



**Comptroller of the Currency
Administrator of National Banks**

Multinational Banking Department
250 E Street, S.W.
Washington, D. C. 20219

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

November 30, 1996

Bank One, Marietta, N.A.
125 Putnam Street
Marietta, OH 45750

Charter Number 4164

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

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Bank One, Marietta, N.A. (Bank One)** prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of **November 30, 1996**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under five performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

“Outstanding record of meeting community credit needs.”

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

“Satisfactory record of meeting community credit needs.”

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

“Needs to improve record of meeting community credit needs.”

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

“Substantial noncompliance in meeting community credit needs.”

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating

Based on the findings presented below, this institution is rated:

“Outstanding Record of Meeting Community Credit Needs.”

Evaluation Period - The bank's previous Public Disclosure is dated March 23, 1992. The current disclosure evaluates the bank's performance from March 24, 1992 through November 30, 1996.

Bank Profile - Bank One, Marietta, N.A., (Bank One) is a wholly-owned subsidiary of Banc One Ohio Corporation (BOOC), which owns 17 commercial banks in Ohio. BOOC is wholly owned by Banc One Corporation (BOC). As of June 30, 1996, BOC reported total assets of \$97.1 billion and operated 59 banks in Arizona, Colorado, Illinois, Indiana, Kentucky, Louisiana, Ohio, Oklahoma, Texas, Utah, West Virginia, and Wisconsin.

Other BOC subsidiaries operating in Marietta's community include Banc One Mortgage Corporation (BOMC), Banc One Credit Card Services Company (BOCSC), Banc One Capital Corporation, Banc One Community Development Corporation (BOCDC), Banc One Investment Services, Banc One Trust Companies, N.A. (BOTH), Banc One Leasing Corporation, and Banc One Financial Services Corporation. To the extent that the activities of these subsidiaries help meet the credit needs of Bank One, they are part of Banc One's CRA performance. These activities are not part of any other financial institution's CRA performance.

Bank One ranks second in deposit size in its delineated community of Washington County. The bank's main office and two additional full-service branches are located in Marietta. Another full-service branch is located in the city of Belpre. Bank One has five 24-hour access ATMs, of which four accept deposits.

As of June 30, 1996, Bank One reported total assets of \$201 million, with total gross loans and leases of \$161 million. The bank's overall loan-to-deposit ratio was a very high 113% at mid-year 1996 and has exceeded 105% for each of the past three years. Net income for 1994 and 1995 totaled \$2.0 million and \$2.8 million, respectively, for a return on average assets of 1.18% in 1994 and 1.48% in 1995. Bank One offers a wide range of credit products to its retail and small business customers and remains a strong consumer lender. For each of the three years ended 1993 through 1995, loans to individuals, credit card loans and 1-4 family residential loans represented slightly more than three-fourths of the bank's loan portfolio.

The following table reflects financial information for 1992, 1993, 1994, and 1995. The reader should note that this table includes a substantial volume of loans made by Bank One outside their delineated community. These are primarily originated through car and home improvement dealers. The table excludes loan participations sold by Bank One, and loans made by BOMC in the delineated community and sold in the secondary market. The table also excludes \$6.8 million

in mortgage loans securitized in 1995 and now held in the investment portfolio.

**Bank One Marietta
Year-End Loans and Deposits
(In Thousands of Dollars)**

Type of Account	1992	1993	1994	1995	June 96	%
Retail Loans	\$ 77,027	\$ 98,099	\$105,875	\$116,473	\$116,586	72
Commercial Loans	\$ 29,962	\$ 29,854	\$ 32,751	\$ 37,643	\$ 43,940	27
Agricultural Loans	\$ 524	\$ 456	\$ 446	\$ 709	\$ 745	1
Total Loans (Gross)	\$107,513	\$128,409	\$139,072	\$154,825	\$161,271	100
Total Deposits	\$123,024	\$116,901	\$130,910	\$146,399	\$142,649	
Loan-to-Deposit Ratios/ Deposits	87	110	106	106	113	

Source: Consolidated Reports of Condition

Community Profile - Bank One's community consists of all of Washington County which has a population of 62,254. Washington County is located in Southeastern Ohio and is part of the Parkersburg-Marietta Metropolitan Statistical Area (MSA). Notable economic interdependence, including competition among banks for deposit and loan dollars, exists between Washington County, Ohio and Wood County, West Virginia, because of their proximity to each other.

There are presently an estimated 25,643 households in Bank One's delineated market, up from 23,621 at the 1990 decennial census. BOOC provided a 1995 estimated median household income for the market area of \$28,354. HUD 1995 estimated median family income is \$34,600. In 1990, 9,597 or 41%, of all households were low- and moderate-income (LMI). About 23% of all households were below the poverty level, and 13.5% were on some form of public assistance. Using MSA median family income, three of the county's 18 census tracts are regarded as moderate-income and there are no low-income tracts. However, low- and moderate-income residents are widely dispersed throughout the county. Only 25% of the low-income and 21% of the moderate-income households are found in the three moderate-income tracts. The racial composition of the community is homogeneous with 98% classified as White. The local population is mature and stable with minimal growth. According to the 1990 U.S. Census, 92% of the 25,752 housing units in the delineated market area were occupied, with 75% being owner-occupied. This compares to 60% of all housing units in moderate-income tracts being owner occupied.

As of May, 1996, Washington County had a moderate-to-high unemployment rate of 7.5% compared to the national and Ohio rates of 5.5% and 5.0%, respectively. Unemployment rates have been high relative to the state rate for a number of years, which is typical of most of the

Appalachian region of Southeastern Ohio.

Washington County, and Marietta in particular, have enjoyed economic growth the past decade and as of December 1995 the county is no longer classified as a distressed area. Major employers in the community are Elchem, RJF, Shell Chemical, Marietta College, and Marietta Memorial Hospital. General industry groups include manufacturing, wholesale, petrochemical, retail trade, services, and government workers. Marietta takes advantage of good transportation means provided by the Ohio River and Interstate 77.

The bank's market area supports one national bank, eight state banks, three credit unions and two savings banks. Bank One's principal competitors in Marietta are Peoples Banking & Trust, Marietta Savings, First Bank, and Dime Bank.

Community Credit Needs - The evaluation included contacts with five community-based organizations, local government officials, and/or representatives of business groups. These contacts provided coverage of the entire delineated community and were made to obtain information on community credit needs and feedback on Bank One's CRA performance.

Community credit needs identified include:

- Loans for affordable single family and multifamily housing. This credit is especially needed for first time home buyers with low- or moderate-incomes. Construction financing as well as permanent financing is needed for the purchase of single family housing.
- Versatile credit products for establishing or expanding small businesses, including small balance loans and loans which might not fully meet the bank's underwriting standards. Technical assistance is needed to help small businesses and entrepreneurs prepare loan applications, financial records, and business plans.
- Education and technical assistance for prospective homeowners in buying a home, applying for a mortgage, how to budget, and the importance of maintaining good credit. The lack of understanding about the mortgage process and inaccessibility to expeditious, simple mortgage loan processing are barriers.

In Marietta, organizations such as the Community Investment Corporation (CIC) and Washington County Community Action (WCCA) are helping to meet the need for affordable housing. Barriers to qualifying for mortgage loans for the purchase of affordable homes include credit history, high debt-to-income ratios, or insufficient funds for down payment and/or closing costs. In addition, providing affordable housing is inhibited by the lack of water and sewage disposal systems. Over half of the housing units in Washington County currently use costly septic tanks. Availability of affordable building sites is further reduced because much of the land along the Ohio and Muskingum Rivers lies in flood plains. Hilly terrain abounds throughout the county and is difficult to build upon; extensive rural acreage falls within the Wayne National Forest which is illegal to develop.

Several government agencies and local organizations are working to address the credit and technical education needs for small business and commercial development. These include the Governor's Economic Development Office, the Buckeye Hills-Hocking Valley Regional Development District (BH-HVRDD), the Marietta College Small Business Development Center (SBDC), and Chambers of Commerce. The SBDC provides technical education and other assistance for small business owners and entrepreneurs. Bank One officers have partnered with the SBDC and the Women's Resource Business Center to offer training on diverse subjects such as starting a business, 401K retirement programs, and exporting. Since Marietta is in a flood plain, insurance, construction, and EPA requirements complicate commercial development in many of the same ways it hinders residential construction.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

Conclusion - Management has developed a comprehensive, formal ascertainment program to identify the credit needs of its delineated community, including all three moderate-income neighborhoods. Bank One has effectively responded to these needs through a wide array of credit products and banking services designed to meet the varied credit needs of its market.

Rationale - Management has responded to identified credit needs with public partnerships and an aggressive lending program to promote affordable home ownership, small business, and commercial development in Marietta. Bank One also provides seminars to educate prospective customers and to assist small businesses and those seeking home ownership. Bank One loan officers make a wide variety of credit products and banking services available through its banking centers and alternate delivery systems.

Supporting Detail - The framework for the bank's ascertainment program is outlined in the Banc One Corporate Policy Manual. The program involves:

- o An ascertainment call program,
- o Community Advisory Councils,
- o Ascertainment surveys, and
- o Involvement in not-for-profit organizations.

The board adopted a comprehensive Ascertainment Plan annually from 1992 through 1995. This plan augmented the bank's Business Plan and developed the primary methodology to ascertain unmet credit needs by market area geographies and determine what, if any, neighborhoods might be under served. Under this plan, calls are targeted to knowledgeable individuals in the community and made by each officer on the CRA/Compliance Oversight Committee, branch managers, and the CRA Officer. Contacts include government officials, religious organizations,

economic development agencies, schools, and health agencies. Bank One loan officers supplement ascertainment efforts by their ongoing call program with new and existing customers. In addition, calls are made to local Realtors by the BOMC mortgage loan originator.

A Community Advisory Council (CAC) comprised of thirteen local civic and business leaders with diverse backgrounds and six bank employees meets regularly to discuss CRA issues, including any unmet credit needs and the how bank's loan products might be expanded, modified, or more effectively promoted to address them.

Surveys are also distributed periodically to solicit community feedback, as well as input from the bank's employees, officers, and directors.

Finally, senior management and officers are actively involved in a wide variety of community groups organized to promote the welfare of Marietta, Washington County, and its citizens. These include leadership positions in groups such as the Economic Round table, Marietta Continuing Care Retirement Committee, Washington County Association for Working Mothers, Washington County Career Center, the Business Advisory Board, Chambers of Commerce, Habitat for Humanity, Washington County Community Improvement Corporation, Marietta Board of Realtors, Economic Roundtable of the Ohio Valley, Buckeye Hills Regional Development, and the Marietta College SBDC.

As a result of the ascertainment efforts described above, two major credit needs and one ancillary need for educational assistance were identified by the bank.

- **Affordable financing for residential housing, particularly for first-time home buyers with low- or moderate-incomes. This includes both construction financing and permanent financing for the purchase of single family housing.**

During the evaluation period, Bank One has offered a variety of conventional and government-guaranteed residential loan products. These include affordable loan products with flexible underwriting criteria. For details, see Assessment Factor I.

- **Loans to small businesses which would foster job creation and promote economic development.**

Bank One offers a full range of commercial loan and small business products, including lines of credit and instalment loans. In addition, Bank One actively participates in government guaranteed or subsidized loan programs for small business.

- **A need for consumer credit counseling or education and technical assistance for prospective first time home buyers and entrepreneurs seeking to organize or expand a small business.**

Bank One and BOMC makes people available to provide technical expertise for these

purposes in the form of seminars, one-on-one assistance, membership on various revolving loan fund committees and continuing credit education programs at local schools.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the CRA.

Conclusion - The Board of Directors and senior management have developed a comprehensive CRA compliance program. They have effectively supervised the program's implementation and have made CRA an important component of the bank's planning process.

Rationale - The Board has adopted the comprehensive CRA program developed by Banc One Corporation (BOC). Management assigns a high corporate value to CRA through direction, training, annual self-assessment with quarterly audit reports, and other reporting. The board and senior management responds to identified credit needs through a wide array of credit products available through BOC. When necessary, Bank One developed its own or modified corporate loan products, made changes in underwriting standards, or exercised creative marketing to meet specific credit needs of its community.

Supporting Detail - The board and senior management supervise the bank's CRA related activities and monitor CRA performance through regular presentations by the CRA officer and a variety of committees. The full Board reviewed all subjects discussed and actions taken by the Board CRA/Compliance Committee.

As described in Assessment Factor A, the board has established a Community Advisory Council to help identify and address credit needs within the community. Directors are involved in the community and demonstrate an interest in CRA. In fact, several directors were selected, in part, as a result of their active participation on the CAC. An internal CRA committee comprised of senior management meets quarterly to oversee the bank's CRA performance. Annual CRA self-assessments are conducted in accordance with BOC policy. The self-assessments are reviewed by the board.

The CRA officer oversees the CRA process, provides training, ensures compliance with corporate CRA policy, and helps to identify and address opportunities apparent in the geographic analyses of loan activity provided by the corporate CRA Department.

Bank One is in compliance with CRA technical requirements.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services it offers.

Conclusion - Bank One has developed and implemented an effective "Community Bank Marketing Plan." It incorporates a comprehensive market analysis and is designed to increase the community's awareness of the bank's credit and financial services.

Rationale and Supporting Detail - Bank One's marketing strategies and advertisements stimulate an awareness of its credit and financial products throughout the delineated community. The bank uses both corporate and local advertising. BOOC is responsible for creation and distribution of all television advertising. Major network affiliate stations are used to promote credit and depository products. These stations reach a large diverse audience, including LMI persons. Sound sales tracking, reporting, and review programs measure advertising effectiveness.

Newspaper, radio, and direct mail account for a substantial portion of the advertising budget. Several radio stations and newspapers, including the Marietta AM and Marietta Times, are used in order to penetrate the entire service area from both a geographic and a demographic perspective. Direct mail, organizational newsletters, and brochures are used to target specific markets or communicate special promotions. Most loan promotions focus on retail credit products, such as consumer, home equity, and mortgage loans. The bank specifically targeted small business lending, affordable home loans, home improvement loans, and loans to farmers at various times during the review period. Advertisements are reviewed for statutory compliance prior to use.

Bank One frequently hosts/co-hosts seminars for small businesses and for first time home buyers to increase public awareness of mortgage loan products and the application process. Small business seminars conducted in cooperation with the Marietta SBDC and the Women's Business Resource Center covered topics such as starting a business, financial planning, and export opportunities. Home buyer seminars were offered in partnership with local Boards of Realtors, the Homebuilders Association, community groups, and churches and covered the full process of purchasing a home and applying for credit. Presentations on credit and financial services are also made at area high schools, career centers, and colleges and in conjunction with the local Consumer Credit Counseling Service. Other marketing methods include direct calling on Realtors and dealers, breakfasts with local CPAs and attorneys, Bank One on the Job, home trade shows, and commercial loan officer call programs. Bank One's business development officer participates in the mentoring program of the Women's Business Resource Center which is dedicated to assist women entering into new businesses of their own.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business and small farm loans within its community, or the purchase of such loans originated in its community.

Conclusion - Bank One has extended a significant volume of residential mortgage loans, home improvement and small business loans within its community, indicating a strong degree of responsiveness to ascertained needs for local credit.

Rationale - Bank One and BOMC constituted the largest producer of all three types of loans reportable under the Home Mortgage Disclosure Act (HMDA) in Washington County for 1994.

However, in 1995 Bank One and BOMC combined to place fourth for mortgage lending. Bank One is a major provider of small business credit and participates in government loan programs to assist customers who might not otherwise qualify for loans. Bank One is an aggressive direct and indirect consumer lender, extending indirect loans through a network of 44 dealers in Washington County, including vendors of mobile homes and various home products. It also has strong indirect loan arrangements with many dealers in Wood County, West Virginia, resulting in a large volume of indirect credit from outside the delineated community.

Supporting Detail - Bank One offers a full range of consumer and commercial loan products throughout its delineated community. The current CRA Statement correctly lists the various types of credit offered. These products are available throughout the delineated community.

Major credit groups are as follows:

- o Residential purchase money mortgages, multifamily loans, home improvement loans, home equity loans, and equity reserve lines of credit;
- o Instalment loans, lines of credit, credit cards, and education loans;
- o Commercial term loans and lines of credit and consumer leasing for equipment and autos;
- o Government-guaranteed loans, including FMHA, FHA, SBA, Ohio Linked and Agri-Linked Deposit Programs, and revolving loan fund participation. See Assessment Factor J for more information.

During the review period, Bank One initiated a second review program for instalment credit and developed a scorecard for LMI individuals. Bank One also developed an affordable home mortgage with liberal underwriting standards, that was specifically designed to help meet its customers' needs. It was available in certain LMI areas, provided for 100% financing, no down payment, a 30-year fixed rate, no PMI, and was not sold in the secondary market. In 1996, at the direction of BOC, the bank discontinued that program, and implemented several affordable home mortgage products, including the "Bank One Affordable Dream Mortgage" which was developed by BOMC. This product is available to any qualified applicant. The underwriting criteria for the new BOMC loan are generally more conservative than the original program:

Purpose:	Purchase or refinance of owner-occupied property in any geography
Loan-to-Value:	Maximum of 97%
Term:	15, 25, or 30 years with a fixed interest rate
Debt Ratios:	33-38% housing debt/36-40.5% total debt
Credit:	Non-traditional credit acceptable
Reserves:	Up to two months may be required
PMI required:	PMI required when loan-to-value exceeds 80%

Bank One cannot provide the precise number of these affordable home mortgages made during the evaluation period. However, management believes they comprise the majority of all residential mortgages extended to LMI individuals, who are a significant portion of Bank One's mortgage business.

The following table shows all outstanding balances of the selected types of loans for 1992 through mid-year 1996. Loans extended outside of the bank's community are included as management was unable to identify the number of such loans made. The table reflects nearly a doubling of consumer loans and a steadily increasing volume of small business credit. The year-end 1995 figure for mortgage loans excludes \$6,763,000 in mortgages originated by Bank One which were pooled with mortgage loans from other banks and securitized. An amount equal to the mortgages contributed by Bank One to the pool was repurchased as an investment, essentially maintaining the same level of investment in the delineated community.

**Outstanding Loan Balances
(In Thousands of Dollars)**

Type of Loan	1992	1993	1994	1995	Jun-30-96
Consumer Loans*	\$52,296	\$70,896	\$80,969	\$99,820	\$100,555
Real Estate Loans*	\$29,306	\$36,905	\$37,972	\$32,052	\$ 33,166
Small Business Loans# Dollars Outstanding Number Outstanding	N/A N/A	\$22,280 411	\$22,890 486	\$26,959 436	\$ 36,576 786
Small Farm Loans# Dollars Outstanding Number Outstanding	N/A N/A	None	None	None	None

Source: Reports of Condition

N/A = Not Available

* Consumer and Real Estate Loan (incl. Wholesale) Data are for year-end unless otherwise indicated.

Small business loan (\$1,000,000 or less) and small farm loan (\$500,000 or less) data are as of June 30.

The following table indicates the number of purchase money mortgages (PMM), refinanced mortgages, and home improvement loans made in the delineated community by the bank during 1993, 1994, and 1995. HMDA data is not yet available for year-to-date 1996. The steadily declining volume of real estate mortgage loans over the three-year period is attributed to keen competition, higher interest rates, and limited building sites. Management believes the decline in

home improvement loans between 1994 and 1995 is due to the strong marketing campaign for a home equity product which was initiated in 1995 and continues today.

Mortgage Loan Originations						
	1993		1994		1995	
	#	\$	#	\$	#	\$
Purchase Money	217	12,877	110	6,382	96	5,499
Refinance	234	12,676	82	4,030	62	3,327
Home Improvement	47	384	79	588	66	479
Total	498	25,937	271	11,000	224	9,305

Note: Dollars are in thousands. Source: HMDA Aggregation Tables

Bank One defines commercial credits less than \$1,000,000 as small business loans. Management is particularly pleased with its “Bank One Business Line of Credit” (BOBLOC), a loan product especially designed for small businesses. It can be conveniently accessed through checks or a credit card. Bank One aggressively pursues small business loans through a variety of other products; however, the precise number and dollar volume of small business loans made prior to 1995 is not available. Management advised that 242 small business loans were made by the bank in 1995 and had an unpaid balance outstanding of \$14,245,000 as of year-end 1995. Of these loans, 191 totaling \$10,826,000, or 78.9% of the number and 76% of the dollars, originated from within Bank One’s delineated community. This number excludes loans made and repaid in 1995. An additional 127 small business loans made in the market prior to 1995 had an aggregate unpaid balance of \$1.4 million outstanding at year-end 1995. Over 90 percent of these small business loans had original amounts less than \$100,000 and 39% were made within moderate-income census tracts, which include Marietta’s and Belpre’s downtown business districts.

In 1995, Bank One initiated its Historic Marietta Loan Program by offering \$1 million in prime rate credit for the purpose of providing long-term support for the residences and businesses of the downtown and Harmar sections Marietta. The initial goal was quickly met, so Bank One increased its commitment to meet the demand for credit. It has extended 25 loans totaling \$2.8 million, with nearly \$700,000 in additional commitments. Four new retail businesses were created, eleven businesses received the necessary working capital to stay in operation, and a diverse economic base was created which will foster continued renovation of the area. Seven abandoned units were rehabilitated into affordable housing, and two very large residential units were created with another mixed use property. Bank One initiated its new Front Street project as an adjunct program which offers monies at a variable prime rate, flexible duration, and no closing costs. Historic downtown Marietta has been transformed into an impressive and vibrant commercial area with few, if any, vacancies which are not in process of renovation. Community leaders interviewed during the evaluation stated that Bank One enjoys an excellent reputation for small business lending in the community. During a tour of Marietta, management identified many downtown commercial establishments as Bank One loan customers.

Assessment Factor J - The institution's participation in government insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

Conclusion - Bank One actively participates in local, state, and federal government-insured, guaranteed, and subsidized loan programs for housing, small businesses, or small farms.

Rationale - Management has made good use of government lending programs to expand the availability of credit. Government-sponsored lending programs are used to extend credit to borrowers not otherwise qualifying for bank loans and to reduce the cost of credit. Various programs include local revolving loan funds to assist fledgling businesses and state linked-deposit programs which provide lower-cost funds to farmers or to companies creating new jobs. BOMC is a recognized market leader in the FHA/VA purchase money mortgage program, which has been used predominantly in moderate-income neighborhoods.

Supporting Detail - BOMC was the leading producer of FHA and VA mortgages in the delineated community the past two years, accounting for 53% of the market. Bank One became an active participant in the SBA LowDoc loan program for small business during 1995. These programs target community credit needs such as affordable housing, small business loans, or farm loans.

Bank One's participation within their delineated community in government supported loan programs is reflected in the following table. Production numbers are shown for 1992 through 1994. The only production numbers available for 1995 or 1996 are BOMC's FHA/VA purchase money mortgages.

Management stated that the outstanding portfolio balance of government-sponsored loans made in 1995 and 1996 was \$322,000 on June 30, 1996, consisting of seven SBA loans for \$252,000 one FmHA loan for \$19,000, and one Ohio Agri-Link loan with an unpaid outstanding balance remaining of \$51,000. The June 30, 1996 outstanding balance figure excludes any loans made in 1995 and 1996 and repaid before the June 30, 1996 reporting date.

**Government-Sponsored Loan Programs
(In Thousands of Dollars)**

Government Program	1992		1993		1994		1995	
	#	\$	#	\$	#	\$	#	\$
Farmers Home Administration	9	\$427	0		0		N/A	
Ohio Direct 166	1	\$50	1	\$35	0		N/A	
Ohio Linked Deposit	0		1	\$141	1	\$63	N/A	
Ohio Agri Linked Deposit	2	\$193	2	\$181	2	\$185	N/A	
FHA/VA (Made by BOMC)	0		37	\$1,845	20	\$932	19	\$962
Revolving Loan Fund	0		1	\$40	1	\$256	N/A	
Total	12	\$670	42	\$2,242	24	\$1,436	19	\$962

Source: Data Provided by Bank One

N/A = Not available

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

Conclusion - The bank's community delineation is reasonable.

Rationale and Supporting Detail - Bank One's delineated community appears reasonable. It meets the purpose of CRA and does not exclude any LMI neighborhoods. Bank One has delineated its community as all of Washington County, or that portion of the Parkersburg-Marietta MSA comprised of the 18 census tracts in Ohio. Three tracts are defined as moderate-income tracts, meaning that the median family income of the tract falls between 50% and 80% of the median family income of the MSA.

Due to Washington County's proximity to Wood County, West Virginia, and the extent of interstate commerce facilitated by four bridges across the Ohio River, a significant volume of Bank One's credit originates in West Virginia. Since these loans originate from outside the

delineated community, they are not considered when evaluating Bank One's CRA performance.

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

Conclusion - The geographic distribution of the bank's credit extensions, credit applications, and denials within the delineated community is generally good. Credit distribution among LMI borrowers, to the extent such information is available, is satisfactory.

Rationale - Bank One conducts periodic analyses using demographic data to evaluate the bank's performance serving various census tracts and borrowers by income level. It also uses analyses to determine the viability of banking centers and to direct ascertainment, marketing, and community development efforts. Bank One uses household income to make some analyses, and this results in four, rather than three, moderate-income census tracts with median income less than 80% of the median household income of the delineated community. Bank One has extended credit throughout its delineated community and solicits applications for all types of credit from the entire county. In 1994 and 1995, Bank One had a generally strong record of making HMDA-reportable and other consumer loans in the three moderate-income census tracts within Washington County. The bank's record of making such loans among LMI borrowers was satisfactory. Bank One extends the majority of its small business loans (loans to businesses with annual sales of less than \$1 million) within its local community, including moderate-income areas.

Supporting Detail - Market share analyses are presented below for HMDA-reportable loans originated within the delineated community for 1994 and 1995. These analyses consider both the income level of the geographies where Bank One lent monies and the income levels of the actual borrowers who obtained these types of loans.

From the perspective of income levels by geographies, Bank One's (including BOMC) 1994 market share for all three types of HMDA loans made in the three moderate-income census tracts exceeded its share for the entire market. In 1995, Bank One had strong relative geographic penetration for refinanced mortgages and home improvement loans and was near par for purchase money mortgages. Bank One's levels of origination of home improvement loans, particularly within LMI census tracts, is noteworthy in that it had an exceptionally large share of the home improvement loan market for both years (first in 1994 and second in 1995). Bank One's numerous indirect loan relationships with dealers contribute to its strong overall performance in distributing HMDA-reportable credit within moderate-income geographies.

From the perspective of the income levels of the borrowers, Bank One also exceeded its market share of loans to LMI borrowers for refinanced mortgages in 1994, but it fell short with regard to purchase money mortgages and home improvement loans. In 1995, Bank One's share for all three types of loans to LMI borrowers fell short of, but was not unreasonably below, its total market share. Bank One's distribution of HMDA-reportable credit by income level of the borrower for 1994 and 1995 is considered satisfactory.

Compared to other financial institutions within the market in 1995, Bank One placed third in originating home purchase loans and second in extending these types of loans to LMI borrowers. Many of the home purchase loans Bank One made to low-income individuals are loan products with non-traditional underwriting standards which are not eligible for resale in the secondary market. In the case of purchase money mortgages, BOMC was by far the largest originator of FHA and VA mortgages, with 53% of the share of that market in 1995. These factors are indicators that Bank One is aggressive in its efforts to meet the most pressing needs of its delineated community, without regard to census tract income.

All of the percentages shown are based on the number of loans originated, not the dollar volume of credit extended. The aggregate figures include all providers of the particular type of credit (banks, savings and loans, savings banks, etc.) being reviewed, of which there were 84 in 1995. The tables below are based on median family income for the respective years.

The following abbreviations are used in conjunction with the charts:

- PML - Purchase Money Loans
- REFL - Refinanced Mortgage Loans
- HIL - Home Improvement Loans
- LMI - LMI (The median income of the census tract or the income of the borrower is less than 80% of the median family income of the MSA)
- MI - Middle Income (The median income of the census tract or the income of the borrower is between 80% and 120% of the median family income of the MSA)
- UI - Upper Income (The median income of the census tract or the income of the borrower is more than 120% of the median family income of the MSA)

**HMDA Reportable Loans
Washington County, Ohio (MSA 1840)
1994 Market Share Analysis**

Income Level	PML	REFL	HIL
LMI Census Tract	16.4%	21.8%	36.2%
LMI Borrower	11.6%	15.5%	23.1%
MI Census Tract	12.1%	10.7%	19.2%
MI Borrower	16.9%	15.6%	30.1%
UI Census Tract	17.3%	16.1%	47.8%
UI Borrower	14.5%	13.6%	37.2%
Total	13.2%	12.7%	25.0%

Source: 1994 HMDA tables

1995 Market Share Analysis

Income Level	PML	REFL#	HIL#
LMI Census Tract	11.3%	16.7%	37.7%
LMI Borrower	10.7%	8.1%	20.2%
MI Census Tract	10.5%	5.5%	19.9%
MI Borrower	16.9%	12.3	25.9%
UI Census Tract	20.5%	24.2%	47.8%
UI Borrower	10.4%	8.0%	42.2%
Total	11.5%	8.3%	26.1%

Source: 1995 HMDA tables

Includes one REFL and one HIL by Banc One Financial Services Corporation

BOOC generates quarterly Consumer Portfolio Summaries (CPSs) which geographically track Bank One's market penetration of households for consumer loans and deposits. The CPS uses the outstanding balances of Direct and Indirect Instalment Loans, Bank Card, Equity Money Service, Line of Credit, Mortgage, Commercial Loans for Personal Financing, and Student Loans made and still retained by Bank One or one of its affiliates. CPSs also include certain loans made within the delineated community which are owned by or have been sold and are still being serviced by Bank One affiliates, such as mortgage loans sold and serviced by BOMC.

The following two tables contain excerpts from the December 31, 1995 CPS. The data represents the volume of loans at year-end either owned by or sold and still serviced by Bank One and its affiliates, not the volume of loans produced during the year. The first table compares Bank One's consumer loan penetration of households throughout the delineated community. The table shows that Bank One's penetration in high-income tracts is nearly twice that of moderate-income tracts. However, Bank One's penetration is lowest in middle-income tracts. Bank One's record of penetrating households in moderate-income tracts slightly exceeds its household penetration rate for the entire market.

The second table shows, by income level of census tract, the dollar volume and relative percentage of all loans outstanding as of December 31, 1995. Slightly less than one-sixth of Bank One's consumer loan dollars originate from the three moderate-income tracts which constitute one-sixth of the 18 tracts in its market. Overall, Bank One has maintained a distribution of loans throughout its market similar to the distribution of the census tracts on the basis of their income level. This distribution of consumer loans by the economic level of the respective geographies in the delineated community is considered reasonable.

**Bank One Marietta and Affiliates
Consumer Loan Penetration of Households by Income Level
By Loans Outstanding as of December 31, 1995**

Census Tract Income Level	Total Number of Households	Households Penetrated	
		Number	Percent
Moderate	4,682	980	20.9
Middle	18,673	3,432	18.4
Upper	2,288	903	39.5
Entire Market	25,643	5,315*	20.7

Source: BOOC

* Excludes 710 in-market, untraced households

**Consumer Loan Penetration by Income Level of Census Tract
By Loans Outstanding as of December 31, 1995**

Income Level of Census Tract	Census Tracts		Consumer Loans Outstanding	
	Number	Percent	Dollars	Percent
Moderate	3	16.7	\$ 12,082,559	15.7
Middle	12	66.7	\$ 48,692,150	63.4
Upper	3	16.7	\$ 16,101,027	20.9
Total Tracts	18	100.0	\$ 76,875,736*	100.0

Source: BOOC

* Excludes untraced, in-market loans totaling \$9,320,547

The year-end 1995 CPS also reflects that Bank One originates a significant amount of business from West Virginia. The report shows that 23.2% of the scheduled deposits, 25.7% of all direct loans, and 45.5% of all scheduled loans, including indirect loans, originate from outside Washington County. Bank One has indirect loan arrangements with 66 dealers, and the volume of loans generated through them constitutes a major portion of Bank One's consumer loan business. As of year-end 1995, Bank One had indirect loans outstanding totaling \$63,232,000 of which \$47,516,000 or 75%, originated from outside Washington County. The substantial out-of-market indirect loan activity is attributed to the large area from which dealers generate their sales, and the fact that about one third Bank One's dealer relationships are in Wood County, West Virginia, the southern portion of the MSA in which the bank operates. Since Wood County is a much more

heavily populated area and there exists a high volume of commuter traffic and retail commerce between the two areas, this loan activity is considered reasonable. This lending outside the bank's community is not criticized, but it is pointed out as it does not contribute to Bank One's CRA performance.

The CPS is also used to identify areas of low consumer loan penetration. Low credit penetration is defined by Bank One as any census tract with a household penetration of less than one-half of the overall penetration for the bank's delineated community. Bank One identified two tracts as being under served in 1994 and only one tract as under served in the year-end 1995 analysis. Only census tract 203 was identified as under served in both 1994 and 1995. It is a largely industrialized, middle-income tract situated along the Ohio River between Marietta and Belpre. It is not heavily populated. Bank One has no offices nearby nor does it generate many consumer deposits from there.

A third report, available only for 1995, shows the distribution of small business loans by census tract. It shows a strong penetration of LMI areas with 40% of the 288 small business loans under \$100,000 originated from the four moderate-income tracts. These very small loans, which are particularly beneficial to small businesses, account for over 90% of the commercial loans under \$1,000,000. Ten additional loans between 100,000 and 1,000,000 are in moderate-income tracts. These numbers provide strong support for the contention that Bank One aggressively serves the credit needs of small business.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

Conclusion - Bank One provides conveniently-located offices throughout its delineated community, has not closed any branches, and has a good record of providing banking services.

Rationale and Supporting Detail - Bank One operates four full service banking centers, a drive through facility, and four deposit-taking ATMs. Three of the four full service offices are in moderate-income census tracts. These locations provide reasonable to banking services. Banking centers are open six days a week. The extended hours are in response to public surveys management conducted to help provide better service to customers.

Bank One is also a strong proponent of alternate delivery systems for banking services. ATMs accept deposits and are linked to a variety of national networks. Most banking services, including many loans, may be obtained through 24-hour toll free telephone access. A "Bank One on the Job" package of services is available to employees of local businesses. Bank One can be accessed through on-line computer banking and in-store terminals using debit and credit cards. Bank One lenders and BOMC loan originators will schedule appointments at times and locations to suit the convenience and needs of customers.

Bank One has developed indirect loan relationships with many businesses dealing in a wide variety of products, including those used for home improvement. Indirect banking accounts for a

significant volume of credit conveniently delivered at points of sale throughout the community. Bank One is a leader in providing credit card services locally and through affinity relationships with national organizations.

Bank One offers six different types of checking accounts. Bank One's low cost "Economy Checking" permits free check cashing of government checks, and its "Classic One" account features a package of services especially designed for senior citizens.

Bank One did not close any offices during the evaluation period. Bank One affiliates are guided by BOC's Branch Opening and Closing Policy which requires the notification of customers and discussion of proposed branch closings with neighborhood leaders to solicit their ideas and reduce the impact on the community of any office closings.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

Conclusion - Bank One does not discourage credit applicants on a prohibited basis.

Rationale and Supporting Detail - Bank One affirmatively solicits credit products from all segments of the community, including LMI areas. Loan policies and procedures provide a sound basis for avoiding illegal discrimination in lending. There are no policies or underwriting standards which act as barriers to credit access.

Training in fair lending laws and principles is provided to all applicable employees. Fair Lending: Just Good Business and Valuing Diversity: The Best from Everyone are corporate training programs designed to promote fair lending and good business practices. Videos, handouts, and tests provide the basis for this training.

Bank One uses a second review process for loan applications. These reviews are applied to all home loan applications. This process helps to ensure all applicants are treated fairly and consistently.

It is noted that the mortgage company has not tested for illegal discrimination in lending. This fact is mentioned because Bank One takes credit for BOMC's mortgage lending activities in this evaluation.

During a portion of the evaluation period, BOMC was operating with an "overage" compensation program. This program allows lenders who originate a loan with a rate above the company's standard rate to retain a portion of the "overage."

Although overage practices are not new to the lending industry, there is recognition that such programs have the potential for disparate impact on applicants on a prohibited basis if not properly

monitored. BOMC management recognized this potential problem and discontinued the program for all applications taken after March 15, 1994. However, management has not performed an analysis to determine if their program, while in effect, had a disparate impact on customers of the mortgage company.

In March of 1995, the mortgage company reintroduced an overage program. Overages are now limited to 1%, which significantly limits the size of any overage. Additionally, affordable mortgage lenders are prohibited from assessing overages.

This past practice is highlighted because Bank One received credit in this evaluation for loans made by BOMC. However, the mortgage company is not subject to regulation by the Office of the Comptroller of the Currency.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

Conclusion - Bank One is in compliance with fair lending laws and regulations.

Rationale - We reviewed Bank One's compliance with fair lending laws and regulations and found no violations or illegal practices.

Supporting Detail - Our examination included testing for compliance with the Equal Credit Opportunity Act. We performed a comprehensive review of home improvement and indirect automobile loans originated by the bank's underwriting and credit servicing office located in Akron, Ohio. We tested for illegal discrimination based on race for home improvement loans and on gender for automobile loans. Our review did not include any testing of the lending practices of BOMC.

Bank One uses an internal credit scoring system as a key component when deciding whether to approve or deny applications for retail loans. However, based upon policy guidelines and judgmental experience, designated bank personnel can approve or deny a loan request regardless of whether or not the credit score standard is met.

We reviewed a sample of African American home improvement loan applicants denied credit between August 15, 1995 and March 31, 1996. Our sample focused on 100% of the marginally qualified applicants based upon credit scores. We compared these applicants to marginally qualified white applicants, who typically did not pass the bank's credit score during this time period but were nonetheless approved for credit. The objective was to determine if denied applicants were treated similarly and given the same level of assistance when compared to approved applicants. Our review found no evidence of disparate treatment.

V. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

Conclusion - Bank One has participated in several projects or programs within its community which have served to increase the stock of affordable housing or promote economic development. These areas have been identified as significant unmet needs.

Rationale and Supporting Detail - Bank One has entered into credit relationships with several area developers to construct homes on two large tracts of land at a price which will provide affordable housing for moderate-income individuals. One project, known as Hickory Hill, is utilizing a tract of land in Marietta originally plotted for development in 1950. Bank One has provided the funds for acquisition and land development, and is providing funds for the construction of 30 to 50 homes in the \$50,000 to \$70,000 range. Bank One is also committed to offer permanent financing to qualified buyers of the individual properties. Three homes are currently under construction.

Bank One has taken a leadership role in developing and financing the “Belpre Industrial Park,” which will offer 25 acres of developable real estate for new industry in Washington County. Local government has wanted to develop an industrial site for many years, but the topography and expenses involved complicated this task. This particular location has emerged as the best of several sites considered, as it is centrally located, has access to rail facilities, and is located on the major four lane highway north of Belpre, a LMI area. This park will accommodate approximately six new companies. The infrastructure development and financing constitute a complex project. It requires cooperation and funding from a multitude of agencies, including the Appalachian Regional Commission, the Farmers Home Administration, the Ohio Department of Development, local block grant funds, the Community Improvement Corporation, and county commissioners. The development also involves EPA and wetland considerations. Bank One committed funds for the development of this land.

The lower cost small business commercial loan promotion programs designed to rehabilitate the downtown business section of Marietta, discussed under Assessment Factor I, also resulted in the development or improvement of a substantial number of second and third floor “loft style” living units above the commercial properties. Many such units have rental rates which are sufficiently low to provide affordable housing for LMI individuals, thereby helping to alleviate the housing shortage which exists in Marietta.

Assessment Factor K - The institution's ability to meet various credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

Conclusion - There are no financial impediments which inhibit Bank One's ability to meet the credit needs of its delineated community. The limited amount of improved land and the significant volume of area property lying within flood plains does adversely impact the cost and suitability of area real estate for residential and commercial development.

Rationale and Supporting Detail - The bank participates in CRA activities commensurate with its size and financial capacity. The Community Profile and Bank Profile in the front section of this evaluation provide further details about the characteristics of the community, the local economy, the bank, and the competition.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

Conclusion - Bank One participates in other activities which contribute to meeting the credit needs of its community.

Rationale and Supporting Detail - Bank One actively promotes student loans through its affiliate Banc One Ohio Student Loan Services, by marketing products in its lobby and making calls at several local high schools and colleges. The affiliate does not track these loans by geographic location; therefore, specific loan volume for the local market is not available.

During the review period, Bank One contributed funds to a variety of organizations that promoted economic development within the delineated community. Recipients of these contributions include Habitat for Humanity, Marietta Small Business Development Corporation, United Way, area Chambers of Commerce, and Enterprise Development Corporation. Bank One also donated a parcel of other real estate to Habitat for Humanity which allowed it to construct two affordable homes on the property. A Bank One employee serves as treasurer and financial advisor to this organization.