



Public Disclosure

April 21, 1997

Community Reinvestment Act Performance Evaluation

**One Valley Bank of Ronceverte, N.A.
Charter No. 6226**

**100 Maplewood Avenue
Ronceverte, WV 24970**

Office of the Comptroller of the Currency

**100 Capitol Street, Suite 400
Charleston, WV 25301**

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

General Information

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

This document is an evaluation of the CRA performance of **One Valley Bank of Ronceverte, N.A.** prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of April 21, 1997. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

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

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

Performance Levels	One Valley Bank of Ronceverte, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	X		X
Low satisfactory		X	
Needs to improve			
Substantial noncompliance			

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

Description of Institution

One Valley Bank of Ronceverte, N.A. operates its main office and two full-service branches within Greenbrier and Monroe Counties. It is the second largest of the eight financial institutions which operate in the assessment area. Only this bank and one other bank in Greenbrier County, have assets in excess of \$100 million. These two banks are owned by holding companies and therefore have access to additional resources. All financial institutions operating in Monroe County are community banks, with assets less than \$100 million. This bank's primary business focus is real estate and consumer lending. As of December 31, 1996, real estate loans totaled \$56 million and represented 61% of total loans. The bulk of real estate loans, or 46% were 1-4 family residential loans. There are no legal or financial impediments that limit its ability to meet community credit needs. This bank continues to meet various community credit needs consistent with its size, financial condition and product offerings.

As of December 31, 1996, One Valley Bank of Ronceverte, N.A. had total assets of \$133 million and posted a net income of \$2.2 million. This level of earnings represented a return on average assets of 1.71%. This means that during 1996, the bank earned \$1.71 for every one hundred dollars of its average assets. Also at December 31, 1996, total risk-based capital was 12.60%, which is considered "well-capitalized" for prompt corrective action purposes. This is defined in Banking Circular 268 - Prompt Corrective Action dated February 25, 1993. The net loan to deposit ratio at year-end 1996 was 75.70%, ranking the third highest of all the banks serving the assessment area. One Valley Bank of Ronceverte, N.A. is a wholly owned subsidiary of One Valley Bancorp, Inc., a \$4 billion bank holding company operating eleven subsidiary banks in West Virginia and one in central Virginia. The subsidiary banks include state and national chartered banks, as well as two savings and loan institutions.

Description of the Assessment Area

The bank has defined its assessment area as the counties of Greenbrier and Monroe of West Virginia. More specifically, the assessment area consists of the ten block numbering areas (BNAs) within these counties. Of the seven BNAs in Greenbrier County, six are designated middle-income geographies while the other is designated as an upper-income geography. All three BNAs in Monroe County are designated as middle-income geographies. There are no low- or moderate-income geographies within the assessment area.

Greenbrier and Monroe Counties are rural counties in southeastern West Virginia with economies primarily based on agriculture and retail services. The largest employers are the state and local governments and the Greenbrier County Board of Education. The single largest employer is the Greenbrier Hotel, a five star resort which attracts numerous people to the area. This is a seasonal employer, with approximately one-third of its work force laid off between November and April of each year. Census data for 1990 indicates a total population in Monroe County of 12,406 and Greenbrier County was nearly three times that at 34,693. Unemployed labor represented 4% in each of these two counties. There are 16,757 housing units in Greenbrier County and 5,994 housing units in Monroe County. Housing stock consists primarily of owner-occupied 1-4 family units in each county. Multifamily units represent less than 5% of all units within the assessment

area. There are 3,926 mobile homes and trailers, representing 17% of all housing units. Approximately 19% of housing units are vacant. The median housing value is \$45,100 for Greenbrier County and \$38,600 for Monroe County.

We conducted two community contacts in the area. During the examination, we met with an area realtor to identify any unmet housing needs and with a local government contact to identify any community development or economic revitalization programs in which area banks could participate. Neither contact identified any affordable housing, community development nor revitalization programs available in the area. However, one contact stated there seemed to be a need for deposit accounts with no minimum balance requirements and loan amounts less than \$1,000. This bank originates loans less than \$1,000. This bank also offers one checking product with no fees if ten or fewer checks are used each month.

Conclusions with Respect to Performance Tests

Lending practices, qualified investments and the system for delivering retail banking and community development services meet the credit needs of the entire assessment area, including low- and moderate-income borrowers in a satisfactory manner.

Performance under the lending test is rated **“High Satisfactory.”** Lending levels reflect a reasonable responsiveness to credit needs within Greenbrier and Monroe Counties. Management has shown a good responsiveness to the identified needs of housing, small business lending and agricultural lending. A reasonable number of home mortgage loans were made, with the substantial majority within the assessment area. Management also made a reasonable number of loans of less than \$100 thousand to small businesses. Management was also responsive to the need for agricultural loans. With approximately 746 farms in the assessment area, agriculture plays a significant role in the economy of these two counties. The lending distribution reflects a reasonable penetration among retail customers of various income levels and business customers of different sizes. Management has expressed a willingness to lend funds to community or economic development projects as they arise. However, such opportunities have been few to none. For this reason, the bank currently has no community development loans. Although not considered innovative, management makes use of flexible lending practices by providing low cost mortgage loans primarily for low- and moderate-income persons. These mortgages have lower down payment requirements with no points or origination fees. In addition, management lends funds through government-sponsored loan programs, including the Veteran’s Administration (VA) and the West Virginia Housing Development Fund (WVHDF). The benefits of these programs include lower than market interest rates and lower down payment requirements.

Performance under the investment test is rated **“Low Satisfactory.”** Investment levels are considered adequate based on the limited opportunities for qualified investments in the assessment area. Management has expressed a willingness to invest should opportunities arise.

Performance under the service test is rated **“High Satisfactory.”** The system for delivering retail banking services is good with all offices located in middle-income geographies. Banking products

and services are readily accessible to the majority of the population in the assessment area. The same financial services are available at all locations and are available to all persons within the assessment area. While days and hours of operation vary among offices, they do not vary in such a way that inconveniences any portions of the assessment area. Management also provides an adequate level of community development services. Although not considered innovative, they show a good responsiveness to area banking needs.

Please see the discussion entitled “Discussion of Performance Tests in the Assessment Area” for more details on the bank’s performance under each of the three tests.

One Valley Bank of Ronceverte, N.A. continues to be in compliance with the antidiscrimination laws, including the Equal Credit Opportunity Act and the Fair Housing Act. This bank is not currently subject to the reporting requirements of the Home Mortgage Disclosure Act. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified. A technical violation was identified pertaining to information required to be obtained for mobile home loans.

Discussion of Performance Tests in the Assessment Area

Lending Test

I. Lending Activities

Management was effective in helping members of the local community purchase homes. Of the 5,198 loans approximating \$73 million made during 1996, home mortgage loans accounted for 9% by number and 20% by dollar volume. Management has shown an increasing response to housing needs with a higher volume of home mortgage loans made during 1996 than during 1995 and 1994. Management has also been responsive to the needs of small businesses in the community. Of the 800 business establishments within the assessment area, 773 or 97% are small businesses, employing fewer than 50 people. Management has shown a good responsiveness to small businesses in relation to the number and size of the businesses within the community. Given the role of agriculture in the local economy, management exhibited a good responsiveness to the credit needs of farmers in the assessment area.

Following is a breakdown of lending activity pertaining to home mortgage loans, small business loans, and small farm loans during 1996:¹

¹Includes originations and purchases

Number, Dollar Volume & Location of Home Mortgages, Small Business and Small Farm Loans ²
(Dollar Amounts in Thousands)

	Home Mortgages		Small Business Loans		Small Farm Loans	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
Greenbrier County	171	8,878	137	9,168	45	1,285
Monroe County	39	1,763	9	461	15	280
Outside of Area	7	534	4	1,468	0	0
Total	217	\$11,175	150	\$11,097	60	\$1,565

In addition to the above loans, management originated and sold in the secondary market 45 home mortgage loans totaling more than \$3.4 million. These loans included funds lent through government-sponsored programs, including the Veteran’s Administration (VA) and the West Virginia Housing Development Fund (WVHDF). Included in these loans were ten VA loans totaling \$824 thousand, three WVHDF loans totaling \$185 thousand, and other conventional loans. The primary benefits of the VA and WVHDF loan programs are smaller down payments and lower interest rates. Management does not currently track these loans by block numbering areas or borrower income levels. Therefore, this information was not readily available for review.

II. Geographic Distribution

Lending levels reflect a good distribution throughout the assessment area. Approximately 97% of the number and 95% of the dollar volume of home mortgage loans originated and kept were made to borrowers within the assessment area. With the exception of 27 loans totaling \$1.7 million in the only upper-income geography and the seven loans totaling \$534 thousand outside of the assessment area, all remaining home mortgage loans were made to middle-income geographies. Small business loans within the assessment area accounted for 97% of the number and 87% of the dollar volume of all small business loans booked during 1996. All of the 60 small farm loans totaling approximately \$1.6 million were originated by the bank and made to borrowers within the assessment area.

²Small Business loans based on original amount of loan less than \$1,000,000 and Small Farm loans based on original amount of loan less than \$500,000.

III. Borrower Characteristics

Lending levels reflect a reasonable distribution among borrowers of various income levels and businesses of different sizes. Although the number and dollar volume of home mortgage loans to low-income borrowers appears somewhat low, this can be explained in part, by the number of families with very low income levels. Of all of the families within the assessment area, there are 2,926 families or 21.57%, whose annual incomes are below \$12,500. Furthermore, of these, 847 or 6.24% have very low incomes, earning less than \$5,000 annually. These income levels make it very difficult to qualify for a home mortgage loan. An additional consideration is that HUD's 1996 median family income for West Virginia is very low in comparison to all other states, ranking 49th out of 50. The 1990 census data indicates that many persons within the assessment area rent, as opposed to owning their own homes. In 1990, there were 4,525 rental units within the assessment area and the substantial majority, or 91% of these units were occupied. Rental units accounted for 19.89% of the 22,751 total housing units in the assessment area. The distribution of home mortgage loans by the various income levels is presented below.

Number and Dollar Volume of Home Mortgage Loans by Borrower Characteristics ³
(Dollar Amounts in Thousands)

	Number	%	Dollar Amount	%	% of Families in the Assessment Area by Category
Low	7	3.23%	137	1.23%	18.71%
Moderate	28	12.90%	867	7.75%	18.73%
Middle	41	18.89%	1,530	13.70%	22.09%
Upper	141	64.98%	8,641	77.32%	40.47%
Total	217	100.00%	11,175	100.00%	100.00%

While there are no low- and moderate-income geographies, low- and moderate-income families combined account for 37.44% of all families within the assessment area.

The following table shows Small Business loans by loan value category.

³Categories of borrower income levels based on HUD's 1996 median family income for statewide nonmetropolitan areas. HUD's 1996 family median income for West Virginia was \$26,600. The income categories are defined as:

Low-income less than 50% of the area family median income
Moderate-income at least 50%, but less than 80% of area family median income
Middle-income at least 80%, but less than 120% of the area family median income
Upper-income 120% or more of the area median family income

Small Business Loans Originated and Purchased during 1996⁴

(Dollar Amounts in Thousands)

Loan Value Category	Originated		Purchased	
	Count	\$ Amount	Count	\$ Amount
<= \$100	128	4,243	0	0
>\$100 and <=\$250	13	1,919	1	225
>\$250	7	3,510	1	1,200
TOTAL	148	9,672	2	1,425

There is a good distribution of small business loans throughout the assessment area. Small business loans were made in substantially all, or 9 of the 10 BNAs within the assessment area. The only BNA not represented is located the most distance from any branch and is served by two other banks within the state and by two in neighboring Virginia.

The following table depicts the bank's small farm lending:

Number and Dollar Amount of Small Farm Loans Originated & Purchased in 1996⁵

(Dollar Amounts in Thousands)

Loan Value Category	Originated		Purchased	
	Count	Amount	Count	Amount
<=\$100	58	1,255	0	0
>\$100 and <=\$250	2	310	0	0
>\$250	0	0	0	0
Total	60	1,565	0	0

The substantial majority, or 98% of small farm loans were to farms with less than \$1 million in revenues. Virtually all or 97% of these loans were for dollar amounts less than \$100 thousand and represented 80% of the dollar volume of agricultural loans. There were no agricultural loans greater than \$250 thousand.

IV. Community Development Lending

⁴ Small Business loans are based on original loan amount of less than \$1,000,000.

⁵ Small Farm loans are based on original loan amount less than \$500,000.

The bank currently has no community development loans which meet the regulatory definition. This is due to the lack of opportunities for such lending within the bank's assessment area. With the exception of the Greenbrier Habitat for Humanity, to which the bank contributes annually, there are no readily identifiable organizations whose primary purpose is to provide affordable housing for low- and moderate-income individuals in the local area. There is also a lack of organizations that provide services to low- and moderate-income individuals or engage in activities that promote economic development within the bank's assessment area.

V. Innovative or Flexible Lending Practices

Although there are no innovative lending practices, management makes use of flexible lending practices by offering its own mortgage product. Although this product has a market rate of interest, it is flexible in that it has no points or origination fees and closing costs are also low.

Investment Test

One Valley Bank of Ronceverte, N.A. has an adequate level of qualified investments considering the limited availability for such investments in the assessment area. In addition, management has expressed their willingness to invest in qualified investments as opportunities arise.

I. Dollar Amount of Qualified Investments

Management has made three qualified investments totaling \$17 thousand since the prior CRA examination. These investments include a \$16 thousand contribution to the West Virginia Community Development Corporation (WVCDC) during 1994 and two \$500 donations to the Greenbrier Habitat for Humanity, one during 1995 and the other during 1996.

The purpose of the WVCDC is to undertake commercial and industrial development primarily for small business and possibly low- and moderate-income housing development within West Virginia. The WVCDC benefits the entire state of West Virginia, including Greenbrier and Monroe counties. The WVCDC has not undertaken projects within the bank's assessment area.

The Greenbrier Habitat for Humanity is a not-for-profit organization whose sole purpose is to provide affordable housing for low- and moderate-income individuals. During 1996, the Habitat for Humanity constructed two homes for low- and moderate-income families. Bank management has expressed an intent to continue annual contributions to this organization in the future.

II. Innovativeness or Complexity of Qualified Investments

These investments involve only limited innovativeness or complexity. However, given the lack of

opportunities for qualifying investments within the local assessment area, this bank is taking advantage of an opportunity to participate in the WVCDC, a statewide project that benefits all of West Virginia, including Greenbrier and Monroe Counties.

III. Responsiveness to Community Development Needs

Considering the lack of opportunities available, this level of qualified investments shows an adequate responsiveness.

IV. Level of Qualified Investment Provided by Private Investors

Opportunities for qualified investments are not routinely provided by private investors.

Service Test

The systems for delivering retail banking services are good and the level of community development services is adequate. Current delivery systems serve the majority of the population within the assessment area.

A. Retail Banking Services

I. Distribution of Branches Among Geographies

The main office and both of its full-service branches are located within middle-income geographies. Both the main office in Fairlea and the full-service branch in Lewisburg serve Greenbrier County. Banking products and services are readily accessible to the majority of the population with both the main office and the Lewisburg branch located within the heaviest populated areas of Greenbrier County. The other full-service branch is located in Union, which is centrally located in Monroe County. All offices, including the two full service branches, provide the same products and services and follow the same fee schedule.

II. Record of Opening and Closing Offices

No offices have been opened or closed since the prior CRA examination.

III. Alternative Systems for Delivering Retail Banking Services

To better serve customer needs through alternative delivery systems, an automatic teller machine (ATM) was installed in the Lewisburg branch during 1996. The bank currently has ATMs available at the main office and the Lewisburg branch locations within Greenbrier County. Although the bank does not own or operate any ATMs in Monroe county, bank customers are permitted to use an ATM of another bank within Monroe County, free of charge. This bank normally charges its customers a \$1 transaction fee for use of ATMs not owned or operated by One Valley Bank of Ronceverte, N.A.

This bank also provides delivery of banking services via the telephone. Management accepts applications for all types of loans, with telephone approvals limited to consumer and installment loans. Bank customers also have 24-hour telephone access to account information and inquiry in conjunction with One Valley Bancorp, Inc. Preprinted envelopes are provided at no cost to customers who wish to bank by mail.

B. Community Development Services

I. Extent of Community Development Services

Bank management has been active in some community development services. Three members of management participated in a housing fair sponsored by the Greenbrier Community Services. The primary purpose of the fair was to assist low- and moderate-income individuals find housing and obtain credit for housing. Tables were set up to provide written information about the bank's products and services and bank representatives were available to answer any questions. This event, which was held at the Greenbrier Valley Mall, allowed people to receive information on how to obtain housing and loans in a setting other than a bank. Another community development service provided by the bank is free government check cashing for account and nonaccount holders alike. This increases access to financial services for low- and moderate-income individuals.

II. Innovativeness and Responsiveness of Community Development Services

While the above services are not considered innovative, they show a good responsiveness to helping provide banking services to all persons within the assessment area.

Appendix A: Scope of Examination

A Community Reinvestment Act (CRA) examination commenced on March 3, 1997. The objective of the examination, which was performed onsite, was to assess the bank's record of serving the credit needs of the entire assessment area, including low- and moderate-income areas

and to assign an overall rating to the bank. This examination considered the bank's performance during 1996 and any qualifying investments held prior to 1996 and still outstanding as of our examination date. Performance was evaluated under the newly revised CRA regulation, which was modified to reduce regulatory burden on banks and to be more performance oriented.

The examination included a review of all home mortgage loans, small business loans, and small farm loans originated and purchased during 1996. Management did not elect to provide information for consumer loans during this examination. Qualified investments and services were evaluated since the prior CRA examination. The previous examination was conducted as of December 31, 1993, with onsite review during the first quarter of 1994.

