



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 31, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Greenbrier Valley National Bank
Charter Number #5903**

**109 S. Jefferson Street
Lewisburg, West Virginia 24901**

**Office of the Comptroller of the Currency
Administrator of National Banks
3800 Electric Road, Suite 204
Roanoke, Virginia 24018**

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 Community Reinvestment Act (CRA) performance of **Greenbrier Valley National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 31, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

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

Greenbrier Valley National Bank (GVNB) has met or exceeded the standards for satisfactory performance for each of the following assessment criteria: loan to deposit ratio, lending within the assessment area, lending to borrowers of different incomes and to businesses of different sizes, geographic distribution of loans, and response to complaints. This evaluation is based on information from December 31, 1994, through December 31, 1997.

The following table indicates the performance level of **Greenbrier Valley National Bank** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	GREENBRIER VALLEY NATIONAL BANK 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 were received since the prior examination.		

DESCRIPTION OF INSTITUTION

GVNB is a \$178 million institution with its main office located in Lewisburg, West Virginia (WV). GVNB became a wholly owned subsidiary of Horizon Bancorp, Inc. on March 31, 1993. The holding company which is located in Beckley, WV had approximately \$1,020 billion in assets as of December 31, 1997. It currently operates five bank affiliates with twenty-two locations in southern WV. GVNB operates six branches, five full service automated teller machines (ATM's), and one cash dispensing ATM throughout Greenbrier County. All offices are full service with extended hours on Fridays. All locations except for the Kroger branch have lobby and drive-thru facilities. Two branches were opened since the last examination, the Red Oak Shopping Center Kroger branch in Ronceverte in March, 1995, and the North Jefferson branch located in Lewisburg in April, 1997. No branches have been closed.

As of December 31, 1997, total loans represented approximately 74% of total assets. The loan portfolio contained 49% residential real estate loans, 33% commercial loans, and 18% consumer loans. GVNB offers a variety of consumer loans including the following: personal secured and unsecured loans with no minimum amount; various real estate loans such as adjustable rate mortgages, home equity, home improvement, and construction loans; and new and used auto loans. Fixed rate mortgages are referred to an affiliate bank. In addition, student loan and credit card applications are available and forwarded to the holding company. Various commercial loans are available including agricultural loans and small business loans. There are no financial conditions, legal constraints, or other conditions that would hinder the bank's ability to help meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area (AA) is comprised of Greenbrier County which has a diverse economy and employment base. It is primarily a rural area and is one of the state's best agricultural counties, being the top producer of cattle in the state. The county also contains the third largest concentration of softwood timber in the state and has limestone and coal deposits. A large area of this region is comprised of the Monongahela National Forest. There are numerous retail and manufacturing employers as well as a strong tourism base due to The Greenbrier resort which is a world renown resort located in White Sulphur Springs. It remains the county's largest employer. Other major employers include the Board of Education, various medical facilities including the West Virginia School of Osteopathic Medicine, phone and utility companies, and the federal correctional facility for women. The AA meets the requirements of the regulation and does not reflect illegal discrimination or arbitrarily exclude low or moderate income areas.

Greenbrier County is considered a non-metropolitan statistical area (non-MSA) which includes seven block numbering areas* (BNAs). Six BNAs qualify as middle-income and one as upper-income. There are no low or moderate income BNAs. The Main office and North Jefferson Street office are located in the upper income BNAs while the other four branches are located in middle income BNAs.

The population of Greenbrier County was 34,693 based on 1990 census data with a total of 9,949 families. The 1997 Housing and Urban Development agency's updated statewide non-MSA median family income** for WV is \$27,600. The income levels of the families in the AA are as follows: low-income (18%), moderate-income (18%), middle-income (22%), and upper-income (42%). Thirty-seven percent of households in the AA receive social security benefits, while 8% receive some other type of public assistance.

The local economy remains stable with some growth noted in the manufacturing and services industries. The AA's 1997 unemployment rate equaled 7.3% which is high compared to the state's average of 6.2% and the national average of 4.6%.

Banking within the AA is competitive with several financial institutions to meet local credit needs. There is a state bank affiliate of a North Carolina holding company, a branch of a large national bank with its main office in Charleston, WV, a national bank affiliate of a Holding company headquartered in Charleston, WV, and an independent national bank.

As part of our review, we reviewed three community contacts who deal with housing and business issues to help us better understand the local credit needs. These contacts identified a demand exists for loans under \$1,000 and deposit accounts with no minimum balance requirements. The bank originates numerous loans less than \$1,000.

* *A BNA is a non metropolitan area defined by the Bureau of the Census for information gathering purposes.*

** *The term median family income describes the median income earned by people sharing a home that are related by birth, marriage, or adoption.*

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

◆ Loan to Deposit Ratio

GVNB's loan to deposit ratio is reasonable. During the twelve quarters since the last CRA examination, GVNB's loan to deposit ratio has increased from 78% on March 31, 1995, to 82% on December 31, 1997, with an average loan to deposit ratio of 79%. The average loan to deposit ratios of the two other national banks in the AA were 77% and 73% for the same time period.

◆ Lending in Assessment Area

A substantial majority of the bank's lending activity is within the AA. In order to determine this, we sampled 47 residential real estate related loans and 5 consumer loans that originated in 1997. This sample showed 81% of the number of loans were inside the AA and 19% were outside. By dollar volume, 79% were inside and 21% were outside.

◆ Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Lending levels reflect a reasonable distribution among borrowers of various income levels and businesses of different sizes. We determined this by analyzing the same sample as above plus a recent consumer loan sample of 18 loans used by the bank. Based on these samples, the percentage distribution of loans to individuals within each income level are shown below.

Percentage of the Number of Loans to Individuals of Different Income Levels Within the AA				
Income Level	Families in the AA	Consumer Loans	Residential Real Estate Loans	Total Loans to Individuals
Low	18%	35%	4%	15%
Moderate	18%	30%	13%	19%
Middle	22%	22%	19%	20%
Upper	42%	11%	60%	46%

Although the number of loans to low-income borrowers appears low, this can be explained, in part, by the number of families with low income levels. Of the approximately 10,000 families, 1,800 made less than \$13,800 annually and another 1,800 families make less than \$22,000 annually based on 1990 census data. These income levels make it difficult to qualify for loans, especially housing related loans. Another consideration is that West Virginia's median family income for 1996 is low compared to other states, ranking 47th out of 50. The 1990 census data also indicates that many persons within the AA rent, as opposed to owning their own home. In 1990, there were 3,355 rental units in the area and 20% were occupied. Rental units accounted for 22% of the 16,757 housing units in the AA.

The bank's level of lending to businesses of different sizes is reasonable. By using the size of loans as an indicator of business size, we found that approximately 95% of commercial loans originated during the last three months of 1997 were for amounts less than \$1 million. In addition, 73% of these loans were for amounts less than \$250,000. The bank had originated nine Small Business Administration loans totaling \$708,000 and five Rural Economic Development (former Farmer's Home Administration) loans, totaling \$483,000, since the last CRA examination. The bank is also a participant in the West Virginia Capital Corporation which is designed to fund loans to new businesses. One local business has been approved for a \$100,000 line of credit.

In addition to the above loans, the bank has financed two Habitat for Humanity loans totaling \$46,250. The bank also has a \$150,000 line of credit to Greenbrier Community Services, Inc., which receives grants from West Virginia Housing to repair and construct homes for low and moderate income applicants. They have also allocated funds to a program administered through the Greenbrier Community Services, Inc. and the West Virginia Housing Development Fund for home loans to low income applicants. One loan has been originated under this program for \$9,000.

◆ **Geographic Distribution of Loans**

GVNB's geographic distribution of loans reflects a reasonable dispersion throughout their AA based on the above samples. We found that the majority of loan originations are concentrated in areas closest to the bank's offices and there were no conspicuous, unexplainable gaps. As mentioned earlier, there are no low or moderate income geographies in the AA so an analysis by BNAs would not be meaningful.

◆ **Response to Complaints**

GVNB has received no CRA related complaints since the prior CRA evaluation in February 1995.

◆ **Compliance with Antidiscrimination Laws and Regulations**

A fair lending examination was performed in conjunction with our CRA evaluation. No violations of the substantive provisions of antidiscrimination laws and regulations were identified.