



**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, Portsmouth, N.A.

Post Office Box 301
Bank One Plaza
Portsmouth, OH 45662

Charter Number 7781

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

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Bank One, Portsmouth, 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 March 23, 1992. The current disclosure evaluates the bank's performance from March 24, 1992 through November 30, 1996.

Bank Profile - Bank One, Portsmouth, 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 Portsmouth 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 meet the credit needs of Bank One's community, they are part of the bank's CRA performance. These activities are not part of any other financial institution's CRA performance.

Bank One ranks first in Scioto County and third in Pike County by deposit size. Together, these counties comprise Bank One's delineated community. The main office of the bank is in a low-income tract in downtown Portsmouth which is in Scioto County. The bank has five full-service branches. The branches are located in Waverly in Pike County, and in Lucasville, Wheelersburg, New Boston, and West Portsmouth in Scioto County. Three branches are in moderate-income census tracts. Bank One closed two branches in moderate-income census tracts, one in Portsmouth and one in South Webster, on September 1, 1995 and November 10, 1995, respectively. Bank One operates five deposit-taking ATMs which offer 24-hour access.

As of June 30, 1996, Bank One reported assets of \$239 million, with total gross loans and leases of \$154 million. The bank's overall loan-to-deposit ratio was 80% at mid-year 1996 and has hovered just above 78% for each of the past four year-end reporting dates. Net income for 1994 and 1995 totaled \$3.3 and \$3.9 million, respectively, for a return on average assets of 1.28% in 1994 and 1.56% 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 small business customers and is a strong consumer lender. For each of the four years ended 1992 through 1995, loans to

individuals, credit card loans, and 1-4 family residential loans represented approximately 60% of the gross loans in the portfolio. The reader should note that the table below includes a modest volume of loans made by Bank One outside its delineated community. The table excludes \$11 million in mortgages securitized in late 1995 and \$2.7 million in equity loans securitized in June 1996, and now held in the investment portfolio.

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

Type of Account	1992	1993	1994	1995	June 1996	%
Retail Loans	\$101,443	\$ 97,744	\$ 95,348	\$ 95,330	\$ 91,598	59
Commercial Loans	58,119	57,347	60,607	60,957	61,798	40
Agricultural Loans	498	940	2,263	1,102	1,082	1
Total Loans (Gross)	\$160,060	\$156,031	\$158,218	\$157,389	\$154,478	100
Total Deposits	\$203,836	\$199,892	\$202,693	\$199,554	\$191,927	
Loan-to-Deposit Ratio	79%	78%	78%	79%	80%	

Source: Consolidated Reports of Condition

Community Profile - Bank One's community consists of all six census tracts in Pike County and all twenty census tracts in Scioto County. The area is located in South Central Ohio at the confluence of the Scioto and Ohio Rivers. There are an estimated 40,480 households in Bank One's delineated community, up from 38,674 at the 1990 census. BOOC provided a 1995 estimate of \$20,893 for median household income in the market area, well below the HUD 1995 estimated median family income of \$37,000 for non-MSA areas in Ohio. In 1990, 21,358, or 55%, of all households were low- or moderate-income (LMI). About 25% of all households were below the poverty level, and 18% were on some form of public assistance. The community's 26 census tracts include one low-income and 17 moderate-income census tracts. Low- and moderate-income census tracts are defined as having less than 50% and between 50% and 80%, respectively, of the Ohio non-MSA median family income. LMI residents are widely dispersed throughout the market. There are no upper-income tracts (120% or more of the Ohio non-MSA median). The U.S. Census classified the 1990 population of 62,254 as 97.9% white.

The local population is mature and stable with minimal growth. According to the 1990 census, 75% of the 25,752 housing units in Bank One's delineated community are owner-occupied. In moderate-income tracts 60% of the housing units are owner-occupied and 30% were rentals. The median housing value was \$38,600 in 1990, and many homes today are sold for less. The housing stock is relatively old with a median year built of 1962.

The June 1996 unemployment figures for Pike and Scioto Counties were 8.3% and 10.0%, respectively. These rates are among the highest in the state, comparing unfavorably to 5.0% for Ohio and 5.5% nationally. Unemployment rates have been high relative to the state for a number of years, which is typical of most of the Appalachian region of Ohio. Both Pike and Scioto 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. Both counties are designated by the ARC as "highly distressed areas" because unemployment and poverty levels consistently exceed 150% of the national average and area income is less than 67% of U.S. per capita income. Portsmouth has been designated as one of the nation's rural Federal Enterprise Communities, eligible for special grants to promote economic development. Much of the community is part of either the Shawnee State Forest or the Wayne National Forest. These are vast, hilly woodlands, sparsely interspersed with low-income housing and limited agricultural acreage. Neither of the forest lands are available for residential or commercial development.

Portsmouth is the largest city in the area. The city has a population of 22,908, but an estimated 275,000 people live within a 30-mile radius. Figures for Scioto County provided by the Portsmouth Area Chamber of Commerce show the labor force with 28% in wholesale and retail pursuits, 26% services, 22% government, 11% manufacturing, and only 1% agriculture. The economy continues to make slow but steady progress after severe setbacks in the early-to-mid 1980s with the closing of a major steel plant. Efforts to rebuild on the large site left idle have been hampered by massive environmental cleanup. There is little other land available for development due to the hilly terrain or lack of infrastructure (sewer, water, and transportation) improvements. Newer jobs are largely of the lower-paying service industry variety.

The downtown business area of Portsmouth has been significantly upgraded. The city is redeveloping the Ohio River waterfront to expand business and attract tourists. Shawnee State University has made a major downtown redevelopment effort with a student enrollment of about 3,200 and a new performing arts center drawing patrons from a wide area. Major employers in the community are OSCO Industries, Southern Ohio Medical Center in Scioto County, Martin Marietta Energy Systems, and Mills Pride in Pike County. A serious risk to the economy exists if Martin Marietta closes down due to relocation of the Piketon uranium processing facility. Other large employers in the area are local government, the school systems, a high security prison, and light industries.

Competition for banking products and services is provided by six commercial banks, including three other regional banks and several independent community banks. Bank One's principal commercial bank competitors in Portsmouth are Star Bank, National City Bank, Fifth-Third

Bank, and small community banks. The Ohio Valley Bank and First National Bank of Waverly furnish additional competition for Pike County customers. Non-bank competition consists of two large credit unions, two savings banks, and several mortgage companies.

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

Community credit needs identified include:

- Versatile credit products for establishing or expanding small business, 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.
- Loans for affordable single family and multifamily housing. This credit is especially needed for first time and LMI home buyers. Construction financing as well as permanent financing is needed for the creation of single family housing.
- 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 hampers access to credit. Other barriers to qualifying for mortgage loans for the purchase of affordable homes include credit history, high debt-to-income ratios, and insufficient funds for down payment and/or closing costs. Education and technical assistance help address these issues.

Government agencies and several local organizations are addressing the credit and technical education needs of small businesses and promoting economic development. Included are the Portsmouth Inner-City Development Corporation, the Governor's Economic Development Office, Southern Ohio Port Authority, Southern Ohio Growth Partnership, the Greater Portsmouth Chamber of Commerce, and a Small Business Development Center (SBDC). The Pike County Chamber of Commerce is active in the north portion of the delineated community. The SBDC and Portsmouth Inner-City Development Corporation provide technical education and other assistance for small businesses and entrepreneurs. Bank One refers persons to the SBDC who do not otherwise qualify for bank credit. Bank One officers participate with the SBDC, churches, the Chambers of Commerce, and local colleges and high schools to provide seminars, education, and other assistance for persons seeking information about private and government sponsored small business and consumer loans. Misunderstanding about the mortgage process is a barrier to many prospective home buyers. Bank One officers and BOMC mortgage originators have offered home buyer seminars during the review period covering the entire process of home ownership, including looking for, acquiring, financing, and maintaining a home.

The Scioto and Pike County Community Action Organizations, Portsmouth Inner-City Development Council, and the Scioto County Metropolitan Housing Authority help meet affordable housing stock needs. The ability to build new affordable housing stock is inhibited by the lack of infrastructure (water and sewage disposal systems) and the limited land suitable for development, due to hilly terrain, flood plains along the Ohio and Scioto Rivers, and public forests.

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

Supporting Detail - Management has responded to identified credit needs with public partnerships, promotion of affordable home ownership, small business lending and commercial development in its community. Bank One also provides seminars to educate prospective customers and to assist small business and those seeking home ownership. Bank One and Bank One Mortgage Corporation (BOMC) loan officers make a wide variety of credit products and banking services available on call or through its banking centers and alternate delivery systems.

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 in Pike and Scioto Counties;
- o Various marketing and other information surveys; and,
- o Director and officer involvement in not-for-profit economic development organizations.

The board adopted a comprehensive, formal Ascertainment Plan annually from 1992 through 1995. This plan augmented Bank One's Business Plan and outlined the methodology to ascertain unmet credit needs. It also supplemented periodic geographic analyses to help management determine what, if any, neighborhoods might be underserved. Under the plan, senior officers, members of the Internal CRA Committee, including the CRA Officer and branch managers, made targeted calls on a wide representation of community leaders. Directors participated in the calling program in 1994 and 1995. Contacts included government officials, business persons, educators, ministers, neighborhood organizations, and Realtors. Bank One commercial loan officers and the BOMC mortgage originator participated in formal ascertainment efforts, and they continue to seek out unmet credit needs through ongoing calls

on new and existing customers.

Community Advisory Councils (CACs) were organized in both Scioto and Pike Counties. Membership was comprised of a diverse group of local civic and business leaders who met quarterly from 1992 through 1994 to discuss a variety of CRA issues with bank management. Discussions included unmet credit needs and how the bank's loan products might be expanded, modified, or more effectively promoted.

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

Finally, directors, senior management, and other officers are actively involved in a wide variety of community groups organized to promote the welfare of the delineated community. These include leadership positions in groups such as the Southern Ohio Growth Partnership; Greater Portsmouth Enterprise Community Corporation; Portsmouth Community Housing Improvement Strategy (CHIS); Shawnee State University SBDC; Portsmouth Small Business Enterprise Center; Portsmouth Metropolitan Housing Authority; Retail Merchants Association; Community Improvement Corporation; Pike County Community Development; Women, Inc.; and various local Chambers of Commerce. Bank One's senior commercial lending officer serves on the Board and is treasurer of the Portsmouth Enterprise Zone, established when Portsmouth became one of only 50 federally-designated communities to receive up to \$3 million in grants and tax exempt loan funds for community development.

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 and LMI home buyers. 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 business.

- **Bank One has also ascertained a need for consumer credit counseling, education, and assistance for prospective first time home buyers and technical assistance for**

entrepreneurs seeking to organize or expand a small business.

Bank One and BOMC make people available to provide technical assistance 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 various local organizations and 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 processes throughout the evaluation period.

Supporting Detail - The board and senior management, through several committees, closely supervised the bank's CRA-related activities and monitored CRA performance through presentations by the CRA officer. Bank One's president served as one of several CRA officers during part of the evaluation period. The Board CRA/Compliance Committee was dissolved on January 16, 1996, and since that time, the full Board has supervised the bank's CRA activities.

Annual CRA self assessments are conducted in accordance with BOC policy using demographic analyses. These analyses are reviewed by the board and are used to formulate marketing strategies.

The CRA officer oversees the CRA process, providing training, ensuring compliance with corporate CRA policy, and helping to identify and address opportunities apparent in the geographic analyses of loan activity.

Bank One is in compliance with the technical requirements of the CRA.

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 provide all 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 awareness of its credit and financial products throughout the delineated community. Bank One uses both corporate and locally developed advertising. BOOC is responsible for the 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. Bank One uses several radio stations and newspapers, including the Portsmouth Daily Times and Waverly New Watchman, to penetrate the entire service area from both a geographic and a demographic perspective. Bank One developed a "Community Newsletter" for quarterly distribution to selected community groups and other recipients involved or interested in affordable housing and economic development. Inserts for local advertising publications, direct mail, organizational newsletters, billboards, and brochures are used to target specific markets or communicate special promotions. Loan promotions often focus on retail credit products, such as consumer, home equity, and mortgage loans. Statement stuffers are used to promote loans with existing depositors. Bank One specifically targeted small business lending, affordable home loans, FHA/VA mortgages, home improvement loans, and unsecured consumer loans at various times during the review period. Advertisements are reviewed for statutory compliance prior to use.

Bank One offered "Managing and Financing Independent Business" seminars in 1992, 1993, and 1994 to assist small businesses. The bank also presented the "Affordable Housing/Community Homebuyer Program" and "Key to Home Ownership Program" to first time home buyers to increase public awareness of mortgage loan products and the application process. Bank One offered a seminar for small businesses called "How to Apply and Qualify for SBA Loans." It was presented in cooperation with representatives of the Small Business Administration. A follow-up seminar was given for local CPAs to show them how to prepare SBA loan applications and generate interest in government sponsored loan programs. Home buyer seminars were offered in partnership with some of the area churches or community groups, including a local Native American organization. These presentations covered the full process of purchasing a home and applying for credit. Presentations on credit and financial services, such as "How To Do Your Banking," were also made at every area high school. Bank officers instructed classes on banking and finance at Shawnee State University and Pike County Joint Vocational School, and worked teaching high school and middle school students in conjunction with Junior Achievement. Other marketing methods include direct calling on Realtors and dealers, Bank One on the Job, and commercial loan officer call programs.

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 - The bank has extended an adequate volume of credit to its 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 through BOMC, 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 for small businesses and consumer leasing for equipment and autos;
- o Government guaranteed loans, including FMHA, FHA/VA, SBA, Ohio 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 to ensure consistent decisions and determine whether all appropriate compensating factors and alternative underwriting criteria are considered. Bank One also adjusted its scorecard to make it easier for LMI individuals who represented acceptable credit risks to qualify. It also modified its Equity Money Service Product to make it more attractive to borrowers. The loan review process also evaluates whether an alternate source of financing might be available to applicants who might not qualify for credit as requested. Under the newly implemented “Reclaim Program,” Bank One gives denied consumer loan applicants the opportunity to have their application referred to Bank One Financial Services Corporation (BOFS), Bank One’s finance company affiliate. No details were provided as to how many loans were ultimately made by BOFS.

During the evaluation period, Bank One worked with BOMC 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 with a small down payment, for which up to 2% could be a gift. It offered 15 to 30-year loans at fixed rates, no reserves, and closing costs could be financed through local non profit organizations. In 1996, Bank One, in effect, discontinued that program, and replaced it with several affordable home mortgage products, including the “Bank One Affordable Dream Mortgage” developed by BOMC. This product is available to any qualified applicant. The underwriting criteria for the new BOMC loan are set forth below:

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 acceptable
 Reserves: Up to two months may be required
 PMI required: Private Mortgage Insurance required when loan-to-value exceeds 80%

Management cannot provide the number of affordable home mortgages made during the evaluation period.

The following table indicates the number of purchase money mortgages and home improvement loans made by Bank One and BOMC 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 an MSA. Management believes the decline in home improvement loans between 1994 and 1995 is due to the strong marketing campaign for home equity loans which was initiated in 1995 and continues today.

**Origination of Purchase Money Mortgages
and Home Improvement Loans**

Loan Type	Total	
	1994	1995
Purchase Money Mortgages		
Conventional	63	69
FHA/VA	<u>2</u>	<u>6</u>
Subtotal	65	75
Home Improvement Loans	49	15
Totals	114	90

Source: BOOC

The following table provides outstanding balances of the selected types of loans from 1992 through mid-year 1996. Mortgage loans outstanding have shown the largest percentage increase over the period. The year-end 1995 figure for mortgage loans excludes \$11 million in mortgages originated by Bank One which were pooled with mortgage loans from other banks and securitized. An amount equal to the mortgage loans contributed to the pool was 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 home equity loans, now held as investments. The significant increase in the number of small business loans and relatively constant dollar volume suggests that Bank One is making a strong effort to address the need of very small businesses which often have the greatest difficulty obtaining credit.

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

Type of Loan	1992	1993	1994	1995	Jun-30-96
Consumer Loans *	\$86,376	\$83,499	\$69,548	\$80,937	\$77,108
Real Estate Loans *	\$30,527	\$38,831	\$58,523	\$51,110	\$51,884
Small Business Loans #					
Dollars Outstanding	N/A	\$34,625	\$33,883	\$33,861	\$35,500
Number Outstanding	N/A	587	541	1,337	1,307
Small Farm Loans #					
Dollars Outstanding	N/A	None	\$ 1,014	\$ 1,031	None
Number Outstanding	N/A		20	17	

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.

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 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, too, but the precise number and dollar volume of small business loans made prior to 1995 are not available. Management advised that 238 small business loans made by the bank in 1995 still had an unpaid balance outstanding of \$14,245,000 as of year-end 1995. Of these, 201 totaling \$10,074,000, or 88% of the number originated within Bank One’s delineated community. This number excludes loans made and repaid in 1995. An additional 343 small business loans made in the market prior to 1995 had an aggregate unpaid balance of \$15.5 million outstanding at year-end 1995. Almost 90 percent of these small business loans had original amounts less than \$100,000 and 64% were made within the 18 LMI census tracts within the delineated community.

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 adequately participated in federal and state government-insured, guaranteed, and subsidized loan programs for housing, small businesses, and small farms during the evaluation period.

Supporting Detail - 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 a state linked-deposit program which provides lower cost funds to companies which create new jobs. BOMC has made several FHA/VA purchase money mortgages, and these are often used to finance homes in LMI neighborhoods. Bank One has participated in SBA loan programs in each of the past four years. Bank One reported that it ranked first or second in the use of SBA programs for Pike and Scioto Counties combined for the years 1994 to 1996.

Bank One's participation in government-supported loan programs within their delineated community is highlighted in the following table. Production numbers for every type of loan for each year were not available. The following schedule reflects the original amount of such loans for the year in which they were granted.

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

Government Program	1993		1994		1995		YTD 1996	
	#	\$	#	\$	#	\$	#	\$
SBA	1	\$ 50	5	\$1,260	1	\$ 158	1	\$ 75
Ohio Linked Deposit	7	1,802	5	1,989	4	349	3	436
Farmers Home Administration					1	1,100		
FHA/VA (Made by BOMC)			2	N/A	6	N/A		
Revolving Loan Fund					3	255		
Total	8	\$1,852	12	\$3,249	15	\$1,862	4	\$511

Source: Data Provided by Bank One

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

Conclusion - The bank's community delineation is reasonable.

Supporting Detail - Bank One's community delineation meets the purpose of CRA and does not exclude any LMI neighborhoods. Bank One has delineated its community as all of Pike

and Scioto Counties, an area comprised of 26 census tracts. One tract is low-income and seventeen tracts are defined as moderate-income census tracts. This means that the median family income of the census tract falls under 50% or between 50% and 80%, respectively, of the median family income for non-MSA census tracts in Ohio. There are no upper-income tracts in the bank's community.

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, applications, and denials 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. The bank solicits applications for and has extended credit throughout its delineated community, and has a significant volume of consumer loans outstanding in the LMI census tracts in its market.

Management 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 cards, equity loans, lines of credit, mortgages, commercial loans for personal financing, and student loans. CPSs also include certain loans made within the delineated community which 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-, and middle-income geographies are defined as less than 50%, between 50% and 79%, and between 80% and 119%, respectively, of the non-MSA median family income for the State of Ohio. There are 26 census tracts in the bank's community, and using this definition, one is low-income, 17 are moderate-income, and 8 are middle-income.

The following two tables contain excerpts from the bank's year-end 1995 CPS. Dollar volume data represents the outstanding balances of loans in portfolio, including some sold and still being serviced as defined above. The first table compares Bank One's consumer loan penetration of households throughout the entire delineated community to its household penetration in low-, moderate-, and middle-income census tracts. Bank One has made consumer loans to 19.7% of the households within its overall market, but it has managed to penetrate 21.9% of all households in the eight middle-income census tracts. The household penetration rate for the 17 moderate-income tracts is 18.9% and the penetration rate for the low-income tract was just 13.9%. This low-income tract constitutes Portsmouth's central business district, site of the Main Office, and Bank One's largest source of small business

loans. Overall, the penetration levels reflect adequate penetration of the bank's entire community.

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

Census Tract Income Level	Total Number of Households	Households Penetrated	
		Number	Percentage
Low	1,283	178	14
Moderate	25,571	4,822	19
Middle	13,626	2,984	22
Entire Market	40,480	7,984*	20

Source: BOOC

* Excludes 873 in-market, untraced households

The next table shows the dollar volume and relative percentage of loans, as defined above, outstanding as of December 31, 1995 by income level of census tract. The table reflects that 69% of the community's census tracts are LMI and 59% of the bank's lending has been done in that portion of the community. Conversely, middle-income tracts account for 31% of the community's census tracts are middle income and 41% of the bank's loans have been made there. This distribution is considered to be reasonable.

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

Income Level of Census Tract	Census Tracts		Consumer Loans Outstanding	
	Number	Percentage	Dollars (000s)	Percentage
Low	1	4	\$ 959	1
Moderate	17	65	\$ 37,845	58
Middle	8	31	\$ 26,845	41
Total Tracts	26	100	\$ 65,649	100

Source: BOOC

* Excludes untraced, in-market loans totaling \$21,956,843.

The year-end 1995 CPS shows that Bank One extended over 81% of all consumer loan dollars outstanding to residents of its delineated community. A significant portion of the lending outside its community is attributed to indirect loan arrangements with local dealers which draw customers from a wider geography than that defined by the bank as its CRA community. Additionally, the economic influence of Portsmouth extends beyond Scioto and Pike Counties into Kentucky, which lies immediately across the Ohio River.

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, Franklin Furnace and an area in extreme southwestern Scioto County, as underserved in the year-end 1995 analysis. Both are moderate-income tracts. Franklin Furnace is a largely industrial area in far southeastern Scioto County, seven to ten miles south of Bank One's Wheelersburg Office. Many residents of that area commute to Ironton, which is outside Bank One's market and offers numerous banking options. The other tract is part of the Shawnee State Forest, a rural area with limited development. Bank One's West Portsmouth Office is the nearest banking outlet, but it is still somewhat distant. As might be expected, these two census tracts are also the two with the lowest consumer deposit penetration.

In 1995 only, management prepared a geographic analysis by census tract of all 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 64% of the dollar volume was generated from LMI geographies. Of course, many of the lower-income geographies include business districts of cities and villages in the community where commercial establishments are located. Additionally, 89% of the number of the loans were loans below \$100,000, which indicates that the vast majority of the credits were likely made to smaller businesses. Small business loans were outstanding in every census tract in the delineated community. Small business loan production numbers, available for 1995 only, reveal that nearly 85% of all of Bank One's small business loans originated from within the delineated community. These numbers provide support for the contention that Bank One aggressively solicits loans from small business and is responsive to their credit needs.

Small Business Loans
(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	47	\$ 770	5	\$ 935	6	\$	58	\$ 4,765	19
Moderate	<u>243</u>	<u>5,064</u>	<u>19</u>	<u>3,241</u>	<u>8</u>	3,060	<u>270</u>	<u>11,702</u>	<u>46</u>
Subtotal	290	\$ 5,834	24	\$ 4,176	14	<u>3,397</u> \$ 6,457	328	\$16,467	65
Middle	195	3,449	12	1,977	9	3,685	216	9,111	35

Total	485	\$ 9,283	36	\$ 6,153	23	\$10,142	544	\$25,578	100
Percentage	89%	36%	7%	24%	4%	40%	100%	100%	100

Source: BOOC

BOOC also provided data showing that Bank One had 12 outstanding agricultural loan commitments of less than \$500,000 remaining on the books at year-end 1995. These were distributed among 7 of the 26 census tracts, including four 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 - The bank has an adequate record of opening and closing offices, and the community has reasonable access to banking services.

Supporting Detail - Bank One operates six full-service banking centers, a drive-through facility, and four deposit-taking ATMs. Three of the deposit taking ATMs are attached to branches and one is at a Big Bear Supermarket. Once each week, bank employees call on residents of the Hillview Retirement Center to bring banking services to those who might find it difficult or impossible to travel to a branch office. In total, there are five banking sites in Scioto County and the one site in the county seat of Pike County. This distribution provides residents of the more populated areas of the community with reasonable access to banking services. Access to banking services is not as convenient from the sparsely populated rural areas. Four of the six full-service offices are located in LMI census tracts. Business hours were extended early in 1995 to include weekday evening and Saturday morning hours in response to ascertainment surveys conducted.

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. This includes “Loan by Phone” services for consumer credit and “Home by Phone” for mortgage products. “Bank One on the Job” is a package of loan and deposit services available to employees of participating 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 their customers.

Bank One has developed indirect loan relationships with many businesses dealing in a wide variety of products. Indirect banking accounts for a significant volume of credit, and it is conveniently delivered at points of sale throughout the community. Bank One and its affiliates

are leaders in providing credit card services directly 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 closed two offices in moderate-income tracts in late 1995. Both were in operation for most of the evaluation period. Management's decisions to close these offices were based upon business considerations. Bank One followed the corporate Branch Opening and Closing Policy in connection with both actions. 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.

The Hilltop Office, closed September 1, 1995, was located in Portsmouth on Route 23 in the northernmost sector of a moderate-income census tract. This tract extended from downtown northward, encompassing a densely-populated, high-minority, low-income residential area near the central city, as well as one of the city's most affluent neighborhoods in the immediate vicinity of the branch. Bank One determined through surveys that 58% of its existing customers, including the majority residing in the southern portion of the census tract, found it more convenient to bank at the downtown office and were not adversely impacted by the closing. Most customers in the northern portion of the census tract and in the two other middle-income census tracts served nearby, now must drive a maximum of 1.6 miles farther to conduct their business at the Main Office.

The South Webster Office, closed November 10, 1995, was situated in a moderate-income tract in a rural area 13.1 miles north of the Wheelersburg Office and 11.5 miles away from the nearest office of a competing bank. Bank One's attempts to find a buyer for the branch were unsuccessful. The area is relatively sparsely populated, and closing this branch did create hardships for area residents and businesses who must now travel significantly farther to conduct their banking business. Upon closing, a competing bank opened an ATM in an area supermarket, which allowed local residents to conduct some of their banking business in the community.

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, procedures, or underwriting standards that act as barriers to credit access.

Training in fair lending laws and principles has been provided to all applicable employees. Fair Lending: Just Good Business and Valuing Diversity: The Best from Everyone are corporate training programs 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 bank loans subject to HMDA. This process helps to ensure that all applicants are treated fairly and consistently.

The bank's compliance monitoring program adequately reviews for compliance with the technical requirements of various lending regulations.

A corporate testing program to check for possible illegal discrimination in mortgage lending through a comparative file review has not been implemented.

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. Now, 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 the mortgage company. 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.

Supporting Detail - Our examination included testing for compliance with the Equal Credit Opportunity Act. We performed a comprehensive review of unsecured consumer loan

applications and denial decisions made by the bank's underwriting and credit servicing office located in Columbus, Ohio. We tested for illegal discrimination based on gender. Our review did not include testing the lending practices of BOMC.

The bank 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's standard.

We reviewed a sample of unsecured consumer loan applications from female applicants who were denied credit between November 15, 1995 and April 30, 1996. Our sample focused on 100% of the marginally qualified applicants based on credit scores. We compared these applicants to marginally qualified male applicants from the same time period. These applicants typically did not pass the bank's credit score, but were nonetheless approved for credit. The objective was to determine if denied female applicants were treated similarly and given the same level of assistance when compared to approved male 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 adequately participated in community development projects and programs within its community.

Supporting Detail - Bank One was involved in providing the construction financing for two low-income residential housing projects during the evaluation period. Bank One Community Development Corporation (BOCDC) participated in both by purchasing low-income housing tax credits (LIHTCs).

The Findlay Street Project, funded in April 1992, provided 25 scattered home sites for low-income families in Portsmouth. Bank One made a \$1.2 million construction loan and an additional working capital credit, and agreed to provide permanent financing for any qualified residents. BOCDC invested an additional \$104,400 in LIHTCs upon completion.

Scioto Apartments provided another 24 units of housing for LMI Portsmouth residents. Bank One funded the \$1.2 million construction loan in November 1992 and BOCDC purchased \$105,410 in LIHTCs upon completion. Both of these projects require that 20% of the tenants have incomes at 50% or less of the area median income and 40% must have incomes at 60% or less of the median income. Rents, including utilities, cannot exceed 30% of these income limits, thus making them affordable for low-income residents.

Bank One provided monies to establish the Micro Enterprise Loan Funds at both the Pike County Community Action Organization and the Southern Ohio Growth Partnership. These funds are used to extend loans to small businesses not otherwise qualifying for bank credit. Loan officers from local banks, including Bank One, sit on the loan committees which review loan applications and administer the credits. Bank One has participated in each of the five micro loans made by the newly organized fund of the Southern Ohio Growth Partnership. The Southern Ohio Growth Partnership is dedicated to attracting new business and industry to the Greater Portsmouth area. Bank One has been a primary participant in the loan program and has provided annual grants and the technical leadership necessary to organize it and run the fund.

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. It is noted that the development of real estate is somewhat hampered by the limited amount of improved land and the significant volume of property lying within flood plains. Hilly terrain and large tracts of state forest lands also adversely impact the cost and suitability of area real estate for residential and commercial development.

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 additional activities which contribute to the bank's performance in meeting the credit needs of its community.

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 Southern Ohio Growth Partnership, the Scioto County and the Pike County Community Action Organizations, the Business Resource Service, United Way, area Chambers of Commerce, and various other organizations. Bank One directors, officers, and employees serve in meaningful capacities providing both leadership and technical advice to these and other organizations dedicated to economic and community development.

