	0%	83%	17%	85%	15%	92%	8%
Total Amount of Loans (000s)	\$9,683	\$0	\$2,188	\$417	\$932	\$151	\$12,803	\$568
Percentage of Total Amount	100%	0%	84%	16%	86%	14%	95%	5%

* The institution is required to collect information about these types of loans.

As depicted above, a substantial majority of the number (92%) and dollar amounts (95%) of total loans have been provided to area residents. Overall, the percentage of loans made in the assessment area is considered responsive to community credit needs.

The geographic distribution of loans, which is discussed in greater detail later in this report, is considered reasonable with penetration into moderate-

income geographies. There are no low- or upper-income geographies in the assessment area. The bank's lending to low- and moderate-income individuals and businesses with revenues less than \$1 million meets expected performance relative to area demographics.

The overall rating of the institution under the lending test is low satisfactory.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated low satisfactory. Several qualified donations were made to organizations serving low- and moderate-income individuals and/or organizations.

SERVICE TEST

The overall rating of the institution under the service test is high satisfactory. Delivery systems and branch locations are considered readily accessible, and the hours of operation are convenient to all portions of the assessment area. The bank's participation in community development services is considered reasonable.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

NONMETROPOLITAN ASSESSMENT AREA

(if some or all of the assessment areas within the nonmetropolitan statewide areas were reviewed using the examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NICHOLAS COUNTY ASSESSMENT AREA:

One Valley Bank of Summersville, Inc., is headquartered in Summersville, West Virginia, and has defined one assessment area which includes all of Nicholas County. This nonmetropolitan area consists of seven block numbering areas (BNAs) of which two are moderate-income and five are middle-income. As previously mentioned, there are no low- or upper-income BNAs in Nicholas County. According to 1990 census data, this area has a population of 26,775 and a median housing value of \$42,570. The owner-occupancy rate for the market is 72% and is slightly higher than both the statewide rate and the nonmetropolitan West Virginia rate of 65%. The 1997 median-family income for nonmetropolitan areas within West Virginia is \$27,600.

The following table provides demographics for the assessment by the income level of families and the percentage of population living in BNAs of varying income levels.

Demographics for Assessment Area

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	25%	17%	20%	38%	100%
Percentage of Population Residing in BNAs by Income Level of BNA	0%	16%	84%	0%	100%

The local economy remains stable but continues to depend on the declining coal mining industry. Other employment opportunities are available in the timber, manufacturing, tourism, and service industries. The December 1997 unemployment rate for Nicholas County is 10.1% and is higher than the jobless rate of 6.5% for the state of West Virginia.

A community contact was made during the examination to further assist in evaluating the bank's CRA performance. According to the contact, local financial institutions are adequately meeting the credit needs of the area. However, additional small business start-up financing would further benefit the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NICHOLAS COUNTY ASSESSMENT AREA:

LENDING TEST

Geographic Distribution of Loans

The geographic distribution of loans is reflected in the following tables. The tables below represent the institution's lending within the assessment area according to income level of the geography. As mentioned previously, there are no low- or upper-income BNAs within the assessment area.

Distribution of Small Business/Farm Loans by Income Level of BNA

	Moderate-Income	Middle-Income	Total
Total Number of Loans	10	162	172
Percentage of Total Loans	6%	94%	100%
Total Amount of Loans (000s)	\$501	\$9,182	\$9,683
Percentage of Total Loans	5%	95%	100%

Distribution of Consumer Loans Secured by Motor Vehicles by Income Level of BNA

	Moderate-Income	Middle-Income	Total
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	Moderate-Income	Middle-Income	Total
Total Number of Loans	5	83	88
Percentage of Total Loans	6%	94%	100%
Total Amount of Loans (000s)	\$46	\$886	\$932
Percentage of Total Loans	5%	95%	100%

Distribution of Residential Real Estate Loans by Income Level of BNA

	Moderate-Income	Middle-Income	Total
Total Number of Loans	3	55	58
Percentage of Total Loans	5%	95%	100%
Total Amount of Loans (000s)	\$55	\$2,133	\$2,188
Percentage of Total Loans	3%	97%	100%

Overall, 6% (18/318) of the bank's loans originated within the assessment area were extended to individuals and businesses located in moderate-income BNAs. This level of lending appears somewhat low in relation to the percentage of population (16%) residing in such areas. As shown on the map in the Appendix, all three branch locations are situated in middle-income areas with only the Craigsville branch in close proximity to a moderate-income geography. The area that makes up these geographies is primarily mountainous terrain making access difficult. Therefore, lending opportunities by the institution in these areas may be limited. Furthermore, a high poverty rate (29% of families) in moderate-income BNAs suggests effective loan demand may be low. The bank's overall loan distribution is considered reasonable given the local demographics and the size and locations of the institution.

Borrowers' Profile

The following charts illustrate the distribution of the sampled consumer and real estate loans and the small business/farm loans extended within the assessment area by income level of the borrower and to businesses of different sizes.

Distribution of Consumer Loans Secured by Motor Vehicles by Income Level of Borrower

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	11	24	24	29	88
Percentage of Total Loans	13%	27%	27%	33%	100%
Total Amount of Loans (000s)	\$82	\$215	\$216	\$419	\$932

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Total Loans	9%	23%	23%	45%	100%

As depicted in the table above, the percentage of consumer loans (40%) extended to low- and moderate-income borrowers approximates the percentage of such families (42%) residing in the assessment area.

Distribution of Residential Real Estate Loans by Income Level of Borrower

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	4	10	9	35	58
Percentage of Total Loans	7%	17%	16%	60%	100%
Total Amount of Loans (000s)	\$64	\$168	\$279	\$1,677	\$2,188
Percentage of Total Loans	3%	8%	12%	77%	100%

The percentage of real estate loans (7%) extended to low- income borrowers is significantly lower than the representation of low-income families (25%) within the assessment area. Information provided by the community contact indicated much of the current housing stock and new housing developments target middle- and upper-income families. Furthermore, 21% of assessment area families are below the poverty level. The percentage of real estate loans provided to moderate-income borrowers precisely matches the percentage of such families within the local community.

Distribution of Lending by Loan Amount for Small Business/Farm Loans

	\$0 - \$100,000		> \$100,000 - \$250,000		> \$250,000		Total	
Small Business	141	82%	19	11%	5	3%	165	96%
Small Farm	7	4%	0	0%	0	0%	7	4%
Totals	148	86%	19	11%	5	3%	172	100%

As illustrated above, 86% (148/172) of the small business/farm loans in the assessment area were for an amount of \$100,000 or less. Information on business revenues was not reported by the institution. However, according to information provided by the census bureau, 90% of the businesses in Nicholas County employ less than 20 people and therefore are most likely to have business revenues of \$1 million or less. This information, along with the high percentage of loan amounts extended by the bank for less than \$100,000, demonstrates its willingness to meet the credit needs of local small businesses.

The distribution of loans to borrowers of different income levels and to businesses of different sizes is considered satisfactory relative to the estimated

demand for these types of credit, using area demographics as a proxy.

Community Development Loans

The bank has originated the following qualified community development loan within the assessment area since the previous examination:

- A \$38,000 loan was made to a local vocational school. Proceeds of the loan were used to purchase building materials for students to construct a home to be sold to a low- or moderate-income individual/family.

To the extent the bank may have originated any community development loans, such financing has been reported as small business or real estate loans.

INVESTMENT TEST

The bank's investment portfolio is primarily comprised of Government securities which are not considered qualified investments under CRA. However, since the previous examination, donations totaling approximately \$2,300 have been provided to several organizations that primarily serve low- and moderate-income residents of the assessment area. These organizations include Mountain State Rescue Mission (homeless facility), Nicholas County Sheltered Workshop (center for handicapped and underprivileged children), and Friends R Fun (daycare service provided to unmarried working mothers). The institution's level of qualified investments is considered adequate.

SERVICE TEST

Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. One ATM is included in the assessment area. This ATM location provides local residents with 24-hour nationwide network access. Telephone and PC Banking services are also available to provide customers with 24-hour accessibility. Furthermore, customers have access to a Remote Access Video Terminal located in the bank's main branch. Through this terminal, customers can obtain information on secondary market real estate loans and securities and can communicate with a One Valley Bank representative located in Charleston, West Virginia.

Branch Locations and Hours of Operation

Branch locations and business hours are considered convenient and meet the needs of the assessment area. Saturday hours are available at all three locations, and all are open on Friday until 6:00 p.m.

Community Development Services

The bank provides social security check cashing for noncustomers at no charge. While bank personnel regularly provide financial expertise to area business and farm organizations as well as local schools, the activities are not considered community development services under CRA.