



Comptroller of the Currency
Administrator of National Banks

Large Bank Supervision
250 E Street, S. W.
Washington, D.C. 20219

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

June 30, 1997

Bank One, West Virginia, N.A.
1000 Fifth Avenue
Huntington, West Virginia 25701

Charter Number 3106

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, West Virginia, N.A.** 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 **June 30, 1997**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

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

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

Basis for the Rating

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

ASSIGNMENT OF RATING

Identification of Ratings

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

“Outstanding record of meeting community credit needs.”

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

“Satisfactory record of meeting community credit needs.”

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

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

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

“Substantial noncompliance in meeting community credit needs.”

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

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating

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

“Satisfactory record of meeting community credit needs.”

Evaluation Period: The date of the bank’s previous Public Disclosure is June 16, 1995. This disclosure evaluates the bank’s performance from June 16, 1995 through June 30, 1997. Most of the analysis for 1995 was done on a full year basis because of the unavailability of partial year data.

BANK PROFILE

Bank One, West Virginia, N.A. (BOWV) is a wholly-owned subsidiary of Banc One Corporation (BOC) of Columbus, Ohio. As of December 31, 1996, BOC reported total assets of approximately \$102 billion. BOC operates approximately 1,500 offices in twelve states. The states in which BOC operates banks include: Arizona, Colorado, Illinois, Indiana, Kentucky, Louisiana, Ohio, Oklahoma, Texas, Utah, West Virginia, and Wisconsin.

There are other BOC subsidiaries operating in West Virginia. To the extent that the activities of these subsidiaries help meet the credit needs of BOWV’s community, they are part of BOWV’s CRA performance. These activities are not part of any other financial institution’s CRA performance. BOC subsidiaries operating in West Virginia include:

- Banc One Mortgage Corporation (BOMC) - Provides residential mortgage lending.
- Banc One Financial Services, Inc. - Provides consumer instalment credit.
- Banc One Credit Card Services Company - Issues credit cards nationally.
- Banc One Leasing Corporation - Provides commercial and equipment leases to businesses.
- Banc One Securities Corporation - Provides investment services.

BOWV is the second largest banking company and the largest bank in West Virginia with total assets of approximately \$2.4 billion as of December 31, 1996. There are three other similar size banks in West Virginia which operate on a state-wide basis. These are, One Valley Bancorp, Huntington Banks, N.A., and United National Bank.

BOWV is a full service bank offering a comprehensive menu of consumer, mortgage, and business lending services. The table below reflects the composition of the bank’s loan portfolio by type of lending product.

Loan Portfolio Composition
December 31, 1996

LOAN TYPE	\$ AMOUNT (In millions)	PERCENTAGE OF TOTAL LOANS
Consumer	\$ 596	35%
1 to 4 family Residential Mortgages	545	32%
Commercial	255	15%
Commercial Real Estate	289	17%
Other	17	1%
Total Loans	\$1,702	100%

A review of BOWV's recent earnings record discloses the bank's ability to meet its responsibilities under the CRA.

BOWV Earnings Performance
\$ in thousands

	12/31/96	12/31/95	12/31/94
Net Income	\$28,210	\$28,720	\$37,413
Return on Average Assets	1.12%	1.12%	1.37%

BOWV's main office is in Huntington, West Virginia, but the bank serves other parts of the state with a network of 44 banking offices. The branch network is augmented by 67 proprietary automated teller machines (ATM). Additionally, the bank has nine Personal Automated Loan Machines (PAL) in various locations. For information concerning the distribution of branches and ATMs refer to **Assessment Factor G**.

COMMUNITY PROFILE

BOWV provides financial services throughout a 16-county area in the State of West Virginia. The bank has delineated four communities for CRA purposes.

The first community includes 43 of the total 84 census tracts in the Huntington, West Virginia/Ashland, Kentucky/Ironton, Ohio Metropolitan Statistical Area (MSA). These 43 tracts are all located in the West Virginia portion of the MSA, and include Wayne and Cabell Counties. The second community includes all 61 of the census tracts in the Charleston MSA which comprises Kanawha and Putnam Counties. The third community includes seven census tracts in the Charles Town area in Jefferson County. This county was added to the Washington, D.C. MSA in 1994.

The final community is referred to by management as the "Balance of State," and it includes areas that are located outside of the three MSAs listed above. This region covers the following eleven counties: Barbour, Boone, Fayette, Harrison, Lincoln, Logan, Mason, Mingo, Nicholas, Raleigh, and Upshur.

The population of the bank's delineated community equals approximately 47% of the total population of the State of West Virginia. After significant decreases in population between 1980 and 1990, state-wide population rose by 36,000 from 1990 to 1995. However, all counties in the Northern Panhandle lost population during the 1990 to 1995 period, as did Kanawha County and several counties in the southern coal fields due to the economic decline of the coal, steel, and glass industries. The counties in the Eastern Panhandle and on the edges of metropolitan areas tend to be growing faster than average.

The bank's delineated community contains 234,876 families with 23% designated as low-income, 18% moderate-income, 19% middle-income, and 40% upper-income. The median housing value for the state of West Virginia is \$44,100, with a median year built of 1963. Home improvement/rehabilitation loans are one of the state's greatest needs.

In December of 1996 of the State of West Virginia's unemployment rate of 7.4% was one of the highest and compared to the national rate of 5.3%. However, West Virginia's unemployment was at its the lowest level since 1979. Counties with the highest unemployment rates tend to be in the rural areas in the central part of the state and in the southern coal fields.

West Virginia's population has a median age of 37.7 years and a high proportion of seniors. In 1990, 15% of West Virginians were at least 65, compared to just 12.6% for the United States as a whole. This represented a 13% increase during the 1980s. During the same period, the state's total population fell by 8%. The foregoing heightens the importance of the broad range of senior issues such as, health care, social service, and retirement finance.

The following chart provides basic demographic information for each of the bank's communities, including low- and moderate-income (LMI) census tracts.

Community Demographics					
Delineated Community	Population	Median Family Income	% of LMI Census Tracts	Number of Owner Occupied Housing Units	% of Owner Occupied Units in LMI Census Tracts
Huntington	138,463	\$31,700	30	37,282	21
Charleston	250,454	\$36,900	23	71,089	18
Charles Town	35,926	\$68,300	100	9,286	100
Balance of State	408,684	\$26,600	17	115,773	13

Following is additional information by delineated community.

Huntington

LMI census tracts contain 26% of the community’s population, with 4% located in low-income tracts. The median housing value is \$46,200 with a median year built of 1957. The local economy is stable, but is experiencing some growth due to the reopening of coal mines in Wayne County and the announcement of the Superblock development in downtown Huntington. However, Huntington lost a large retail department store in 1996 and the Owens-Illinois plant in 1994. Major industries include education, medical services, retail, government, and manufacturing.

Charleston

LMI census tracts contain 20% of the community’s population, though less than 1 percent are located in low-income tracts. The median housing value is \$53,000 with a median year built of 1961. The economy of the bank’s delineated area is stable with a diverse employment base consisting of chemical manufacturing, government, education, retail trade, and health care.

Charles Town

LMI census tracts contain 100% of the community’s population, though none are located in census tracts that are designated low-income. The median housing value is \$83,400 with a median year built of 1972. Jefferson County is easily accessible to Interstate 81, a major north-south artery, linking southwestern Virginia and eastern Tennessee with central Pennsylvania and New York. The area’s economic conditions are improving. The December 1996 unemployment rate of 4.7% is significantly lower than the other assessment areas, and is lower than the national rate. The area possesses a diverse employment base which includes manufacturing, health care, education, transportation/distribution, agriculture, and retail trade with a focus on tourism.

Balance of the State

LMI census tracts contain 13% of the community's population, though none are located in census tracts that are designated low-income. The median housing value is \$40,400 with a median year built of 1963. The state's mountainous terrain, insufficient infrastructure, and flood zones are all impediments to economic development. The mountainous terrain has created fragmented population centers, and public transportation is not available in a majority of these areas.

Unemployment rates in this area tend to be significantly higher than the rest of the bank's community and the nation. In December 1996, the rates ranged from 7.2% in Harrison County to 15.0% in Mingo County with eight of these counties more than 10%. Many of the markets in this area are dominated by the mining industry which is experiencing significant difficulties and is expected to continue to lose jobs at a rate of 800 per year. The job loss results from trends toward consolidation and automation.

Community Credit Needs

As part of our examination, we identified credit needs for the bank's delineated community. We obtained input from ten members of the bank's community. We selected these individuals from all three of the bank's MSAs, as well as from the non-metropolitan communities. These contacts provided us with information concerning community credit, development and service needs. They also provided input concerning BOWV's CRA performance. We also reviewed recent contacts made by other financial institution regulators, demographic data and special reports such as:

- City of Charleston Comprehensive Housing Affordability Strategy
- City of Huntington 1996 Action Plan
- City of Charles Town Comprehensive Plan
- State of West Virginia Consolidated Development Plan

We determined that BOWV had accurately identified the communities' credit needs as financing for:

- Economic Development - (infrastructure, jobs, new business, quality of life, etc.)
- Small Business (small business lending, SBA loans and start-up financing)
- Community Development (Micro Loan funds and education)
- Housing (Home improvement/rehabilitation, purchase money loans and education)
- Consumer Credit (automobile loans, consolidation and lines of credit)

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 effectively identified credit needs in the delineated communities.

Supporting Detail - Management and the Board effectively determine community credit needs through regular contacts with a wide range of groups representing civic, religious, housing, small business, and local economic development authorities. BOWV is in contact with, or is a member of the following organizations:

- Huntington Area Development Corporation (HADCO)
- City of Beckley Task Force
- Unlimited Futures, Inc.
- Business Industrial Development Corporation (BIDCO)
- Upshur County Housing Authority
- Habitat for Humanity
- Religious Coalition for Community Renewal (RCCR)
- Jefferson County Chamber of Commerce
- Barbour County Economic Development Authority.

Many of these organizations are geared toward improving or providing innovative housing credit needs specifically for LMI individuals or families. Others promote business and economic development, including small business development.

BOWV has an officer call program in place for current and potential customers that resulted in 1,666 small businesses calls in 1996. In addition, during this same period, bank officers and employees completed 161,860 outbound calls to identify the needs of each customer or potential customer. In January 1996, a detailed review of the quarterly Credit Distribution Report (geographic distribution analysis) was completed for each assessment area. The primary focus of this review was to analyze under-served areas for opportunities to improve penetration and identify areas of risk. The results of this review are further described in **Assessment Factor E**.

In the past, management made use of Community Advisory Councils (CAC) to solicit additional input concerning credit needs and feedback on proposed projects. In mid-1995, management's focus shifted to geographically based CRA officers responsible for developing working relationships with community groups/contacts. The formal use of CACs was terminated at that time. However, management has continued to maintain close contact with the CAC members, preserving an important link to the bank's communities. To compliment the bank's needs assessment, plans developed by various state, county, and city agencies are also evaluated, (i.e., HUD's Consolidated Development Plan, City of Charleston Comprehensive Housing Affordability Strategy Report, Downtown Huntington Economic Summit Report, etc.)

The Board has been responsive in addressing various types of credit needs that have been ascertained through the methods listed above with special products, flexible lending criteria, and involvement in government loan programs. As a result of the ascertainment efforts described above, management determined that consumer credit, including credit for home improvement/rehabilitation, loans to small businesses, and affordable residential real estate loans, remains the

primary credit need for BOWV's delineated communities. The following are some of the products/services offered by the bank in response to these identified needs:

- **Personal Automated Loan (PAL)** machines were introduced in late 1995 and are in various locations in the southern part of the state. There are a total of nine machines with seven of these having 24-hour access. Consumers can apply for unsecured loans from \$1,000 to \$10,000 and, if approved, funds can be transferred to any account in any bank or a check may be issued.
- **Bank One Loan by Phone** is available 24 hours a day, seven days a week by calling a special toll-free number (1-800-800-LOAN). Customers and prospects can apply for auto loans, home equity lines/loans, and other personal installment loans.
- **Bank One Unsecured Line of Credit** for borrowers with needs from \$2,500 to \$25,000.
- **Secured Credit Card** to help individuals establish credit for the first time or reestablish credit after credit problems. Credit limits range from \$500 to \$5,000 and are set by the amount of the deposit that secures the account.
- BOMC product titled **Affordable Dream Mortgage** is designed to help LMI and middle-income individuals who lack the savings required for a larger down payment. Underwriting guidelines allow a maximum loan-to-value ratio of 97% and terms of 15, 25, or 30 years. It is specifically designed for borrowers who earn less than 100% of the median income for the area in which they reside.
- **Mortgage in Advance** product, introduced in early 1996, is a convenient, timesaving service in which the prospect meets with a mortgage loan originator and applies for a loan before they find a house.
- **Bank One Home-by-Phone** is another mortgage product which allows the consumer to pre-qualify for a mortgage. Information on home ownership, mortgages, and credit issues is also available.
- **Bank One Business Line of Credit** provides easy access to funds, simplified collateral requirements, and is annually renewable subject to credit underwriting criteria and satisfactory loan performance. This product has low delivery costs and is targeted to small business customers with annual revolving needs between \$20,000 and \$250,000.
- **Bank One Purchasing Card** is a credit card with preset authorized limits, targeted to small businesses. The card enables businesses to reduce purchasing costs by providing a mechanism for employees to make small dollar purchases of goods and services for company use. It is designed to replace the need for petty cash or cash advances.

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 Community Reinvestment Act.

Conclusion - The Board of Directors and senior management have incorporated CRA into their planning process.

Supporting Detail - The bank has a CRA program which identifies goals, objectives, and reporting guidelines and requires quarterly tracking of performance relative to plans. During 1995, the organizational structure of the CRA function shifted from bank-controlled to centralized on a corporate basis. CRA performance is monitored by the Eastern Region CRA team, which includes a state-wide CRA Officer, four CRA "market managers" within West Virginia, and the Eastern Region CRA Manager.

Annually, the Board approves a partially expanded CRA statement. The statement describes the bank's efforts to ascertain community credit needs, including efforts to communicate with members of its community regarding credit services. The report does not include a description of the bank's record of helping to meet community credit needs. With the information gathering efforts described under Assessment Factor A, a 1996 state-wide Marketing Plan was developed. The plan included input from the line of business (i.e., consumer, mortgage, small business, and community development) managers. The plan identified specific targeted products/services and the marketing strategy directed to these activities. Quarterly line of business performance reports are prepared in order to provide executive management with updates relating to CRA efforts and are also used as a self-assessment tool.

Management provides appropriate CRA training for all newly hired employees. The State CRA Officer meets on a regular basis with CRA staff, line of business managers, market staff, and the CEO/management group providing informal and ongoing training. These efforts have resulted in the bank being in compliance with all technical aspects of 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 offered by the institution.

Conclusion - The bank has implemented a comprehensive marketing program which effectively informs all segments of the community about credit products offered, including those developed to address identified needs.

Supporting Detail - The bank's marketing program is guided by the annual Marketing Plan and monitored by senior management. The bank uses both image and product specific advertising. Product specific advertisements are accomplished through high visibility media campaigns in

newspapers, television, radio, direct mail, outdoor signs, statement stuffers, freestanding inserts, outbound telemarketing, on hold messages, door hangers, and lobby advertising.

The bank advertises in free publications that are available or delivered to all residents, such as community newspapers and various real estate guides. Other print media utilized includes the *Beacon Digest*, a minority owned newspaper distributed state-wide and *The State Journal*, targeted toward businesses state-wide. In addition, the bank offers some information concerning financial activities and products on the Internet at the bank's Web Site at **www.bankone.com**.

The Banc One West Virginia Corporation 1996 Marketing Plan is based on meeting the ascertained needs of the bank's community. This includes details of how each product will be marketed, including various types of media to be utilized. The bank's marketing and advertising efforts are focused on under-served and LMI areas and guided by this annual plan. Management developed key objectives and goals for each market and specific strategies to accomplish these goals. After each specific campaign, the results are analyzed by the strategies used. Complete, readily available marketing and advertising records are maintained and internally reviewed for compliance with applicable laws and regulations. Examples of marketing campaigns and their results are listed below.

- **1995 PAL Campaign** - advertising by newspapers, television, and radio started September 1995 and continued through mid-November 1995 to introduce the new PAL machines. A total of 124 loans for \$518 thousand resulted from this initiative.
- **Holiday Loan Sale for December 1995** - 325,000 inserts in all market newspapers offered personal loans at fixed annual percentage rates of 8.99% for 24 months and 9.99% for 36 months. During this campaign, walk-ins, Loan-by-Phone, and PAL machine customers received the same special rate on 24 or 36 month terms. In addition, the \$40 application fee was waived. This initiative resulted in 1,674 approved loans totaling \$5.3 million, 306 from Loan-by-Phone applicants and from 23 PAL applicants.
- **Summer Solutions Campaign** - conducted during the middle of August 1996. The campaign consisted of newspaper inserts, radio, and telemarketing of home equity credit lines and consumer products. The campaign generated a total of \$52 million in approved loans.
- **Holiday Loan Sale Campaign for December 1996** - This campaign used 359,100 inserts to offer \$5,000 for \$137.53 per month or \$3,000 for \$90.11 per month. Payments could be deferred until March 1997. Loans totaling \$7 million were booked as a result of this initiative.

Efforts have been made to inform and educate all members of the bank's community about the bank's loan products and services. Extensive outreach and calling efforts complement the bank's formal marketing strategies. Through such efforts, the bank has established meaningful relationships with a broad spectrum of community leaders. Bank employees engage in various activities to educate the community in applying for credit and to disseminate information about

available products through sponsorship and participation in seminars. Each seminar is designed to address the needs of a particular audience. Examples include:

- The bank's mortgage specialists provided a Home Buyer Education program in February of 1996 to 200 LMI families in conjunction with the City of Huntington Home Funds Program.
- The bank sponsored and provided a business banker speaker for a loan workshop at the Appalachian Small Business Expo and Trade Show Workshop for small business owners on November 18, 1996. The Bank One Business Line of Credit was explained and promoted.
- During the third quarter of 1996, four lending officers participated as speakers at the Charleston Annual Minority Economic Development Summit. Topics included housing, small business, and construction products.

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

Conclusion - The bank has demonstrated positive efforts to meet community credit needs through the origination and purchase of loans, including those for residential mortgages, housing rehabilitation and improvements, and small businesses.

Supporting Detail - The bank is a large provider of mortgage, consumer, and small business loans as reflected in its lending levels. As of December 31, 1996, the bank's net loan to deposit ratio equaled 84%, which is above the national peer group average of 81%. The bank's ratio is lower than the average (88%) of the other three major banks in the state. However, this is mitigated because BOWV loan totals do not include credit card lending and significant portions of real estate lending, both of which are performed by BOWV affiliated companies. A significant portion of the bank's loan portfolio is in residential mortgages (32%), home equity lines (7%), and other consumer loans (28%).

A significant portion of the loans originated during 1996 were within the bank's delineated community. As the following table indicates, the bank has extended significant volumes of mortgage related loans (residential, rehab, and home improvement), small business loans, and consumer loans during the evaluation period. Both the numbers and dollars extended show positive efforts by the bank to meet the community's credit needs.

Total Loan Originations						
	1995			1996		
	Number	Loan Amount \$(000)	% in @	Number	Loan Amount \$(000)	% in @
Conventional Residential Mortgage	515	38,446	99	711	36,572	70
Refinances	285	22,322	98	2,310	79,079	81
Housing Rehabilitation & Home Improvement	825	6,767	94	2,631	20,272	72
Consumer Loans	*	*	*	27,049	285,846	71
Small Business Loans	1,497	131,248	*	1,197	120,834	84

@ - Percent of number of loans made by BOWV in the delineated community.

* - Bank was unable to provide.

The above table represents loan production by BOWV only (does not include BOMC.) Bank management attributes a large portion of the increase in lending volume of refinances from 1995 to 1996 to a change in the HMDA definition for refinances. During 1995 and 1996 BOMC generated another 1,319 (\$79 million) and 509 (\$33 million), respectively of conventional mortgages and refinances within the bank's community.

Residential Mortgages are typically made through BOWV affiliate BOMC, which offers more than 50 different loan products with varying terms. While most of these loans are sold on the secondary market, various factors occur that cause some loan requests to fall outside of secondary market underwriting guidelines. BOWV has instituted a program where these loans are purchased from BOMC as "keepers." This practice may provide a greater opportunity for less qualified applicants to receive a mortgage loan.

BOWV provides several Affordable Mortgage products through either government supported or bank created programs. The government programs are discussed in **Assessment Factor J**. The bank's "Affordable Dream Mortgage" program offers terms that are comparable to those offered under the government supported programs (e.g., up to 97% loan-to-value and relaxed underwriting criteria). Applicants must attend a home buyer education seminar in order to obtain one of these loans. The bank was not able to provide data on the number or amount of these loans extended for either 1995 or 1996.

West Virginia has one of the highest levels of owner-occupied housing units in the nation. Additionally, the state and the bank's delineated communities have a comparatively old housing stock. Therefore, housing rehab and home improvement loans are very important products to all segments of the community. BOWV offers a variety of products that address these needs. Included in these are the Renovation Loan (affordable loan product), home equity loans, home equity lines of credit, and unsecured loans that are marketed as a home improvement product.

The bank's small business lending data in the above table does not include 228 loans totaling \$2.7 million which were originated by affiliates of BOWV in the bank's delineated community. Included in the small business numbers above, is the bank's small business line of credit. With this product small businesses can apply for lines up to \$250,000. In addition, the bank offers small business credit cards through an affiliate which are unique to the area and have been popular in the small business community.

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

Conclusion - Board and management's awareness of various loan programs has resulted in a reasonable participation in a wide range of government-sponsored loans.

Supporting Details - BOWV participates in a variety of publicly insured and subsidized programs to promote housing, small business, and education. The bank participates in the housing programs through the affiliated mortgage company. The volume of lending under these programs is detailed below.

Government Guaranteed and Insured Loan Originations				
	1995		1996	
	Number	Loan Amount \$(000)	Number	Loan Amount \$(000)
Federal Government Guaranteed and Insured Loans for Housing (FHA & VA)	116	6,889	94	5,590
SBA Loans	60	7,657	37	3,827
Student Loan Programs	1,556	4,472	*	4,178
City of Huntington Main Street	2	343	7	174
City of Huntington Home Funds	8	289	N/A	N/A
Rural Economic & Community Development	0	0	1	375

* Not available due to record keeping conversions.

In addition to the FHA and VA lending, BOWV has created several "Affordable Housing Lending Programs" that may help borrowers qualify to buy a home. These products are comparable to the Government Affordable Products and are discussed in more detail in the Types of Credit section of this evaluation.

BOWV continues to be a Preferred and Certified lender in the SBA program, and is the second largest producer of SBA loans in the West Virginia district. SBA lending for 1996 was down from 1995 due to several factors including: inclement weather, government shut down, and an increase in the SBA's fee structure.

BOWV provides funds for individuals to obtain a college education at a reduced interest rate and allows deferred payments until graduation. These federally subsidized loans are made under the Stafford Program. In addition, the bank participates in the PLUS Program which affords financing to parents of financially dependent students. BOWV has been a leader in WV in making student loans.

The City of Huntington Main Street program is designed to revitalize downtown Huntington, which is part of the city's enterprise zone. The city subsidizes interest rates under this program. BOWV continues to be the lead bank in this program and has made 31 of the 72 loans funded under the program. The City of Huntington HOME funds is a home purchase program supported by state of West Virginia funds. The bank elected not to participate in this program in 1996 when the city changed the program to require banks to subsidize the interest rate. Instead, the bank chose to support the program through providing education and lock-box service. The bank also participates in the West Virginia Housing Development Fund but was unable to provide data demonstrating their level of participation.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

The bank's community delineation is reasonable. Refer to the Community Profile section of this evaluation for a detailed description of the bank's community. The delineation includes all of the bank's offices and does not exclude any LMI areas.

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 reflect that the bank is effectively penetrating all segments of the bank's delineated community.

Supporting Detail - Management performs a quarterly geographic distribution analysis of the three major categories of lending for CRA purposes - residential real estate, retail, and small business lending.

Residential Lending

The following table details HMDA reportable lending by BOWV and the affiliated Bank One Mortgage Corporation (BOMC) in the portions of the bank's community where this data is available. It also compares the distribution of lending to the demographic composition of the respective MSA. The balance of the state segment of the bank's community is not included in the following table because HMDA reporting was not applicable to those non-MSA areas in 1995.

1995 and 1996 HMDA Reportable Lending								
Community	Total Loans		% Loans in LMI Tracts		% Loans to LMI Applicants		% Owner-occupied Units in LMI Tracts	% of LMI Families
	1995	1996	1995	1996	1995	1996		
Huntington	681	1,103	26	27	30	23	21	40
Charleston	1,023	1,466	17	22	21	19	18	40
Charles Town	113	144	100	100	67	19	100	65

As shown in the above table, BOWV and BOMC are actively lending to both LMI borrowers and to borrowers residing in LMI areas. Specifically, the percentage of lending to borrowers residing in LMI tracts compares favorably with the percentage of owner-occupied units in those areas. The level of lending to LMI applicants, while less than the proportionate level of LMI families, is reasonable.

The following table shows the combined BOWV and BOMC market share of HMDA reportable loans. HMDA reportable loans are comprised of three major categories - home purchase (HP), refinances (Refi) and home improvement (HI).

1995 Market Share - HMDA Reportable Loans										
Community	Total Originations %			LMI Applicant Originations %			Originations in LMI Census Tracts %			BOWV's % Deposit Market Share*
	HP	Refi	HI	HP	Refi	HI	HP	Refi	HI	
Charleston	14	12	25	11	8	20	15	15	29	13
Huntington	12	18	48	9	16	53	12	14	68	14
Charles Town	5	11	25	5	13	23	27	51	**	16

* Data obtained from Herfindahl-Hirschman

** Data not available

In analyzing the above table, most of the weight was given to the bank's performance in the Charleston and Huntington MSAs because they constitute the largest portions of the bank's (BOMC and BOWV) HMDA reportable lending. The bank's market share of loans to LMI applicants is less than the bank's overall market share in both home purchase loans and refinances.

This is true for the Charleston and Huntington MSAs. In the Charles Town MSA, the bank's LMI applicant market share is equal to or slightly higher than the overall market share.

BOWV's home purchase market share is less than the deposit market share in all three MSAs. While the bank's refinance market share exceeds the deposit market share in the Huntington MSA; the refinance market share is less than the deposit market share in the Charleston and Charles Town MSAs.

The bank is clearly the market leader in home improvement lending, particularly in the Huntington MSA. In all three MSAs the bank's market share of home improvement loans far exceeds the deposit market share. BOWV's market share of home improvement loans to LMI applicants in the Huntington MSA is greater than the overall home improvement market share in that MSA.

Consumer Lending

The bank's geographic distribution analysis for 1995 focused on identifying under served census tracts. The methodology used by the bank first establishes a "base line" market area penetration ratio. This ratio is calculated by dividing the number of households in the area (i.e., individual MSAs) by the number of those households which have been granted any type of consumer loan (including residential mortgages) by BOWV or its affiliates. The bank then calculates the same ratio for each census tract or BNA within the community. Any census tract or BNA which has less than 50% of the area's "base line" ratio is considered under-served. This analysis was used by management to identify those under-served tracts where marketing and other outreach efforts would be targeted for 1996. The following table shows the results of the bank's 1995 analysis:

Consumer Lending 12/31/95 - Under-Served Tracts								
Community	Total # of Census Tracts	# of LMI Census Tracts	Under-Served Tracts		Under-Served Tracts That Are LMI		LMI Tracts That Are Under-Served	
			#	% of Total Tracts	#	% of Under Served Tracts That are LMI	#	% of LMI Tracts
Charleston	61	14	5	8	2	40	2	14
Huntington	43	13	5	12	2	40	2	15
Charles Town	7	7	1	14	1	100	1	14
Non MSA	95	16	17	18	4	24	4	25
Total	206	50	28	14	9	32	9	18

As shown in the above table, 14% of the census tracts within the bank's communities are under-served as defined by the bank. This is a reasonable level given that there is lending within these

communities. The highest percentage of under-served tracts is in non-metropolitan areas. Thirty-two percent of the bank's under-served tracts are LMI, but overall only 18% of LMI tracts are under-served. Again, this is a reasonable level.

We further reviewed the bank's 1996 loan performance in the under-served LMI tracts identified above. As shown in the table below, the bank was reasonably successful in penetrating all of the under-served LMI tracts during 1996. In some tracts, the bank has been successful in generating large volumes of new loans.

1996 Loan Production in Under-served LMI Tracts					
Assessment Area	Census Tract/BNA	Real Estate Loans		Other Consumer Loans	
		#	\$ (000)	#	\$ (000)
Huntington	5	2	34	11	35
Huntington	6	2	38	13	49
Charleston	123	31	802	107	797
Charleston	201	10	196	15	178
Charles Town	9727	9	164	22	160
Non-MSA - Fayette County	210	3	28	23	247
Non-MSA - Fayette County	211	10	106	44	337
Mingo County	9571	11	167	65	557
Mingo County	9575	8	465	23	240

The bank tracked consumer loan production during 1996 and internal analysis revealed that 18% of consumer loans granted during 1996 were to borrowers residing in LMI census tracts. This compares to 21% of the population and 21% of the number of households which are located in LMI tracts. While somewhat less than the demographics, this level of performance is considered reasonable.

Small Business Lending

The bank began geo-coding small business (loans less than \$1 million) loans during 1996 in response to the revisions to the CRA. The results of the 1996 geographic distribution analysis are shown in the following table:

Small Business Lending - 1996						
Census Tract Income Level	Number of Tracts		Number of Businesses *		Number of Small Business Loans	
	#	%	#	%	#	%
Low	4	2	2,091	8	76	6
Moderate	46	23	5,089	20	173	14
Middle	121	59	13,415	53	681	56
Upper	33	16	4,625	18	292	24

* Information provided by National Decision Systems. Data includes all businesses regardless of size.

BOWV is effectively lending to small businesses throughout the delineated community. The level of small business lending in LMI tracts, while proportionately lower than in upper- and middle-income tracts, is comparable to the number of businesses operating within those tracts.

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

Conclusion - BOWV offices are reasonably accessible to all segments of the delineated communities, including LMI areas. Business hours and services are tailored to meet community needs.

Supporting Detail - BOWV operates forty-four full service offices in the delineated communities. Twelve of these offices are located in LMI areas. In addition, the bank operates sixty-seven proprietary ATMs and nine PALs in various locations throughout the state. Of the sixty-two ATMs within BOWV's assessment area, sixteen are located in LMI areas.

As shown in the following table the ratio of branches located in LMI areas closely approximates the demographic makeup of the bank's delineated community. The level of LMI branches in the Huntington MSA and the Balance of the State are less than the percentage of LMI tracts in these communities. However, in the state as a whole, and particularly the Charleston MSA, the level of LMI branches exceed the percentage of LMI tracts.

Branch/ATM Distribution and Comparison to LMI Demographics				
	# Branches/ ATMs	# LMI Branches/ ATMs	% LMI Branches/ ATMs	% LMI Geographies
Total for West Virginia *	44 / 62	12 / 16	27 / 26	24
Huntington MSA	8 / 14	2 / 6	25 / 43	30
Charleston MSA	10 / 8	5 / 4	50 / 50	23
Washington, D.C. MSA	2 / 2	2 / 2	100 / 100	100
Balance of State - Non MSA	24 / 33	3 / 4	12 / 12	17

* Does not include five out of market ATMs.

No offices have been closed since the last public evaluation. One office was opened in Beckley, WV in September of 1995. Although no offices have been closed, BOWV has established a branch closing policy designed to evaluate and minimize the impact of a closing on the local community.

Alternative delivery systems play an important role in the delivery of products and services to the bank's community. Some of these nontraditional channels are as follows:

- *Loan-by-Phone* service which allows customers to apply for consumer loans through a toll-free telephone number. This product has been expanded to include Business Loan-by-Phone for business access.
- *Home-by-Phone* allows consumers to apply for mortgage loans and/or make general informational inquiries about mortgage loans and current interest rates. Prospective home buyers have 24 hour access to an automated pre-qualification service for a new or refinanced mortgage.
- *Home-by-Net* is available on the Internet. This service allows customers to identify the type of mortgage for which they may qualify and complete an application. Information on home ownership, mortgages, and credit issues is also available through this service.
- *Personal Automated Loan Machines (PAL)* provide consumers the opportunity to apply for an unsecured loan up to \$10,000 and complete the transaction in ten minutes or less. Seven of the bank's nine loan machines have 24 hour access. Since September 1995, BOWV has originated 355 loans totaling \$1.4 million through these machines.

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 - The bank solicits credit applications from all segments of its delineated communities, including LMI areas. The Board of Directors has approved adequate policies, procedures, and training programs which support fair lending practices.

Supporting Detail - The bank has adopted specific initiatives which promote fair lending. These include ensuring appropriate personnel receive formal fair lending and diversity training.

The bank has established a secondary review process for residential loan applications to ensure loan policy and underwriting standards are consistently applied and all relevant factors or credit alternatives are considered before denying a loan request.

The bank also conducts annual self-testing to determine whether the bank's lending practices are consistent with its underwriting standards and in accordance with fair lending related laws and regulations. Mortgage loans extended by the bank's affiliated mortgage company have not been subject to a fair lending review. The mortgage company also is not subject to examination by the Office of the Comptroller of the Currency.

During a portion of the evaluation period, Banc One Mortgage Company was operating with an "overage" compensation program. This is a program which allows mortgage representatives flexibility in pricing mortgage loans. Mortgage representatives are allowed to retain a portion of the "overage" when they get applicants to accept a rate above the mortgage company's standard rate.

Overage programs are not new to the mortgage industry. However, there has been recognition in the industry that these programs have the potential for disparate impact on applicants on a prohibited basis. This is not a forgone conclusion, but diligent monitoring of such programs is needed to ensure that they don't have an illegal discriminatory impact. Mortgage company management recognized the potential for problems, and discontinued the program for all applications taken after March 15, 1994. However, management has not performed an analysis to determine if their program, while in effect, had a disparate impact on customers of the mortgage company.

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

This issue is highlighted because the bank receives credit in this evaluation for mortgage loans made by the mortgage company. These lending activities are part of the bank's CRA program, but the mortgage company is not subject to regulation by the Office of the Comptroller of the

Currency. In light of the credit received by the bank for the mortgage company's lending activities, we are disclosing the existence of the overage program.

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

Conclusion - Our examination did not reveal any prohibited discriminatory or other illegal credit practices.

Supporting Details - As part of the fair lending examination, we tested for illegal discrimination in the indirect consumer lending area of the bank. The review tested for illegal discrimination on the basis of gender for recent automobile loan applications. The bank's indirect lending area uses a customized credit scoring system combined with officer judgment. The purpose of our testing was to determine whether females had the same access to credit scoring and policy overrides as males. The results of our testing indicated that overrides are applied consistently and without regard to gender. Based on our analysis, we identified no instances of illegal discrimination pertaining to the Equal Credit Opportunity Act.

V. COMMUNITY DEVELOPMENT

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

Conclusion - BOWV is generally aware of community development and redevelopment programs within its community and routinely participates in such programs.

Supporting Detail - BOWV has been involved in several different community development projects and programs. BOWV's outstanding loans and commitments to these community development projects and programs total approximately \$5.6 million. BOWV's senior management has initiated some of the projects and programs and in some instances BOWV is the sole financial support.

BOWV's senior management has fostered working relationships with the local economic development authorities of its various communities. This was evident through discussions with the various community contacts, and the level of involvement in community development projects and programs.

The bank's participation in community development includes direct loans, investments, charitable donations, and services. The table below reflects BOWV's participation in community development.

COMMUNITY DEVELOPMENT ACTIVITIES			
Type/Program	Geographic Area	Number	Dollars (000s)
Lending:			
Commercial Loans	Huntington and State of West Virginia	16	\$3,093
Investments:			
Bank One Community Development Corporation (CDC) & Low Income Housing Income Tax Credits (LIHTC)	Huntington	1	480
Region 1 Planning & Development Council	Seven counties including Raleigh County	1	5
West Virginia Capital Corporation	State of West Virginia	1	1,629
Raleigh County/Pinecrest Development Authority	Raleigh County	1	105
Beckley Main Street	City of Beckley	1	100
United Huntington Industries	Huntington	1	25
4-C Development Authority CDC	Raleigh, Fayette, Nicholas, and Summers Counties	1	267
Contributions	Huntington and Logan County	9	23
Line of Credit - Bond Issue	Huntington	1	151
Services:			
Wayne County Economic Development Authority	Huntington	1	14
Total		34	\$5,892

As shown in the above table, much of the bank's community development activity is centered in the Huntington area. There are a number of factors causing this:

- Community development opportunities are limited in other portions of the state.

- Community groups are more organized in Huntington. The bank has demonstrated a leadership role in developing these groups in Huntington.
- The bank has made a number of community oriented investments and loans which do not meet the definition of community development. See **Assessment Factor L**.

The following is a more detailed description of the community development activities summarized in the above table.

Commercial Loans: This category primarily includes loans for the purchase or renovation of buildings that will be used for affordable housing and loans for rehabilitating small businesses in downtown Huntington. It also includes a \$750,000 line of credit to the West Virginia High Technology Consortium which is primarily used for start-up funding of small businesses.

Bank One CDC & LIHTC: This involved the purchase of \$480,000 in LIHTC for the Simms School project in Huntington. This project rehabilitated a dilapidated school into twenty housing units for care of the frail.

Region 1 Planning and Development Council: This program provides low-cost loan funds for small businesses.

West Virginia Capital Corporation: This program provides medium- and long-term financing to small businesses. The affiliated Banc One Capital Corporation is the largest investor in this program.

Raleigh County/Pinecrest Development Facility: This program provides low-cost office space to small businesses.

Beckley Main Street: This program provides below prime financing to small businesses to rehabilitate downtown Beckley. The bank has taken a leadership role in this project.

United Huntington Industries: This program provides venture capital for small businesses.

4-C Development Authority (formerly West Virginia Multi-Bank) CDC: This program assists in the start-up of new small businesses in four counties.

Contributions: BOWV is providing \$8,300 per year to the City Mission program. This program provides homeless families a safe environment and provides counseling on how to improve their employment and housing situations. This project is located in Huntington's Enterprise Zone. Other contributions are centered in Huntington and primarily are to non-profits targeted to low-income assistance.

Line of Credit - Bond Issue: BOWV purchased \$150,500 in tax exempt bonds issued by the Foundation for Independent Living, Inc. The bonds provide a working capital line of credit for

Filbert Diversified Employment Services Agency, a nonprofit corporation, which provides aid to disabled individuals to live independent lives through training and job placement.

Services: The bank is providing office space and a conference room to the Wayne County Economic Development Authority. The Authority is designed to attract new small and mid-sized business to Wayne County.

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

Conclusion - There are no financial, legal, or economic barriers present that prevent the bank from helping to meet community credit needs.

Supporting Detail - BOWV is one of the largest banks in West Virginia and has sufficient resources to meet the credit needs of its communities. In addition, BOWV has access to additional resources through its corporate affiliates, including Banc One Mortgage Company, Banc One Capital Corporation, and Banc One CDC. They demonstrate a willingness to support the development and implementation of programs to meet community growth and redevelopment needs.

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 - The bank has participated in other credit and non-credit related activities which have benefited the delineated communities.

Supporting Detail - BOWV has determined that certain infrastructure must be available in order to attract new businesses to the area and keep current businesses from moving elsewhere. This includes adequate medical, educational, recreational, and fine art facilities. In its effort to assist in supplying this infrastructure, BOWV has provided the following:

- Direct loans to develop additional office space in Huntington's downtown business district;
- Indirect loans through Marshall University Research Corporation High Tech Revolving Loan Fund for starting-up new businesses;
- Irrevocable letters of credit to support revenue bonds for two area hospitals, both of which are among the major employers in their respective locations;
- Funding to various community groups primarily for loan pools targeted to attract new business and jobs and also to provide public services throughout the state;

- A bond (funded entirely by BOWV), which was used to expand public facilities in Huntington's Enterprise Zone; and
- Tax-exempt bonds (co-underwritten by BOWV) for Marshall University's new library facility.

Other activities BOWV has provided include:

- Free government check cashing services for non-customers.
- Low-cost checking and savings accounts for LMI individuals.
- Mobile check cashing services to four elderly housing complexes.
- Contributions from BOWV's Interest on Lawyers Trust Accounts (IOLTA) to provide free legal assistance to LMI individuals.
- Service by board members and senior management on the boards of various charitable groups and participation in local economic development programs.