

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10 - QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1997

Commission File Number 0-16587

South Branch Valley Bancorp, Inc.

(Exact name of small business issuer as specified in its charter)

West Virginia

55-0672148

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

310 North Main Street
Moorefield, West Virginia

26836

(Address of principal executive offices) (Zip Code)

(304) 538-2353

(Issuer's telephone number, including area code)

Check whether the issuer: (1) filed all reports required by Section 13 or 15(d)
of the Exchange Act during the past 12 months (or for such shorter period that
the registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days. Yes X No

State the number of shares outstanding of each of the issuer's classes of common
equity, as of the latest practicable date.

378,510 common shares were outstanding as of April 29, 1997.

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SOUTH BRANCH VALLEY BANCORP, INC., AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 1997 (Unaudited)	December 31, 1996 *
<hr/>		
ASSETS		
Cash and due from banks	\$3,443,963	\$3,162,552
Interest bearing deposits with other banks	1,553,000	1,553,000
Federal funds sold	1,736,449	723,734
Securities available for sale	29,815,147	29,351,998
Marketable equity securities	512,500	--
Loans, net	86,183,134	82,414,205
Bank premises and equipment, net	3,106,858	3,121,892
Accrued interest receivable	972,935	928,642
Other assets	5,042,383	857,582
	<hr/>	<hr/>
Total Assets	\$132,366,369	\$122,113,605
	<hr/>	<hr/>
LIABILITIES		
Non-interest bearing deposits	\$9,245,358	\$9,075,059
Interest bearing deposits	92,584,726	91,866,353
	<hr/>	<hr/>
Total deposits	101,830,084	100,941,412
Short-term borrowings	6,773,348	4,377,397
Long-term borrowings	8,991,002	3,514,652
Contingent common stock subscribed	1,492,790	--
Other liabilities	806,286	976,351
	<hr/>	<hr/>
Total Liabilities	\$119,893,510	109,809,812
	<hr/>	<hr/>
SHAREHOLDERS' EQUITY		
Common stock, \$2.50 par value, authorized 600,000 shares, issued 382,625 shares	\$956,562	\$956,562
Surplus	685,534	685,534
Net unrealized gain (loss) on securities	(52,316)	117,199
Retained earnings	11,050,049	10,711,468
Less cost of shares acquired for the treasury 1997, 4,115; and 1996, 4,115	(166,970)	(166,970)
	<hr/>	<hr/>
Total Shareholders' Equity	\$12,472,859	\$12,303,793
	<hr/>	<hr/>
Total Liabilities and Shareholders' Equity	\$132,366,369	\$122,113,605
	<hr/>	<hr/>

* December 31, 1996 financial information has been extracted from audited financial statements.

See Notes to Condensed Consolidated Financial Statements

SOUTH BRANCH VALLEY BANCORP, INC., AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the Three Months ended March 31, 1997 and 1996
(Unaudited)

	Three Months Ended March 31, 1997	March 31, 1996
Interest income:		
Interest and fees on loans	\$2,011,020	\$1,797,817
Interest on securities:		
Taxable	411,956	471,978
Tax-exempt	74,535	47,784
Interest on Federal funds sold	13,304	23,257
	-----	-----
Total interest income	2,510,815	2,340,836
	-----	-----
Interest expense:		
Interest on deposits	1,100,403	1,140,623
Interest on short-term borrowings	42,168	307
Interest on long-term borrowings	103,247	20,918
	-----	-----
Total interest expense	1,245,818	1,161,848
	-----	-----
Net interest income	1,264,997	1,178,988
Provision for loan losses	30,000	10,000
	-----	-----
Net interest income after provision for loan losses	1,234,997	1,168,988
	-----	-----
Non-interest income:		
Insurance commissions	9,922	22,563
Trust department income	0	(8)
Service fee income	57,004	49,905
Securities gains (losses)	0	33,912
Other income	29,359	14,737
	-----	-----
Total other income	96,285	121,109
	-----	-----
Non-interest expense:		
Salaries and employee benefits	447,877	443,697
Net occupancy expense	42,642	53,326
Equipment expense	67,903	62,806
FDIC insurance premiums	2,780	1,000
Other expenses	260,442	252,913
	-----	-----
Total other expense	821,644	813,742
	-----	-----
Income before income tax expense	509,638	476,355
Income tax expense	171,057	165,170
	-----	-----
Net Income	\$338,581	\$311,185
	=====	=====
Earnings per common share	\$0.89	\$0.82
	=====	=====
Dividends per common share	\$---	\$---
	=====	=====

See Notes to Condensed Consolidated Financial Statements

SOUTH BRANCH VALLEY BANCORP, INC., AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 1997 and 1996
(Unaudited)

	Three Months Ended March 31, 1997	March 31, 1996
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$338,581	\$311,185
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	56,307	53,431
Provision for loan losses	30,000	10,000
Securities (gains)	--	(33,911)
Provision for deferred income tax expense	41,150	9,237
(Increase) in accrued income receivable	(44,293)	(53,655)
Amortization of security premiums and (accretion of discounts), net	4,985	15,748
Decrease in other assets	462,723	57,111
(Decrease) in other liabilities	(96,696)	(121,338)
(Gain) on sale of other assets	(7,344)	--
	-----	-----
Net cash provided by (used in) operating activities	785,413	247,808
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of securities available for sale	--	2,209,305
Proceeds from maturities of securities available for sale	250,000	2,500,000
Purchases of securities available for sale	(1,416,430)	(5,857,400)
Purchase of non-subsiary bank stock	(512,500)	--
Amounts deposited into escrow for purchase of non-subsiary bank stock	(4,671,480)	--
Principal payments received on securities available for sale	422,662	138,529
(Increase) decrease in Federal funds sold, net	(1,012,715)	1,981,242
Principal collected on (loans to customers), net	(3,798,929)	(1,874,348)
Proceeds from interest bearing deposits with other banks	--	89,943
Purchase of Bank premises and equipment	(41,273)	(33,058)
Proceeds sales of other assets	22,900	--
	-----	-----
Net cash provided by (used in) investing activities	(10,757,765)	(845,787)
	-----	-----

Continued

See Notes to Condensed Consolidated Financial Statements

SOUTH BRANCH VALLEY BANCORP, INC., AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued
For the Three Months Ended March 31, 1997 and 1996
(Unaudited)

	Three Months Ended	
	March 31, 1997	March 31, 1996
CASH FLOWS FROM FINANCING ACTIVITIES	-----	-----
Net (decrease) in demand deposits, NOW and savings accounts	200,726	(766,959)
Proceeds from sales of time deposits, net	687,946	389,891
Net increase in short-term borrowings	2,395,951	--
Proceeds from long-term borrowings	5,500,000	1,000,000
Repayment of long-term borrowings	(23,650)	(6,109)
Proceeds common stock subscribed	1,492,790	--
	-----	-----
Net cash provided by (used in) financing activities	10,253,763	616,823
	-----	-----
Increase (decrease) in cash and due from banks	281,411	18,844
Cash and due from banks:		
Beginning	3,162,552	2,191,647
	-----	-----
Ending	\$3,443,963	\$2,210,491
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for:		
Interest paid to depositors	\$402,519	\$1,140,402
	=====	=====
Income taxes	\$4,600	\$0
	=====	=====
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Other real estate acquired in settlement of loans	\$0	\$0
	=====	=====

See Notes to Condensed Consolidated Financial Statements

SOUTH BRANCH VALLEY BANCORP, INC., AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the Three Months ended March 31, 1997 and 1996

(Unaudited)

	Three Months Ended	
	March 31, 1997	March 31, 1996
Balance, beginning of period	\$12,303,793	\$11,328,660
Net income	338,581	311,185
Change in net unrealized gain (loss) on securities	(169,515)	(238,640)
Balance, March 31	\$12,472,859	\$11,401,205

See Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Basis of Presentation

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the interim periods.

The presentation of financial statements in conformity with generally accepted accounting procedures requires management to make estimates and assumptions that effect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

The results of operations for the three months March 31, 1997 are not necessarily indicative of the results to be expected for the full year. The Condensed Consolidated Financial Statements and notes included herein should be read in conjunction with the Company's 1996 audited financial statements and Form 10-K.

Certain accounts in the consolidated financial statements for 1996 as previously presented have been reclassified to conform to current year classifications.

Note 2. Earnings Per Share

Earnings per common share are computed based upon the weighted average shares outstanding. The weighted average shares outstanding were 378,510 at March 31, 1997 and 1996, respectively.

Note 3. Commitments and Contingencies

On February 7, 1997, the Company executed a Stock Purchase Agreement to purchase 424,680 shares or approximately 35.4% of The Capital State Bank, Inc.(Capital State), a state banking corporation. Further, during the first quarter of 1997, the Company

acquired 50,000 shares or approximately 4.2% of Capital State stock from another party. This investment, which totaled \$512,500, is recorded as Marketable Equity Securities in the accompanying condensed consolidated financial statements under the cost method of accounting. Reference can be made to Forms 8-K filed by the Company on January 15, 1997, February 7, 1997 and March 27, 1997 for further information related to the Company's planned investment in Capital State. These documents are incorporated herein by reference in their entirety.

In connection with the stock purchase agreement, approximately \$4.7 million have been placed in a non-interest bearing escrow account to fund the purchase of Capital State stock if certain conditions are met as outlined in the agreement. These monies are included in Other Assets on the accompanying condensed consolidated financial statements.

Management does not foresee any delays in the approval of this purchase and anticipates approval from regulatory authorities during the third quarter of 1997. Upon approval management anticipates this acquisition will be accounted for using the purchase method of accounting.

Note 4. Long-term borrowings

On February 18, 1997 and March 14, 1997, the Company obtained two long-term borrowings from two separate financial institutions in the amounts of \$3,000,000 and \$500,000 respectively, to fund a stock purchase agreement and to acquire approximately 4.2% of Capital State (see Note 3). Each of these loans bear an interest rate of prime minus .25%, adjusted annually, with interest payments due quarterly. Annual principal payments in the amount of \$600,000 will be due on the \$3,000,000 loan, while quarterly principal payments in the amount of \$20,833 will be due on the \$500,000 loan.

The proceeds from the \$3,000,000 loan were placed in a non-interest bearing escrow account until consummation of the proposed purchase of Capital State stock (see Note 3). Currently this escrow account serves as collateral for this loan, until Capital State stock is purchased, at which time the stock will be placed as collateral. The Company's 50,000 shares of Capital State presently owned is pledged as collateral for the \$500,000 loan.

The subsidiary bank also had long-term borrowings of \$5,491,000 and \$1,744,000 as of March 31, 1997 and March

31, 1996, respectively, which consisted of advances from the Federal Home Loan Bank of Pittsburgh. During the first quarter of 1997, a 6.08% long term fixed rate loan in the amount of \$2,400,000 was obtained to fund long-term mortgage loans.

Total long-term borrowings bear an average interest rate of 5.78% and mature in varying amounts through the year 2010. A summary of the maturities of all long term borrowings for the next five years is as follows:

1998	\$	0
1999		0
2000		340,000
2001		0
2002		5,500,000
Thereafter		3,151,002

Total		\$8,991,002
		=====

Note 5. Stock Subscriptions

During February 1997, the Company executed stock subscription agreements with seven directors of the Company in a limited stock offering at \$43.50 per share, the estimated current market value of the Company's common stock based on sales transactions known to management. As described in Note 3, the funds have been placed in an escrow account to fund the proposed stock acquisition of Capital State common stock. The directors who will purchase the Company stock and the amount they will purchase is as follows:

Director's Name	Number of Shares	Dollar Amount

John W. Crites	25,300	\$1,100,550
Gary L. Hinkle	4,600	200,100
Jeffrey E. Hott	2,530	110,055
Oscar M. Bean	575	25,013
Donald W. Biller	506	22,011
Thomas J. Hawse, III	300	13,050
Mary Ann Ours	506	22,011
	-----	-----
	34,317	\$1,492,790

The contemplated transaction is subject to various contingencies, including but not limited to the Company's ability to obtain prior regulatory approval. In the event that the contemplated transaction is not consummated within twelve (12) months, the subscription deposit will be promptly returned without interest unless

otherwise agreed to by the parties. Accordingly, the above amount has been recorded as contingent common stock in the liabilities section of the accompanying condensed consolidated financial statements.

The following represents certain proforma information as if the 34,317 shares of contingent common stock subscriptions had been issued as of the beginning of each periods reported.

March 31, 1997

	As Reported	Proforma
Earnings per share	\$.89	\$.82
Book value	32.95	33.83
ROA	1.10%	1.10%

March 31, 1996

	As Reported	Proforma
Earnings per share	\$.82	\$.75
Book value	32.51	33.42
ROA	1.10%	1.10%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION AND SUMMARY

The following is Management's discussion and analysis of the financial condition and financial results of operations for South Branch Valley Bancorp, Inc. and its wholly owned subsidiary, South Branch Valley National Bank, (hereafter referred to as the Company) as of March 31, 1997. This discussion may contain forward looking statements based on management's expectations and actual results may differ materially. Since the primary business activities of South Branch Valley Bancorp, Inc. are conducted through its wholly owned subsidiary (the Bank), the following discussion focuses primarily on the financial condition and operations of the Bank. All amounts and percentages have been rounded for this discussion.

Earnings Summary

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Net income for the first quarter of 1997 totaled \$339,000, a \$28,000 or a 9.0% increase from the \$311,000 earned during the same period of 1996. However, this increase was affected by several expenses related to the proposed stock purchase agreement of Capital State. Such expenses include legal and accounting expenses related to this proposed acquisition of approximately \$9,000, and \$32,000 in additional interest expense incurred as a result of long-term borrowing proceeds used to fund this proposed acquisition. No income is currently being earned on the long-term borrowing proceeds as such funds have been placed in a non-interest bearing escrow account in accordance with the stock purchase agreements.

Total direct costs associated with this acquisition are considered immaterial and are being expensed as incurred. Management recognizes that these expenses will continue throughout 1997 but does not believe net income will be negatively impacted but will remain steady.

Annualized return on average assets at March 31, 1997 was 1.10% as compared to 1.10% at March 31, 1996. Earnings per share totaled \$.89 at March 31, 1997 compared to \$.82 at March 31, 1996. Excluding the above acquisition related costs, earnings per share would have been \$.96 and annualized return on average assets would have been 1.20% at March 31, 1997.

The Company's only subsidiary, South Branch Valley National Bank, had an increase in net income of \$63,000, or 19.8% to \$381,000 as compared with \$318,000 for the same period ended March 31, 1996.

RESULTS OF OPERATIONS

Net Interest Income

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For purposes of this discussion, a "taxable equivalent basis" adjustment has been included in interest income to reflect income earned on tax-exempt state and municipal obligations as if they were taxable, assuming a Federal tax rate of 34% in both 1997 and 1996. The tax equivalent adjustment approximated \$16,000 in 1997 and \$12,000 in 1996.

For the three months ended March 31, 1997, the Company's net interest income, as adjusted, increased \$90,000 or 7.6% to \$1,281,000 as compared with \$1,191,000 for the three months ended March 31, 1996. The Company's net interest yield on earning assets (net interest margin) decreased 6 basis points from 4.46% for the three months ended March 31, 1996 to 4.40% for the three months ended March 31, 1997. See Table I for an illustrative analysis of the changes in net interest margin.

Provision for Loan Losses and Loan Quality

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An allowance for loan losses is maintained by the Company to provide for potential losses included in its loan portfolio. This allowance is funded through the provision for loan losses as a charge to current earnings. The allowance for loan losses is reviewed by management on a quarterly basis to determine if it is being maintained at levels considered necessary to cover potential losses associated with the Bank's current lending activities. For the three months ended March 31, 1997, the Company's provision for loan losses totaled \$30,000, compared to \$10,000 during the first three months of 1996. The following table represents a summary of the Company's past due and non-performing assets:

SUMMARY OF PAST DUE LOANS AND NON-PERFORMING ASSETS

	March 3		December 31
	1997	1996	1996

Loans contractually past due 90 days or more and still accruing interest	\$272	\$285	\$324
	=====	=====	=====
Non-performing assets:			
Non-accruing loans	\$125	\$430	\$343
Other real estate owned and repossessed assets	67	40	29
	-----	-----	-----
	\$192	\$470	\$372
	=====	=====	=====

South Branch Valley Bancorp, Inc. and Subsidiary

Table I - Average Distribution of Assets, Liabilities and Shareholders' Equity, Interest Earnings & Expenses, and Average Rates

(In thousands of dollars)	March 31, 1997			March 31, 1996		
	Average Balances	Earnings/Expense	Yield/Rate	Average Balances	Earnings/Expense	Yield/Rate
ASSETS						
Interest earning assets:						
Loans, net of unearned interest	\$84,607	\$2,011	9.51%	\$72,125	\$1,798	9.97%
Securities						
Taxable	23,719	386	6.51%	27,312	436	6.39%
Tax-exempt	5,718	91	6.37%	3,486	59	6.77%
Interest bearing deposits with other banks	1,553	26	6.70%	2,116	36	6.81%
Federal funds sold	833	13	6.24%	1,690	23	5.44%
Total interest earning assets	116,430	2,527	8.68%	106,729	2,352	8.81%
Noninterest earning assets:						
Cash & due from banks	2,882			2,405		
Bank premises & equipment	3,116			3,173		
Other assets	2,755			1,316		
Allowance for loan losses	(869)			(863)		
Total assets	\$124,314			\$112,760		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest bearing liabilities:						
Interest bearing demand deposits	\$19,201	\$148	3.08%	\$18,989	\$160	3.37%
Regular savings	13,799	108	3.13%	15,728	142	3.61%
Time savings	59,083	845	5.72%	56,588	839	5.93%
Federal funds purchased and securities sold with agreement to repurchase	4,054	42	4.14%	--	--	--
Other borrowings	6,552	103	6.29%	1,430	21	5.87%
	102,689	1,246	4.85%	92,735	1,162	5.01%
Noninterest bearing liabilities:						
Demand deposits	9,333			7,789		
Other liabilities	933			946		
Total liabilities	112,955			101,470		
Shareholders' equity	11,359			11,290		
Total liabilities and shareholders' equity	\$124,314			\$112,760		
NET INTEREST EARNINGS						
		\$1,281			\$1,190	
NET INTEREST YIELD ON EARNING ASSETS						
		4.40%			4.46%	

The level of non-performing assets has decreased during the past year due to management's continuing efforts to improve the quality of the Company's assets. Total loans past due 90 days or more plus non-performing assets have decreased approximately \$291,000 or 38.5% from the same period last year. Loans contractually past due 90 days or more plus non-performing assets decreased approximately 33.3% or \$232,000 since December 31, 1996. While there may be some loans or portions of loans identified as potential problem credits which are not specifically identified as either non-accrual or accruing loans past due 90 or more days, they are considered by management to be insignificant to the overall disclosure and are therefore not specifically quantified within the Management's Discussion and Analysis.

At March 31, 1997, the allowance for loan losses totaled \$815,000 or .9% of net loans compared to \$849,000 or 1.2% of net loans at March 31, 1996, and \$858,000 or 1.0% of net loans at December 31, 1996. Based on management's quarterly loan review procedures, management believes the recorded allowance for loan losses is adequate to cover potential losses identified or inherent in the loan portfolio as of each of the dates presented.

Non-interest Income

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Total non-interest income decreased approximately \$25,000 or 20.7% to \$96,000 for the three months ended March 31, 1997 as compared to \$121,000 for the three months ended March 31, 1996. A discussion of the major components of non-interest income which significantly fluctuated between these periods follows:

Insurance commissions decreased approximately \$13,000 to \$10,000 or 56.5% for the three months ended March 31, 1997 compared to the three months ended March 31, 1996. Management recognizes that this revenue can be sporadic but does expect the remainder of the year's insurance earnings to be more comparable to last years.

No sales of securities were originated during the three months ended March 31, 1997. For the three months ended March 31, 1996, certain securities were sold to reinvest in similar securities with more favorable rates and terms, which resulted in an approximate \$34,000 gain on sales of investment securities.

Other income increased approximately \$14,000 or 93.3% from \$15,000 to \$29,000 for the three month period ended March 31, 1997 as compared with the three month period ended March 31, 1996. This increase can be primarily attributed to the sale of certain bank assets and other real estate owned. No significant sales of this type are anticipated for the remainder of 1997.

Non-interest expense

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Non-interest expense increased approximately \$8,000 or 1.0% during the first three months of 1997. A discussion of the major components of non-interest expense which significantly fluctuated between the periods follows:

Net occupancy expense decreased from approximately \$53,000 to \$43,000 or 18.9%. The largest portion of this decrease was the loss of \$4,000 rental income from the temporary rental of part of one of the Company's facilities during 1996. This income ceased in January of 1997.

Other expenses increased approximately \$7,000 or 2.8% from \$253,000 to \$260,000 during the first three months of 1997 compared to the first three months of 1996. The only major components of other expenses which significantly fluctuated during this period were related to data processing and other insurance expenses. Data processing expense decreased approximately \$15,000 or 55.6% from \$27,000 to \$12,000. Data processing expense for 1996 was larger than usual due to our mainframe software conversion. Other insurance expense increased approximately \$7,000 or 63.6% from \$11,000 to \$18,000. This increase is due to revisions to existing policies and additional coverage purchased in 1997.

Liquidity

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Liquidity in commercial banking can be defined as the ability to satisfy customer loan commitments and meet deposit withdrawals while maximizing net interest income. The Company's primary sources of liquidity include cash and due from banks coupled with Federal Funds sold which totaled \$5,180,000 or 3.9% of total assets. Additionally, securities and interest bearing deposits with other banks maturing within one year, which are considered secondary sources of liquidity, approximated \$2,552,000 or 1.9% of total assets. Management believes that the liquidity of the Company is adequate and foresees no demands or conditions that would adversely affect it. The bank uses ratio analysis to monitor the changes in its sources and uses of funds so that an adequate liquidity position is maintained. At March 31, 1997 the loan to deposit ratio was 84.6% compared to 81.7% at December 31, 1996.

Financial Condition

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Assets

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The overall composition of the Company's assets has not changed significantly since year end 1996. Other assets increased approximately \$4,000,000, primarily due to the escrow account discussed in Note 3 to the condensed consolidated financial statements.

Liabilities

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Total deposits increased approximately .9% or \$889,000 from December 31, 1996 with no significant fluctuation in the Company's deposit mix.

The Company's long term borrowings increased approximately \$5,500,000 since December 31, 1996 to partially fund the purchase of Capital State stock and to fund local mortgage loan growth. See Note 4 to the condensed consolidated financial statements for additional information related to the Company's long term borrowings.

Short term borrowings have increased approximately \$2,400,000 and have been used to fund additional loan growth. The average interest rate on the short term borrowings has been 4.42% and has cost approximately \$58,000 thus far in 1997.

Shareholders' Equity

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The Company's total shareholders' equity has increased approximately \$169,000 or 1.4% since December 31, 1996. This is the net result of an increase in retained earnings of \$338,000 from net income and a \$169,000 decrease in net unrealized gain (loss) on securities. The Company's equity to total assets ratio was 9.4% at March 31, 1997 and 10.1% at December 31, 1996. The Company's subsidiary bank's total risk weighted capital ratio was approximately 14.3% at March 31, 1997 and is well within Federal regulatory guidelines. The Company is not aware of any pending regulation which would have a material negative impact on its operations or financial condition.

PART II

Item 6 - Exhibits and Reports on Form 8-K

A. Exhibits

Exhibit Number - - - - -	Description	Page(s) in Form 10-QSB or Prior Filing Reference - - - - -
(10)	Material Contracts	
	Stock Subscription Agreements with related parties:	
a.	Donald W. Biller	20 - 22
b.	Gary L. Hinkle	23 - 25
c.	Jeffrey E. Hott	26 - 28
d.	John W. Crites	29 - 31
e.	Mary Ann Ours	32 - 34
f.	Oscar M. Bean	35 - 37
g.	Thomas J. Hawse, III	38 - 40
(27)	Financial Data Schedule	41

B. Reports on Form 8-K.

On January 15, 1997 and February 7, 1997, the Registrant filed Form 8-K related to the execution of a stock purchase agreement to acquire approximately 35.4% of the Capital State Bank, Inc., a state non-member financial institution located in Charleston, West Virginia. On March 27, 1997, the Registrant filed Form 8-K related to the execution of a stock purchase agreement to acquire approximately 50,000 shares of the Capital State Bank, Inc. This will give the Registrant an ownership interest of approximately 40% in Capital State Bank, Inc. These documents are incorporated herein by reference in their entirety.

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.

South Branch Valley Bancorp, Inc.
(registrant)

By: /s/ H. Charles Maddy, III

H. Charles Maddy, III, President and
Chief Financial Officer

By: /s/ Russell Ratliff, Jr.

Russell Ratliff, Jr., Treasurer

Date: May 14, 1997

SUBSCRIPTION AGREEMENT
FOR SHARES OF COMMON STOCK
OF SOUTH BRANCH VALLEY BANCORP, INC.

This Subscription Agreement is made by and between South Branch Valley Bancorp, Inc., a West Virginia corporation (the "Company") and the undersigned current investor and holder of common stock in the Company who is subscribing hereby for share's of the Company common stock previously authorized but not issued (the "Shares") and for which no offering materials are being published.

In consideration of the Company's agreement to accept the undersigned's offer to purchase Shares of the Company upon the terms and conditions set forth herein, the undersigned agrees and represents as follows:

A. SUBSCRIPTION

1. The undersigned hereby subscribes to purchase Shares at \$43.50 per share in the amount indicated on the signature page of this Subscription Agreement (page 6). Simultaneously with the execution of this Subscription Agreement, the undersigned is paying and delivering to the Company the amount set forth on the signature page, below, in the form of a check or wire transfer (the "Subscription Deposit") payable to "South Branch Valley Bancorp-Stock Subscription Account" to be deposited with the South Branch Valley National Bank, a subsidiary of the Company.

2. The undersigned understands that the Subscription Deposit will not be placed in an escrow account but will be segregated by the Company in its books of account until used in connection with the Capital State Bank transaction described below (the "Contemplated Transaction"). The Subscription Deposit will be placed by the Company in an escrow account at Potomac Valley Bank in fulfillment of Company's obligations to place the purchase price for the Contemplated Transaction in escrow by February 18, 1997. The undersigned understands that the escrow account was established for the benefit of the Company and the sellers of the shares of Capital State Bank, Inc. (the "Escrow Account") which are the subject of the Contemplated Transaction, and that the undersigned has no right to or claim on the Escrow Account. The undersigned acknowledges that the Contemplated Transaction is subject to various contingencies, including but not limited to the Company's ability to obtain prior regulatory approval. In the event the Contemplated Transaction is not consummated within twelve (12) months, the Subscription Deposit will be promptly returned without interest unless otherwise agreed to by the parties.

B. REPRESENTATION AND WARRANTIES

1. The undersigned hereby represents and warrants to, and agrees with the Company, as follows:

(a) The Shares are being purchased for his own account, for investment purposes only, and not for the account of any other person, and not with a view to distribution, assignment or resale to others or to fractionalization in whole or in part. In furtherance thereof, the undersigned represents, warrants, and agrees that no other person has or will have a direct or indirect beneficial interest in such Shares and the undersigned will not sell, hypothecate or otherwise transfer his Shares except in accordance with applicable securities laws as approved by counsel for the Company.

(b) In evaluating the suitability of an additional investment in the Company, the undersigned has not relied upon any representations or other information (whether oral or written) from the Company, other than publicly available information and no oral or written representations have been made or oral or written information furnished to the undersigned or his advisors, if any, in connection with the offering of the Shares which is in any way inconsistent with publicly available information.

(c) The Company has made available to the undersigned all documents and information that the undersigned has requested relating to an additional investment in the Company.

(d) The undersigned has carefully considered and has, to the extent he believes such discussion necessary, discussed with his professional legal, tax and financial advisers the suitability of an additional investment in the Company for his particular tax and financial situation and he has determined that the Shares are a suitable investment for him.

(e) All information which the undersigned has provided to the Company concerning himself and his financial position is correct and complete as the date set forth below, and if there should be any change in such information prior to the acceptance of this Subscription Agreement by the Company, he will immediately provide such information to the Company and will promptly send confirmation of such information to the Company.

2. The foregoing representations and warranties are true and accurate as of the date hereof, shall be true and accurate as of the date of the acceptance hereof by the Company and shall survive thereafter. If such representations and warranties shall not be true and accurate in any respect, the undersigned will, prior to such acceptance, give written notice of such fact to the Company specifying which representations and warranties are not true and accurate and the reasons therefor.

3. The undersigned shall indemnify and hold harmless the Company or any of its officers, employees, directors or control persons of any such entity who was or is a party or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the undersigned to the Company concerning himself or his financial position in connection with the offering or sale of the Shares which is not remedied by timely notice to the Company as provided above, against losses, liabilities and expenses for which the Company or any of its officers, employees, directors or control persons of any such entity have not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as actually and reasonably incurred by such person or entity in connection with such action, suit or proceeding.

4. I understand that the Company is issuing 34,317 shares of its common stock to partially finance its purchase of not less than 424,680 shares of common stock of Capital State Bank, a West Virginia banking corporation.

C. FINANCIAL POSITION AND EXPERIENCE OF INDIVIDUAL INVESTORS

I represent and warrant to the Company as follows:

(a) My occupation is (1) Farmer

(2) -----

(b) The proposed investment is financially suitable for me. I have the financial means to make the investment giving due consideration to its illiquidity and other risks associated with the investment. After making the investment, I will continue to have sufficient liquidity to meet my cash needs.

(c) I have an on-going relationship with an accountant and/or legal, tax or business advisors with whom I review tax or financial matters (even though I may not have reviewed this investment with them).

(1) -----

(Please initial if correct)

(d) In reviewing an additional investment in the Company I have consulted with, or received information or advice from, the persons listed below:

[Please name and indicate the professional or business relationship of each person to you (e.g., attorney, accountant, business advisor). Such persons need not complete any certificates or make any representation to the Company merely because they are named here as persons with whom you consulted.]

(e) My educational background is as follows:

School: Mathias High School

Major: -----
Degree: -----

(f) My Occupation, Employer(s) for the last five years and positions held are set forth below:

Farmer (self employed) and President of D.W. Biller, Inc.

(g) My experience with the Company includes being the current owner of 6,120 shares of common stock of the Company and serving as a director since 1987. Additionally, I first became affiliated with South Branch Valley National Bank in 1975 (prior to the formation of the Company as the holding company of such institution) as a director.

(h) My experience in investments is set forth below (indicate whether public or private, partnerships in real estate, oil and gas, equipment leasing, stocks, bonds, etc):

Director of D. W. Biller, Inc.

Real estate investments

Stock in F&M Corp

(i) Set forth below is additional information which reflects my experience in financial and business matters which enables me to evaluate the merits and risks of this investment.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement this 18th day of February, 1997.

506	\$ 22,011.00
-----	-----
Number of Shares Subscribed for at \$ 43.50 per Share.	Total Purchase Price

Individual:

/s/ Donald W. Biller

Donald W. Biller

Accepted by:

South Branch Valley Bancorp, Inc.,
a West Virginia corporation

By: /s/ C. Maddy

Its: President

Date of Acceptance:
February 18, 1997

 SUBSCRIPTION AGREEMENT
 FOR SHARES OF COMMON STOCK
 OF SOUTH BRANCH VALLEY BANCORP, INC.

This Subscription Agreement is made by and between South Branch Valley Bancorp, Inc., a West Virginia corporation (the "Company") and the undersigned current investor and holder of common stock in the Company who is subscribing hereby for share's of the Company common stock previously authorized but not issued (the "Shares") and for which no offering materials are being published.

In consideration of the Company's agreement to accept the undersigned's offer to purchase Shares of the Company upon the terms and conditions set forth herein, the undersigned agrees and represents as follows:

A. SUBSCRIPTION

1. The undersigned hereby subscribes to purchase Shares at \$43.50 per share in the amount indicated on the signature page of this Subscription Agreement (page 6). Simultaneously with the execution of this Subscription Agreement, the undersigned is paying and delivering to the Company the amount set forth on the signature page, below, in the form of a check or wire transfer (the "Subscription Deposit") payable to "South Branch Valley Bancorp-Stock Subscription Account" to be deposited with the South Branch Valley National Bank, a subsidiary of the Company.

2. The undersigned understands that the Subscription Deposit will not be placed in an escrow account but will be segregated by the Company in its books of account until used in connection with the Capital State Bank transaction described below (the "Contemplated Transaction"). The Subscription Deposit will be placed by the Company in an escrow account at Potomac Valley Bank in fulfillment of Company's obligations to place the purchase price for the Contemplated Transaction in escrow by February 18, 1997. The undersigned understands that the escrow account was established for the benefit of the Company and the sellers of the shares of Capital State Bank, Inc. (the "Escrow Account") which are the subject of the Contemplated Transaction, and that the undersigned has no right to or claim on the Escrow Account. The undersigned acknowledges that the Contemplated Transaction is subject to various contingencies, including but not limited to the Company's ability to obtain prior regulatory approval. In the event the Contemplated Transaction is not consummated within twelve (12) months, the Subscription Deposit will be promptly returned without interest unless otherwise agreed to by the parties.

B. REPRESENTATION AND WARRANTIES

1. The undersigned hereby represents and warrants to, and agrees with the Company, as follows:

(a) The Shares are being purchased for his own account, for investment purposes only, and not for the account of any other person, and not with a view to distribution, assignment or resale to others or to fractionalization in whole or in part. In furtherance thereof, the undersigned represents, warrants, and agrees that no other person has or will have a direct or indirect beneficial interest in such Shares and the undersigned will not sell, hypothecate or otherwise transfer his Shares except in accordance with applicable securities laws as approved by counsel for the Company.

(b) In evaluating the suitability of an additional investment in the Company, the undersigned has not relied upon any representations or other information (whether oral or written) from the Company, other than publicly available information and no oral or written representations have been made or oral or written information furnished to the undersigned or his advisors, if any, in connection with the offering of the Shares which is in any way inconsistent with publicly available information.

(c) The Company has made available to the undersigned all documents and information that the undersigned has requested relating to an additional investment in the Company.

(d) The undersigned has carefully considered and has, to the extent he believes such discussion necessary, discussed with his professional legal, tax and financial advisers the suitability of an additional investment in the Company for his particular tax and financial situation and he has determined that the Shares are a suitable investment for him.

(e) All information which the undersigned has provided to the Company concerning himself and his financial position is correct and complete as the date set forth below, and if there should be any change in such information prior to the acceptance of this Subscription Agreement by the Company, he will immediately provide such information to the Company and will promptly send

confirmation of such information to the Company.

2. The foregoing representations and warranties are true and accurate as of the date hereof, shall be true and accurate as of the date of the acceptance hereof by the Company and shall survive thereafter. If such representations and warranties shall not be true and accurate in any respect, the undersigned will, prior to such acceptance, give written notice of such fact to the Company specifying which representations and warranties are not true and accurate and the reasons therefor.

3. The undersigned shall indemnify and hold harmless the Company or any of its officers, employees, directors or control persons of any such entity who was or is a party or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the undersigned to the Company concerning himself or his financial position in connection with the offering or sale of the Shares which is not remedied by timely notice to the Company as provided above, against losses, liabilities and expenses for which the Company or any of its officers, employees, directors or control persons of any such entity have not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as actually and reasonably incurred by such person or entity in connection with such action, suit or proceeding.

4. I understand that the Company is issuing 34,317 shares of its common stock to partially finance its purchase of not less than 424,680 shares of common stock of Capital State Bank, a West Virginia banking corporation.

C. FINANCIAL POSITION AND EXPERIENCE OF INDIVIDUAL INVESTORS

I represent and warrant to the Company as follows:

- (a) My occupation is (1) President of Hinkle Trucking Inc.

(2) President of Dettinburn Transport, Inc.

(3) President of Mt. Storm Fuel Corp.

- (b) The proposed investment is financially suitable for me. I have the financial means to make the investment giving due consideration to its illiquidity and other risks associated with the investment. After making the investment, I will continue to have sufficient liquidity to meet my cash needs.
- (c) I have an on-going relationship with an accountant and/or legal, tax or business advisors with whom I review tax or financial matters (even though I may not have reviewed this investment with them).
(1) -----
(Please initial if correct)
- (d) In reviewing an additional investment in the Company I have consulted with, or received information or advice from, the persons listed below:

[Please name and indicate the professional or business relationship of each person to you (e.g., attorney, accountant, business advisor). Such persons need not complete any certificates or make any representation to the Company merely because they are named here as persons with whom you consulted.]
- (e) My educational background is as follows:

School: West Virginia University

Major: Management

Degree: BS

- (f) My Occupation, Employer(s) for the last five years and positions held are set forth below:

President of Hinkle Trucking, Inc.

President of Dettinburn Transport, Inc.

- (g) My experience with the Company includes being the current owner of 9,917 shares of common stock of the Company and serving as a director since 1993.

- (h) My experience in investments is set forth below (indicate whether public or private, partnerships in real estate, oil and gas, equipment leasing, stocks, bonds, etc):

Private stock portfolio - past 15 years

Company Stock Portfolio - past 10 years

- (i) Set forth below is additional information which reflects my experience in financial and business matters which enables me to evaluate the merits and risks of this investment.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement this 18th day of February, 1997.

4,600

\$ 200,100.00

Number of Shares Subscribed
for at \$ 43.50 per Share.

Total Purchase Price

Individual:

/s/ Gary L. Hinkle

Gary L. Hinkle

Accepted by:

South Branch Valley Bancorp, Inc.,
a West Virginia corporation

By: /s/ C. Maddy

Its: President

Date of Acceptance:
February 18, 1997

 SUBSCRIPTION AGREEMENT
 FOR SHARES OF COMMON STOCK
 OF SOUTH BRANCH VALLEY BANCORP, INC.

This Subscription Agreement is made by and between South Branch Valley Bancorp, Inc., a West Virginia corporation (the "Company") and the undersigned current investor and holder of common stock in the Company who is subscribing hereby for share's of the Company common stock previously authorized but not issued (the "Shares") and for which no offering materials are being published.

In consideration of the Company's agreement to accept the undersigned's offer to purchase Shares of the Company upon the terms and conditions set forth herein, the undersigned agrees and represents as follows:

A. SUBSCRIPTION

1. The undersigned hereby subscribes to purchase Shares at \$43.50 per share in the amount indicated on the signature page of this Subscription Agreement (page 6). Simultaneously with the execution of this Subscription Agreement, the undersigned is paying and delivering to the Company the amount set forth on the signature page, below, in the form of a check or wire transfer (the "Subscription Deposit") payable to "South Branch Valley Bancorp-Stock Subscription Account" to be deposited with the South Branch Valley National Bank, a subsidiary of the Company.

2. The undersigned understands that the Subscription Deposit will not be placed in an escrow account but will be segregated by the Company in its books of account until used in connection with the Capital State Bank transaction described below (the "Contemplated Transaction"). The Subscription Deposit will be placed by the Company in an escrow account at Potomac Valley Bank in fulfillment of Company's obligations to place the purchase price for the Contemplated Transaction in escrow by February 18, 1997. The undersigned understands that the escrow account was established for the benefit of the Company and the sellers of the shares of Capital State Bank, Inc. (the "Escrow Account") which are the subject of the Contemplated Transaction, and that the undersigned has no right to or claim on the Escrow Account. The undersigned acknowledges that the Contemplated Transaction is subject to various contingencies, including but not limited to the Company's ability to obtain prior regulatory approval. In the event the Contemplated Transaction is not consummated within twelve (12) months, the Subscription Deposit will be promptly returned without interest unless otherwise agreed to by the parties.

B. REPRESENTATION AND WARRANTIES

1. The undersigned hereby represents and warrants to, and agrees with the Company, as follows:

(a) The Shares are being purchased for his own account, for investment purposes only, and not for the account of any other person, and not with a view to distribution, assignment or resale to others or to fractionalization in whole or in part. In furtherance thereof, the undersigned represents, warrants, and agrees that no other person has or will have a direct or indirect beneficial interest in such Shares and the undersigned will not sell, hypothecate or otherwise transfer his Shares except in accordance with applicable securities laws as approved by counsel for the Company.

(b) In evaluating the suitability of an additional investment in the Company, the undersigned has not relied upon any representations or other information (whether oral or written) from the Company, other than publicly available information and no oral or written representations have been made or oral or written information furnished to the undersigned or his advisors, if any, in connection with the offering of the Shares which is in any way inconsistent with publicly available information.

(c) The Company has made available to the undersigned all documents and information that the undersigned has requested relating to an additional investment in the Company.

(d) The undersigned has carefully considered and has, to the extent he believes such discussion necessary, discussed with his professional legal, tax and financial advisers the suitability of an additional investment in the Company for his particular tax and financial situation and he has determined that the Shares are a suitable investment for him.

(e) All information which the undersigned has provided to the

Company concerning himself and his financial position is correct and complete as the date set forth below, and if there should be any change in such information prior to the acceptance of this Subscription Agreement by the Company, he will immediately provide such information to the Company and will promptly send confirmation of such information to the Company.

2. The foregoing representations and warranties are true and accurate as of the date hereof, shall be true and accurate as of the date of the acceptance hereof by the Company and shall survive thereafter. If such representations and warranties shall not be true and accurate in any respect, the undersigned will, prior to such acceptance, give written notice of such fact to the Company specifying which representations and warranties are not true and accurate and the reasons therefor.

3. The undersigned shall indemnify and hold harmless the Company or any of its officers, employees, directors or control persons of any such entity who was or is a party or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the undersigned to the Company concerning himself or his financial position in connection with the offering or sale of the Shares which is not remedied by timely notice to the Company as provided above, against losses, liabilities and expenses for which the Company or any of its officers, employees, directors or control persons of any such entity have not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as actually and reasonably incurred by such person or entity in connection with such action, suit or proceeding.

4. I understand that the Company is issuing 34,317 shares of its common stock to partially finance its purchase of not less than 424,680 shares of common stock of Capital State Bank, a West Virginia banking corporation.

C. FINANCIAL POSITION AND EXPERIENCE OF INDIVIDUAL INVESTORS

I represent and warrant to the Company as follows:

(a) My occupation is (1) Agri-Business

(2) Director of family owned corporations,SBVB corp.

(b) The proposed investment is financially suitable for me. I have the financial means to make the investment giving due consideration to its illiquidity and other risks associated with the investment. After making the investment, I will continue to have sufficient liquidity to meet my cash needs.

(c) I have an on-going relationship with an accountant and/or legal, tax or business advisors with whom I review tax or financial matters (even though I may not have reviewed this investment with them).

(1)

(Please initial if correct)

(d) In reviewing an additional investment in the Company I have consulted with, or received information or advice from, the persons listed below:

[Please name and indicate the professional or business relationship of each person to you (e.g., attorney, accountant, business advisor). Such persons need not complete any certificates or make any representation to the Company merely because they are named here as persons with whom you consulted.]

(e) My educational background is as follows:

School: West Virginia University (2 years), James Madison

University (1 semester)

Major: Agri-business

Degree: None

(f) My Occupation, Employer(s) for the last five years and positions held are set forth below:

Hott's Ag Services, Inc. - Director, V. President(Fertilize & Chemicals)

- (g) My experience with the Company includes being the current owner of 18,975 shares of common stock of the Company and serving as a director since 1990.

- (h) My experience in investments is set forth below (indicate whether public or private, partnerships in real estate, oil and gas, equipment leasing, stocks, bonds, etc):

E. E. Hott, Inc. (Real estate, stocks) (private)

Pendleton County Commissioner (1988-1994) Equipment Leasing,
Bonds (Public)

Franklin Oil Company, Inc. (Real estate, oil & gas distribution)
(private)

- (i) Set forth below is additional information which reflects my experience in financial and business matters which enables me to evaluate the merits and risks of this investment.

Directing investments in self-directed IRA

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement this 18th day of February, 1997.

2,530

\$ 110,055.00

Number of Shares Subscribed
for at \$ 43.50 per Share.

Total Purchase Price

Individual:

/s/Jeffrey E. Hott

Jeffrey E. Hott

Accepted by:

South Branch Valley Bancorp, Inc.,
a West Virginia corporation

By: /s/ C. Maddy

Its: President

Date of Acceptance:
February 18, 1997

 SUBSCRIPTION AGREEMENT
 FOR SHARES OF COMMON STOCK
 OF SOUTH BRANCH VALLEY BANCORP, INC.

This Subscription Agreement is made by and between South Branch Valley Bancorp, Inc., a West Virginia corporation (the "Company") and the undersigned current investor and holder of common stock in the Company who is subscribing hereby for share's of the Company common stock previously authorized but not issued (the "Shares") and for which no offering materials are being published.

In consideration of the Company's agreement to accept the undersigned's offer to purchase Shares of the Company upon the terms and conditions set forth herein, the undersigned agrees and represents as follows:

A. SUBSCRIPTION

1. The undersigned hereby subscribes to purchase Shares at \$43.50 per share in the amount indicated on the signature page of this Subscription Agreement (page 6). Simultaneously with the execution of this Subscription Agreement, the undersigned is paying and delivering to the Company the amount set forth on the signature page, below, in the form of a check or wire transfer (the "Subscription Deposit") payable to "South Branch Valley Bancorp-Stock Subscription Account" to be deposited with the South Branch Valley National Bank, a subsidiary of the Company.

2. The undersigned understands that the Subscription Deposit will not be placed in an escrow account but will be segregated by the Company in its books of account until used in connection with the Capital State Bank transaction described below (the "Contemplated Transaction"). The Subscription Deposit will be placed by the Company in an escrow account at Potomac Valley Bank in fulfillment of Company's obligations to place the purchase price for the Contemplated Transaction in escrow by February 18, 1997. The undersigned understands that the escrow account was established for the benefit of the Company and the sellers of the shares of Capital State Bank, Inc. (the "Escrow Account") which are the subject of the Contemplated Transaction, and that the undersigned has no right to or claim on the Escrow Account. The undersigned acknowledges that the Contemplated Transaction is subject to various contingencies, including but not limited to the Company's ability to obtain prior regulatory approval. In the event the Contemplated Transaction is not consummated within twelve (12) months, the Subscription Deposit will be promptly returned without interest unless otherwise agreed to by the parties.

B. REPRESENTATION AND WARRANTIES

1. The undersigned hereby represents and warrants to, and agrees with the Company, as follows:

(a) The Shares are being purchased for his own account, for investment purposes only, and not for the account of any other person, and not with a view to distribution, assignment or resale to others or to fractionalization in whole or in part. In furtherance thereof, the undersigned represents, warrants, and agrees that no other person has or will have a direct or indirect beneficial interest in such Shares and the undersigned will not sell, hypothecate or otherwise transfer his Shares except in accordance with applicable securities laws as approved by counsel for the Company.

(b) In evaluating the suitability of an additional investment in the Company, the undersigned has not relied upon any representations or other information (whether oral or written) from the Company, other than publicly available information and no oral or written representations have been made or oral or written information furnished to the undersigned or his advisors, if any, in connection with the offering of the Shares which is in any way inconsistent with publicly available information.

(c) The Company has made available to the undersigned all documents and information that the undersigned has requested relating to an additional investment in the Company.

(d) The undersigned has carefully considered and has, to the extent he believes such discussion necessary, discussed with his professional legal, tax and financial advisers the suitability of an additional investment in the Company for his particular tax and financial situation and he has determined that the Shares are a suitable investment for him.

(e) All information which the undersigned has provided to the

Company concerning himself and his financial position is correct and complete as the date set forth below, and if there should be any change in such information prior to the acceptance of this Subscription Agreement by the Company, he will immediately provide such information to the Company and will promptly send confirmation of such information to the Company.

2. The foregoing representations and warranties are true and accurate as of the date hereof, shall be true and accurate as of the date of the acceptance hereof by the Company and shall survive thereafter. If such representations and warranties shall not be true and accurate in any respect, the undersigned will, prior to such acceptance, give written notice of such fact to the Company specifying which representations and warranties are not true and accurate and the reasons therefor.

3. The undersigned shall indemnify and hold harmless the Company or any of its officers, employees, directors or control persons of any such entity who was or is a party or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the undersigned to the Company concerning himself or his financial position in connection with the offering or sale of the Shares which is not remedied by timely notice to the Company as provided above, against losses, liabilities and expenses for which the Company or any of its officers, employees, directors or control persons of any such entity have not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as actually and reasonably incurred by such person or entity in connection with such action, suit or proceeding.

4. I understand that the Company is issuing 34,317 shares of its common stock to partially finance its purchase of not less than 424,680 shares of common stock of Capital State Bank, a West Virginia banking corporation.

C. FINANCIAL POSITION AND EXPERIENCE OF INDIVIDUAL INVESTORS

I represent and warrant to the Company as follows:

- (a) My occupation is (1) Allegheny Wood Products, Inc., President

(2) -----

- (b) The proposed investment is financially suitable for me. I have the financial means to make the investment giving due consideration to its illiquidity and other risks associated with the investment. After making the investment, I will continue to have sufficient liquidity to meet my cash needs.

- (c) I have an on-going relationship with an accountant and/or legal, tax or business advisors with whom I review tax or financial matters (even though I may not have reviewed this investment with them).

(1)

(Please initial if correct)

- (d) In reviewing an additional investment in the Company I have consulted with, or received information or advice from, the persons listed below:

[Please name and indicate the professional or business relationship of each person to you (e.g., attorney, accountant, business advisor). Such persons need not complete any certificates or make any representation to the Company merely because they are named here as persons with whom you consulted.]

- (e) My educational background is as follows:

School: West Virginia University; University of Montana

Major: Forestry Forestry

Degree: BS MS

(f) My Occupation, Employer(s) for the last five years and positions held are set forth below:

Allegheny Wood Products, Inc., President

(g) My experience with the Company includes being the current owner of 25,905 shares of common stock of the Company and serving as a director since 1989.

(h) My experience in investments is set forth below (indicate whether public or private, partnerships in real estate, oil and gas, equipment leasing, stocks, bonds, etc):

Allegheny Wood Products, Inc - owner 89% stock which includes

40,000 acres of land

Municipal Bonds

(i) Set forth below is additional information which reflects my experience in financial and business matters which enables me to evaluate the merits and risks of this investment.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement this 18th day of February, 1997.

25,300

Number of Shares Subscribed
for at \$ 43.50 per Share.

\$ 1,100,550.00

Total Purchase Price

Individual:

/s/John W. Crites

John W. Crites

Accepted by:

South Branch Valley Bancorp, Inc.,
a West Virginia corporation

By: /s/ C. Maddy

Its: President

Date of Acceptance:
February 18, 1997

SUBSCRIPTION AGREEMENT
FOR SHARES OF COMMON STOCK
OF SOUTH BRANCH VALLEY BANCORP, INC.

This Subscription Agreement is made by and between South Branch Valley Bancorp, Inc., a West Virginia corporation (the "Company") and the undersigned current investor and holder of common stock in the Company who is subscribing hereby for share's of the Company common stock previously authorized but not issued (the "Shares") and for which no offering materials are being published.

In consideration of the Company's agreement to accept the undersigned's offer to purchase Shares of the Company upon the terms and conditions set forth herein, the undersigned agrees and represents as follows:

A. SUBSCRIPTION

1. The undersigned hereby subscribes to purchase Shares at \$43.50 per share in the amount indicated on the signature page of this Subscription Agreement (page 6). Simultaneously with the execution of this Subscription Agreement, the undersigned is paying and delivering to the Company the amount set forth on the signature page, below, in the form of a check or wire transfer (the "Subscription Deposit") payable to "South Branch Valley Bancorp-Stock Subscription Account" to be deposited with the South Branch Valley National Bank, a subsidiary of the Company.

2. The undersigned understands that the Subscription Deposit will not be placed in an escrow account but will be segregated by the Company in its books of account until used in connection with the Capital State Bank transaction described below (the "Contemplated Transaction"). The Subscription Deposit will be placed by the Company in an escrow account at Potomac Valley Bank in fulfillment of Company's obligations to place the purchase price for the Contemplated Transaction in escrow by February 18, 1997. The undersigned understands that the escrow account was established for the benefit of the Company and the sellers of the shares of Capital State Bank, Inc. (the "Escrow Account") which are the subject of the Contemplated Transaction, and that the undersigned has no right to or claim on the Escrow Account. The undersigned acknowledges that the Contemplated Transaction is subject to various contingencies, including but not limited to the Company's ability to obtain prior regulatory approval. In the event the Contemplated Transaction is not consummated within twelve (12) months, the Subscription Deposit will be promptly returned without interest unless otherwise agreed to by the parties.

B. REPRESENTATION AND WARRANTIES

1. The undersigned hereby represents and warrants to, and agrees with the Company, as follows:

(a) The Shares are being purchased for his own account, for investment purposes only, and not for the account of any other person, and not with a view to distribution, assignment or resale to others or to fractionalization in whole or in part. In furtherance thereof, the undersigned represents, warrants, and agrees that no other person has or will have a direct or indirect beneficial interest in such Shares and the undersigned will not sell, hypothecate or otherwise transfer his Shares except in accordance with applicable securities laws as approved by counsel for the Company.

(b) In evaluating the suitability of an additional investment in the Company, the undersigned has not relied upon any representations or other information (whether oral or written) from the Company, other than publicly available information and no oral or written representations have been made or oral or written information furnished to the undersigned or his advisors, if any, in connection with the offering of the Shares which is in any way inconsistent with publicly available information.

(c) The Company has made available to the undersigned all documents and information that the undersigned has requested relating to an additional investment in the Company.

(d) The undersigned has carefully considered and has, to the extent he believes such discussion necessary, discussed with his professional legal, tax and financial advisers the suitability of an additional investment in the Company for his particular tax and financial situation and he has determined that the Shares are a suitable investment for him.

(e) All information which the undersigned has provided to the Company concerning himself and his financial position is correct and complete as the date set forth below, and if there should be any change in such information

prior to the acceptance of this Subscription Agreement by the Company, he will immediately provide such information to the Company and will promptly send confirmation of such information to the Company.

2. The foregoing representations and warranties are true and accurate as of the date hereof, shall be true and accurate as of the date of the acceptance hereof by the Company and shall survive thereafter. If such representations and warranties shall not be true and accurate in any respect, the undersigned will, prior to such acceptance, give written notice of such fact to the Company specifying which representations and warranties are not true and accurate and the reasons therefor.

3. The undersigned shall indemnify and hold harmless the Company or any of its officers, employees, directors or control persons of any such entity who was or is a party or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the undersigned to the Company concerning himself or his financial position in connection with the offering or sale of the Shares which is not remedied by timely notice to the Company as provided above, against losses, liabilities and expenses for which the Company or any of its officers, employees, directors or control persons of any such entity have not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as actually and reasonably incurred by such person or entity in connection with such action, suit or proceeding.

4. I understand that the Company is issuing 34,317 shares of its common stock to partially finance its purchase of not less than 424,680 shares of common stock of Capital State Bank, a West Virginia banking corporation.

C. FINANCIAL POSITION AND EXPERIENCE OF INDIVIDUAL INVESTORS

I represent and warrant to the Company as follows:

(a) My occupation is (1) President - Ours Valley View Poultry

Farm, Inc.

(2) -----

(b) The proposed investment is financially suitable for me. I have the financial means to make the investment giving due consideration to its illiquidity and other risks associated with the investment. After making the investment, I will continue to have sufficient liquidity to meet my cash needs.

(c) I have an on-going relationship with an accountant and/or legal, tax or business advisors with whom I review tax or financial matters (even though I may not have reviewed this investment with them).

(1)
(Please initial if correct)

(d) In reviewing an additional investment in the Company I have consulted with, or received information or advice from, the persons listed below:

[Please name and indicate the professional or business relationship of each person to you (e.g., attorney, accountant, business advisor). Such persons need not complete any certificates or make any representation to the Company merely because they are named here as persons with whom you consulted.]

(e) My educational background is as follows:

School: Potomac State 2 years

Major: Secretarial

Degree: -----

(f) My Occupation, Employer(s) for the last five years and positions held are set forth below:

Retired - Working on family farm

(g) My experience with the Company includes being the current owner of 4,615 shares of common stock of the Company and serving as a director since October 1994.

(h) My experience in investments is set forth below (indicate whether public or private, partnerships in real estate, oil and gas, equipment leasing, stocks, bonds, etc):

WLR Stock - Own about \$1,000,000.00 in corporate stocks

(i) Set forth below is additional information which reflects my experience in financial and business matters which enables me to evaluate the merits and risks of this investment.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement this 18th day of February, 1997.

506

Number of Shares Subscribed
for at \$ 43.50 per Share.

\$ 22,011.00

Total Purchase Price

Individual:

/s/ Mary Ann Ours

Mary Ann Ours

Accepted by:

South Branch Valley Bancorp, Inc.,
a West Virginia corporation

By: /s/ C. Maddy

Its: President

Date of Acceptance:
February 18, 1997

SUBSCRIPTION AGREEMENT
FOR SHARES OF COMMON STOCK
OF SOUTH BRANCH VALLEY BANCORP, INC.

This Subscription Agreement is made by and between South Branch Valley Bancorp, Inc., a West Virginia corporation (the "Company") and the undersigned current investor and holder of common stock in the Company who is subscribing hereby for share's of the Company common stock previously authorized but not issued (the "Shares") and for which no offering materials are being published.

In consideration of the Company's agreement to accept the undersigned's offer to purchase Shares of the Company upon the terms and conditions set forth herein, the undersigned agrees and represents as follows:

A. SUBSCRIPTION

1. The undersigned hereby subscribes to purchase Shares at \$43.50 per share in the amount indicated on the signature page of this Subscription Agreement (page 6). Simultaneously with the execution of this Subscription Agreement, the undersigned is paying and delivering to the Company the amount set forth on the signature page, below, in the form of a check or wire transfer (the "Subscription Deposit") payable to "South Branch Valley Bancorp-Stock Subscription Account" to be deposited with the South Branch Valley National Bank, a subsidiary of the Company.

2. The undersigned understands that the Subscription Deposit will not be placed in an escrow account but will be segregated by the Company in its books of account until used in connection with the Capital State Bank transaction described below (the "Contemplated Transaction"). The Subscription Deposit will be placed by the Company in an escrow account at Potomac Valley Bank in fulfillment of Company's obligations to place the purchase price for the Contemplated Transaction in escrow by February 18, 1997. The undersigned understands that the escrow account was established for the benefit of the Company and the sellers of the shares of Capital State Bank, Inc. (the "Escrow Account") which are the subject of the Contemplated Transaction, and that the undersigned has no right to or claim on the Escrow Account. The undersigned acknowledges that the Contemplated Transaction is subject to various contingencies, including but not limited to the Company's ability to obtain prior regulatory approval. In the event the Contemplated Transaction is not consummated within twelve (12) months, the Subscription Deposit will be promptly returned without interest unless otherwise agreed to by the parties.

B. REPRESENTATION AND WARRANTIES

1. The undersigned hereby represents and warrants to, and agrees with the Company, as follows:

(a) The Shares are being purchased for his own account, for investment purposes only, and not for the account of any other person, and not with a view to distribution, assignment or resale to others or to fractionalization in whole or in part. In furtherance thereof, the undersigned represents, warrants, and agrees that no other person has or will have a direct or indirect beneficial interest in such Shares and the undersigned will not sell, hypothecate or otherwise transfer his Shares except in accordance with applicable securities laws as approved by counsel for the Company.

(b) In evaluating the suitability of an additional investment in the Company, the undersigned has not relied upon any representations or other information (whether oral or written) from the Company, other than publicly available information and no oral or written representations have been made or oral or written information furnished to the undersigned or his advisors, if any, in connection with the offering of the Shares which is in any way inconsistent with publicly available information.

(c) The Company has made available to the undersigned all documents and information that the undersigned has requested relating to an additional investment in the Company.

(d) The undersigned has carefully considered and has, to the extent he believes such discussion necessary, discussed with his professional legal, tax and financial advisers the suitability of an additional investment in the Company for his particular tax and financial situation and he has determined that the Shares are a suitable investment for him.

(e) All information which the undersigned has provided to the Company concerning himself and his financial position is correct and complete as the date set forth below, and if there should be any change in such information prior to the acceptance of this Subscription Agreement by the Company, he will immediately provide such information to the Company and will promptly send confirmation of such information to the Company.

2. The foregoing representations and warranties are true and accurate as of the date hereof, shall be true and accurate as of the date of the acceptance hereof by the Company and shall survive thereafter. If such representations and warranties shall not be true and accurate in any respect, the undersigned will, prior to such acceptance, give written notice of such fact to the Company specifying which representations and warranties are not true and accurate and the reasons therefor.

3. The undersigned shall indemnify and hold harmless the Company or any of its officers, employees, directors or control persons of any such entity who was or is a party or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the undersigned to the Company concerning himself or his financial position in connection with the offering or sale of the Shares which is not remedied by timely notice to the Company as provided above, against losses, liabilities and expenses for which the Company or any of its officers, employees, directors or control persons of any such entity have not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as actually and reasonably incurred by such person or entity in connection with such action, suit or proceeding.

4. I understand that the Company is issuing 34,317 shares of its common stock to partially finance its purchase of not less than 424,680 shares of common stock of Capital State Bank, a West Virginia banking corporation.

C. FINANCIAL POSITION AND EXPERIENCE OF INDIVIDUAL INVESTORS

I represent and warrant to the Company as follows:

- (a) My occupation is (1) Attorney

(2) Chairperson Bd of Directors S.B.V. Bancorp

Inc.

- (b) The proposed investment is financially suitable for me. I have the financial means to make the investment giving due consideration to its illiquidity and other risks associated with the investment. After making the investment, I will continue to have sufficient liquidity to meet my cash needs.
- (c) I have an on-going relationship with an accountant and/or legal, tax or business advisors with whom I review tax or financial matters (even though I may not have reviewed this investment with them).
(1) -----
(Please initial if correct)
- (d) In reviewing an additional investment in the Company I have consulted with, or received information or advice from, the persons listed below:

[Please name and indicate the professional or business relationship of each person to you (e.g., attorney, accountant, business advisor). Such persons need not complete any certificates or make any representation to the Company merely because they are named here as persons with whom you consulted.]
- (e) My educational background is as follows:

School: WVU

Major: Political Science; Law

Degree: B.A. J.D.

(f) My Occupation, Employer(s) for the last five years and positions held are set forth below:

1975 - present - Bean & Bean Attys.: Lawyer

1995 - present - South Branch Valley Bancorp, Inc. Chairperson

(g) My experience with the Company includes being the current owner of 4,615 shares of common stock of the Company and serving as a director since October 1994.

(h) My experience in investments is set forth below (indicate whether public or private, partnerships in real estate, oil and gas, equipment leasing, stocks, bonds, etc):

Trustee - Bean & Bean Profit Sharing Plan

Self direct own investments

(i) Set forth below is additional information which reflects my experience in financial and business matters which enables me to evaluate the merits and risks of this investment.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement this 18th day of February, 1997.

575

Number of Shares Subscribed
for at \$ 43.50 per Share.

\$ 25,012.50

Total Purchase Price

Individual:

/s/ Oscar M. Bean

Oscar M. Bean

Accepted by:

South Branch Valley Bancorp, Inc.,
a West Virginia corporation

By: /s/ C. Maddy

Its: President

Date of Acceptance:
February 18, 1997

 SUBSCRIPTION AGREEMENT
 FOR SHARES OF COMMON STOCK
 OF SOUTH BRANCH VALLEY BANCORP, INC.

This Subscription Agreement is made by and between South Branch Valley Bancorp, Inc., a West Virginia corporation (the "Company") and the undersigned current investor and holder of common stock in the Company who is subscribing hereby for share's of the Company common stock previously authorized but not issued (the "Shares") and for which no offering materials are being published.

In consideration of the Company's agreement to accept the undersigned's offer to purchase Shares of the Company upon the terms and conditions set forth herein, the undersigned agrees and represents as follows:

A. SUBSCRIPTION

1. The undersigned hereby subscribes to purchase Shares at \$43.50 per share in the amount indicated on the signature page of this Subscription Agreement (page 6). Simultaneously with the execution of this Subscription Agreement, the undersigned is paying and delivering to the Company the amount set forth on the signature page, below, in the form of a check or wire transfer (the "Subscription Deposit") payable to "South Branch Valley Bancorp-Stock Subscription Account" to be deposited with the South Branch Valley National Bank, a subsidiary of the Company.

2. The undersigned understands that the Subscription Deposit will not be placed in an escrow account but will be segregated by the Company in its books of account until used in connection with the Capital State Bank transaction described below (the "Contemplated Transaction"). The Subscription Deposit will be placed by the Company in an escrow account at Potomac Valley Bank in fulfillment of Company's obligations to place the purchase price for the Contemplated Transaction in escrow by February 18, 1997. The undersigned understands that the escrow account was established for the benefit of the Company and the sellers of the shares of Capital State Bank, Inc. (the "Escrow Account") which are the subject of the Contemplated Transaction, and that the undersigned has no right to or claim on the Escrow Account. The undersigned acknowledges that the Contemplated Transaction is subject to various contingencies, including but not limited to the Company's ability to obtain prior regulatory approval. In the event the Contemplated Transaction is not consummated within twelve (12) months, the Subscription Deposit will be promptly returned without interest unless otherwise agreed to by the parties.

B. REPRESENTATION AND WARRANTIES

1. The undersigned hereby represents and warrants to, and agrees with the Company, as follows:

(a) The Shares are being purchased for his own account, for investment purposes only, and not for the account of any other person, and not with a view to distribution, assignment or resale to others or to fractionalization in whole or in part. In furtherance thereof, the undersigned represents, warrants, and agrees that no other person has or will have a direct or indirect beneficial interest in such Shares and the undersigned will not sell, hypothecate or otherwise transfer his Shares except in accordance with applicable securities laws as approved by counsel for the Company.

(b) In evaluating the suitability of an additional investment in the Company, the undersigned has not relied upon any representations or other information (whether oral or written) from the Company, other than publicly available information and no oral or written representations have been made or oral or written information furnished to the undersigned or his advisors, if any, in connection with the offering of the Shares which is in any way inconsistent with publicly available information.

(c) The Company has made available to the undersigned all documents and information that the undersigned has requested relating to an additional investment in the Company.

(d) The undersigned has carefully considered and has, to the extent he believes such discussion necessary, discussed with his professional legal, tax and financial advisers the suitability of an additional investment in the Company for his particular tax and financial situation and he has determined that the Shares are a suitable investment for him.

(e) All information which the undersigned has provided to the

Company concerning himself and his financial position is correct and complete as the date set forth below, and if there should be any change in such information prior to the acceptance of this Subscription Agreement by the Company, he will immediately provide such information to the Company and will promptly send confirmation of such information to the Company.

2. The foregoing representations and warranties are true and accurate as of the date hereof, shall be true and accurate as of the date of the acceptance hereof by the Company and shall survive thereafter. If such representations and warranties shall not be true and accurate in any respect, the undersigned will, prior to such acceptance, give written notice of such fact to the Company specifying which representations and warranties are not true and accurate and the reasons therefor.

3. The undersigned shall indemnify and hold harmless the Company or any of its officers, employees, directors or control persons of any such entity who was or is a party or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the undersigned to the Company concerning himself or his financial position in connection with the offering or sale of the Shares which is not remedied by timely notice to the Company as provided above, against losses, liabilities and expenses for which the Company or any of its officers, employees, directors or control persons of any such entity have not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as actually and reasonably incurred by such person or entity in connection with such action, suit or proceeding.

4. I understand that the Company is issuing 34,317 shares of its common stock to partially finance its purchase of not less than 424,680 shares of common stock of Capital State Bank, a West Virginia banking corporation.

C. FINANCIAL POSITION AND EXPERIENCE OF INDIVIDUAL INVESTORS

I represent and warrant to the Company as follows:

- (a) My occupation is (1) Merchant

(2) -----
- (b) The proposed investment is financially suitable for me. I have the financial means to make the investment giving due consideration to its illiquidity and other risks associated with the investment. After making the investment, I will continue to have sufficient liquidity to meet my cash needs.
- (c) I have an on-going relationship with an accountant and/or legal, tax or business advisors with whom I review tax or financial matters (even though I may not have reviewed this investment with them).
(1) -----
(Please initial if correct)
- (d) In reviewing an additional investment in the Company I have consulted with, or received information or advice from, the persons listed below:

[Please name and indicate the professional or business relationship of each person to you (e.g., attorney, accountant, business advisor). Such persons need not complete any certificates or make any representation to the Company merely because they are named here as persons with whom you consulted.]
- (e) My educational background is as follows:
School: West Virginia University

Major: Accounting - Finance

Degree: B. S.

(f) My Occupation, Employer(s) for the last five years and positions held are set forth below:

President Hawse Food Market, Inc.

(g) My experience with the Company includes being the current owner of 2,800 shares of common stock of the Company and serving as a director since 1988.

(h) My experience in investments is set forth below (indicate whether public or private, partnerships in real estate, oil and gas, equipment leasing, stocks, bonds, etc):

Stock (public/private), Bonds (public), Real Estate(private), etc.

(I) Set forth below is additional information which reflects my experience in financial and business matters which enables me to evaluate the merits and risks of this investment.

Too many to answer here. I have adequate knowledge to

properly evaluate this investment.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement this 18th day of February, 1997.

300

\$ 13,050.00

Number of Shares Subscribed
for at \$ 43.50 per Share.

Total Purchase Price

Individual:

/s/ Thomas J. Hawse III

Thomas J. Hawse, III

Accepted by:

South Branch Valley Bancorp, Inc.,
a West Virginia corporation

By: /s/C. Maddy

Its: President

Date of Acceptance:
February 18, 1997

SOUTH BRANCH VALLEY NATIONAL BANK

3-MOS
DEC-31-1997
JAN-01-1997
MAR-31-1997
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1,553,000
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84,822
11,488
815,089
815,089
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