SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **1995-01-11** | Period of Report: **1995-01-09**
SEC Accession No. 0000950168-95-000011

(HTML Version on secdatabase.com)

FILER

ONE VALLEY BANCORP OF WEST VIRGINIA INC

CIK:**351616**| IRS No.: **550609408** | State of Incorp.:**WV** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-10042** | Film No.: **95501009**
SIC: **6022** State commercial banks

Business Address
*ONE VALLEY SQ
SUMMERS & LEE STS PO
BOX 1793
CHARLESTON WV 25326
3043487000*

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) JANUARY 10, 1995

ONE VALLEY BANCORP OF WEST VIRGINIA, INC.
(Exact name of registrant as specified in its charter)

<TABLE>
<CAPTION>

<S>	<C>	<C>
WEST VIRGINIA	0-10042	55-0609408
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

</TABLE>

ONE VALLEY SQUARE, CHARLESTON, WEST VIRGINIA 25326
(Address of principal executive offices)
(Zip Code)

(304) 348-7000
(Registrant's telephone number, including area code)

Not applicable
(Former name, address, and fiscal year, if changed since last report)

ONE VALLEY BANCORP OF WEST VIRGINIA, INC.

Item 5. Other Events

As previously reported on Form 8-K, the merger between One Valley Bancorp of West Virginia, Inc., and Mountaineer Bankshares of W.Va., Inc., was consummated on January 28, 1994. Set forth below are the Consolidated Financial Statements of Registrant as of December 31, 1993 and 1992, and for the three years in the period ended December 31, 1993, and Management's Discussion and Analysis of Financial Condition and Results of Operations restated to reflect that merger, which was accounted for as a pooling of interests.

One Valley Bancorp of West Virginia, Inc. and Subsidiaries

Audited Consolidated Financial Statements

December 31, 1993

Contents

Report of Independent Auditors . . . . 1, 1A and 1B

Audited Consolidated Financial Statements

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Consolidated Balance Sheets 2
Consolidated Statements of Income 3
Consolidated Statements of Shareholders' Equity 4
Consolidated Statements of Cash Flows 5
Notes to Consolidated Financial Statements 6

Report of Independent Auditors

The Board of Directors and Shareholders
One Valley Bancorp of West Virginia, Inc.

We have audited the accompanying consolidated balance sheets of One Valley Bancorp of West Virginia, Inc. and subsidiaries (formed as a result of the merger of One Valley and Mountaineer) as of December 31, 1993 and 1992, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. These consolidated financial statements have been restated to give retroactive effect to the merger of One Valley and Mountaineer on January 28, 1994, which was accounted for using the pooling of interests method as described in Notes 1 and 3 to the consolidated financial statements. We did not audit the consolidated financial statements of Mountaineer Bankshares of W.Va., Inc. and subsidiaries (Mountaineer) which statements reflect total assets of $738,517 and $720,593 as of December 31, 1993 and 1992, respectively, and total interest income of $52,645, $55,403, and $56,818 for each of the three years in the period ended December 31, 1993. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to data included for Mountaineer, is based solely on the report of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of One Valley Bancorp of West Virginia, Inc. and subsidiaries at December 31, 1993 and 1992, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

/s/ Ernst & Young

January 25, 1994, except for Note 1, as to
which the date is November 30, 1994

Report of Independent Auditors

Board of Directors and Shareholders
Mountaineer Bankshares of W.Va., Inc.
Martinsburg, West Virginia

We have audited the accompanying consolidated balance sheets of MOUNTAINEER BANKSHARES OF W.VA., INC., as of December 31, 1993 and 1992 and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 1993 (which are not presented separately herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the consolidated financial statements of Sunrise Bancorp, Inc., a wholly-owned subsidiary acquired January 29, 1993, in a pooling-of-interests transaction, which statements reflect total assets of $64,995,000 as of December 31, 1992, and net income of $570,000 and $484,000 for the years ended December 31, 1992 and 1991, respectively. Those statements were audited by other auditors and our opinion, in so far as it relates to the amounts included for Sunrise Bancorp, Inc., is based solely on the report of the other auditors.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

We conducted our audits in accordance with 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 and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of MOUNTAINEER BANKSHARES OF W.VA., INC. as of December 31, 1993 and 1992, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in Notes 1 and 11 to the consolidated financial statements, the Company changed its method of accounting for postretirement benefits other than pensions and income taxes.

/s/ CROWE, CHIZEK AND COMPANY

Columbus, Ohio
February 4, 1994

Report of Independent Auditors

Board of Directors and Shareholders
Sunrise Bancorp, Inc.
Wheeling, West Virginia

We have audited the accompanying consolidated balance sheet of Sunrise Bancorp, Inc., as of December 1992 and 1991, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 1992 (not presented separately herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 present fairly, in all material respects, the consolidated financial position of Sunrise Bancorp, Inc., as of December 31, 1992 and 1991, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1992, in conformity with generally accepted accounting principles.

Wheeling, West Virginia /s/ S.R. Snodgrass, A.C.
February 15, 1993

One Valley Bancorp of West Virginia, Inc. and Subsidiaries

Consolidated Balance Sheets

(Dollars in thousands, except per share data)

<TABLE>
<CAPTION>

	December 31	
	1993	1992
<S>	<C>	<C>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Assets		
Cash and due from banks Note 2	$ 141,195	$ 155,716
Interest-bearing deposits in other banks	8,028	7,791
Federal funds sold	31,145	127,939
Cash and cash equivalents	180,368	291,446
Securities (fair value approximated $1,081,742 at December 31, 1993 and $1,051,762 at December 31, 1992) Note 4	1,060,036	1,029,275
Loans, net Notes 5 and 6	2,132,888	1,962,222
Premises and equipment Note 7	80,233	81,269
Accrued interest receivable	26,900	29,275
Other assets	32,451	34,100
Total assets	$3,512,876	$3,427,587
Liabilities and shareholders' equity		
Liabilities:		
Deposits Note 8:		
Non-interest bearing	$ 412,317	$ 399,777
Interest bearing	2,524,418	2,481,835
Total deposits	2,936,735	2,881,612
Short-term borrowings Note 9:		
Federal funds purchased	14,012	17,718
Securities sold under agreements to repurchase and other	204,408	186,558
Total short-term borrowings	218,420	204,276
Long-term borrowings Note 10	22,788	30,218
Other	29,749	30,943
Total liabilities	3,207,692	3,147,049
Shareholders' equity Note 14:		
Preferred stock $10 par value; authorized 1,000,000 shares; none issued		
Common stock $10 par value; authorized 40,000,000 shares; 17,516,795 and 17,493,518 shares outstanding at December 31, 1993 and 1992, respectively, including 270,000 shares in treasury at December 31, 1993 and 1992	175,168	174,935
Capital surplus	25,830	25,352
Retained earnings	107,315	83,380
Treasury stock	(3,129)	(3,129)
Total shareholders' equity	305,184	280,538
Total liabilities and shareholders' equity	$3,512,876	$3,427,587

</TABLE>

See notes to consolidated financial statements.

One Valley Bancorp of West Virginia, Inc. and Subsidiaries
Consolidated Statements of Income
(Dollars in thousands, except per share data)

<TABLE>
<CAPTION>

	Year Ended December 31		
	1993	1992	1991
<S>	<C>	<C>	<C>
Interest income:			
Interest and fees on loans:			
Taxable	$179,971	$186,681	$165,539
Tax-exempt	2,122	2,068	2,552
Total	182,093	188,749	168,091
Interest and dividends on securities:			
Taxable	55,868	64,466	58,483
Tax-exempt	6,634	5,979	7,076
Total	62,502	70,445	65,559
Other	3,104	4,290	9,142
Total interest income	247,699	263,484	242,792
Interest expense:			
Deposits	90,807	109,713	120,437
Short-term borrowings Note 9	6,270	8,203	8,947
Long-term borrowings Note 10	2,709	2,123	1,529
Total interest expense	99,786	120,039	130,913
Net interest income	147,913	143,445	111,879
Provision for loan losses Note 6	5,788	11,389	6,671
Net interest income after provision for loan losses	142,125	132,056	105,208
Other income:			
Trust Department	7,272	6,041	5,327
Service charges on deposit accounts	11,963	11,281	8,981
Real estate loan processing and servicing fees	8,080	8,453	2,423
Other service charges and fees	4,083	4,236	3,531
Securities gains (losses)	113	(35)	(730)

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Other Note 16	8,751	7,392	4,824
Total other income	40,262	37,368	24,356
Other expenses:			
Salaries and employee benefits Note 12	61,511	55,457	46,236
Net occupancy Note 7	6,206	6,199	4,315
Equipment	10,604	10,503	8,759
Outside data processing	4,575	2,351	1,864
Federal deposit insurance	6,519	6,127	4,629
Other Note 16	36,692	35,503	26,626
Total other expenses	126,107	116,140	92,429
Income before income taxes	56,280	53,284	37,135
Applicable income taxes Note 11	18,326	16,646	10,743
Net income	$ 37,954	$ 36,638	$ 26,392
Net income per common share	$2.20	$2.13	$1.72
Average common shares outstanding	17,237	17,211	15,361

</TABLE>

See notes to consolidated financial statements.

One Valley Bancorp of West Virginia, Inc. and Subsidiaries
Consolidated Statements of Shareholders' Equity
(Dollars in thousands, except per share data)

<TABLE>
<CAPTION>

<S>	Common Stock <C>	Capital Surplus <C>	Retained Earnings <C>	Treasury Stock <C>	Net Unrealized Loss on Marketable Equity Securities <C>
Balances at January 1, 1991	$105,157	$ 6,108	$ 99,540	$(3,129)	$(3,648)
Net income for 1991			26,392		
Acquisition of treasury stock by Mountaineer		(502)			
Issuance of common stock:					
Public offering (1,035,000 shares)	10,350	18,757			
Stock options exercised (56,955 shares) Note 12	569	570			
Cash dividends on One Valley shares ($.62 per share)			(7,064)		
Cash dividends on Mountaineer shares			(2,313)		
Change in net unrealized loss on marketable equity securities					3,409
Balances at December 31, 1991	116,076	24,933	116,555	(3,129)	(239)
Net income for 1992			36,638		
Acquisition of treasury stock by Mountaineer		(41)			
Stock options exercised (50,423 shares) Note 12	505	472			
Cash dividends on One Valley shares ($.70 per share)			(8,968)		
Cash dividends on Mountaineer shares			(2,483)		
Three-for-two stock split in the form of a 50% stock dividend	36,453	(12)	(36,461)		
Six-for-five stock split in the form of a 20% stock dividend	21,901		(21,901)		
Change in net unrealized loss on marketable equity securities					239
Balances at December 31, 1992	174,935	25,352	83,380	(3,129)	
Net income for 1993			37,954		
Sale of treasury stock by Mountaineer		420			
Stock options exercised (24,280 shares) and adjustment for fractional shares Note 12	233	58			
Cash dividends on One Valley shares ($.84 per share)			(10,826)		
Cash dividends on Mountaineer shares			(3,193)		
Balances at December 31, 1993	$175,168	$25,830	$107,315	$(3,129)	$

</TABLE>

See notes to consolidated financial statements.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

One Valley Bancorp of West Virginia, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Dollars in thousands)

<TABLE>
<CAPTION>

	Year Ended December 31		
	1993	1992	1991
<S>	<C>	<C>	<C>
Operating activities:			
Net income	$ 37,954	$ 36,638	$ 26,392
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	5,788	11,389	6,671
Depreciation	7,492	8,104	6,738
Amortization, net of accretion	7,390	7,828	5,610
Deferred income taxes (benefit)	(2,142)	(2,018)	(1,442)
Net (gains) losses from sales of assets	(544)	(593)	1,213
Loans originated for sale	(163,800)	(218,466)	(45,184)
Proceeds from loans sold	170,220	207,871	36,988
Decrease (increase) in accrued interest receivable	1,844	2,659	(2,170)
Decrease in accrued interest payable	(2,978)	(70)	(1,051)
Net change in other assets and other liabilities	3,141	(4,239)	(1,324)
Net cash provided by operating activities	64,365	49,103	32,441
Investing activities:			
Proceeds from sale of marketable equity securities		35,572	
Proceeds from sales of securities	35,604	27,326	42,241
Proceeds from maturities of securities	504,582	611,284	442,843
Purchases of securities	(581,210)	(665,703)	(669,219)
Net cash received in acquisitions, net of cash paid			140,758
Sale of branch, net of deposits transferred and gain on sale		(8,489)	
Net increase in loans	(175,424)	(62,691)	(67,563)
Purchases of premises and equipment	(7,524)	(8,797)	(6,142)
Net cash used in investing activities	(223,972)	(71,498)	(117,082)
Financing activities:			
Net increase in deposits	55,123	64,258	54,345
Net (decrease) increase in federal funds purchased	(3,706)	4,607	(147)
Net increase (decrease) in other short-term borrowings	17,850	(4,783)	52,997
Repayment of long-term borrowings	(19,586)	(4,821)	(644)
Proceeds from long-term borrowings	12,156	18,900	2,356
Proceeds from issuance of common stock	291	957	30,246
Proceeds from sales (purchases) of treasury stock by Mountaineer	420	(41)	(502)
Cash dividends	(14,019)	(11,451)	(9,377)
Net cash provided by financing activities	48,529	67,626	129,274
(Decrease) increase in cash and cash equivalents	(111,078)	45,231	44,633
Cash and cash equivalents at beginning of year	291,446	246,215	201,582
Cash and cash equivalents at end of year	$180,368	$291,446	$246,215

</TABLE>

See notes to consolidated financial statements.

One Valley Bancorp of West Virginia, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 1993

(Dollars in thousands, except per share data)

1. Summary of Significant Accounting and Reporting Policies

The accounting and reporting policies of One Valley Bancorp of West Virginia, Inc. and its subsidiaries (One Valley) conform to generally

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

accepted accounting principles and to general practices within the banking industry. The following is a summary of the more significant policies.

Basis of Presentation

These consolidated financial statements have been prepared to give retroactive effect to the merger with Mountaineer on January 28, 1994, which was accounted for as a pooling of interests.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of One Valley Bancorp of West Virginia, Inc. and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

Cash and Cash Equivalents

One Valley considers cash and due from banks, interest-bearing deposits in other banks, and federal funds sold as cash and cash equivalents. The carrying amounts reported in the December 31, 1993 and 1992, balance sheets for cash and cash equivalents approximate those assets' fair values.

Securities

Management determines the appropriate classification of securities at the time of purchase. If management has the intent and One Valley has the ability at the time of purchase to hold securities until maturity, they are classified as investments and carried at amortized historical cost adjusted for amortization of premiums and accretion of discounts, which are recognized as adjustments to interest income. Securities to be held for indefinite periods of time and not intended to be held-to-maturity are classified as available-for-sale and carried at the lower of cost or market value. Securities held for indefinite periods of time include securities that management intends to use as part of its asset/liability management strategy and that may be sold in response to changes in interest rates, resultant prepayment risk, and other factors related to interest rate and resultant prepayment risk changes.

The adjusted cost of the specific security sold is used to compute gain or loss on the sale of investment securities.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate.

Allowance for Loan Losses

In determining the adequacy of the allowance for loan losses, as well as the appropriate provision for loan losses, management takes into consideration the results of internal review procedures, historical loan loss experience, an assessment of the effect of current and anticipated future economic conditions on the loan portfolio, the financial condition of the borrower and such other factors which, in management's judgment, deserve recognition. In management's judgment, the allowance for loan losses is maintained at a level adequate to provide for probable losses on existing loans and commitments.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed principally on the straight-line method over the estimated useful lives of the assets.

Income Taxes

The consolidated provision for applicable income taxes is based upon reported income and expense. Deferred income taxes (included in other assets) are provided for temporary differences between the tax basis of an asset or liability and its reported amount in the financial statements at the statutory tax rate.

One Valley and its subsidiaries file consolidated federal and state income tax returns. Each subsidiary provides for income taxes on a separate return basis, and remits amounts determined to be currently payable to the parent company.

Revenue Recognition

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Interest income on loans, amortization of unearned income, and accretion of discounts are computed by methods which generally result in level rates of return on principal amounts outstanding.

The accrual of interest income generally is discontinued when a loan becomes 90 days past due as to principal or interest. When interest accruals are discontinued, unpaid interest recognized in income in the current year is reversed, and interest accrued in prior years is charged to the allowance for loan losses. Management may elect to continue the accrual of interest when the estimated net realizable value of collateral exceeds the principal balance and accrued interest, and the loan is in the process of collection.

Loan Fees and Costs

Loan origination and commitment fees and direct loan origination costs are being recognized as collected and incurred. The use of this method of recognition does not produce results that are materially different from results which would have been produced if such costs and fees were deferred and amortized as an adjustment of the loan yield over the life of the related loan.

Net Income per Common Share

Net income per common share is computed by dividing net income by the average common shares outstanding during the year. Options under the One Valley stock option plan are considered common stock equivalents for the purpose of net income per common share data but are excluded from the computation because they are immaterial.

2. Restrictions on Cash and Due From Bank Accounts

Bank subsidiaries are required to maintain average reserve balances with the Federal Reserve Bank. The average amount of those reserve balances for the year ended December 31, 1993, was approximately $26,900.

3. Merger and Acquisitions

In January 1994, One Valley acquired all of the outstanding common stock of Mountaineer Bankshares of W.Va., Inc. (Mountaineer) in exchange for 4,350,000 shares of One Valley common stock. This combination has been accounted for as a pooling of interests. The consolidated financial statements have been restated, giving retroactive effect to the merger as though it had been consummated in the earliest period presented. Following is an analysis presenting the results of operations for 1993, 1992 and 1991 of the separate companies.

	1993	1992	1991
Net interest income:			
One Valley	$116,912	$113,670	$ 85,626
Mountaineer	31,001	29,775	26,253
Consolidated	$147,913	$143,445	$111,879
Net income:			
One Valley	$ 32,469	$ 29,477	$ 21,216
Mountaineer	5,485	7,161	5,176
Consolidated	$ 37,954	$ 36,638	$ 26,392
Net income per common share:			
One Valley	$2.52	$2.29	$1.93
Mountaineer	1.89	2.48	1.79
Consolidated	2.20	2.13	1.72

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

One Valley Bancorp of West Virginia, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

In 1991, One Valley was declared the successful bidder for the purchase of certain assets and the assumption of the deposits and certain other liabilities of Atlantic Financial Federal - West Virginia, F.S.A. (AFF-WV) following its closure by the Office of Thrift Supervision. One Valley assumed deposits of approximately $525 million in exchange for net loans of $339 million, securities of $44 million, cash and cash equivalents of $134 million (including $41.2 million, which represents One Valley's negative bid for the acquired assets) and certain other assets. This acquisition was accounted for under the purchase method of accounting.

In addition, One Valley has acquired several other banks in prior years in acquisitions accounted for using the purchase method of accounting. The purchase prices of all these acquisitions were allocated to the identifiable tangible and intangible assets acquired based upon their fair value at the acquisition date. Intangible assets representing the present value of future net income to be earned from deposits of acquired banks are being amortized on an accelerated basis over a ten year period. Deposit intangibles included in other assets approximated $1,800 and $2,600 at December 31, 1993 and 1992. Deposit intangible amortization approximated $800 in 1993 and $900 in 1992 and 1991.

The excess of purchase price over the fair market value of assets of subsidiary banks acquired (goodwill) is being amortized on a straight-line basis over periods ranging from 15 to 25 years. Goodwill, included in other assets, approximated $4,300 and $4,700 at December 31, 1993 and 1992. Goodwill amortization approximated $300 in 1993, 1992, and 1991.

4. Securities

The amortized cost and estimated fair values of debt securities are summarized as follows:

<TABLE>
<CAPTION>

	December 31, 1993			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 709,229	$12,330	$ (526)	$ 721,033
Obligations of states and political subdivisions	137,654	5,864	(650)	142,868
Mortgage-backed securities	197,444	5,104	(731)	201,817
Other debt securities	15,709	319	(4)	16,024
Totals	$1,060,036	$23,617	$(1,911)	$1,081,742

</TABLE>

One Valley Bancorp of West Virginia, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

<TABLE>
<CAPTION>

	December 31, 1992			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 755,737	$13,590	$(354)	$ 768,973

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Obligations of states and political subdivisions	83,653	4,402	(115)	87,940
Mortgage-backed securities	171,346	5,182	(410)	176,118
Other debt securities	18,539	200	(8)	18,731
Totals	$1,029,275	$23,374	$(887)	$1,051,762

</TABLE>

<TABLE>
<CAPTION>

	December 31, 1991			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 765,784	$20,135	$ (9)	$ 785,910
Obligations of states and political subdivisions	84,146	5,100	(70)	89,176
Mortgage-backed securities	144,993	7,780	(60)	152,713
Other debt securities	9,822	87	(12)	9,897
Totals	$1,004,745	$33,102	$(151)	$1,037,696

</TABLE>

In May 1993 the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities, effective for fiscal years beginning after December 15, 1993. With the impending adoption of this Statement, management has reevaluated its classification of securities and assigned an additional $492,809 of securities as available-for-sale. Securities designated as available-for-sale at December 31, 1993, approximated $632,380 and consisted primarily of U.S. Treasury securities and obligations of U.S. government corporations and agencies with remaining contractual maturities of less than five years. These securities had unrealized appreciation of approximately $7,942. One Valley will adopt the provisions of the new standard as of January 1, 1994. In accordance with the Statement, prior period financial statements will not be restated to reflect the change in accounting principle. The effect of adopting this Statement will be to increase the opening balance of shareholders equity by $4,765 (net of $3,177 in deferred income taxes) to reflect the net unrealized holding gains on securities classified as available-for-sale previously carried at amortized cost.

The amortized cost and estimated fair value of debt securities at December 31, 1993, by contractual maturity, are shown below. Expected maturities may differ from contractual

maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<TABLE>
<CAPTION>

	Amortized Cost	Estimated Fair Value
<S>	<C>	<C>
Due in one year or less	$ 267,046	$ 269,612
Due after one year through five years	392,464	399,007
Due after five years through ten years	110,079	116,187
Due after ten years	93,003	95,119
	862,592	879,925
Mortgage-backed securities	197,444	201,817
Totals	$1,060,036	$1,081,742

</TABLE>

At December 31, 1993 and 1992, securities carried at $429,200 and $408,300, respectively, were pledged to secure public deposits, repurchase agreements, and for other purposes as required or permitted by law.

Fair values for securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

on quoted market prices of comparable instruments.

5. Loans

Loans are summarized as follows:

<TABLE>
<CAPTION>

<S>	December 31 <C> 1993	<C> 1992
Commercial, financial and agricultural	$ 306,425	$ 286,532
Real estate:		
Revolving home equity	102,648	93,092
Single family residential	869,502	777,428
Apartment buildings and complexes	41,465	45,798
Commercial	320,668	282,728
Construction	33,682	43,108
Installment loans to individuals	465,216	454,032
Bankers' acceptances	2,123	560
Other	27,643	14,623
Total loans net of unearned income	2,169,372	1,997,901
Less allowance for loan losses	36,484	35,679
Loans net	$2,132,888	$1,962,222

Unearned income approximated $4,100 and $5,400 at December 31, 1993 and 1992, respectively.

In May 1993, the FASB issued Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan, which is effective for fiscal years beginning after December 15, 1994. The Statement requires that impaired loans be measured at the present value of expected future cash flows discounted at the loan s original effective interest rate or, as a practical expedient, at the loan s observable market price or the fair value of the collateral if the loan is collateral dependent. The adoption of this Statement is not anticipated to have a material effect on One Valley s financial statements.

The fair values for fixed rate commercial, mortgage, and consumer loans are estimated using discounted cash flow analyses at interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The carrying value of accrued interest approximates its fair value. The estimated fair value of loans at December 31, 1993 and 1992 approximated $2,173,000 and $2,017,000.

One Valley originates and sells fixed rate mortgage loans primarily to governmental agencies on a servicing retained basis. Interest rates are determined at the date of the commitment to sell the loans and the commitment period generally ranges from 60 to 90 days. At December 31, 1993, One Valley held loans for sale of approximately $18,433 and had commitments to originate and sell loans of approximately $16,100.

The mortgage loan portfolio serviced by One Valley for the benefit of others approximated $842,000, $1,007,000, and $1,082,000 at December 31, 1993, 1992, and 1991, respectively. Custodial escrow balances maintained in connection with the foregoing loan servicing and One Valley's own mortgage loan portfolio were approximately $10,968 and $12,304 at December 31, 1993 and 1992.

One Valley and its subsidiaries have granted loans to officers and directors of One Valley and its subsidiaries and to their associates. Related party loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and did not involve more than normal risk of collectibility.

The following presents the activity with respect to related party loans aggregating $60 or more to any one related party:

1993 1992

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Balance, January 1	$70,695	$67,346
Additions	26,989	33,168
Amount collected	(24,838)	(29,819)
Balance, December 31	$72,846	$70,695

6. Allowance for Loan Losses

Changes in the allowance for loan losses for each of the three years in the period ended December 31, 1993, were as follows:

	1993	1992	1991
Balance, January 1	$35,679	$30,567	$20,290
Charge-offs	(7,381)	(8,561)	(7,588)
Recoveries	2,398	2,284	2,110
Net charge-offs	(4,983)	(6,277)	(5,478)
Provision for loan losses	5,788	11,389	6,671
Balance of acquired subsidiaries			9,084
Balance, December 31	$36,484	$35,679	$30,567

7. Premises and Equipment

The major categories of premises and equipment and accumulated depreciation are summarized as follows:

	December 31	
	1993	1992
Land	$ 14,510	$ 14,576
Buildings and improvements	73,065	72,351
Equipment	49,202	49,328
Total	136,777	136,255
Less accumulated depreciation	(56,544)	(54,986)
Premises and equipment net	$ 80,233	$ 81,269

One Valley has entered into noncancelable lease agreements (operating leases) for certain premises and equipment and outside data processing services. The minimum annual rental commitment under these lease and service agreements, exclusive of taxes and other charges payable by the lessees, is: 1994 $3,200; 1995 $3,200; 1996 $3,100; 1997 $2,700; and 1998 $2,600, with $5,200 of commitments extending beyond 1998.

Total expense under these lease agreements, including cancelable and noncancelable leases, was $3,100 in 1993, $1,700 in 1992, and $1,500 in 1991.

8. Deposit Liabilities

The fair values of demand deposits (i.e. interest and noninterest bearing checking, regular savings, and other types of money market demand accounts) are, by definition, equal to their carrying amounts. Fair values for certificates of deposit are estimated using a discounted cash

flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregate expected monthly maturities of time deposits. The estimated fair value of total deposits at December 31, 1993 and 1992, approximated $2,946,000 and $2,891,000. FASB Statement No. 107 defines the fair value of demand deposits as the amount payable on demand, and prohibits adjusting fair value for any value derived from retaining

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

those deposits for an unexpected future period of time (commonly referred to as a deposit base intangible). Accordingly, the deposit base intangible is not considered in the above estimated fair value of total deposits at December 31, 1993 and 1992.

Interest paid on deposits, short-term borrowings, and long-term borrowings approximated $103,000 in 1993, $121,000 in 1992, and $130,000 in 1991.

9. Short-Term Borrowings

Federal funds purchased and securities sold under agreements to repurchase represent borrowings with maturities primarily from overnight to 90 days. The carrying amounts of short-term borrowings approximate their fair values. Additional details regarding short-term borrowings are set forth below:

</TABLE>
<TABLE>
<CAPTION>

<S>	Federal Funds Purchased <C>	Repurchase Agreements and Other <C>
1993:		
Average amount outstanding during year	$19,313	$195,080
Maximum amount outstanding at any month end	22,236	221,779
Weighted average interest rate:		
During year	3.17%	2.90%
End of year	2.92%	2.58%
1992:		
Average amount outstanding during year	$19,183	$202,418
Maximum amount outstanding at any month end	42,366	218,381
Weighted average interest rate:		
During year	3.51%	3.71%
End of year	2.92%	3.26%
1991:		
Average amount outstanding during year	$18,159	$144,037
Maximum amount outstanding at any month end	22,123	191,341
Weighted average interest rate:		
During year	5.72%	5.41%
End of year	4.47%	4.55%

</TABLE>

10. Long-Term Borrowings

Long-term borrowings of $22,788 and $30,218 at December 31, 1993 and 1992 primarily consist of Federal Home Loan advances. The advances mature as follows: 1994 - $5,000, 1995 - $12,000, 1996 - $5,000, and 2002 - $500. The advances bear a weighted average interest rate of 5.17% at December 31, 1993. The fair values of the long-term borrowings are estimated using

discounted cash flow analyses based on One Valley's current incremental borrowing rates for similar types of borrowing arrangements. The estimated fair value of long-term borrowings at December 31, 1993 and 1992 approximated $22,900 and $31,000.

11. Income Taxes

The income tax provisions (benefits) included in the consolidated statements of income are summarized as follows:

	1993	1992	1991
Federal:			
Current	$18,100	$16,854	$10,435
Deferred	(2,142)	(2,018)	(1,442)
State	2,368	1,810	1,750
Total	$18,326	$16,646	$10,743

A reconciliation between the amount of reported income tax expense and the

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

amount computed by applying the statutory federal income tax rate to income before income taxes is as follows:

<TABLE>
<CAPTION>

<S>	1993 Amount <C>	1993 Percent <C>	1992 Amount <C>	1992 Percent <C>	1991 Amount <C>	1991 Percent <C>
Computed tax at statutory federal rate	$19,698	35.0%	$18,116	34.0%	$12,626	34.0%
Plus: State income taxes net of federal tax benefits	1,511	2.7	1,198	2.2	1,166	3.1
	21,209	37.7	19,314	36.2	13,792	37.1
Increase (decrease) in taxes resulting from:						
Tax-exempt interest	(2,931)	(5.2)	(2,708)	(5.1)	(3,018)	(8.1)
Other net	48	.1	40	.1	(31)	(.1)
Actual tax expense	$18,326	32.6%	$16,646	31.2%	$10,743	28.9%

</TABLE>

Significant components of One Valley's deferred tax assets and liabilities are as follows:

	December 31 1993	December 31 1992
Deferred tax assets:		
Allowance for loan losses	$12,829	$11,193
Accrued employee benefits	2,331	2,206
Other accrued expenses	2,054	1,348
Total deferred tax assets	17,214	14,747
Deferred tax liabilities:		
Premises and equipment	2,521	2,629
Loans	4,522	4,089
Total deferred tax liabilities	7,043	6,718
Net deferred tax assets	$10,171	$ 8,029

Income taxes (benefit) related to securities gains (losses) approximated $45, $(14), and $(292) in 1993, 1992, and 1991.

One Valley made tax payments of approximately $22,000 in 1993, $20,000 in 1992, and $12,000 in 1991.

12. Employee Benefit Plans

One Valley and Mountaineer have defined benefit pension plans covering substantially all of their employees. The benefits are based on years of service and the employee's compensation during the last five years of employment. The funding policy of One Valley and Mountaineer is to contribute annually the maximum amount that can be deducted for federal income tax purposes.

The following table presents the funded status of these plans and amounts recognized in the consolidated balance sheets at December 31:

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>
Actuarial present value of accumulated benefit obligation, including vested benefits of $18,020 in 1993 and $13,150 in 1992	$ 19,137	$ 13,316
Actuarial present value of projected benefit obligation for services rendered to date	$(28,602)	$(22,183)
Plan assets at fair value, consisting primarily of cash, listed stocks, and U.S. bonds	22,705	18,424
Projected benefit obligation in excess of plan assets	(5,897)	(3,759)
Unrecognized net asset at November 1, 1987, net of		

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

amortization	(2,598)	(2,842)
Unrecognized net loss from past experience different from that assumed and effects of changes in assumptions	6,064	3,582
Unrecognized prior service cost	219	235
Accrued pension cost included in other liabilities	$ (2,212)	$ (2,784)

</TABLE>

Following is a summary of the components of net periodic pension cost:
<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Service cost benefits earned during the period	$1,445	$1,231	$1,044
Interest cost on projected benefit obligation	1,740	1,568	1,247
Actual return on plan assets	(2,640)	(996)	(1,830)
Net amortization and deferral	893	(629)	282
Early retirement benefits			326
Net periodic pension cost	$1,438	$1,174	$1,069

</TABLE>

The weighted-average discount rate used in determining the actuarial present value of projected benefit obligations was 7% and 8% at December 31, 1993 and 1992. The rate of increase in

future compensation levels used in determining the actuarial present value of projected benefit obligations was 5.5% in 1993 and 6% in 1992. The expected long-term rate of return on plan assets in 1993, 1992, and 1991 was 8.5%. During 1993, the unrecognized net loss increased due to the change in the weighted-average discount rate. This increase was partially offset by actuarial experience gains relating to the return on plan assets.

In 1993, One Valley adopted FASB No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions. One Valley has a defined benefit postretirement plan covering all employees who qualify for and elect to retire with a normal or early retirement benefit under the defined benefit pension plan. The plan provides medical and dental benefits. This plan is contributory and contains cost sharing features such as deductibles and co-insurance. One Valley s policy is to fund the cost of the plan in amounts determined at the discretion of management. The effect of adopting Statement 106 increased 1993 net periodic postretirement benefit cost by approximately $400. Postretirement benefit costs for 1992 and 1991, which were recorded on a cash basis, have not been restated.

The following table presents the plan s funded status and amounts recognized in the consolidated balance sheets at December 31:

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>
Accumulated postretirement benefit obligation:		
Active plan participants fully eligible for benefits	$ (54)	$ (72)
Other active participants	(2,512)	(1,472)
Current retirees	(2,700)	(2,826)
	(5,266)	(4,370)
Plan assets		
Accumulated postretirement benefit obligation in excess of plan assets	(5,266)	(4,370)
Unrecognized transition obligation	4,151	4,370
Unrecognized prior service cost	245	
Unrecognized net loss from past experience different from that assumed and effects of changes in assumptions	467	
Accrued postretirement benefit cost included in other liabilities	$ (403)	$

</TABLE>

Net periodic postretirement benefit cost included the following components:

<TABLE>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

<CAPTION>

<S>	1993	1992	1991
Service cost	$141		
Interest cost	350		
Amortization of transition obligation over 20 years	218		
Net periodic postretirement benefit cost	$709	$261	$148

</TABLE>

The weighted-average annual assumed rate of increase in the per capita cost of covered benefits (i.e. health care cost trend rate) is 12% for 1994 (same as the rate previously assumed for 1993)

and is assumed to decrease gradually to 5% in 2001 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation for the plan as of December 31, 1993, by $358 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for 1993 by $68.

The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7% and 8% at December 31, 1993 and 1992.

In 1993, the FASB issued Statement of Financial Accounting Standards No. 112, Employers Accounting for Postemployment Benefits, which is effective in 1994 for One Valley. This Statement requires employers to recognize the obligation to provide postemployment benefits if the obligation is attributable to employees services already rendered, employees rights to those benefits accumulate or vest, payment of the benefits is probable, and the amount of the benefits can be reasonably estimated. The adoption of this Statement will not be material to One Valley s financial statements.
One Valley has nonqualified and incentive stock option plans for certain key employees. Pursuant to these Plans, an aggregate maximum of 1,158,000 shares of common stock were reserved for issuance, although no more than 162,000 shares may be issued in any calendar year. At December 31, 1993, there were outstanding and exercisable options for the purchase of 314,713 shares at prices ranging from $10.28 to $28.38 per share. During 1993, 24,280 shares were exercised at prices ranging from $10.28 to $15.00.

13. Parent Company Condensed Financial Information

CONDENSED BALANCE SHEETS
<TABLE>
<CAPTION>

<S>	December 31 1993	1992
Assets		
Interest-bearing deposits in subsidiary bank	$ 25,841	$ 16,358
Investment securities	1,486	1,408
Premises and equipment	393	694
Investment in subsidiaries:		
Banks	274,337	261,048
Nonbanks	8,869	7,743
Other assets	1,320	773
Total assets	$312,246	$288,024

Liabilities and shareholders' equity

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Liabilities:		
Long-term borrowings	$	$ 1,326
Other liabilities	7,062	6,160
Total liabilities	7,062	7,486
Shareholders' equity:		
Common stock	175,138	174,905
Capital surplus	25,860	25,382
Retained earnings	107,315	83,380
Treasury stock	(3,129)	(3,129)
Total shareholders' equity	305,184	280,538
Total liabilities and shareholders' equity	$312,246	$288,024

CONDENSED STATEMENTS OF INCOME

</TABLE>
<TABLE>
<CAPTION>

	Year Ended December 31		
	1993	1992	1991
<S>	<C>	<C>	<C>
Income:			
Dividends from bank subsidiaries	$31,869	$22,937	$17,593
Other income	2,825	2,237	2,130
	34,694	25,174	19,723
Expenses:			
Salaries and employee benefits	5,279	4,504	3,769
Other expenses	5,940	4,374	2,381
Interest expense	54	512	609
	11,273	9,390	6,759
Income before income taxes and equity in undistributed earnings of subsidiaries	23,421	15,784	12,964
Applicable income tax (benefit)	(3,074)	(3,568)	(2,557)
Income before equity in undistributed earnings of subsidiaries	26,495	19,352	15,521
Equity in undistributed earnings of subsidiaries	11,459	17,286	10,871
Net income	$37,954	$36,638	$26,392

</TABLE>

CONDENSED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Year Ended December 31		
	1993	1992	1991
<S>	<C>	<C>	<C>
Operating activities:			
Net income	$37,954	$36,638	$26,392
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	430	853	445
Equity in undistributed earnings of subsidiaries	(11,459)	(17,286)	(10,871)
Net change in other assets and other liabilities	(188)	130	473
Net cash provided by operating activities	26,737	20,335	16,439
Investing activities:			
Proceeds from maturities and sale of investment securities		2,520	
Purchase of investment securities	(78)	(1,042)	
Investment in subsidiaries	(3,000)		(33,660)
Purchase of equipment	(142)	(222)	(130)
Proceeds from sale of other real estate	600		
Net cash (used in) provided by investing activities	(2,620)	1,256	(33,790)
Financing activities:			

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Proceeds from long-term borrowings			2,300
Repayment of long-term borrowings	(1,326)	(4,566)	(409)
Proceeds from issuance of common stock	291	957	30,246
Proceeds from sale (purchases) of treasury stock by Mountaineer	420	(41)	(502)
Cash dividends paid	(14,019)	(11,451)	(9,377)
Net cash (used in) provided by financing activities	(14,634)	(15,101)	22,258
Increase in cash and cash equivalents	9,483	6,490	4,907
Cash and cash equivalents at beginning of year	16,358	9,868	4,961
Cash and cash equivalents at end of year	$25,841	$16,358	$ 9,868

</TABLE>

14. Restrictions On Subsidiary Dividends

The primary source of funds for the dividends paid by One Valley Bancorp is dividends received from its subsidiary banks. Dividends paid by the subsidiary banks are subject to restrictions by banking regulations. The most restrictive provision requires regulatory approval if dividends declared in any year exceed the year's retained net profits, as defined, plus the retained net profits of the two preceding years. During 1994, the retained net profits available for distribution to One Valley Bancorp as dividends without regulatory approval are approximately $36,700, plus retained net profits for the interim periods through the date of declaration.

15. Commitments And Contingent Liabilities

In the normal course of business, One Valley offers certain financial products to its customers to aid them in meeting their requirements for liquidity and credit enhancement. Generally accepted accounting principles require that these products be accounted for as contingent liabilities and, accordingly, they are not reflected in the accompanying financial statements. One Valley's exposure to loss in the event of nonperformance by the counterparty for commitments to extend credit and standby letters of credit is the contract or notional amounts of these instruments. Management does not anticipate any material losses as a result of these commitments and contingent liabilities. The fair values of commitments are estimated based on fees currently charged to enter into similar agreements, taking into consideration the remaining terms of the agreements and the counterparties' credit standing. The estimated fair value of these commitments at December 31, 1993 and 1992, approximate their carrying value. Following is a discussion of these commitments and contingent liabilities.

Standby Letters of Credit: These agreements are used by One Valley's customers as a means of improving their credit standing in their dealings with others. Under these agreements, One Valley guarantees certain financial commitments in the event that its customers are unable to satisfy their obligations. One Valley has issued standby letters of credit of $38,000 as of December 31, 1993.

Management conducts regular reviews of these commitments on an individual customer basis, and the results are considered in assessing the adequacy of One Valley's allowance for loan losses.

Loan Commitments: As of December 31, 1993, the Bank had commitments outstanding to extend credit at prevailing market rates totaling $360,000. These commitments generally require the customers to maintain certain credit standards. The amount of collateral obtained, if deemed necessary by One Valley upon extension of credit, is based on management's credit evaluation of the customer. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and income producing commercial properties.

Loans Sold with Recourse: In the acquisition of AFF-WV, One Valley assumed a contingent liability relating to certain loans previously sold by AFF-WV subject to certain recourse provisions which requires it to repurchase these loans or repay any deficiencies on collateral sold in the event the borrower defaults on the original contract. At December 31, 1993, One Valley had approximately $60,000 in outstanding loans sold with recourse. The majority

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

of these loans originated prior to 1980 and have an average balance of less than $20. In connection with its evaluation of AFF-WV, One Valley reviewed these loans utilizing the same lending policies and collateral evaluations that One Valley has historically used in the ordinary course of its business and does not anticipate any material losses as a result of these contingent liabilities. In addition, pursuant to the terms of an Indemnity Agreement with the Resolution Trust Corporation, the Resolution Trust Corporation agreed to indemnify any and all costs, losses, liabilities and expenses, including legal fees, resulting from certain third-party claims.

16. Other Income and Expenses

Included in other income are checkbook sales which approximated $2,957 in 1993, $3,115 in 1992, and $2,372 in 1991. Included in other expenses is supplies expense which approximated $3,406 in 1993, $3,188 in 1992, and $2,691 in 1991, postage expense which approximated $3,387 in 1993, $3,268 in 1992, and $2,084 in 1991, and professional fees which approximated $3,799 in 1993, $3,703 in 1992, and $2,268 in 1991.

17. Quarterly Financial Data (Unaudited)
Quarterly financial data for 1993 and 1992 is summarized below:

<TABLE>
<CAPTION>

	1993 Three Months Ended				1992 Three Months Ended			
	March 31	June 30	Sept 30	Dec 31	March 31	June 30	Sept 30	Dec 31
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest income	$61,225	$62,200	$61,870	$62,404	$67,471	$66,947	$65,876	$63,190
Interest expense	25,755	25,146	24,467	24,418	32,576	30,747	29,388	27,328
Net interest income	35,470	37,054	37,403	37,986	34,895	36,200	36,488	35,862
Provision for loan losses	1,551	1,564	1,406	1,267	2,831	2,782	2,948	2,828
Net interest income after provision for loan losses	33,919	35,490	35,997	36,719	32,064	33,418	33,540	33,034
Other income, excluding securities gains (losses)	9,728	10,146	10,014	10,261	8,562	8,909	10,342	9,590
Securities transactions		58	119	(64)	(50)	(30)	(12)	57
Other expenses	29,330	29,792	31,064	35,921	28,563	28,737	29,715	29,125
Income before income taxes	14,317	15,902	15,066	10,995	12,013	13,560	14,155	13,556
Applicable income taxes	4,479	5,243	5,299	3,305	3,641	4,273	4,599	4,133
Net income	$ 9,838	$10,659	$ 9,767	$ 7,690	$ 8,372	$ 9,287	$ 9,556	$ 9,423
Average shares outstanding	17,228	17,237	17,237	17,246	17,197	17,211	17,218	17,219
Per share data:								
Net income per share	$ .57	$ .62	$ .57	$ .45	$ .49	$ .54	$ .56	$ .55
Dividends per share	.20	.20	.22	.22	.17	.17	.18	.18
High bid/share	32.25	29.75	33.25	31.25	20.56	26.25	23.96	30.21
Low bid/share	28.25	25.25	26.75	27.00	19.58	19.73	21.46	26.25

</TABLE>

Management's Discussion and Analysis
of Financial Condition and Results of Operations

Introduction

One Valley Bancorp of West Virginia, Inc. (One Valley) is a multi-bank holding company headquartered in Charleston, West Virginia. It operates eleven bank subsidiaries ranging in size from $95 million to $1.5 billion. Through these banks, One Valley serves 50 cities and towns with a full range of banking services in 79 locations strategically located throughout the State. One Valley is also the parent of a real estate management corporation that owns and operates a fifteen-floor office building in Charleston, West Virginia. This office building is the headquarters for One Valley Bancorp and the main location of its lead bank. At December 31, 1993, One Valley had approximately $3.5 billion in assets, $2.2 billion in total loans, and $2.9 billion in total deposits.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

One Valley entered into a significant merger agreement with Mountaineer Bankshares of W.Va., Inc. (Mountaineer) in 1993. At December 31, 1993, Mountaineer had total assets of approximately $739 million and total deposits of approximately $608 million. The merger, which closed on January 28, 1994, increases One Valley's market presence in the northern and eastern panhandle regions of the State of West Virginia. This transaction has been accounted for as a pooling-of-interests and, accordingly, all prior period financial information has been restated, giving retroactive effect to the merger as though it had been consummated in the earliest period presented.

In 1991, One Valley purchased certain assets and liabilities of Atlantic Financial Federal - West Virginia, F.S.A. (Atlantic) from the Resolution Trust Corporation (RTC). Accordingly, the earnings and balances are included in One Valley's financial information only from the date of acquisition. As a result of the purchase, One Valley assumed approximately $525 million in deposits in exchange for $339 million in net loans, $44 million in investment securities, $134 million in cash and cash equivalents, and certain other assets. The transaction increased One Valley's balance sheet by approximately 26%. As a result of the substantial increase in assets and deposits from the Atlantic acquisition, One Valley substantially improved its earning potential. The improvement is clearly demonstrated by the 38.8% increase in 1992 net income, entirely post-acquisition, over 1991 net income, mostly pre-acquisition. Through combining the operations of Atlantic into the operations of One Valley, many operating synergies were realized. Comparisons of average balances and income statement categories are all largely affected by the Atlantic acquisition. Throughout this discussion, many of the increases in balances and operations from 1991 to 1992 will be attributed to the Atlantic acquisition, while other changes will be mentioned only if significant in comparison.

The accompanying consolidated financial statements have been prepared by the management of One Valley in conformity with generally accepted accounting principles. The audit committee of the Board of Directors engaged Ernst & Young, independent certified public accountants, to audit the consolidated financial statements, and their report is included herein. Financial information appearing throughout this annual report is consistent with that reported in the consolidated financial statements. The following discussion is designed to assist readers of the consolidated financial statements in understanding significant changes in One Valley's financial condition and results of operations.

Management's objective of a fair presentation of financial information is achieved through a system of strong internal accounting controls. The financial control system of One Valley is designed to provide reasonable assurance that assets are safeguarded from loss and that transactions are properly authorized and recorded in the financial records. As an integral part of that financial control system, One Valley maintains an internal audit staff at the parent company

with audit responsibility for all of its subsidiaries. The activities of both the internal and external audit functions are reviewed by the audit committee of the Board of Directors.

Summary Financial Results

One Valley earned $38.0 million in 1993, a 3.6% increase over the $36.6 million earned in 1992. The increase is primarily due to increased net interest income and non-interest income as well as a lower provision for loan losses. These are partially offset by an increase in other expenses. This increase in earnings follows an increase in 1992 of 38.8% over the $26.4 million earned in 1991. Earnings per share were $2.20 in 1993, an increase of 3.3% over the $2.13 earned in 1992, which compares to the 23.8% increase in 1992 over the $1.72 earned in 1991. As shown in Table 1, the five-year compound growth rate in earnings per share since 1988 has been 11.6%. This compound growth rate is within management's strategic goal of maintaining a range of 8% to 12% annual growth in net income per share. The increased earnings in both 1993 and 1992 resulted from increased net interest income and fee income which more than offset increased operating expenses.

Table 1, Six-Year Selected Financial Summary, presents summary financial data for the past six years, 1988 through 1993, along with a five-year compound growth rate. This table shows the expansion of One Valley due to its growth in banking operations and its acquisition activity. Particular attention should be paid to the sustained growth rates in Equity, Assets, Net Income and Net Loans. The management of One Valley values balanced growth in its financial position

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

rather than growth for growth's sake. A solid capital base is a key strength of One Valley. As shown in Table 1, the average equity-to-average assets ratio has remained consistently strong over the past six years. During 1993 and 1992, this ratio significantly improved, a result of a record earnings performance and an additional public stock offering in December 1991. Table 2, Summary Statement of Net Income, presents three years of comparative income statement information.

Return on average assets (ROA) measures how effectively One Valley utilizes its assets to produce net income. One Valley's ROA remained constant in 1993 and 1992 at 1.09%, up from 0.95% in 1991. As shown in Table 3, Analysis of Return on Assets and Equity, the rise in ROA is attributed primarily to the increase in interest income and non-interest income. Net credit income (net interest income less the provision for loan losses) significantly improved in 1993 as a percent of average earning assets to 4.59%, which compares to 4.40% in 1992 and 4.34% in 1991. This highlights One Valley's ability to manage interest rate and credit risk. The increase in non-interest income in 1993 was exceeded by the increase in non-interest expense and thus One Valley's net overhead ratio (non-interest expense less non-interest income as a percentage of average earning assets) increased to 2.68%. While this is higher than the 2.54% ratio in 1992, it is comparable to the 2.69% ratio in 1991.

Return on average equity (ROE), another measure of earnings performance, indicates the amount of net income earned in relation to the total equity capital invested. One Valley's 1993 ROE was 12.88% compared to the 13.62% earned in 1992 and 12.26% reported in 1991. Table 3 comparatively illustrates the components of ROA and ROE over the previous five years.

Balance Sheet Analysis

Summary

A financial institution's primary sources of revenue are generated by its earning assets, while its major expenses are produced by the funding of these assets with interest bearing liabilities. Information on rate-related sources and uses of funds for each of the three years in the period

ended December 31, 1993, is provided in Table 4, Average Balance Sheet / Net Interest Income Analysis. Effective management of these sources and uses of funds is essential in attaining a financial institution's maximum profitability while maintaining a minimum amount of interest rate and credit risk.

In 1993, average earning assets grew by 3.4% or $105.6 million over 1992, following a 22.0% or $557.3 million increase in 1992 over 1991. Average interest bearing liabilities, the primary source of funds supporting earning assets, remained relatively flat in 1993. Average interest bearing liabilities rose by $45.9 million or 1.7% in 1993 when compared to 1992. This increase follows a $472.3 million or 21.2% increase over 1991. The relatively low growth in average interest bearing liabilities is attributed to the lower interest rate environment and the resulting high competition for funds, as more fully explained below. The growth in 1992 average balances is largely attributed to the Atlantic acquisition.

Additional information on each of the components of earning assets and interest bearing liabilities is contained in the following sections of this report.

Loan Portfolio

One Valley's loan portfolio is its largest and most profitable component of average earning assets, totaling 63.3% of average earning assets. One Valley continued to emphasize increasing its loan portfolio in 1993. Average net loans increased by $100.0 million or 5.2% in 1993. The increase in 1993 average loans was primarily attributable to an increase in residential real estate loans. Average net loans increased by $369.5 million, or 23.7%, in 1992. The increase in 1992 average loans is largely due to the Atlantic acquisition late in 1991. As a result, average net loans have increased as a percentage of average earning assets, from 61.3% in 1991, to 62.2% in 1992, to 63.3% in 1993. Similarly, One Valley's loan-to-deposit ratio continued its upward trend in 1993, ending the year at 72.6%. This ratio compares to 68.1% at December 31, 1992 and 67.3% at December 31, 1991. Expanding affiliate markets, as well as One Valley's carefully planned acquisition activity, have contributed greatly to the growth in the loan portfolio.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Total loans at December 31, 1993, increased by $171.5 million or 8.6% over the total at December 31, 1992, which compares to a $63.8 million or 3.3% increase in 1992 over the total at December 31, 1991. The increase in 1993 is largely due to an increase in residential real estate loans. During 1993 and 1992, the banking industry was consumed with home mortgage refinancing due to the significant decline in home mortgage interest rates. One Valley competed aggressively for these refinancing mortgages and increased the residential real estate portfolio, including revolving home equity loans, by $101.6 million or 11.7% in 1993. One Valley also originated $163.8 million of new loans in 1993 to be sold in the secondary market, a new activity for One Valley since the Atlantic acquisition. This compares to approximately $218.5 million of new loan volume originated for sale in the secondary market in 1992. This activity generates considerable processing and servicing fee income, as discussed further in the "Income Statement Analysis" section of this report.

Consumer installment loans increased by $11.2 million or 2.5% during 1993, following a $21.1 million or 4.9% increase in 1992. Commercial loans increased by $32.9 million or 10.9% during 1993, compared to a $2.0 million or 0.7% increase in 1992. Commercial real estate loans, including apartment buildings and complexes, increased by $33.6 million or 10.2% during 1993. This follows a $63.2 million or 23.8% increase in 1992. As shown in Table 5, commercial real estate loans have historically only averaged less than one-sixth of the total loan portfolio, thus limiting One Valley's exposure to swings in commercial real estate values.

Table 5, Loan Summary, presents a five-year comparison of loans by type. With the exception of those categories included in the comparison, there are no loan concentrations which exceed 10% of total loans. Additionally, One Valley's loan portfolio contains no loans to foreign borrowers nor does it have any material volume of highly leveraged transaction lending. Over the past four years, total loans have increased $767 million, a result of acquisitions and internal growth. While loan growth has been substantial, One Valley imposes underwriting and credit standards which are designed to maintain a quality loan portfolio. One Valley completed extensive due diligence on the Atlantic loan portfolio prior to the acquisition and rejected the purchase of some portions of the loan portfolio. One Valley continued its evaluation of the acquired portfolio throughout 1993 and 1992, and continued to conservatively assess the risk of loss within the portfolio.

Loans secured by real estate, which in total constituted approximately 63% of One Valley's loan portfolio at December 31, 1993, consist of a diverse portfolio of predominantly single family residential loans and loans for commercial purposes where real estate is merely collateral, not the primary source of repayment. The majority of these loans is secured by property located within West Virginia, where real estate values have remained relatively stable over the past ten years. Significant fluctuations in real estate values have caused collateral value problems in other regions of the country. A portion of the loans acquired from the Atlantic acquisition is secured by real estate located outside of West Virginia. However, management believes that the allowance for loan losses is adequate to absorb any material losses that could result from these loans due to declines in real estate values.

In addition to the loans reported in Table 5, One Valley also offers certain off-balance sheet products such as letters of credit, revolving credit agreements, and other loan commitments. These products are offered under the same credit standards as the loan portfolio and are included in the risk-based capital ratios used by the Federal Reserve to evaluate capital adequacy. Additional information on off-balance sheet commitments is contained in Note 15 to the consolidated financial statements.

Table 5 also reports the level of non-performing assets and loans contractually past due over 90 days for the last five years. Total non-performing assets, which consist of past due loans on which interest is not being accrued, foreclosed properties in the process of liquidation, and loans the terms of which have been restructured to enable a delinquent borrower to repay, were $12.5 million or 0.58% of total loans at year-end 1993. This ratio is exceptional when compared to peer group banks across the country. During 1993 and 1992, One Valley diligently worked to reduce its level of non-performing assets, which increased significantly in 1991 due to the Atlantic acquisition.

The amount of loans contractually past due over 90 days, but which continue to accrue interest, decreased in dollars as well as a percentage of year-end total loans. At December 31, 1993, these loans constituted only 0.15% of year-end loans, a decrease from the 0.21% at December 31, 1992, and, as shown in

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Table 5, a significant improvement over 1989 and 1990. The consistently favorable ratio of problem loans to total loans has occurred while the loan portfolio has increased significantly over the last five years, and thus the favorable ratio is indicative of One Valley's commitment to a quality loan portfolio. Both the increase in the size and the credit quality of the loan portfolio have enabled One Valley to increase its net credit income by $10.1 million or 7.6% in 1993.

It is One Valley's policy to place loans that are past due over 90 days on non-accrual status, unless the loans are adequately secured and in the process of collection. For real estate loans, upon repossession (or substantive repossession), the balance of the loan is transferred to "Other Real Estate Owned" (OREO) and carried at the lower of the outstanding loan balance or the fair

market value of the property based on current appraisals and other current market trends. If a writedown of the OREO property is necessary at the time of foreclosure, the amount is charged off against the allowance for loan losses. A quarterly review of the recorded property value is performed in conjunction with normal loan reviews, and if market conditions indicate that the recorded value exceeds the fair market value, additional write-downs of the property value are charged directly to operations. One Valley had no commitments to provide additional funds on non-accrual loans at December 31, 1993. During 1993, One Valley recognized less than $0.3 million of interest on non-accrual loans, while approximately $1.9 million would have been recognized on these loans had they been current throughout 1993 in accordance with their original terms. In comparison, during 1992, approximately $0.3 million was recognized on non-accrual loans, while approximately $1.8 million would have been recognized in accordance with their original terms.

In May 1993, the FASB issued Statement No. 114, "Accounting by Creditors for Impairment of a Loan," which is effective for fiscal years beginning after December 15, 1994. The Statement requires that impaired loans be measured at the present value of expected future cash flows discounted at the loan's original effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. The adoption of this Statement is not anticipated to have a material effect on One Valley's financial statements.

The allowance for loan losses is maintained to absorb probable losses associated with lending activities. Factors considered in determining the adequacy of the loss reserve and the size of the provision each month include an individual assessment of risk on large commercial credits, historical charge-off experience, levels of non-performing loans, and an evaluation of current economic conditions. As a part of the holding company structure, One Valley maintains a loan analysis and review department to evaluate large commercial credit requests and to complete loan follow-up procedures. One Valley also maintains a loan administration function to continually identify and monitor problem loans. At December 31, 1993, the allowance for loan losses was $36.5 million or 1.68% of total year-end loans, which is sufficient to absorb over seven times the amount of net charge-offs experienced during 1993. The 1.68% ratio is a decrease from the prior year's 1.79% but is a substantial increase over the 1.58% in 1991 and 1.38% in 1990. In management's opinion, the allowance for loan losses is adequate to absorb the estimated risk of loss in the existing portfolio. The increase in 1992 is primarily the result of growth in the loan portfolio and a conservatively assessed risk of loss in the purchased Atlantic portfolio. Table 5 includes a summary of the allowance for loan losses allocated by loan type. Table 7, Comparative Loan Loss Information, provides a detailed history of the allowance for loan losses, illustrating charge-offs and recoveries by loan type, and the annual provision for loan losses over the past five years.

The provision for loan losses in 1993 was $5.8 million, down significantly from the $11.4 million provision in 1992 but relatively close to the $6.7 million provision in 1991. As mentioned earlier, the increase in 1992 was in response to growth in the loan portfolio and a continued conservative assessment of the remaining portion of the purchased Atlantic portfolio. Management has evaluated these loans conservatively because the loans were originated under the former Atlantic credit standards, rather than the stricter One Valley credit standards. While One Valley experienced greater loan growth in 1993, the credit risk of the portfolio has improved significantly, as evidenced by the historically low level of non-performing assets and the low level of net charge-offs during the year. Thus management was able to lower the provision for loan losses for the year and still maintain a relatively high ratio of the allowance for loan losses to the loan portfolio.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Net charge-offs in 1993 decreased by $1.3 million or 20.6% from 1992 net charge-offs. This decrease follows an increase in 1992 of 14.6% or $0.8 million over 1991 net charge-offs. Net charge-offs as a percentage of average total loans declined to 0.24%, which compares to 0.32% in 1992 and 0.35% in 1991. All three of these ratios compare favorably to peer group institutions. Although the dollar amount of net charge-offs could increase in the coming months due to the increase in the total dollar amount of loans, management anticipates, based on the credit quality of the loan portfolio, that the ratio of net charge-offs to average total loans will continue to remain near the historically low level One Valley has experienced over the years.

Investment Portfolio and Other Earning Assets

Investment securities averaged $1,074.4 million in 1993, a 2.4% increase from the $1,049.5 million averaged in 1992. This slight increase follows a 25.7% increase over the $834.8 million averaged in 1991. The decrease in the average balance growth rate during 1993 is primarily in response to the increased loan demand during the year, as One Valley was able to place maturing investments in its more profitable loan portfolio. The increase in 1992 was due largely to the investment securities and other highly liquid assets acquired through the Atlantic transaction, and the sale of $35.6 million of marketable equity securities in January 1992. These funds were originally invested in federal funds sold, which are short-term investments with other banks.

As sources of funds (deposits, federal funds purchased, and repurchase agreements with corporate customers) fluctuate, excess funds are initially invested in federal funds sold and other short-term investments. Based upon continual analyses of asset/liability repricing, interest rate forecasts, and liquidity requirements, funds are periodically reinvested in high-quality debt securities, which typically mature over a longer period of time (Table 8). At the time of purchase, management determines whether investment securities will be held for sale or held for investment. If held for investment, securities are recorded at historical cost and adjusted monthly over their remaining lives for the accretion or amortization of the difference between cost and maturity value of the investments. Thus at the time of maturity, the proceeds from maturity and the book value of the investment are equivalent and no gain or loss is recognized. One Valley, through its size and the stable nature of its deposit base, is able to purchase investment securities with a wide variety of maturities, a majority of which are short-term. Therefore, since One Valley's investment portfolio is constantly maturing and rolling over into new investments, investment portfolio sales are infrequent, as shown in the Statements of Cash Flows.

In May 1993 the Financial Accounting Standards Board (FASB) issued Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," effective January 1, 1994 for One Valley. Under this Statement, debt securities that One Valley has the positive intent and ability to hold to maturity are carried at amortized cost. Debt securities that One Valley does not have the positive intent and ability to hold to maturity are classified as available-for-sale or trading and carried at fair value. Unrealized holding gains and losses on securities classified as available-for-sale are carried as a separate component of shareholders' equity, while unrealized holding gains and losses on securities classified as trading are reported in earnings. One Valley does not have any securities classified as trading and it has no plans to establish such classification at the present time.

With the impending adoption of this new statement, management has reevaluated its investment portfolio philosophies and assigned an additional $492,809 of securities to the available-for-sale classification. Securities designated as available-for-sale at December 31, 1993 approximated $632,380 and consisted primarily of U.S. Treasury securities and obligations of U.S. government corporations and agencies with remaining contractual maturities of less than five years. These securities had unrealized appreciation of approximately $7,942. The remaining is classified as

held-to-maturity as management has the positive intent and ability to hold these securities to maturity. The effect on One Valley's financial statements of adopting Statement 115 will be to increase the opening balance of shareholders' equity as of January 1, 1994 by $4,765 (net of $3,177 in deferred income taxes) to reflect the net unrealized holding gains on securities classified as available-for-sale previously carried at amortized cost.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Over the past three years, the market value of the investment portfolio has not materially varied from its historical amortized cost basis, and unrealized losses within the investment portfolio have been more than offset by unrealized gains. Similarly, realized investment securities gains and losses have not materially impacted the net income of One Valley over the past five years. Other information regarding investment securities may be found in Table 8, Investment Securities Analysis, and in Note 4 to the consolidated financial statements.

Due to unfavorable laws relating to investments in tax-exempt assets and corporate minimum tax regulations, levels of tax-exempt securities held by One Valley, as well as their average maturity period, have declined over the last several years. However, due to the lower interest rate environment, overall yields on tax-exempt securities have become attractive once again. During 1993, One Valley increased its tax-exempt securities by $54.0 million, or 64.6%, over the level of tax-exempt securities held at December 31, 1992. Future investments in tax-exempt securities will be made if the related yield is greater than that available with a similar taxable investment.

The average maturity period of the investment portfolio, including longer term mortgage-backed securities, was 4 years 8 months at the end of 1993. The average maturity of the mortgage-backed securities was based on the contractual maturity. The average maturity of the investment portfolio is managed at a level to maintain a proper matching with liability maturity patterns.

One Valley's average investment in federal funds sold has decreased slightly over the past three years, averaging $93.2 million in 1993, a decrease from the $111.2 million averaged during 1992, which was a slight increase over the $108.5 million averaged during 1991. Fluctuations in federal funds sold and other short-term investments reflect management's goal to maximize asset yields while maintaining proper asset/liability structure, as discussed in greater detail above.

In 1987, One Valley invested a portion of its funds in a mutual fund of securities guaranteed by the U.S. Government. At December 31, 1991, these assets were held for sale, and accordingly, approximately $753,000 was charged to operations in 1991 to reduce the carrying amount to market value. These securities were subsequently sold during the first part of January 1992.

Funding Sources

Over the past three years, declines in market interest rates have forced banks to reduce their rates paid on interest bearing deposits. Due to alternative sources of investment and an increasing sophistication of customers in funds management techniques to maximize return on their money, competition for funds has become more intense. In 1993, the average rate paid on interest bearing liabilities was 3.63%, down from the 4.44% average rate paid in 1992, and down further still from 5.87% paid in 1991. One Valley has offered new deposit products as well as slightly higher than market rates to attract additional deposits. One Valley's deposits, on average, increased by 2.3% or $65.9 million in 1993. This increase follows a 20.7% increase in 1992, which is largely due to the $525.2 million of deposits acquired through the Atlantic transaction. During 1993, non-interest bearing deposits increased on average by 6.2% over 1992, while interest bearing deposits increased by only 1.7%. This trend is reflective of an increased customer base in the use of checking and other non-interest bearing deposit products, and the stiff competition for interest bearing investments in a low interest rate environment.

Short-term borrowings decreased, on average, by $7.1 million or 3.2% from 1992, following a 31.9% increase in 1992 over 1991. Passthrough federal funds purchased from correspondent banks increased, on average, by 0.7% in 1993 following a 5.6% increase in 1992. Fluctuations in federal funds purchased are considered normal and are generally influenced by market interest rates and the availability of funds. Repurchase agreements declined, on average, by 3.6% in 1993, primarily due to a lower level of public funds. The decrease follows a 40.5% increase in 1992 and a 22.4% increase in 1991, which are due primarily to an emphasis on cross-selling of products to commercial customers. It should be noted that no federal funds purchased nor repurchase agreements were assumed in the Atlantic acquisition.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Long-term borrowings, on average, increased by 40.4% in 1993. As a result, One Valley now has $22.8 million of long-term debt, with repayment schedules from one to twenty-five years. Other information regarding short- and long-term borrowings is contained in Notes 9 and 10 to the consolidated financial statements.

Interest Sensitivity and Liquidity

Asset/liability management is a means of maximizing net interest income while minimizing interest rate risk by planning and controlling the mix and maturities of interest related assets and liabilities. Several techniques are available to achieve a desired interest sensitivity position. Among these are the types of investments and loans made and the rate of interest paid on deposits for various terms. During most of 1993, One Valley maintained its gap sensitivity position in the zero to six-month category as primarily asset sensitive. As shown in Table 10, Comparative Rate Sensitivity Summary, One Valley's sensitivity gap ratio in the zero to six-month category was 1.10 at December 31, 1993. A sensitivity ratio greater than 1.00 indicates that the volume of earning assets which will be subject to interest rate repricing during a given period exceeds the volume of interest bearing liabilities which are subject to repricing during the same period. Thus, an increase in interest rates would tend to have a positive impact on net interest income, while a decline in rates would tend to have the opposite effect. One Valley's strategy is to continually maintain a rate sensitivity ratio of between 0.90 and 1.10 for the six-month time frame, allowing management flexibility in maximizing net interest earnings while minimizing overall interest rate risk.

Liquidity is the ability to satisfy demands for deposit withdrawals, lending commitments, and other corporate needs. One Valley's liquidity is based on the stable nature of consumer core deposits held by the banking subsidiaries. Likewise, additional liquidity is available from holdings of investment securities and short-term investments which can be readily converted to cash. Furthermore, One Valley continues to have the ability to attract short-term sources of funds such as federal funds and repurchase agreements, and to arrange credit lines to meet its cash needs.

Capital Resources

One Valley's average equity-to-asset ratio increased to 8.50% during 1993, up from 7.97% during 1992 and 7.77% in 1991. The increase from 1992 to 1993 primarily resulted from the record earnings performance of One Valley for the year. The increase from 1991 to 1992 primarily resulted from the sale of new shares of common stock on the open market during December 1991 for the purpose of restoring the capital ratios after the Atlantic acquisition. Approximately $29.1 million of capital was raised from the sale of 1,035,000 shares. At year-end 1993, One Valley's primary capital ratio was 9.62% compared to 9.13% at year-end 1992. The Federal Reserve's risk-based capital guidelines and leverage ratio measure the capital adequacy of banking institutions. The risk-based capital guidelines weight balance sheet assets and off-

balance sheet commitments by prescribed factors relative to credit risk, thus eliminating disincentives for holding low risk assets and requiring more capital for holding higher risk assets. At year-end 1993, One Valley's risk adjusted capital-to-assets ratio was 14.7% compared to 15.7% at December 31, 1992. The decline in the ratio is primarily due to an increase in securities loaned, an off-balance sheet factor, at the lead bank during the year. However, both of these ratios are well above the minimum level of 8.0% prescribed for bank-holding companies of One Valley's size. The leverage ratio is a measure of total tangible equity to total tangible assets. One Valley's leverage ratio at December 31, 1993 was 8.5% compared to 8.0% at December 31, 1992. Both of these ratios are well above the minimum 3.0% and the recommended 4.0 to 5.0% prescribed by the Federal Reserve. These healthy ratios are the direct result of management's desire to maintain a strong capital position.

The primary source of funds for dividends paid by One Valley to its shareholders is the dividends received from its subsidiary banks. Federal regulatory agencies impose certain restrictions on the payment of dividends and the transfer of assets from the banking subsidiaries to the holding company. Historically, these restrictions have not had an impact on One Valley's dividend policy, and it is not anticipated that they will in the future.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Additional information concerning dividend restrictions is discussed in Note 14 to the consolidated financial statements.

In September 1988, the Board of Directors authorized management to repurchase up to 360,000 shares of One Valley Bancorp common stock in the open market. As of year-end 1993 and 1992, 270,000 shares had been repurchased. While the last purchase occurred in 1990, any additional purchases will depend upon future market conditions.

Income Statement Analysis

Net Interest Income

Net interest income, the amount by which interest generated from earning assets exceeds the expense associated with funding those assets, is One Valley's most significant component of earnings. Net interest income on a fully tax-equivalent basis was $152.6 million in 1993, up 3.4% over the 1992 level, following a 26.3% increase in 1992 over 1991. When net interest income is presented on a fully tax-equivalent basis, interest income from tax-exempt earning assets is increased by the amount equivalent to the federal income taxes which would have been paid if this income were taxable at the statutory federal tax rate (35% for 1993, 34% for 1992 and 1991). The higher percentage increase in net interest income in 1992 is largely due to the increase in earning assets resulting from the Atlantic acquisition. As shown in Table 11, Rate Volume Analysis, increases in the volume of earning assets in both 1993 and 1992 have provided a significant increase in net interest income. In 1993, the increase in the volume of earning assets increased interest income by $11.5 million. This increase was more than offset by declines in interest yields on earning assets due to declines in the overall interest rate environment, and therefore, a decline in total interest income of $15.3 million occurred in 1993. Similarly, increased volume of interest bearing liabilities boosted interest expense by $2.0 million, but the lower cost of interest bearing liabilities resulted in an overall decline in total interest expense of $20.3 million. Due to the additional interest income provided by the higher volume of earning assets, the decline in total interest income was less than the decline in total interest expense, which resulted in a net increase in net interest income.

In 1993, as net interest income increased, the net interest margin percentage on a fully tax-equivalent basis maintained its level when compared to the prior year's 4.77% net interest margin. In 1993, One Valley sought ways to maintain a proportional decline in rates paid on deposits with the declines in loan and other investment yields. When market rates on deposits fell

more rapidly in 1992 than did rates on total earning assets, One Valley's net interest margin increased from the 4.60% margin realized in 1991 to 4.77% in 1992. It should be noted that during the time of declining interest rates, fixed-rate loans were not subject to interest rate repricing unless refinanced. Thus the yield on the total loan portfolio did not decline as rapidly as market rates paid for deposits. However, as shown in the Net Interest Margin graph, One Valley's net interest margin has not fluctuated substantially, up or down, over the past six years. Further discussion of net interest income is included in the section of this report entitled "Balance Sheet Analysis."

Non-interest Income and Expense

Non-interest income has been and will continue to be an important factor for improving profitability. Recognizing this importance, management continues to evaluate areas where non-interest income can be enhanced. As shown in Table 12, Non-interest Income and Expense, non-interest income increased $2.9 million or 7.7% in 1993 compared to 1992. This followed a 53.4% increase in 1992 over 1991. A large portion of the increase in 1992 is due to the Atlantic transaction. In 1993, service charges on deposit accounts and credit card fees increased due to an increase in the number of customers, while service charges on deposit accounts also increased due to the adoption of a common fee and product structure at all One Valley Banks. Trust income increased significantly in 1993 to $7.3 million, a $1.2 million or 20.4% increase over 1992. This increase follows a 13.4% increase in 1992 over 1991. Trust revenues are increasing primarily due to new business over the past two years. Real estate loan processing fees declined by 4.4% in 1993 when compared to 1992, largely due to a lower volume of loans originated for sale during the year. This major source of non-interest income, acquired through the Atlantic transaction,

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

increased over three-fold in 1992. One Valley generates fee income for the loan application processing as well as for servicing the debt payments over the life of the mortgage after it is transferred to the investor.

In 1991, One Valley recognized a net securities loss of $730,000, primarily the writedown of marketable equity securities in anticipation of their sale, which occurred in the first part of January 1992. Immaterial securities gains and losses were realized in 1993 and 1992.

Just as management continues to evaluate areas where non-interest income can be enhanced, it strives to find ways to improve the efficiency of its operations and thus reduce operating costs. However, with the increase in 1993 operating expenses primarily due to conversion costs for its data processing systems and other costs associated with the Mountaineer merger, One Valley's net overhead ratio increased for the first time in six years. One Valley's 1993 net overhead ratio, or non-interest expense less non-interest income excluding securities transactions to average earning assets, was 2.68%, a slight increase from the 2.54% ratio realized in 1992. For the year 1993, net overhead was $85.8 million, an increase of 9% over the 1992 net overhead of $78.8 million. By comparison, net overhead totaled $68.1 million in 1991, which did not include a full year of Atlantic operations. A lower net overhead ratio means more of the net interest margin flows through as net income. The net overhead ratio in 1993 was 2.68%, up slightly from 2.54% in 1992 but consistent with 2.68% in 1991. Over the past five years, net overhead has grown by a compound rate of 8.75% whereas average earning assets have grown by over 11.40%.

Total non-interest expense increased by $10.0 million, or 8.6% over 1992. This compares to a 25.7% increase in 1992 versus 1991. Total staff costs rose by 10.9% in 1993, compared to a 19.9% increase in 1992. Normal salary and benefit increases as well as severance packages for employees of One Valley's data processing subsidiary, and additional expense associated with the adoption of FASB Statement 106, account for the growth in this expense. Additional information concerning the adoption of FASB Statement 106 is discussed in Note 12 to the

consolidated financial statements. The increase in 1992 was largely attributable to the increase in the number of employees from the Atlantic transaction.

In 1993, the FASB issued Statement No. 112, "Employers' Accounting for Postemployment Benefits," which is effective in 1994 for One Valley. This Statement requires employers to recognize the obligation to provide postemployment benefits if the obligation is attributable to employees' services already rendered, employees' rights to those benefits accumulate or vest, payment of the benefits is probable, and the amount of the benefits can be reasonably estimated. The adoption of this Statement will not be material to One Valley's financial statements.

Advertising decreased by 6.5% in 1993 compared to 1992, due to the leveling off of an extensive advertising campaign in 1992. Advertising expense increased by 46.1% in 1992, due to increased local advertising in the early part of 1992 following the Atlantic acquisition and increased statewide advertising in the latter part of 1992 in response to the announced acquisition of the largest bank holding company in the State by an out-of-state institution. FDIC insurance increased by 6.4% in 1993 due to normal deposit growth and 32.4% in 1992 due to the deposits assumed in the Atlantic acquisition. Net occupancy expense remained virtually unchanged in 1993 when compared to 1992, while occupancy expense increased by 43.7% in 1992 over 1991 as a result of operating fourteen additional branch locations acquired in the Atlantic transaction. Equipment expenses increased by 1.0% in 1993 versus 1992, which compares to a 19.9% increase in 1992. The large increase in 1992 was largely due to the equipment bought in the Atlantic transaction. Outside data processing costs increased by 94.6% in 1993 compared to 1992, largely due to costs related to the conversion of One Valley's in-house data processing system to M&I Data Services in Milwaukee, Wisconsin. Outside data processing costs increased by 26.1% in 1992 compared to 1991 largely due to additional services needed as a result of the increased branch network and customer base after the Atlantic transaction. Taxes not on income increased by .9% in 1993 due to increases in equity based state and county taxes. Supplies and postage expense increased by 5.2% in 1993 versus 1992 due to data processing conversion. Supplies and postage expense increased by 35.2% in 1992 when compared to 1991 as a result of the increase in the number of customers and accounts from the Atlantic purchase. Other expenses increased by 4.3% in 1993, primarily due to expenses associated with the merger of One Valley and Mountaineer. This increase follows a 34.1% increase in 1992 versus 1991, largely due to increased operating costs associated with the Atlantic

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

transaction.

As noted above, the required payments for FDIC insurance assessments have increased significantly over the last several years. One Valley's assessment increased from $1.2 million in 1989 to $4.6 million in 1991 largely due to increases in rates, as a result of continued losses in the FDIC insurance fund from bank failures in other regions of the country. During 1992, in response to repeated appeals for a more equitable method of determining assessments, the FDIC announced a change in its insurance rate structure to a multi-rate system based on bank soundness and capitalization. Due to its strengths in asset quality and capitalization, One Valley was assessed at the lowest level possible during 1993, 1992, and 1991, and management anticipates that FDIC insurance rates will remain at that level during 1994.

An analysis of the allowance for loan losses and related provision for loan losses is included as a portion of the Balance Sheet Summary, Loan Portfolio section of this report.

Applicable Income Taxes

Income tax expense in 1993 was $18.3 million compared to $16.6 million in 1992 and $10.7 million in 1991. The increase in 1993 is primarily due to increases in pretax earnings and an increase in corporate income tax rates. In addition to the increased pretax earnings, declining tax-exempt income also contributed to increases in income taxes in prior years. With the purchase of additional tax-

exempt investments in 1993, discussed above, tax-exempt interest remained relatively unchanged in 1993 and is anticipated to increase in 1994. In 1993, One Valley's effective tax rate was 32.6%, up from 31.2% in 1992 and 28.9% in 1991. Additional information regarding income taxes is contained in Note 11 to the consolidated financial statements.

Effects of Changing Prices

The results of operations and financial condition presented in this report are based on historical cost, unadjusted for the effects of inflation.

Inflation affects One Valley in two ways. One is that inflation can result in increased operating costs which must be absorbed or recovered through increased prices for services. The second effect is on the purchasing power of the corporation. Virtually all of a bank's assets and liabilities are monetary in nature. Regardless of changes in prices, most assets and liabilities of the banking subsidiaries will be converted into a fixed number of dollars. Non-earning assets, such as premises and equipment, do not comprise a major portion of One Valley's assets; therefore, most assets are subject to repricing on a more frequent basis than in other industries.

One Valley's ability to offset the effects of inflation and potential reductions in future purchasing power depends primarily on its ability to maintain capital levels by adjusting prices for its services and to improve net interest income by maintaining an effective asset/liability mix. Management's efforts to meet these goals are described in other sections of this report.

Summary Results of Operations

Fourth Quarter 1993

Net income for the three months ended December 31, 1993 was $7.7 million, down by 18.4% from the $9.4 million earned during the same period in 1992. On a per share basis, fourth quarter earnings were $0.45 compared to $0.55 in 1992, a decrease of 18.2%.

Net interest income increased by 5.9% when compared to the same three months of 1992. Non-interest income, excluding securities gains (losses), increased by 7.0%, primarily due to an increase in trust department revenue and deposit account fee income. The provision for loan losses declined by 55.2% when compared to the fourth quarter of 1992. These improvements more than offset a 23.3% increase in non-interest expense, when compared to the fourth quarter of 1992. Fourth quarter 1993 non-interest expenses include costs associated with

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

the completed data processing conversion and the Mountaineer merger.

Additional quarterly financial data is provided in Note 17 to the consolidated financial statements.

TABLE 1
Six Year Selected Financial Summary
(Dollars in Thousands Except Per Share Data)

	1993	1992	1991	1990	1989	1988	5 year Compound Growth Rate
Summary of Operations							
Interest Income	$ 247,699	$ 263,484	$ 242,792	$ 234,025	$ 226,249	$ 194,119	5.00%
Interest Expense	99,786	120,039	130,913	134,462	131,335	106,760	(1.34)
Net Interest Income	147,913	143,445	111,879	99,563	94,914	87,359	11.11
Provision for Loan Losses	5,788	11,389	6,671	7,884	12,404	6,877	(3.39)
Non-Interest Income	40,149	37,403	25,086	19,670	17,199	15,840	20.44
Gross Securities Transactions	113	(35)	(730)	(37)	265	432	(23.52)
Non-Interest Expense	126,107	116,140	92,429	79,201	75,676	72,346	11.75
Net Income	37,954	36,638	26,392	23,709	19,101	19,601	14.13
Per Share Data							
Net Income	$ 2.20	$ 2.13	$ 1.72	$ 1.55	$ 1.25	$ 1.27	11.62%
Cash Dividends	0.84	0.70	0.62	0.59	0.56	0.50	10.93
Book Value	17.70	16.29	14.83	13.44	12.48	11.71	8.61
Average Balance Sheet Summary							
Net Loans	$2,026,748	$1,926,773	$1,557,230	$1,384,035	$1,346,884	$1,283,046	9.58%
Investment Securities	1,074,467	1,049,459	834,820	745,063	657,578	583,200	13.00
Total Assets	3,467,261	3,373,245	2,771,901	2,483,158	2,377,899	2,190,294	9.62
Deposits	2,895,131	2,829,263	2,343,404	2,101,377	2,018,646	1,876,584	9.06
Long-Term Borrowings	36,088	25,703	15,653	21,342	22,489	22,715	9.70
Equity	294,733	269,007	215,273	196,500	184,558	175,699	10.90
Selected Ratios							
Equity to Average Assets	8.50%	7.97%	7.77%	7.91%	7.76%	8.02%	
Return on Average Assets	1.09	1.09	0.95	0.95	0.80	0.89	
Return on Average Equity	12.88	13.62	12.26	12.07	10.35	11.16	
Dividend Payout Ratio	38.18	32.86	36.05	38.06	44.80	39.37	

TABLE 2
Summary Statement of Net Income
(Dollars in Thousands)

	1993	1992	1991	Increase (Decrease) From Prior Year 1993 Amount	1993 Percent	1992 Amount	1992 Percent
Interest income *	$247,699	$263,484	$242,792	$(15,785)	(5.99)	$20,692	8.52
Interest expense	99,786	120,039	130,913	(20,253)	(16.87)	(10,874)	(8.31)
Net interest income	147,913	143,445	111,879	4,468	3.11	31,566	28.21
Other operating income	40,149	37,403	25,086	2,746	7.34	12,317	49.10
Gross securities transactions	113	(35)	(730)	14	(422.86)	695	(95.21)
Adjusted operating income	188,175	180,813	136,235	7,362	4.07	44,578	32.72
Provision for losses	5,788	11,389	6,671	(5,601)	(49.18)	4,718	70.72
Other operating expenses	126,107	116,140	92,429	9,967	8.58	23,711	25.65
Income before taxes	56,280	53,284	37,135	2,996	5.62	16,149	43.49
Income taxes	18,326	16,646	10,743	1,680	10.09	5,903	54.95
Net income	$ 37,954	$ 36,638	$ 26,392	$ 1,316	3.59	$10,246	38.82

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

* Fully taxable equivalent interest income using the rate of 35% for 1993 and 34% for 1992 and 1991	$252,414	$267,630	$247,752	$(15,216)	(5.69)	$19,878	8.02

</TABLE>

TABLE 3
Analysis of Return on Assets and Equity

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>	1990 <C>	1989 <C>
As a percent of average earning assets:					
Fully taxable-equivalent net interest income *	4.77%	4.77%	4.60%	4.62%	4.66%
Provision for loan losses	(0.18)	(0.37)	(0.26)	(0.35)	(0.57)
Net credit income	4.59	4.40	4.34	4.27	4.09
Non-interest income	1.25	1.21	0.96	0.86	0.81
Non-interest expense	(3.94)	(3.75)	(3.64)	(3.47)	(3.46)
Tax equivalent adjustment	(0.15)	(0.13)	(0.20)	(0.26)	(0.32)
Applicable income taxes	(0.57)	(0.54)	(0.42)	(0.36)	(0.25)
Return on average earning assets	1.18	1.19	1.04	1.04	0.87
Multiplied by average earning assets to average total assets	92.33	91.78	91.59	91.96	91.83
Return on average assets	1.09	1.09	0.95	0.95	0.80
Multiplied by average assets to average equity	11.82	12.47	12.88	12.63	12.95
Return on average equity	12.88%	13.62%	12.26%	12.07%	10.35%

* Fully tax-equivalent using the rate of 35% for 1993 and 34% for earlier years.</TABLE>

TABLE 4
Average Balance Sheet/Net Interest Income Analysis
(Dollars in Thousands)

<TABLE>
<CAPTION>

	1993			1992			1991		
<S>	Average Balance <C>	Interest (1) <C>	Yield/ Rate (1) <C>	Average Balance <C>	Interest (1) <C>	Yield/ Rate (1) <C>	Average Balance <C>	Interest (1) <C>	Yield/ Rate (1) <C>
Assets									
Loans (2)									
Taxable	$2,032,527	$179,971	8.85%	$1,929,592	$186,681	9.67%	$1,549,386	$165,539	10.68%
Tax-exempt	31,153	3,255	10.45	30,351	3,133	10.32	32,443	3,866	11.92
Total loans	2,063,680	183,226	8.88	1,959,943	189,814	9.68	1,581,829	169,405	10.71
Less: Allowance for losses	36,932			33,170			24,599		
Total loans - net	2,026,748		9.04	1,926,773		9.85	1,557,230		10.88
Investment securities									
Taxable	973,890	55,868	5.74	966,198	64,466	6.67	740,927	58,483	7.89
Tax-exempt	100,577	10,146	10.09	83,261	9,059	10.88	93,893	10,721	11.42
Total securities	1,074,467	66,014	6.14	1,049,459	73,525	7.01	834,820	69,204	8.29
Federal funds sold and other	100,270	3,104	3.10	119,696	4,290	3.58	146,612	9,142	6.24
Total earning assets	3,201,485	252,344	7.88	3,095,928	267,629	8.64	2,538,662	247,751	9.76
Other assets	265,776			277,317			233,239		
Total assets	$3,467,261			$3,373,245			$2,771,901		
Liabilities and equity									
Interest bearing liabilities									
Int bearing demand deposits	$ 451,321	13,642	3.02	$ 401,804	14,304	3.56	$ 306,673	14,373	4.69
Savings deposits	799,784	25,505	3.19	691,897	27,548	3.98	482,193	23,991	4.98
Time deposits	1,247,315	51,660	4.14	1,362,074	67,861	4.98	1,258,191	82,073	6.52
Short-term borrowings	214,460	6,270	2.92	221,601	8,203	3.70	168,061	8,947	5.32
Long-term borrowings	36,088	2,709	7.51	25,703	2,123	8.26	15,653	1,529	9.77
Total interest bearing liabilities	2,748,968	99,786	3.63	2,703,079	120,039	4.44	2,230,771	130,913	5.87
Demand deposits	396,711			373,488			296,347		
Other liabilities	26,849			27,671			29,510		
Shareholders' equity	294,733			269,007			215,273		
Total liabilities and equity	$3,467,261			$3,373,245			$2,771,901		
Net interest earnings		$152,558			$147,590			$116,838	
Net yield on earning assets			4.77%			4.77%			4.60%

</TABLE>

(1) Fully taxable equivalent using the rate of 35% for 1993, and 34% for 1992 and 1991.
(2) Non-accrual loans are included in average balances.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

TABLE 5
Loan Summary
(Dollars in Thousands)

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>	1990 <C>	1989 <C>
	As of December 31				
Summary of loans by type					
Commercial, financial, agricultural, and other loans	$ 334,068	$ 301,155	$ 274,436	$ 298,857	$ 298,291
Real estate:					
Construction loans	33,682	43,108	37,307	25,713	18,679
Revolving home equity	102,648	93,092	70,927	57,539	43,719
Single family residentials	869,502	777,428	801,525	454,345	421,941
Apartment buildings	41,465	45,798	37,490	25,306	21,295
Commercial	320,668	282,728	252,557	207,511	194,801
Bankers' acceptances	2,123	560	26,887	0	0
Installment loans	465,216	454,032	432,941	395,739	403,656
Subtotal	2,169,372	1,997,901	1,934,070	1,465,010	1,402,382
Less: Allowance for loan losses	36,484	35,679	30,567	20,290	18,993
Net loans	$2,132,888	$1,962,222	$1,903,503	$1,444,720	$1,383,389
Percent of loans by category					
Commercial, financial, agricultural, and other loans	15.40%	15.07%	14.19%	20.40%	21.27%
Real estate:					
Construction loans	1.55	2.16	1.93	1.76	1.33
Revolving home equity	4.73	4.66	3.67	3.93	3.12
Single family residentials	40.09	38.91	41.44	31.01	30.09
Apartment buildings	1.91	2.29	1.94	1.73	1.52
Commercial	14.78	14.15	13.06	14.17	13.89
Bankers' acceptances	0.10	0.03	1.39	0.00	0.00
Installment loans	21.44	22.73	22.38	27.00	28.78
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Non-performing assets					
Non-accrual loans	$ 8,819	$ 14,125	$ 18,202	$ 14,263	$ 13,813
Other real estate owned	3,124	8,853	10,630	10,877	6,214
Restructured loans	597	131	1,964	0	0
Total non-performing assets	$ 12,540	$ 23,109	$ 30,796	$ 25,140	$ 20,027
Non-performing assets as a % of total loans	0.58%	1.16%	1.59%	1.72%	1.43%
Loans past due over 90 days	$ 3,180	$ 4,139	$ 3,628	$ 3,962	$ 4,063
Loans past due over 90 days as a% of total loans	0.15%	0.21%	0.19%	0.27%	0.29%
Allocation of loan loss reserve by loan type					
Commercial, financial, and unallocated portion	$ 16,698	$ 13,899	$ 12,873	$ 10,733	$ 9,765
Real estate construction loans	180	224	209	76	61
Real estate mortgage loans	8,277	9,179	7,411	2,263	1,987
Installment loans	11,329	12,377	10,074	7,218	7,180
Total	$ 36,484	$ 35,679	$ 30,567	$ 20,290	$ 18,993

</TABLE>

TABLE 6
Remaining Maturities of Loans
(Dollars in Thousands)

<TABLE>
<CAPTION>

<S>	Balance December 31 1993 <C>	Projected Maturities One Year or Less <C>	One to Five Years <C>	Over Five Years <C>
Commercial, financial, and agricultural loans	$306,425	$150,848	$113,524	$ 42,053
Real estate construction loans	33,682	27,165	2,726	3,791
Commercial real estate loans	362,133	99,904	162,104	100,125
Loans with:				
Floating rates	$468,001	$197,253	$175,030	$ 95,718
Predetermined rates	232,836	80,664	103,324	48,848

</TABLE>

*Based on scheduled or approximate repayments.

TABLE 7
Comparative Loan Loss Summary
For the Year Ended December 31
(Dollars in Thousands)

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

<TABLE>
<CAPTION>

	1993	1992	1991	1990	1989
Allowance for loan losses, beginning of period	$ 35,679	$ 30,567	$ 20,290	$ 18,993	$ 16,518
Charge-offs:					
Commercial, financial, and agricultural loans	2,644	2,756	2,801	2,570	2,321
Real estate construction loans	0	0	0	0	0
Real estate mortgage loans	1,320	1,525	961	1,589	3,113
Installment loans	3,417	4,280	3,826	4,276	6,462
Totals	7,381	8,561	7,588	8,435	11,896
Recoveries:					
Commercial, financial, and agricultural loans	930	821	954	402	338
Real estate construction loans	0	0	0	16	0
Real estate mortgage loans	373	394	168	146	152
Installment loans	1,094	1,069	988	1,284	1,476
Totals	2,397	2,284	2,110	1,848	1,966
Net charge-offs	4,984	6,277	5,478	6,587	9,930
Provision for loan losses	5,788	11,389	6,671	7,884	12,405
Balance of acquired subsidiaries	0	0	9,084	0	0
Allowance for loan losses, end of period	$ 36,483	$ 35,679	$ 30,567	$ 20,290	$ 18,993
Average total loans	$2,063,680	$1,959,943	$1,581,829	$1,404,196	$1,367,234
Total loans at year-end	2,169,372	1,997,901	1,934,070	1,465,736	1,402,427
As a percent of average:					
Total loans:					
Net charge-offs	0.24%	0.32%	0.35%	0.47%	0.73%
Provision for loan losses	0.28	0.58	0.42	0.56	0.91
Allowance for loan losses	1.77	1.82	1.93	1.44	1.39
As a percent of total loans at year-end:					
Allowance for loan losses	1.68%	1.79%	1.58%	1.38%	1.35%
As a multiple of net charge-offs:					
Allowance for loan losses	7.32 X	5.68 X	5.58 X	3.08 X	1.91 X
Income before tax and provision for loan losses	12.46	10.30	8.00	6.06	3.73

</TABLE>

TABLE 8
Investment Securities Analysis

<TABLE>
<CAPTION>

	As of December 31, 1993		
	Book Value	Average Maturity (Years/Months)	Taxable Equivalent Yield (1)
U.S. treasury securities:			
Within one year	$ 190,033		4.24%
After one but within five years	273,844		4.62
After five but within ten years	27,211		7.12
Over 10 years	21,351		7.06
Total U.S. treasury securities	512,439	1/10	4.71
U.S. government agencies securities:			
Within one year	57,726		8.59
After one but within five years	83,749		5.36
After five but within ten years	55,315		6.88
Total government agencies securities	196,790	3/0	6.73
States and political subdivisions securities:			
Within one year	16,531		10.86
After one but within five years	34,749		10.31
After five but within ten years	27,245		8.96
After ten years	59,129		7.84
Total state and political subdivisions securities	137,654	7/8	9.05
Mortgage-backed securities (2):			
Within one year	8,297		6.60
After one but within five years	45,616		6.59
After five but within ten years	41,236		7.40
After ten years	102,295		7.35
	197,444	10/8	7.15
Other securities	15,709		

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Total investment securities	$1,060,036	4/8	6.05

</TABLE>

(1) Fully tax-equivalent using the rate of 35%.
(2) Maturities for the mortgage-backed securities are based on the contractual due date with no prepayments.

TABLE 9
Maturity Distribution of Certificates of Deposit
in Amounts of $100,000 or More
(Dollars in Thousands)

<TABLE>
<CAPTION>

	December 31, 1993 Amount	December 31, 1993 Percent	December 31, 1992 Amount	December 31, 1992 Percent
<S>	<C>	<C>	<C>	<C>
Three months or less	$ 65,875	38.36%	$ 85,372	52.35%
Three through six months	32,655	19.01	26,517	16.26
Six through twelve months	28,556	16.63	15,927	9.76
Over twelve months	44,662	26.00	35,273	21.63
Total	$171,748	100.00%	$163,089	100.00%

</TABLE>

TABLE 10
Comparative Rate Sensitivity Summary
(Dollars in Thousands)

<TABLE>
<CAPTION>

	0-3 Months	3-6 Months	6-12 Months	Over 1 Year	Total
<S>	<C>	<C>	<C>	<C>	<C>
December 31, 1993					
Earning assets:					
Loans	$793,684	$126,920	$239,693	$1,009,075	$2,169,372
Investments	135,394	58,189	244,018	630,463	1,068,064
Other earning assets	31,145	0	0	0	31,145
Total earning assets	960,223	185,109	483,711	1,639,538	3,268,581
Interest bearing liabilities:					
Interest bearing deposits	599,075	239,420	252,436	1,433,487	2,524,418
Short-term borrowings	194,497	6,374	13,091	4,458	218,420
Long-term borrowings	2,160	2,128	4,256	14,244	22,788
Total interest bearing liabilities	795,732	247,922	269,783	1,452,189	2,765,626
Interest sensitivity gap	164,491	(62,813)	213,928	187,349	502,955
Cumulative interest sensitivity gap	164,491	101,678	315,606	502,955	
Cumulative rate sensitivity ratio	1.21	1.10	1.24	1.18	
December 31, 1992					
Earning assets:					
Loans	$746,500	$140,301	$243,228	$ 867,872	$1,997,901
Investments	94,447	119,876	270,503	552,240	1,037,066
Other earning assets	127,939	0	0	0	127,939
Total earning assets	968,886	260,177	513,731	1,420,112	3,162,906
Interest bearing liabilities:					
Interest bearing deposits	653,644	230,250	205,902	1,392,039	2,481,835
Short-term borrowings	193,870	4,413	5,430	563	204,276
Long-term borrowings	1,414	1,415	2,853	24,536	30,218
Total interest bearing liabilities	848,928	236,078	214,185	1,417,138	2,716,329
Interest sensitivity gap	119,958	24,099	299,546	2,974	446,577
Cumulative interest sensitivity gap	119,958	144,057	443,603	446,577	
Cumulative rate sensitivity ratio	1.14	1.13	1.34	1.16	

</TABLE>

Averages are used when period end balances would produce distorted results. This table includes various assumptions and estimates by management of maturity and repayment patterns.

TABLE 11
Rate Volume Analysis of Changes
in Interest Income and Expense
(Dollars in Thousands)

<TABLE>
<CAPTION>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

	1993 vs 1992 Increase (Decrease) in Net Interest Income *			1992 vs 1991 Increase (Decrease) in Net Interest Income *		
	Volume	Rate	Total	Volume	Rate	Total
Earning assets:						
Loans:						
Taxable	$ 9,628	$(16,338)	$(6,710)	$37,859	$(16,717)	$21,142
Tax-exempt	84	48	132	(239)	(494)	(733)
Total loans	9,712	(16,290)	(6,578)	37,620	(17,211)	20,409
Investment securities:						
Taxable	509	(9,107)	(8,598)	15,949	(9,966)	5,983
Tax-exempt	1,788	(641)	1,147	(1,172)	(490)	(1,662)
Total securities	2,297	(9,748)	(7,451)	14,777	(10,456)	4,321
Federal funds sold and other	(644)	(542)	(1,186)	(1,464)	(3,388)	(4,852)
Total earning assets	11,365	(26,580)	(15,215)	50,933	(31,055)	19,878
Interest bearing liabilities:						
Time and savings deposits	1,876	(20,782)	(18,906)	21,414	(32,138)	(10,724)
Short-term borrowings	(257)	(1,676)	(1,933)	2,405	(3,149)	(744)
Long-term borrowings	794	(208)	586	860	(266)	594
Total interest bearing liabilities	2,413	(22,666)	(20,253)	24,679	(35,553)	(10,874)
Net interest earnings	$ 8,952	$ (3,914)	$ 5,038	$26,254	$ 4,498	$30,752

</TABLE>

* Fully taxable equivalent using the rate of 35% for 1993 and 34% for 1992 and 1991.
Note - Changes to rate/volume are allocated to both rate and volume on a proportionate dollar basis.

TABLE 12
Non-Interest Income and Expense
(Dollars in Thousands)

<TABLE>
<CAPTION>

	1993	1992	1991	Increase (Decrease) Over Prior Year 1993 Amount	1993 Percent	1992 Amount	1992 Percent
Non-interest income:							
Trust income	$ 7,272	$ 6,041	$ 5,327	$1,231	20.38	$ 714	13.40
Credit card fees	2,749	2,055	1,433	694	33.77	622	43.41
Service charges on deposit accounts	11,963	11,281	8,981	682	6.05	2,300	25.61
Insurance service fees	819	990	940	(171)	(17.27)	50	5.32
Real estate fees	8,080	8,453	2,423	(373)	(4.41)	6,030	248.87
Checkbook sales	2,957	3,115	2,372	(158)	(5.07)	743	31.32
Securities transactions	113	(35)	(730)	148	(422.86)	695	(95.21)
Miscellaneous	6,309	5,468	3,610	841	15.38	1,858	51.47
Total non-interest income	$ 40,262	$ 37,368	$24,356	$2,894	7.74	$13,012	53.42
Non-interest expense:							
Salaries and wages	$ 48,906	$ 45,436	$37,182	$3,470	7.64	$ 8,254	22.20
Employee benefits	12,605	10,021	9,054	2,584	25.79	967	10.68
Total staff expenses	61,511	55,457	46,236	6,054	10.92	9,221	19.94
Other operating expenses:							
Advertising	2,697	2,884	1,974	(187)	(6.48)	910	46.10
FDIC insurance	6,519	6,127	4,629	392	6.40	1,498	32.36
Occupancy, net	6,206	6,199	4,315	7	0.11	1,884	43.66
Equipment	10,604	10,503	8,759	101	0.96	1,744	19.91
Outside data processing	4,575	2,351	1,864	2,224	94.60	487	26.13
Taxes not on income	2,354	2,334	2,105	20	0.86	229	10.88
Supplies & postage	6,793	6,456	4,775	337	5.22	1,681	35.20
All other	24,848	23,829	17,772	1,019	4.28	6,057	34.08
Total other operating expenses	64,596	60,683	46,193	3,913	6.45	14,490	31.37
Total non-interest expense	$126,107	$116,140	$92,429	$9,967	8.58	$23,711	25.65

</TABLE>

Item 7. Financial Statements, (Pro Forma) Financial Information and Exhibits

Exhibits

23.1 Consent of Ernst & Young LLP
23.2 Consent of Crowe, Chizek and Company
23.3 Consent of S.R. Snodgrass, A.C.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

27   Financial Data Schedule

SIGNATURES

Pursuant to the requirements 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.

One Valley Bancorp of West Virginia, Inc.

DATE   January 10, 1995

BY   /s/ Laurance G. Jones
Laurance G. Jones
(Chief Financial Officer)

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

CONSENT OF INDEPENDENT AUDITORS

We consent to the inclusion in this Current Report (Form 8-K) of One Valley Bancorp of West Virginia, Inc. of our report dated January 25, 1994, except for Note 1, as to which the date is November 30, 1994, with respect to the consolidated financial statements of One Valley Bancorp of West Virginia, Inc. and Subsidiaries for the year ended December 31, 1993.

We also consent to the incorporation by reference in the Registration Statements pertaining to the Amended 1983 Incentive Stock Option Plan (Form S-8, No. 2-90738) and pertaining to the 1993 Incentive Stock Option Plan (Form S-8, No. 33-66700) of One Valley Bancorp of West Virginia, Inc. of our report dated January 25, 1994, except for Note 1, as to which the date is November 30, 1994, with respect to the consolidated financial statements of One Valley Bancorp of West Virginia, Inc. and Subsidiaries included in its Current Report on Form 8-K dated January 10, 1995.

/s/Ernst & Young LLP

Charleston, WV
January 9, 1995

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

CONSENT OF INDEPENDENT AUDITORS

We consent to the inclusion in this Current Report (Form 8-K) of One Valley Bancorp of West Virginia, Inc. of our report dated February 4, 1994, with respect to the consolidated financial statements of Mountaineer Bankshares of W. Va., Inc. for the year ended December 31, 1993.

We also consent to the incorporation by reference in the Registration Statements pertaining to the Amended 1983 Incentive Stock Option Plan (Form S-8, No. 2-90738) and pertaining to the 1993 Incentive Stock Option Plan (Form S-8, No. 33-66700) of One Valley Bancorp of West Virginia, Inc. of our report dated February 4, 1994, with respect to the consolidated financial statements of Mountaineer Bankshares of W. Va., Inc., included in this Current Report on Form 8-K dated January 10, 1995.

/s/ CROWE, CHIZEK and COMPANY

Columbus, Ohio
January 9, 1995

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

CONSENT TO INDEPENDENT AUDITORS

We consent to the inclusion in this Current Report (Form 8-K) of One Valley Bancorp of West Virginia, Inc., of our report dated February 15, 1993, with respect to the consolidated financial statements of Sunrise Bancorp, Inc., for the year ended December 31, 1992.

We also consent to the incorporation by reference in the Registration Statements pertaining to the Amended 1983 Incentive Stock Option Plan (Form S-8, No. 2-90738) and pertaining to the 1993 Incentive Stock Option Plan (Form S-8, No. 33-66700) of One Valley Bancorp of West Virginia, Inc. of our report dated February 15, 1993, with respect to the consolidated financial statements of Sunrise Bancorp, Inc., included in this Current Report on Form 8-K dated January 10, 1995.

/s/S.R. SNODGRASS, A.C.

Wheeling, West Virginia
January 10, 1995

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

<TABLE> <S> <C>

<ARTICLE> 9
<LEGEND>
This schedule contains summary financial information extracted from the consolidated balance sheets and statements of income of One Valley Bancorp as well as supplemental schedules of the analysis of loan losses and non-performing assets and the consolidated average balance sheets and is qualified in its entirety by reference to such financial statements and supplemental schedules.
</LEGEND>
<CIK> 0000351616
<NAME> ONE VALLEY BANCORP
<MULTIPLIER> 1000

<S>	<C>	<C>	<C>
<PERIOD-TYPE>	YEAR	YEAR	YEAR
<FISCAL-YEAR-END>	DEC-31-1993	DEC-31-1992	DEC-31-1991
<PERIOD-END>	DEC-31-1993	DEC-31-1992	DEC-31-1991
<CASH>	141,195	155,716	0
<INT-BEARING-DEPOSITS>	8,028	7,791	0
<FED-FUNDS-SOLD>	31,145	127,939	0
<TRADING-ASSETS>	0	0	0
<INVESTMENTS-HELD-FOR-SALE>	0	0	0
<INVESTMENTS-CARRYING>	1,060,036	1,029,275	0
<INVESTMENTS-MARKET>	1,081,742	1,051,762	0
<LOANS>	2,169,372	1,997,901	0
<ALLOWANCE>	36,484	35,679	0
<TOTAL-ASSETS>	3,512,876	3,427,587	0
<DEPOSITS>	2,936,735	2,881,612	0
<SHORT-TERM>	218,420	204,276	0
<LIABILITIES-OTHER>	29,749	30,943	0
<LONG-TERM>	22,788	30,218	0
<COMMON>	175,168	174,935	0
<PREFERRED-MANDATORY>	0	0	0
<PREFERRED>	0	0	0
<OTHER-SE>	130,016	105,603	0
<TOTAL-LIABILITIES-AND-EQUITY>	3,512,876	3,427,587	0
<INTEREST-LOAN>	182,093	188,749	168,091
<INTEREST-INVEST>	62,502	70,445	65,559
<INTEREST-OTHER>	3,104	4,290	9,142
<INTEREST-TOTAL>	247,699	263,484	242,792
<INTEREST-DEPOSIT>	90,807	109,713	120,437
<INTEREST-EXPENSE>	99,786	120,039	130,913
<INTEREST-INCOME-NET>	147,913	143,445	111,879
<LOAN-LOSSES>	5,788	11,389	6,671
<SECURITIES-GAINS>	113	(35)	(730)
<EXPENSE-OTHER>	126,107	116,140	92,429
<INCOME-PRETAX>	56,280	53,284	37,135

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

<INCOME-PRE-EXTRAORDINARY>	56,280	53,284	37,135
<EXTRAORDINARY>	0	0	0
<CHANGES>	0	0	0
<NET-INCOME>	37,954	36,638	26,392
<EPS-PRIMARY>	2.20	2.13	1.72
<EPS-DILUTED>	2.20	2.13	1.72
<YIELD-ACTUAL>	4.77	4.77	4.60
<LOANS-NON>	8,819	14,125	18,202
<LOANS-PAST>	3,180	4,139	3,628
<LOANS-TROUBLED>	597	131	1,964
<LOANS-PROBLEM>	0	0	0
<ALLOWANCE-OPEN>	35,679	30,567	20,290
<CHARGE-OFFS>	7,381	8,561	7,588
<RECOVERIES>	2,397	2,284	2,110
<ALLOWANCE-CLOSE>	36,483	35,679	30,567
<ALLOWANCE-DOMESTIC>	36,483	35,679	30,567
<ALLOWANCE-FOREIGN>	0	0	0
<ALLOWANCE-UNALLOCATED>	0	0	0

</TABLE>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document