



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

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

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

November 30, 1996

Bank One, Athens, N.A.
Two South Court Street
Athens, Ohio 45701

Charter # 7744

<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>
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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Bank One, Athens, 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 5 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:

“Satisfactory Record of Meeting Community Credit Needs.”

Evaluation Period - The bank's previous Public Disclosure is dated May 11, 1992. The current disclosure evaluates the bank's performance from May 12, 1992 through November 30, 1996.

Bank Profile - Bank One, Athens, 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 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 Athens 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. (BOTC), Banc One Leasing Corporation, and Banc One Financial Services Corporation. To the extent that the activities of these subsidiaries help to meet the credit needs of Bank One's community, they are part of the bank's CRA performance. These activities are not a part of any other institution's CRA performance.

The delineated community for Bank One presently includes all of Athens County and portions of Hocking and Perry Counties. Bank One operates its main office and four other full service branches in Athens County and one branch in each of the other two counties in its community. In addition, Bank One has ten deposit-taking ATMs. Bank One ranks first in deposit size in Athens County, fifth in Hocking County, and sixth in Perry County. For the majority of the evaluation period, Bank One operated two offices in Meigs County and one in Gallia County. These branches and their deposits were sold on April 26, 1996 to People's Banking and Trust Company. The acquiring bank is headquartered in Marietta, Ohio, but operates offices in Bank One's market and is one of its principal competitors.

As of June 30, 1996, Bank One reported assets of \$257 million, with total loans and leases of \$172 million. The bank's overall loan-to-deposit ratio was 119% at mid-year 1996, up substantially from 82% at year-end 1995. The increase is attributed in part to the above-mentioned sale of three branches which included the sale of deposits, but the retention of loans. The year-end loan to deposit ratio has ranged from 77% to 83% over the past four years. Net income for 1994 and 1995 totaled \$3.1 and \$4.4 million, respectively, for a return on average assets of 1.2% in 1994 and 1.7% in 1995. The following table reflects 1992, 1993, 1994, and 1995 financial information.

Bank One offers a wide range of credit products to its retail and business customers, and remains a strong consumer lender. Presently, and for each of the four years ended 1992 through 1995, loans to individuals, credit card loans and 1-4 family residential loans represented approximately three-fourths of the loans in the bank's portfolio. The reader should note that the table below reflects outstanding loans on the books as of the reporting dates. It includes loans outside Bank One's current delineated community, which, when made, were part of the market served by the Gallia and Meigs County offices which were sold earlier this year. The table excludes \$8.1 million in mortgage loans securitized in late 1995 and \$2.7 million in equity loans securitized in June 1996, repurchased as investments and now held in the investment portfolio.

**Year-end Loans and Deposits
(In Thousands of Dollars)**

	1992	1993	1994	1995	6/30/96	6/96 %
Retail Loans	\$129,418	\$132,902	\$122,560	\$128,453	\$128,639	75
Commercial Loans	42,543	42,100	37,808	42,497	42,330	24
Agricultural Loans	335	698	888	1,248	1,276	1
Total Loans (Gross)	\$172,296	\$175,700	\$161,256	\$172,198	\$172,245	100
Total Deposits	\$209,396	\$211,762	\$208,833	\$211,215	\$144,574	
Loan-to-Deposit Ratio	82%	83%	77%	82%	119%	

Source: Consolidated Reports of Condition

Community Profile - Bank One's CRA community presently consists of three noncontiguous geographies: all of Athens County, located in Southeastern Ohio; three census tracts in central Hocking County served by an office in the county seat of Logan; and three census tracts in Northwestern and central Perry County served by the Somerset Office. Prior to the recent sale of three offices, and for most of the evaluation period, Bank One's market included all of contiguous Meigs County and four census tracts in Gallia County near the county seat of Gallipolis. Analyses in this performance evaluation are based upon the fact that the former CRA delineated community remained in effect through most of the evaluation period.

The five-county community consisted of 29 census tracts, of which 14 are LMI based upon the Ohio non-MSA, median family income of \$37,000. This community included 32,463 families at the 1990 census with 15,536, or 48% LMI. There were 46,597 households within this community in 1990 and it is estimated that this increased to 49,339 in 1995. Median family and household incomes were \$25,147 and \$19,688, respectively at the 1990 census. Median housing value was \$44,700 with 63% of the units owner-occupied. The population of 130,074 is classified as 96% white. June 1996 unemployment ranges from 5.6% in Athens County to 10.7% in Meigs County, exceeding the national level of 5.5% and Ohio level of 5.0%.

All five counties fall within the purview of the Appalachian Regional Commission (ARC), a federal entity which helps fund efforts by the Ohio Governor's Office to develop the area. Hocking County is classified as a "distressed area," and the other four counties are designated by ARC as "highly distressed areas." This means unemployment and poverty levels consistently exceed 150% of the national average and area income is less than 67% of U.S. per capita income. Much of the community is part of the Ohio University lands or the Wayne National Forest which is a vast, hilly woodland, sparsely interspersed with low-income housing and limited agricultural acreage. Neither the campus nor National Forest lands are available for residential or commercial development. Athens County, where Bank One is headquartered, is regarded as the poorest county in Ohio. There were 5,585 families, or 27% of the county population living below the poverty levels as of the 1990 census. Management quoted the Athens Chamber of Commerce as reporting that 33% of the current market area population lives below the poverty level, but a large student population skews these numbers by an undetermined amount.

The City of Athens is the home of Ohio University. Its employment of 3,500 and student population of 19,600 make it the primary factor impacting the local economy. Direct and ancillary employment offers a wide range of salaries from university administration and faculty to low-wage employees of local service industries. An estimated 7,000 students use dormitory housing resulting in a strong demand for rental property, inflating both real estate prices and leasing costs in Athens. Only 57% of the county's housing stock is owner-occupied and rents range from \$353 for a one-bedroom unit to \$539 for a three-bedroom unit. Student demands for housing, the lack of infrastructure improvement due to the high cost or the inability to develop hilly, rural terrain, and the inherent poverty which exist within the area, create a great need for affordable housing. Several community leaders interviewed stated that local contractors are prone to construct housing which meets the needs of middle- and upper-income persons, unless subsidies are available.

The other large employers in the area are local government, schools systems, a hospital, the Southern Ohio Coal Company, and a few scattered light industries. The coal industry has significantly declined over the years. Relatively poor transportation, many unskilled workers, light population, and high development costs make it difficult to attract industry. Most businesses are small service and retail proprietorships catering to the needs of local residents and students.

Competition for banking products and services is provided by a number of small and medium size community banks and regional bank outlets throughout the community. Non-bank competition consists of credit unions, several mortgage companies, and savings banks. Bank One's principal competitors in Athens itself are the Hocking Valley Bank, Peoples Banking & Trust Company, headquartered in Marietta, and the Ohio University Employees Credit Union.

Community Credit Needs - The evaluation included contacts with eight community-based organizations, local government officials, and representatives of business groups. These contacts provided coverage of the delineated community with the exception of Meigs and Gallia County. Representatives of Meigs and Gallia Counties were not interviewed because Bank One no longer includes those areas within its delineated community. The contacts were used to obtain information on community credit needs and feedback on the Bank One's CRA performance. Bank One's CRA assessment reports indicate that the banking needs of Meigs and Gallia Counties were similar to the balance of the delineated community for the period under review.

Community credit needs identified include:

- Loans for affordable single family and multi-family housing. This type of credit is especially needed for first time home buyers with low- and moderate-incomes. Construction financing, as well as permanent financing, is needed for the creation 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 about 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 lack of access to simple mortgage loan processing hamper access to credit. Other 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. Education and technical assistance help to address these issues.

Several government agencies and local organizations are working to address the credit and technical education needs of small businesses. These include the Governor's Economic Development Office, the Buckeye Hills-Hocking Valley Regional Development District (BH-HVRDD), and the Athens Small Business Development Center (SBDC). The SBDC provides technical education and other assistance for small business owners and entrepreneurs. It also operates a Women Resource Business Center. Bank One refers persons to the SBDC who do not otherwise qualify for bank credit. It participates with the SBDC, churches, the Chamber of Commerce, and local colleges and high schools in providing seminars, education, and other assistance for persons seeking information about small business and personal loans. Home

buyer seminars held during the review period covered the entire home ownership process, from looking for, to acquiring, financing, and maintaining a home.

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 community. Bank One has responded to those needs through a wide array of credit products and banking services.

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; and,
- o Involvement in not-for-profit organizations.

The Board adopted a comprehensive Ascertainment Plan annually from 1992 through 1995. These plans augmented the bank's Business Plan and developed the primary methodology to ascertain unmet credit needs and to determine what, if any, neighborhoods might be underserved. Under the formal plan, each officer on the CRA/Compliance Oversight Committee, branch managers, and the CRA Officer made targeted calls to knowledgeable people in the community. Contacts included government officials, religious organizations, economic development agencies, schools, and health agencies. Bank One loan officers have also supplemented formal ascertainment efforts through ongoing calls on new and existing customers. The BOMC mortgage loan originator in Athens and a Bank One personal banker at the Somerset Office regularly call on area Realtors throughout the delineated community. They market mortgage products and ascertain any unmet needs or concerns about real estate loans.

Community Advisory Councils (CACs), consisting of diverse groups of local civic and business leaders, met from 1992 through 1994 in all five counties. The Athens County CAC met quarterly, and the other CACs met semiannually to discuss a variety of CRA issues with bank management. Discussions addressed unmet credit needs and the how bank's loan products might be expanded, modified, or more effectively promoted.

Surveys have also been distributed periodically to solicit community feedback.

Finally, directors, senior management, and other officers are actively involved in a wide variety of community groups organized to promote the welfare of the bank's delineated community. These include leadership positions in groups such as the Athens County Economic Development

Council, Buckeye Hills Regional Loan Committee, Perry County Planning Committee, Enterprise Development Corporation, the Ohio and various local Chambers of Commerce, and Habitat for Humanity.

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-sponsored residential mortgage loan products directly or through BOMC. 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 businesses.

- **Bank One has also ascertained a need for consumer credit counseling, education, and technical assistance for prospective first time home buyers. Technical assistance is also needed for entrepreneurs seeking to organize or expand small business in the community.**

Bank One and BOMC employees 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.

Supporting Detail - The Board has adopted a comprehensive CRA program. The board and senior management supervise the bank's CRA-related activities and monitor CRA performance through presentations by the CRA officer and committees. The full Board reviewed all subjects

discussed and actions taken by the Board CRA/Compliance Committee.

Directors are personally involved in the community. Three directors were selected as a result of their active participation on one of the Community Advisory Councils. The Board redefined the delineated community in June 1996 to account for the sale of the Meigs and Gallia County offices. An internal CRA committee consisting of senior management met quarterly in 1993 and 1994 and once in 1995 to oversee the bank's CRA performance. Annual CRA self assessments are conducted in accordance with BOC policy using demographic analyses and are reviewed by the board.

Bank One CRA officers oversee the CRA process, provide training, ensure compliance with corporate CRA policy, and help to identify and address opportunities apparent in the geographic analyses of loan activity provided by the corporate CRA Department.

Bank One is in general compliance with the technical requirements of the CRA. However, prior to the Board's realignment of the delineated community in June 1996, the map included in the CRA Statement used zip codes, in part, rather than census tracts to define Bank One's market. In some cases, zip codes did not provide precise definition of the geographic boundaries of the delineated community. Census tracts are now used.

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 provides members of the community with a high level of awareness of the bank's credit and financial services.

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

The bank also uses newspaper, radio, and direct mail advertising, and these mediums account for a substantial portion of the advertising budget. Several radio stations and newspapers, including the Athens Messenger, Athens News, Perry County Tribune, and Logan Daily News, are used to penetrate the entire service area from both a geographic and a demographic perspective. Direct mail, organizational newsletters, brochures, billboards, and some telemarketing have been used to target specific markets or communicate special promotions. Examples range from periodic loan sales based upon rate or closing cost concessions and fast turn around, to introducing new

products like the Bank One Business Line of Credit in the fourth quarter of 1994. Orientation week presentations, student newspaper advertisements, and College Bookstore bag stuffers are methods used to reach the large student population.

Management has targeted census tracts that have been identified as underserved with specific, suitable products in order to increase market penetration. Most loan promotions focus on retail credit products, such as consumer, home equity, or mortgage loans. Bank One specifically targeted small business lending, affordable home loans, home improvement loans, and small farm loans at various times during the review period. Targeted advertising was also used in media such as the SBA and Ohio Agricultural Linked-Deposit newsletters. Advertisements are reviewed for statutory compliance prior to use.

Bank One has hosted Business Resource Seminars and small business fairs to promote small business lending. Topics such as managing and financing a small business were featured. The fairs were held in selected areas where Bank One desired to increase its loan and deposit penetration. Representatives of the SBA, Woman's Resource Business Center, and the Athens Small Business Center were involved. Bank One also offered first time home buyer programs to increase public awareness of mortgage loan products and the application process. Presentations on credit and financial services are made at area high schools, colleges, and community centers.

Other marketing methods include frequent calling on Realtors and dealers, Bank One on the Job, and commercial loan officer call programs. Micro marketing at the branch level and commercial loan officer sales "blitzs" are used to generate small business loans.

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 modest volume of residential mortgage and home improvement loans, but is an active consumer and small business lender. Bank One has taken positive steps to respond to the ascertained needs for local credit.

Supporting Detail - Bank One offers a full range of consumer and commercial loan products. 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, multi-family property 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, lines of credit and consumer leasing for equipment and autos;

- o Government guaranteed loans, including FMHA, SBA, FHA/VA, Ohio Linked and Agri-Linked Deposit Programs, and revolving loan fund participations. 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. Under the newly implemented “Reclaim Program,” Bank One also began giving denied consumer loan applicants the opportunity to have their application referred to Bank One Financial Services Corporation (BOFS), Bank One’s finance company affiliate for reconsideration. Management was unable to tell us how many loans were ultimately made by BOFS under this program.

During the evaluation period, Bank One continued to develop and refine its own affordable home mortgage, with more liberal underwriting standards specifically designed to meet LMI customers’ needs. It was available regardless of geography and provided for 95% financing, a 30-year fixed rate, and no Private Mortgage Insurance (PMI). These loans were not sold in the secondary market. In 1996, Bank One discontinued that program, and replaced it with several affordable home mortgage products under the heading of the “Bank One Affordable Dream Mortgage.” 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 fixed interest rate
Debt Ratios:	33 - 38% housing debt/36 - 40.5% total debt
Credit:	Non-traditional credit is acceptable
Reserves:	Up to two months may be required
PMI required:	PMI required when loan to value exceeds 80%

Management was unable to provide the number of affordable home mortgages made during the evaluation period.

The following table discloses the outstanding balances of the selected types of loans for the period from December 31, 1992 through mid-year 1996. Outstanding balances are used as a proxy of the volume of lending, as origination information was unavailable. Taken together with the loan-to-deposit ratios disclosed in the Bank’s Profile, this information reflects an adequate level of lending. It is also noted that the outstanding balances include an undetermined amount of credit originating outside the bank’s delineated community which does not count for CRA performance purposes. Two management analyses performed as of December 31, 1995 disclosed that 31% of consumer loans and less than 20% of small loans to businesses are to borrowers outside of the bank’s community. This volume of lending outside the bank’s community is significant, but not unreasonable. Refer to Assessment Factor E for more information regarding these analyses.

The year-end 1995 figure for mortgage loans excludes \$8.1 million 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 were repurchased as investments, essentially maintaining the same level of investment in the delineated community. In June 1996, Bank One similarly securitized \$2.7 million in equity loans which are now held as investments.

**Outstanding Loan Balances
1992 through 1996
(Thousands of Dollars)**

Type of Loan	1992	1993	1994	1995	6/30/96
Consumer Loans *	\$83,995	\$95,435	\$87,359	\$100,783	\$100,647
Real Estate Loans *	\$62,370	\$59,793	\$58,892	\$ 51,706	\$ 51,740
Small Business Loans # Dollars Outstanding Number Outstanding	N/A N/A	\$28,286 473	\$27,909 428	\$ 26,725 412	\$ 28,556 427
Small Farm Loans # Dollars Outstanding Number Outstanding	N/A N/A	None	\$ 357 14	\$ 377 15	\$ 685 24

Source: Reports of Condition

N/A Not Available

* Consumer and Real Estate Loan Data are as of December 31 unless otherwise indicated.

Small business and small farm loan data are as of June 30.

The following table discloses the number of purchase money mortgages and home improvement loans made by Bank One within the delineated community during 1994 and 1995. Bank One did not track this information for prior years, nor is detailed Home Mortgage Disclosure Act (HMDA) data available because the community is not part of a Metropolitan Statistical Area (MSA) and reporting is not required. The decline in the volume of real estate mortgage loans is attributed to higher interest rates and limited building sites. Management attributes the decline in home improvement loans between 1994 and 1995 to the continuing strong marketing campaign for home equity loans initiated in 1995.

**Number of Purchase Money Mortgages and Home Improvement Loans
Within Delineated Community**

Loan Type	Total	
	1994	1995
Purchase Money Mortgages		
Conventional	163	104
FHA/VA	<u>3</u>	<u>2</u>
Subtotal	166	106
Home Improvement Loans	121	42
Totals	287	148

Source: BOOC

Bank One defines small business loans as commercial credits less than \$1,000,000. Bank One is particularly pleased with its “Bank One Business Line of Credit” (BOBLOC), a unique loan product designed for small businesses which can be conveniently accessed through checks or a credit card. Bank One pursues small business loans through a variety of other products, too, but the precise number and dollar volume of small business loans made prior to 1995 are not available. Management advised that 187 small business loans made by Bank One in 1995 still had an unpaid balance outstanding of \$11.6 million as of year-end 1995. Of these loans, 154 or 82% of the number originated from within Bank One’s delineated community. This number excludes loans made and repaid in 1995. An additional 170 small business loans made in the market prior to 1995 had an aggregate unpaid balance of \$5.4 million at year-end 1995. More than 87 percent of these small business loans had original amounts less than \$100,000.

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 has made good use of local, state, and federal government-insured, guaranteed, and subsidized loan programs for housing, small businesses, and small farms.

Supporting Detail - Government-sponsored lending programs are used to extend credit to borrowers not otherwise qualifying for bank loans and also 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 which will create new jobs. BOMC has made a limited number of FHA/VA purchase money mortgages. These loans are often used to finance homes in LMI neighborhoods. Bank One became an active participant in the SBA Low Doc loan program for small business during 1995. All of these programs target community credit needs such as affordable housing, small business loans, and small farm loans.

Bank One's participation in government-supported loan programs within their delineated community is highlighted in the following table. Production numbers for each type of loan for

each year were not available. The dollar amount of the FHA/VA loans made by BOMC in 1994 and 1995 was also unavailable. The following schedule reflects the original amount of such loans for the year in which they were granted.

**Number and Dollars of Government-Sponsored Loan Programs
1992 through June 30, 1996
(In Thousands of Dollars)**

Government Program	1992		1993		1994		1995		YTD 1996	
	#	\$	#	\$	#	\$	#	\$	#	\$
SBA	1	\$130	3	\$312	3	\$319	5	\$511	2	\$790
FMHA							1	\$195		
Ohio Linked Deposit			1	\$125	2	\$62	2	\$10		
Ohio Agri-Linked Deposit							1	\$40	1	\$50
FHA/VA (Made by BOMC)					3	N/A	2	N/A		
Revolving Loan Fund							1	\$450	2	\$245
Total	1	\$130	4	\$437	8	\$381+	12	\$1,206+	5	\$1,085

Source: Data Provided by Bank One

Outstanding balance for loans made in 1995 and 1996.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

Conclusion - The bank's community delineation is reasonable.

Supporting Detail - The bank's community delineation meets the purpose of CRA and does not arbitrarily exclude any LMI neighborhoods. Bank One's CRA community presently consists of three noncontiguous geographies. These geographies are Athens County, located in Southeastern Ohio, three census tracts in central Hocking County served by an office in the county seat of Logan, and three census tracts in northwestern and central Perry County served by the Somerset Office. Prior to the recent sale of three offices, and for most of the evaluation period, Bank One's market included Meigs County and four census tracts in Gallia County, near the county seat of Gallipolis. Both delineations are regarded as reasonable in view of the geographic locations of the offices in operation at the time.

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 good.

Supporting Detail - Bank One conducts periodic analyses using demographic data to determine its performance in serving various census tracts and borrowers by income level. Management uses these analyses to evaluate the viability of banking centers and to direct ascertainment, marketing, and community development efforts. Bank One solicits applications for and extends all types of credit throughout its delineated community. The bank reports a significant number of direct and indirect consumer loans and a large volume of small business loans in the only low-income tract and reasonable penetration levels in most of the thirteen moderate-income census tracts in its market.

Management generates quarterly Consumer Portfolio Summarys (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 cards, equity money service loans, lines of credit, mortgages, 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 that have been sold and are still being serviced by Bank One affiliates, such as mortgage loans sold and serviced by BOMC.

For the purpose of all analyses in this section, low-, moderate-, middle-, and upper-income geographies are defined as less than 50%, between 50% and 79%, 80% to 119%, and 120% and over, respectively, of the non-MSA median family income for the State of Ohio. Of the 29 tracts in the community, there are one low- and 13 moderate-income census tracts using this definition.

The following two tables contain excerpts from management's year-end 1995 CPS. Dollar volume data represents outstanding balances, not the number and dollar volume of loans produced in 1995. The first table compares Bank One's consumer loan penetration of households throughout the delineated community to its household penetration in low-, moderate-, middle-, and upper-income census tracts. The table shows Bank One has penetrated households in the two upper-income tracts at nearly twice the frequency at which it has made loans to households in the only low-income tract. However, the low-income tract constitutes Athens' downtown business district and is Bank One's most productive source of small business loans. Bank One is penetrating both the thirteen moderate- and the thirteen middle-income tracts at just above 17%. These two groups of tracts involve almost 90% of the area served. Therefore, consumer loan distribution by geographic income level is considered reasonable. Both of the upper-income tracts border areas of Athens which have had land available for new residential development, which might account for some of the increased loan activity.

**Consumer Loan Penetration of Households by Income Level
Number of Loans Outstanding as of December 31, 1995**

Census Tract Income Level	Total Number of Households	Households Penetrated	
		Number	Percentage
Low	2,560	345	13.5
Moderate	21,005	3,585	17.1
Middle	22,551	3,937	17.5
Upper	3,223	857	26.6
Entire Market	49,339	8,724*	17.7

Source: BOOC

*Excludes 1,489 in-market, untraced households

The second table shows the dollar volume and relative percentage of loans outstanding as of December 31, 1995 by income level of census tracts. Moderate- and middle-income tracts each account for about 45% of the geographic market area, but 37% of consumer loans were lent in the 13 moderate-income tracts compared to 50% in the 13 middle-income tracts. Comparisons in consumer lending among the three low- and upper-income tracts are discounted for the same reasons set forth in the preceding paragraph. While Bank One has not done as well penetrating moderate-income tracts with consumer loans as it has middle-income tracts, the disparity between the two groups is not at a level which would be considered unreasonable.

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

Income Level of Census Tract	Census Tracts		Consumer Loans Outstanding	
	Number	Percentage	Dollars	Percentage
Low	1	3	\$ 2,358	3
Moderate	13	45	\$ 32,125	36
Middle	13	45	\$ 44,218	50
Upper	2	7	\$ 9,417	11
Total Tracts	29	100	\$ 88,118*	100

Source: BOOC

* Excludes untraced, in-market loans totaling \$14.7 million

The year-end 1995 CPS shows that Bank One makes about 65% of the number of loans to

persons residing within its delineated community, and these persons receive 69% of the loan dollars outstanding. A significant portion of the out-of-area lending is attributed to indirect loan arrangements with various dealers, which draw customers from a wider geography than that defined by the bank as its CRA community. Banks do not receive credit for CRA performance for loans made outside their delineated community.

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 level for the bank's delineated community. Bank One identified two tracts, Glouster and Nelsonville, as underserved in the year-end 1995 analysis. Both are moderate-income tracts in Northern Athens County, and both are ten miles or more from Bank One's nearest office. Glouster and Nelsonville are rural communities with limited development, but neither area is underserved as both have banking alternatives available to local residents. Independent community banks are headquartered in both communities, and each tract has at least one other local banking option. Management has attempted to target both areas with special marketing programs, but believes a large portion of its business from these tracts comes from people who commute to Athens for employment. Little deposit activity originates from there.

In 1995 only, management prepared a geographic analysis by census tract of Bank One's small business loans which originated from within its community and had outstanding balances remaining as of year-end. Loans were separated by the size of the original amount into three categories: less than \$100,000, \$100,000 to \$250,000, and \$250,000 to \$1,000,000. The results are reflected in the table below. It shows that 40% of the number of loans was generated from LMI geographies, compared to 14% for upper-income geographies. Of course, many of the lower-income geographies include the business districts of the cities and villages in the community. Additionally, 87% of the number of the loans were loans below \$100,000, which indicates that the majority of the credits were likely made to smaller businesses. The only census tract without commercial loan activity is a rural/residential tract in Meigs County. Small business loan production numbers, available for 1995 only, indicate that more than 80% of Bank One's small business loans originate from within the delineated community. These numbers provide support for the contention that Bank One actively solicits small business loans and is responsive to their credit needs.

**Small Business Loans Made in the Delineated Community
Balances Outstanding as of December 31, 1995**

Income of Census Tract	Under \$100,000		\$100,000 - \$250,000		\$250,000 - \$1,000,000		Total		%
	Nos.	Dollars	Nos.	Dollars	Nos.	Dollars	Nos.	Dollars	
Low	48	\$1,068	8	\$ 1,262	4	\$ 1,973	60	\$ 4,303	25
Moderate	<u>73</u>	<u>1,617</u>	<u>5</u>	<u>750</u>	<u>3</u>	<u>1,029</u>	<u>81</u>	<u>3,396</u>	<u>20</u>
Subtotal	121	\$2,685	13	\$ 2,012	7	\$ 3,002	141	\$ 7,699	45
Middle	139	3,255	16	2,479	4	1,221	159	6,955	41
Upper	51	1,361	5	629	1	321	57	2,311	14
Total	311	\$7,301	34	\$ 5,120	12	\$ 4,544	357	\$16,965	100
Percentage	87%	43%	10%	30%	3%	27%	100	100%	100

Source: BOOC

Management also provided data showing that Bank One had 20 outstanding agricultural loan commitments of less than \$500,000 totaling \$619,003 remaining on the books as of year-end 1995. These were distributed among 11 of the 29 census tracts, including one low-income tract and three moderate income tracts. This information was unavailable for prior years.

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 and has a good record of providing banking services or through alternate delivery systems.

Rationale and Supporting Detail - Bank One operates seven full service banking offices within its present three-county market: three offices in Athens, one each in The Plains and in Coolville in Athens County, one in Somerset in northern Perry County, and one in the county seat of Logan in central Hocking County. Bank One has ten deposit-taking ATMs. Several were relocated from Ohio University locations during the evaluation period to freestanding sites, including two Bob's Supermarket locations.

Through most of the evaluation period, Bank One operated two offices and a freestanding ATM in Meigs County (Pomeroy and Rutland), and a third office in Gallipolis, the county seat of Gallia County. On April 26, 1996, the physical structures and deposits were sold to the Peoples Bank & Trust, Marietta, Ohio, as part of a decision by Bank One to realign its market without closing banking offices. Bank One did not sell the loan accounts originated from those offices as

part of the transaction. The seven existing and three sold locations have provided most residents of the delineated community with reasonably convenient access to banking services. Due to the distance involved and the existence of other banks operating in the more remote areas of Athens County, there is relatively less loan and deposit penetration in some outlying areas such as Glouster. Five of the seven existing full service offices and one of the three branches which were recently sold are either located in or serve LMI census tracts. Management keeps banking centers open six days each week. The Richland Office was expanded in 1995 to house a consumer loan center. It is the base of operations for the BOMC and other loan originators and is open weekday evenings to help provide better service for borrowers.

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. Many banking services, including loans, may be obtained through 24-hour toll-free telephone access. This includes "Loan by Phone" for consumer credit and "Home by Phone" for mortgages. The "Bank One on the Job" package of services are available to employees of local businesses which participate. 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 their 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 designed for senior citizens.

Although Bank One sold three offices as outlined above, there were no branch closures during the evaluation period. Bank One affiliates are guided by BOC's Branch Closing Policy. The policy 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.

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 consumer and home loan applications. This process helps to ensure all applicants are treated fairly and consistently.

A corporate testing program to check for illegal discrimination in mortgage lending through a comparative file review has not been implemented. Bank One's compliance monitoring program adequately reviews for compliance with the technical requirements of various fair lending regulations.

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 a 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. However, overages are 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 receives 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 - 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 indirect automobile loans originated by the bank's underwriting and credit servicing office located in Akron, Ohio. We tested for

illegal discrimination based on gender.

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 met the Bank One's standard.

We reviewed a sample of applicants who applied for credit between January 1, 1996 and March 31, 1996. Our sample focused on marginally qualified female applicants based upon credit scores which were denied credit. We compared these applicants to marginally qualified male applicants who typically did not pass the bank's credit score, 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. We found that applicants were treated equally and were provided the same level of assistance during the application process.

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 an adequate level of participation in projects which have served to increase the stock of affordable housing or promote economic development.

Supporting Detail - Bank One's investments in affordable housing projects included Westview Apartments, a 32-unit complex developed to provide affordable housing for LMI individuals. The initial advances for this project were noted in the prior CRA performance evaluation, but the bank made a final \$300,000 advance during this evaluation period.

Bank One also financed the development of three mobile home parks during the evaluation period. These are located in the delineated community and provide a total of 250 affordable housing sites. In discussing the need for affordable housing in Athens County with community leaders, the creation of new mobile home sites was viewed not only as a means of alleviating the housing shortage, but also significantly upgrading living conditions resulting from the poor quality housing stock now occupied by some LMI residents.

According to the Athens Chamber of Commerce, Bank One has also worked closely with them to attract new or expanded industry to the area. Bank One worked with the chamber and the county to develop a small industrial park in Athens where a new plastics plant recently opened a manufacturing facility. There are ongoing efforts to attract other companies to occupy adjoining tracts.

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.

Supporting Detail - The bank participates in CRA activities commensurate with its size and financial capacity. The amount of land available for affordable housing and commercial development within Athens and throughout certain portions of the delineated community is somewhat limited by large tracts of university property or public lands, hilly terrain, and the lack of or high cost of adding the infrastructure such as sewer and water. 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 - There are other factors which contribute to the bank's efforts to meet the credit needs of its community.

Supporting Detail - Bank One actively promotes student loans through its affiliate 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, management was unable to provide us with information concerning the number of loans made.

During the review period, Bank One has contributed both funds and financial advice to Habitat for Humanity, a not-for-profit organization which builds houses to accommodate low-income families. The BOMC loan originator chairs and a Bank One officer serves on the finance committee of this organization.

Bank One also makes other financial contributions and lends its technical expertise to organizations which contribute to the economic development of the delineated community. Examples include the Enterprise Development Corporation, Tri-County Community Action Agency, Gallia County Agricultural Center, and the Perry County Economic Development Center.