

**PUBLIC DISCLOSURE**

March 31, 1997

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of White Sulphur Springs

05541730

P. O. Drawer 40

White Sulphur Springs, West Virginia 24986

**Federal Reserve Bank of Richmond**

**P. O. Box 27622**

**Richmond, Virginia 23261**

This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## GENERAL INFORMATION

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

This document is an evaluation of the Community Reinvestment Act (CRA) performance of the Bank of White Sulphur Springs, White Sulphur Springs, West Virginia, prepared by the Federal Reserve Bank of Richmond, the institution's supervisory agency, as of March 31, 1997. 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's loan-to-deposit ratio is considered reasonable given its financial capacity and location. Based on a review of recent consumer loans, the bank's lending performance within the assessment area exceeds standards for a satisfactory performance. The bank's lending to borrowers of different incomes evidences a responsiveness to community residents. While there are no low- or moderate-income block numbering areas (BNAs) located within the assessment area, the distribution of loans among middle- and upper-income BNAs is considered reasonable.

The following table indicates the performance level of the Bank of White Sulphur Springs with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Bank of White Sulphur Springs</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints have been received since the prior examination.		

**DESCRIPTION OF INSTITUTION**

The Bank of White Sulphur Springs has its main office in White Sulphur Springs, West Virginia, and operates one branch office in Lewisburg, West Virginia. As of December 31, 1996, the bank had \$69 million in assets of which 50% were loans. Various deposit and loan products are available through the institution including loans for home purchase, residential construction, home improvement, consumer, and commercial purposes. The loan portfolio as of December 31, 1996, was comprised of the following: 64% real estate secured (consumer and business), 20% consumer, and 16% commercial and agricultural. Based on the number of loans extended during the previous six months, consumer purpose loans were identified as the bank's primary credit product. The institution's previous CRA rating was satisfactory.

**DESCRIPTION OF ASSESSMENT AREA**

The institution's assessment area is Greenbrier County, West Virginia. The county is located in the eastern portion of the state bordering Virginia and has a population of 34,693. The assessment area is primarily rural and consists of seven block numbering areas (BNAs). The Town of Lewisburg, West Virginia, is the only upper-income BNA in the assessment area, while the remaining six BNAs are middle-income geographies. There are no low- and moderate-income BNAs located within the assessment area.

The local economy is dependent on the coal mining, agriculture, forestry, service, and tourism industries. The Greenbrier, a luxury hotel and resort located in White Sulphur Springs, serves as a major tourist attraction and is the county's largest employer. The West Virginia School of Osteopathic Medicine located in Lewisburg and the Greenbrier Valley Medical Center located in Fairlea provide additional job opportunities for local residents and serve the area's health care needs. Greenbrier County's most recent unemployment rate of 13.7% was significantly higher than the state average rate of 8.3%. The 1996 nonmetropolitan median family income for West Virginia is \$26,600.

A representative of a local housing organization was contacted during the examination to further assist in evaluating the bank's CRA performance. The contact indicated a need for low-income rental housing.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**LOAN-TO-DEPOSIT RATIO**

The average loan-to-deposit ratio for the previous five quarters is 54%. Given the institution's financial capacity, size, and current local economic conditions, this ratio is considered reasonable. Since December 31, 1995, total loans have increased by 12%, while total deposits have modestly declined by 5%. The average loan-to-deposit ratio for banks headquartered in nonmetropolitan areas of West Virginia and of similar asset size to the Bank of White Sulphur Springs is 66%.

**LENDING IN ASSESSMENT AREA**

To determine the institution's volume of lending within the assessment area, a sample of consumer loans extended during the previous six months was reviewed. This sample consisted of 92 secured and unsecured non-real estate consumer loans. The distribution is represented in the following chart.

Comparison of Credit Extended Inside and Outside of Assessment Area

	Inside Assessment Area	Outside Assessment Area	Total
Total Number of Loans	79	13	92
Percentage of Total Loans	86%	14%	100%
Total Amount of Loans (000's)	\$368	\$106	\$474
Percentage of Total Amount	78%	22%	100%

As illustrated above, a substantial majority of the number and dollar amounts of the sampled loans have been provided to residents of the assessment area.

**LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES**

A review of the 79 sampled loans within the assessment area was conducted to analyze borrower income characteristics. The table below illustrates the distribution of consumer loans extended in the assessment area by borrower income level.

Distribution of Loans by Income Level of Borrower

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	16	17	17	29	79
Percentage of Total Loans	20%	22%	21%	37%	100%
Total Amount of Loans (000's)	\$35	\$61	\$57	\$215	\$368
Percentage of Total Amount	9%	17%	16%	58%	100%

As a means of comparison, the following table depicts families residing within the assessment area by low-, moderate-, middle-, and upper-income levels.

Percentage of Families in Assessment Area by Income Level

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
<b>% of Families</b>	18%	18%	22%	42%	100%

When compared to the distribution of area families, the bank's volume of lending to low- and moderate-income individuals (42%) reasonably reflects the percentage of such families residing within the assessment area (36%).

**GEOGRAPHIC DISTRIBUTION OF LOANS**

The review of sampled loans also included an analysis of lending distribution among middle- and upper-income geographies within the institution's assessment area. The following chart depicts loan penetration throughout middle- and upper-income geographies. As previously mentioned, there are no low- and moderate-income BNAs located within the assessment area.

Distribution of Loans in Assessment Area by Income Level of Census Tract

	Middle- Income	Upper-Income	Total
<b>Total Number of Loans</b>	66	13	79
<b>Percentage of Total Loans</b>	84%	16%	100%
<b>Total Amount of Loans (000's)</b>	\$297	\$71	\$368
<b>Percentage of Total Amount</b>	81%	19%	100%

When compared to market demographics, the institution's lending performance in middle-income BNAs within the assessment area (84%) reflects a reasonable level of lending to residents of such areas (88%).

**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. Technical violations of the Equal Credit Opportunity Act's Regulation B were noted. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.