



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

Public Disclosure

June 30, 1999

Community Reinvestment Act Performance Evaluation

**Bank One, Arizona, N.A.
Charter Number: 14324**

**201 North Central Avenue
Phoenix, Arizona 85004**

Office of the Comptroller of the Currency

**Large Bank Division
250 E Street, S.W.
Washington D.C. 20219-0001**

NOTE: This evaluation is not, and should not 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.

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **Bank One, Arizona, N.A.** prepared by the **Office of the Comptroller of the Currency (OCC)** the institution's supervisory agency, as of **June 30, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate- Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Full-Scope Review- Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography- A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA) The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home Mortgage Loans Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Limited-Scope Review Performance under the Lending, Investment and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

Low-Income- Income levels that are less than 50% of the median family income.

Median Family Income (MFI) The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income -Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income -Income levels that are at least 50% and less than 80% of the MFI.

Operating Subsidiary Corporations, limited liability corporations or similar entities in which the bank has control through 50% or greater ownership. Bank's may establish or acquire such entities to conduct activities which are part of or

incidental to the business of banking.

Small Business Loans Loans with original amounts of \$1 million or less that are: (1) secured by non-farm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income Income levels that are 120% or more of the MFI.

Overall CRA Rating

Institution's CRA Rating: This institution is rated Satisfactory.

The following table indicates the performance level of Bank One, Arizona, N.A. (BOAZ) with respect to the Lending, Investment, and Service Tests:

| Performance Levels | Bank One, Arizona, N.A. Performance Tests | | |
|---------------------------|--|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | | | |
| High Satisfactory | | | |
| Low Satisfactory | X | X | X |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- ♀ The bank's volume of lending was good, including small business lending. Good volumes of lending were noted for all three types of home mortgage lending, though the volume of home purchase lending was inconsistent ranging from good to poor in the various assessment areas.

- ♀ The distribution of loans by income level of geography was adequate; however, small business lending had excellent distribution. The distribution of home improvement loans was good, but the distribution of home purchase loans was inconsistent across assessment areas and was poor in the Phoenix-Mesa assessment area.

- ♀ The distribution of loans by income level of borrower was adequate. The bank's performance in home improvement lending was good, but adequate with home purchase and refinance lending. The bank's performance in small business lending could not be assessed due to data integrity problems. Refer

to the Data Integrity comment for details.

- ♀ The bank offered an adequate level of innovative or flexible lending programs. These programs enhanced small business lending activity in low- and moderate-income areas.
- ♀ The volume of lending inside versus outside the assessment areas shows an adequate focus on serving the credit needs of the bank's chosen market.
- ♀ The bank's overall level of community development lending was good, which positively contributed to the bank's overall lending performance. This was true in the Phoenix, Yuma and Tucson assessment areas.
- ♀ The bank has an adequate volume of qualified investments that are responsive to the identified needs for affordable housing and economic development. A significant volume of investments in the Las Vegas and Tucson assessment areas contributed to this conclusion. These two assessment areas were subject to limited-scope reviews.
- ♀ Adequate access to banking services is provided by the bank's branch network and other retail delivery mechanisms. Community development services are provided to the bank's assessment areas.

Description of Institution

Bank One, Arizona, NA (BOAZ), headquartered in Phoenix, Arizona, is a wholly owned subsidiary of Banc One Corporation (BOC), which is headquartered in Chicago, Illinois. As of June 30, 1999, BOC had total assets of \$256 billion, making it the fifth largest bank holding company in the United States. BOC provides a full range of consumer and commercial financial products and services and operates banking offices in 14 states: Arizona, Colorado, Florida, Illinois, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Texas, Utah, West Virginia and Wisconsin. The Corporation operates more than 2,000 Banking Centers and 6,000 ATM's nation-wide. It has subsidiaries in 33 states and international offices on five continents.

BOAZ is the largest bank in Arizona. As of June 30, 1999, BOAZ reported total assets of \$21.6 billion, total loans of \$14.9 billion, and a loan-to-deposit ratio of 94.67%. Tier 1 capital totals \$1.6 billion. BOAZ operates 179 banking centers

and 322 deposit-taking automatic teller machines (ATM's) throughout the state of Arizona. As of June 30, 1999, BOAZ's loan portfolio consisted of 33% other loans, 32% real estate loans, 20% consumer loans, 14% commercial loans and 1% agricultural loans.

In determining the size and capacity of BOAZ for CRA evaluation purposes, we specifically considered operating subsidiaries of the bank. None of the bank's operating subsidiaries contributes or detracts from the CRA performance of the bank.

There are no significant financial barriers limiting BOAZ's ability to meet the identified credit needs within its assessment area.

There were four affiliated, non-bank entities that contributed to the bank's CRA performance. Refer to Appendix A for identification of the entities and the activities they contributed.

At present, BOAZ's market area consists of all or parts of three Metropolitan Statistical Areas (MSAs), two multi-state MSAs and four assessment areas in non-metropolitan parts of the state. All of the assessment areas are within the state of Arizona. As a result the multi-state MSAs are not assigned separate ratings. The bank's assessment areas include:

- 1) The entire Phoenix-Mesa MSA,
- 2) The eastern portion of the Tucson MSA,
- 3) The western portion of the Yuma MSA,
- 4) The southern part of the Arizona portion of the Flagstaff multi-state MSA,
- 5) Twenty-eight census tracts (CT) within the Arizona portion of the Las Vegas multi-state MSA,
- 6) Three CTs within La Paz County,
- 7) Portions of Yavapai and Gilla Counties,
- 8) The Showlow/Pinetop metro area of Navajo County,
- 9) Cochise and Santa Cruz counties, and portions of Graham county.

Several of the bank's assessment areas were changed during the evaluation period, primarily due to the sale of 27 branches. For purposes of this evaluation, the changes were considered effective January 1, 1998. As a result, from July 1, 1996 to December 31, 1997 we considered lending, investment and service activities using the original assessment areas, but from January 1, 1998 forward, considered information for the new assessment areas. The changes to the assessment areas included the elimination of 3 census tracts (CTs) within the

Tucson assessment area, 5 CTs within the Yuma assessment area, and 6 CTs within the Flagstaff and Las Vegas assessment areas. Seventy-two block numbering areas were eliminated from the non-metropolitan assessment areas. There were no changes made to the Phoenix-Mesa assessment.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The last evaluation of the bank is dated June 30, 1996. The current evaluation assesses the bank's performance from July 1, 1996 to June 30, 1999. The Lending Test considers information from July 1, 1996 through March 31, 1999. Home-purchase, home-improvement, refinanced, small business and community development loans were reviewed in conjunction with the Lending Test. The evaluation period for the Investment and Service Tests is July 1, 1996 through June 30, 1999. Community-development investments, community-development services, retail banking locations and retail banking services were reviewed in connection with these tests.

Selection of Areas for Full-Scope Review

We selected a sample of bank assessment areas for full-scope reviews and the remaining assessment areas were reviewed in a more limited manner. The data contained in the tables in Appendix C was evaluated for each bank assessment area and this data was factored into our conclusions. However, for full-scope assessment areas, additional information was developed concerning credit and community development needs, and opportunities for community development activities. The analysis of the bank's performance in full-scope areas included a review for areas with little or no lending activity. Also, individual community development loans and services and qualified investments were reviewed to assess qualitative factors such as complexity, innovation, leadership and responsiveness to identified needs. The Service Test included analysis of the location of bank branches to gauge accessibility.

Assessment areas receiving full-scope reviews were Phoenix-Mesa, which contains 71% of the bank's deposits, Yuma which contains 1.6% of the bank's deposits and La Paz which contains .3% of the bank's deposits. Phoenix-Mesa and Yuma are Metropolitan Statistical Areas and La Paz is a non-metropolitan assessment area. In general, the percentage of deposits derived from each assessment area

reflects the relative weight the bank's performance was given in each area in developing the overall conclusions for the bank.

Assessment areas receiving limited-scope reviews were Flagstaff, Las Vegas, Tucson, Cochise, Navajo, and Yavapai. The Cochise, Navajo and Yavapai assessment areas are located in non-metropolitan areas of the state. The tables in Appendix C present the data for these non-metropolitan assessment areas on a combined basis, and that is how the bank's performance in these assessment areas was analyzed. The data for the La Paz non-metropolitan assessment area is detailed separately in the tables since this area received a full-scope review.

Data Integrity

The scope of this examination included a review of the accuracy of the bank data analyzed to develop our conclusions and ratings. The data tested includes data made available to the public in accordance with the Home Mortgage Disclosure Act (HMDA) and the CRA regulation. Public data includes home mortgage lending and small loans to businesses. We also reviewed the accuracy of non-public data for qualified investments, community development services, and community development loans. The test was performed at the corporate level and included all Bank One affiliated banks reporting data. Therefore, the percentages quoted here would be for the entire corporation and may vary for a particular Bank One subsidiary bank.

The bank's HMDA data was found to be accurate. No material errors were noted with the home purchase, home improvement or refinance loans reported by the bank.

Several errors were found in the bank's 1998 small loans to businesses submission, including:

- Commercial leases were incorrectly reported as loans. Incorrectly reported leases represented 1.9% of the loans submitted.
- Guidance lines of credit were incorrectly reported as loans. Incorrectly reported guidance lines of credit represented 3.8% of the loans submitted.
- Revenue data was in error with 17% of our sample.

Management was able to remove the commercial leases from the data provided to

examiners. The data for the entire evaluation period was corrected. The correction of the data for guidance lines of credit did not cover the entire evaluation period. Management removed 339 guidance lines totaling \$43 million from the 1998 data, but was unable to identify guidance lines in the 1996 and 1997 data. We therefore estimate that the small loans to businesses numbers in this report are overstated by 508 loans or 4% of the reported total and \$64 million or 9% of the total. Due to the corrections made, the data analyzed in the examination will differ from the data publicly reported. The revenue information reported for small loans to businesses was not corrected, and we will not analyze the bank's performance in lending to small businesses this examination.

The data for small loans to farms was not verified and was thus not analyzed in this evaluation. The volume of this type of lending was modest and would not have affected the lending conclusions. The information on small loans to farms is presented in Tables 1, 6 and 11.

Material errors were noted with the non-public information provided to examiners regarding qualified investments and community development loans and services. Management was able to correct the errors prior to the analysis portion of the examination and that allowed us to use the data during the evaluation.

Other

We utilized several methods to assist us in identifying credit and community development needs within the Phoenix-Mesa, Yuma, and La Paz assessment areas. We attended a meeting with several community organizations and reviewed a variety of contacts with community-based organizations made by examiners of various regulatory agencies within the past 24 months.

We discovered an overwhelming agreement in the need for affordable housing throughout all of the assessment areas. Specific needs, within each of the assessment areas, are addressed in Appendix B of this report.

Fair Lending Review

We analyzed the bank's lending activity to identify significant, unexplained gaps in the geographic distribution of the bank's lending that could raise questions regarding discrimination. No significant, unexplained gaps in lending were noted. During this review, we analyzed the geographic distribution of home purchase, home improvement, home refinance and small business loans separately. For

mortgage loans we considered the volume of owner-occupied housing units in our analysis, and for small loans to businesses we considered the number of businesses located within census tracts. Though each loan type was analyzed separately, we considered the existence of other types of loans when determining if a significant gap existed.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's Lending Test performance was adequate. In Phoenix-Mesa, and La Paz, Lending Test performance was adequate, and in Yuma it was good.

Lending Activity

The bank's volume of lending was good. Refer to Table 1 in Appendix C for the facts and data used in this analysis.

The bank's overall volume of home mortgage lending was good. This is based on a good volume of lending in Phoenix-Mesa and La Paz, and an adequate volume of lending in Yuma.

In Phoenix-Mesa and La Paz, BOAZ achieved market ranks in the three home mortgage loan categories, which were commensurate with its market rank in deposits. In 1997, BOAZ ranked among the top four lenders in home purchase, home improvement, and home refinance loans in the two assessment areas.

The volume of home mortgage lending in Yuma was adequate. Good volumes of home improvement and refinance lending were noted there; however, the volume of home purchase lending was substantially below the bank's number two rank in deposits and was considered poor.

The volume of small business lending was good in all three-assessment areas that received full scope reviews. In 1997, BOAZ earned market ranks of either third or fourth for small business loans in Phoenix-Mesa, Yuma, and La Paz. This conclusion considers the over reporting of small loans to businesses discussed in the Scope section of this report under Data Integrity.

The bank's volume of community development lending was good. The volume was good in Phoenix-Mesa, excellent in Yuma and adequate in La Paz. To help gauge the volume of community development lending in individual assessment areas, the volume of loans was calculated as a percentage of Tier 1 capital. This calculation involved allocating Tier 1 capital to assessment areas based on the percentage of

the bank's deposits derived from each assessment area. The volume of community development loans represented 3.1% of Tier 1 capital in Phoenix-Mesa, 54% in Yuma and less than 1% in La Paz. It is noted that opportunities for community development lending are limited in the La Paz assessment area.

Distribution of Loans by Income Level of Geography

Overall, the distribution of loans by income level of geography is adequate. Specifically, the geographic distribution of lending was adequate in Phoenix-Mesa and La Paz and good in Yuma. The bank's performance was inconsistent across product lines and assessment areas.

We did not find any conspicuous gaps in the bank's lending patterns for the assessment areas that received full scope reviews. During the evaluation period, there were no clusters of low- or moderate-income CTs that were not penetrated by at least one of the bank's home purchase, home improvement, home refinance, or small business loan products.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in Appendix C for the facts and data used in this analysis.

The geographic distribution of home purchase loans was poor in Phoenix-Mesa, adequate in Yuma, and excellent in La Paz. In Phoenix-Mesa, the percentage of loans made to borrowers residing in low-income geographies was substantially below the percentage of owner occupied housing units in those geographies. The same was true for moderate-income geographies in Phoenix-Mesa. A market share analysis shows the same results, with both low- and moderate-income geographies falling significantly below BOAZ's overall market share in Phoenix-Mesa. In Yuma there are no low-income geographies and in the moderate-income geographies the bank's percentage of lending approached the percentage of owner-occupied housing units in those areas. The bank's market share in moderate-income census tracts exceeded its overall market share in 1997. In La Paz, the percentage of bank lending in moderate-income census tracts substantially exceeded the percentage of the area's owner-occupied housing units located in those areas.

The geographic distribution of home improvement loans was good in Phoenix-Mesa, excellent in Yuma and poor in La Paz. In Phoenix-Mesa, the percentage of the

bank's loans made in both low- and moderate-income geographies was reasonably close to the percentage of owner-occupied housing units in those geographies. The bank's market share of home improvement loans in both low- and moderate-income geographies exceeded its overall market share, reinforcing the conclusion of good distribution in Phoenix-Mesa. The strong concentration of lending in moderate-income census tracts lead to our conclusion about Yuma. The lack of home improvement lending in La Paz was the major issue of concern in that area.

The pattern of lending for home refinance loans reflects adequate geographic distribution in Phoenix-Mesa, excellent distribution in Yuma, and poor distribution in La Paz. In Phoenix-Mesa, the percentage of the bank's loans made in both low- and moderate-income geographies was substantially below the percentage of owner occupied housing units in those geographies; however, the bank's market share information reflected good performance relative to other lenders in 1997. Again in Yuma, there was a concentration of lending in moderate-income census tracts, which demonstrates excellent performance. In La Paz, the distribution was poor due to the lack of lending in moderate-income geographies despite 22.7% of the assessment areas housing units being located in those areas.

Small Business Loans

Refer to Table 5 in Appendix C for the facts and data used in this analysis.

The geographic distribution of small loans to businesses was excellent in Phoenix-Mesa, good in Yuma and adequate in La Paz. In Phoenix-Mesa the percentage of loans made in both low- and moderate-income geographies substantially matches or exceeds the percentage of businesses located in those geographies. In Yuma, the percentage of lending approximated the market demographic. In La Paz, the percentage of lending wasn't quite as close to the demographic. Market share performance mirrored these results, except in La Paz, where the 1997 distribution of loans did not reflect the same pattern as the distribution in the rest of the evaluation period.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 7, 8, and 9 in Appendix C for the facts and data used in this analysis.

The distribution of loans by income level of borrower is adequate overall. In each of the three assessment areas that received full scope reviews, the distribution of lending by income level of the borrower was adequate.

Borrower distribution for home purchase loans was adequate in Phoenix-Mesa, Yuma, and La Paz. The bank's lending to moderate-income borrowers ranged from good in Phoenix-Mesa to excellent in Yuma and La Paz. In Phoenix-Mesa, the percentage of lending to moderate-income families was near the percentage of families at that income level, while in Yuma, the percentage approximated it and in La Paz significantly exceeded it. Lending to low-income borrowers was much weaker, even acknowledging that fewer low-income borrowers have the financial capacity to purchase a house. In Phoenix-Mesa and La Paz, lending to low-income borrowers was poor with the percentage of loans to low-income families much smaller than percentage of such families in the assessment area. There was no lending to low-income borrowers in La Paz despite a significant percentage of families in that category in that assessment area. In Yuma, a significant percentage of the bank's home purchase lending was to low-income borrowers. Market share data for Phoenix-Mesa also supports the "adequate" conclusion, but market share data for Yuma is inconsistent with the distribution numbers. This inconsistency is probably caused by the fact that market share data is for just one year. The percentage distribution data was given more weight since it covers a longer time period.

Borrower distribution performance for home improvement lending was good in Phoenix-Mesa, excellent in Yuma, and adequate in La Paz. In Phoenix-Mesa the percentage of lending approximated the market demographic and the market share data reflected even stronger performance. In La Paz, the home improvement lending was skewed to moderate-income borrowers. In Yuma, the distribution was excellent for both low- and moderate-income borrowers. The percentage of lending to low-income borrowers exceeded expectations and the percentage for moderate-income borrowers exceeded the percentage of moderate-income families.

Borrower distribution was adequate in Phoenix-Mesa and Yuma for home refinance loans with lending to moderate-income borrowers approaching or exceeding the percentage of borrowers in the assessment areas. The percentage of loans to low-income borrowers was much smaller than the percentage of low-income families. Performance in La Paz was poor, with the percentage of lending to both low- and moderate-income borrowers much less than the percentage of such families in the area.

Small Business Loans

No conclusion was developed for this aspect of the bank's lending performance. This situation is the result of the data integrity issue noted earlier, and the fact that revenue information was not available for 65% of the bank's reported small loans to businesses. We did note that a high percentage of the bank's small business loans were in amounts of \$100,000 or less. However, loan size is not a reliable indicator of the extent that the banks small loans to businesses were made to small businesses.

Community Development Lending

As noted above, the volume of community development lending was good. The bank's lending was primarily related to the development of affordable housing. This was an identified credit need in each of the assessment areas reviewed using full scope procedures. In Phoenix-Mesa, 97% of the dollars extended were for the development of affordable housing and the other 3% supported economic development. During the evaluation period, the bank's lending helped create or retain 504 affordable rental housing units and 57 affordable single-family homes.

In the Yuma assessment area, all of the lending was related to affordable housing and the volume of housing units created was significant. Specifically, these loans created 497 affordable single family housing units and 128 affordable rental housing units.

The volume of lending was minimal in the La Paz assessment area.

Examples of some of the bank's CD loans follows:

Casa De Roman: This is a 48-unit low- and moderate-income apartment project in Somerton, a rural town in the Yuma assessment area. Somerton has a high poverty rate of 42% and a high need for affordable housing. Each of the units are designated for families and individuals with incomes of less than 60% of the adjusted median family income. Bank One provided a construction loan and a predevelopment grant. Banc One Community Development Corporation provided the permanent loan and Banc One Capital Funding Corporation provided the equity investment. The United States Department of Agriculture - Rural Development/Section 538 programs also provided a portion of the financing. This is the first low-income housing tax credit project in Somerton, AZ and the first for the developer, Chicanos Por La Causa (CPLC). BOAZ also provided technical assistance in structuring the financing. The transaction is considered complex due

to the tax credits, the involvement of many parties in structuring the financing, and because it was the first tax credit project for CPLC.

Portable Practical Educational Preparation, Inc. (PPEP): PPEP and Micro Industry Credit Rural Organization (MICRO), a Community Development Financial Institution, support small businesses owners who do not have access to conventional credit sources. The organization primarily operates in the rural parts of the state and has 11 offices. Technical assistance to small business owners is an integral part of the program. Banc One Community Development Corporation guided and assisted the organization in the development of this revolving loan fund, then purchased the loan used to establish the fund from the U. S. Small Business Administration (SBA). To date, 38 loans totaling over \$213,000 have been originated by the fund. Loans range in amounts between \$500 and \$25,000 with an average loan amount of \$4,800. BOAZ also provided a grant for the fund's loan loss reserve. The transaction is innovative and complex as it involved working with the organization and the SBA to develop this pilot program. This loan was allocated between the Phoenix-Mesa, Yuma, Tucson and non-metropolitan assessment areas.

Product Innovation and Flexibility

The bank is making an adequate effort to provide flexible lending products to customers. BOAZ has a customary array of flexible products for consumer mortgage and commercial loan customers.

Bank One has implemented a number of programs to increase access to home purchase loans. These programs increase access for low- and moderate-income borrowers also. Examples include:

- ♀ Applications accepted over the telephone in several languages,
- ♀ An automated service that provides around the clock mortgage loan pre-qualification, and
- ♀ A rate monitoring service available through the Internet where the mortgage company monitors rates and then notifies applicants when the desired rate is available.

The mortgage company has participated with government agencies in the design, development, and testing of affordable home loan products and offers several different affordable home loan products.

One product, the Yuma 3% Gold Mortgage loan program for eligible properties in

Yuma County, is considered innovative because it contains features not offered by other lenders serving that market. It allows higher debt ratios and loan-to-value percentages than those customarily offered by other lenders. Qualified borrowers can also receive a grant of 3% of the mortgage amount from the mortgage company for down payment assistance. To date, 20 loans totaling \$1,231,000 have been made through this program.

BOAZ developed the Camp Verde Yavapai-Apache loan program for the Yavapai-Apache Tribe in Camp Verde, Arizona, a rural community. The Tribe signed the original agreement that implemented the program in 1997. The loan program makes consumer loans to qualified Yavapai-Apache tribal members, including members with little or no established credit. The loan amounts can range between \$1,000 and \$70,000. Since inception, the bank has made 166 loans totaling \$1,596,490 through this program. These are neither HMDA nor CRA reportable loans.

BOAZ offers a number of loan programs for small businesses. Overall, the financial services offered to small businesses are comprehensive. The bank has introduced online products and services for small businesses, and utilizes a number of state and federal programs that enhance the flexibility and affordability of credit products for small business customers. In particular, the bank is an active SBA lender. BOAZ has a program called Business Solutions for Women that involves several organizations that provide technical assistance, educational programs, and advocacy for women entrepreneurs. BOAZ also has ties with a number of micro-lending organizations that provide loans and technical assistance to community based businesses that are not yet bankable. These organizations benefit low-and moderate-income individuals and areas.

To the extent that we could evaluate the distribution of small business loans, the results were good. This indicates that the bank's involvement in flexible or innovative loan programs enhances its small business lending activities.

Lending Inside Versus Outside of Assessment Areas

BOAZ has an adequate focus on lending within its assessment areas. During the evaluation period, about 54% of the number and 67% of the dollar amount of the bank's HMDA reportable and CRA reportable loans were made within its assessment areas. These percentages are distorted by an operational procedure that has BOAZ make and carry on its books reportable home equity loans attributable to its affiliated bank in Texas. There are 5,941 loans in this group.

Adjusting for these out-of-area loans would raise the percentage of the number of loans inside their assessment area to 62%. Note that the in/out calculation is only performed for loans made directly by the bank and does not include affiliate lending.

Conclusions for Areas Receiving Limited Scope Reviews

The bank's Lending Test performance in the Las Vegas assessment area was not inconsistent with the bank's overall Lending Test performance. Lending Test performance in the Flagstaff, Tucson and non-metropolitan assessment areas was inconsistent and stronger than the overall lending performance. In each of these three assessment areas the good lending performance resulted from good geographic distribution of lending combined with a good volume of lending. This stronger performance did not significantly influence the overall Lending Test rating. Tucson was the only non-focus assessment area where community development lending contributed positively to the bank's performance. CD loans represent 4.7% of the amount of Tier 1 capital allocated to this assessment area.

INVESTMENT TEST

Refer to the Table 12 in Appendix C for the facts and data that support these conclusions.

Conclusions for Areas Receiving Full-Scope Reviews

BOAZ's performance under the Investment Test is adequate. In the Phoenix-Mesa assessment area the bank's performance was adequate, in the Yuma assessment area performance was excellent and in the La Paz assessment area performance was poor. The bank's investment performance in the areas receiving limited-scope reviews was a factor in this rating. Significant volumes of investments were noted in the Las Vegas and Tucson assessment areas.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Dollar Amount of Qualified Investments

The volume of qualified investments by the bank is adequate in Phoenix-Mesa, excellent in Yuma and poor in the La Paz assessment area. To assist in evaluating the volume of investments in each assessment area, Tier 1 capital was allocated

among the assessment areas based on the percentage distribution of deposits in the state. It is recognized that the volume of investments is modest in the Phoenix-Mesa assessment area with the dollar volume of qualified investments representing .82% of the Tier 1 capital allocated to Phoenix-Mesa. In developing the conclusion that this volume of investments was adequate, we considered the somewhat limited opportunities for investment in the assessment area and the fact that many of the bank's community development activities in Phoenix-Mesa have involved community development lending. As noted earlier in the report, the dollar volume of community development loans represents 3.1% of Tier 1 capital. Another factor in developing the conclusion was that two of the bank's investments in Phoenix were complex and innovative. See the discussion of the Prospect Park investment below for detail.

In the Yuma assessment area, the bank made two significant investments in affordable housing projects during the investment period, and the overall volume of investments was excellent. Qualified investments represent 3.9% of Tier 1 capital in Yuma. Qualified investments in the La Paz assessment area were limited to \$1M, and this investment results from the allocation of portions of a state-wide grant to each of the bank's assessment areas. The opportunities for investment in the La Paz assessment area are limited, but the bank's level of investments there is poor.

Innovativeness or Complexity of Qualified Investments

Investments with innovative and/or complex characteristics were noted in Phoenix-Mesa and Yuma. In the Phoenix-Mesa assessment area, two projects were noted that were complex and one was also innovative. The innovative project was the Prospect Park investment that used low-income housing tax credits for a transitional housing and emergency care facility. This was the first such use of tax credits in Arizona. This was also the first tax credit project undertaken by the organization running the facility, which increased the complexity of the project. In addition to investing in the tax credits, BOAZ provided the construction and permanent financing for the project.

In Yuma, both of the bank's investments in housing projects were complex. One of the projects was the Villa Nueva Apartments investment. BOAZ and its affiliates were involved in all aspects of the financing. They identified and pursued a developer, provided a pre-development loan, an interim loan, a permanent loan and provided the low-income housing tax credits through Banc One's Tax Credit Fund IV. The involvement of tax credits makes the whole process more complex because of paperwork requirements, the number of parties involved and timing of

financing distributions.

Responsiveness of Qualified Investments to Credit and Community Development Needs

BOAZ's responsiveness to the most pressing needs in its assessment areas is good in Phoenix-Mesa, excellent in Yuma and poor in La Paz. The need for affordable housing was identified in each of the assessment areas along with financing for small businesses. In Phoenix-Mesa, 44% of the bank's investments were for the creation, retention and/or support of affordable housing. These investments resulted in the creation of 348 affordable rental housing. Another 32% of the bank's investments supported economic development through providing financing for small businesses. In the Yuma assessment area, BOAZ displays an excellent responsiveness to the most pressing need of affordable housing. Investments are centered in affordable housing with 97% of total investments in this category. A total of 128 housing units were created.

Conclusions for Areas Receiving Limited-Scope Reviews

BOAZ's performance in the Tucson and Las Vegas assessment areas is inconsistent and stronger than the bank's overall performance under the Investment Test. The volume of investments is significant and represents 5.1% of Tier 1 capital in each assessment area. In the Flagstaff and non-metropolitan assessment areas, the bank's performance was inconsistent and weaker than the bank's overall performance in the state. The bank's qualified investments in these assessment areas are limited to grants. In addition, the dollar amounts are nominal even considering the limited opportunities available for investments and the relative size of the bank's operations in these assessment areas. The bank's investments in these assessment areas represented .35% and .03% of Tier 1 capital allocated to the Flagstaff and Non Metro assessment areas, respectively.

SERVICE TEST

BOAZ's branch network provides adequate access to banking services within its communities. Specifically, the distribution of branches by income level of census tract meets or is close to the percentage of the population living in low- and moderate-income areas. Hours of operation of the branches are adequate, and are supplemented by telephone, bank-at-work programs, and Internet banking services.

The level of CD services provided is also adequate.

Conclusions for Assessment Areas Receiving Full-Scope Reviews

Service Test performance in Phoenix-Mesa and La Paz is adequate, while performance in the Yuma assessment area is good.

Retail Banking Services

Refer to Table 13 in Appendix C for the facts and data used in this analysis.

Accessibility of Delivery Systems

The accessibility of the bank's retail services is adequate in Phoenix-Mesa and La Paz and good in Yuma. In Phoenix-Mesa, the bank has an extensive network with 110 branches. The percentage of branches and ATMs located in both low- and middle-income census tracts is somewhat less than the percentage of the areas' population located in those census tracts, and this distribution is reasonable. Another factor in the assessment was the review of a map containing the location of bank branches. The purpose of the review was to identify unreasonable geographic gaps in the branch network. Again, access to the bank's branches is reasonable, though a significant gap exists in the southern portion of the assessment area in 11 low- and moderate-income census tracts. This area is predominately rural and contains only two percent of the area's population. It is noted that the bank sold 4 branches in the southern portion of the Phoenix-Mesa assessment area as part of a strategy to reduce the bank's branch network in rural areas.

The bank has three branches in the Yuma assessment area and two are located in moderate-income areas. No unreasonable geographic gaps were noted in the branch network and overall, access to the bank's branches is good.

The bank has one branch in La Paz, which is located in a middle income area. Access to the branch is adequate.

Access to the bank's services is available through the Internet and by phone. BOAZ has an active toll free telephone loan access system. A consumer can apply for a loan (home equity loan, home equity lines of credit, installment loan, and credit cards) over the telephone twenty-four hours a day, seven days a week, in English or Spanish. In 1998, 75% of all approved consumer loans in Arizona originated through the bank's "Loan by Phone" system. In 1999, 77% of all

approved consumer loans originated through this alternative delivery channel.

Several of the bank's services are also accessible through the Internet. Internet services include on-line applications for checking, savings, and certificates of deposit. Loan applications are also available for credit cards, home equity loans, home equity lines of credit, student loans, and mortgages. On-line applications are available for business installment, business credit cards, and business lines of credit for small businesses. Customers may also transfer between BOAZ accounts, pay bills, and get information on statements, investments, taxes, and insurance. Internet access is available to the general public through the public library system. For example in Phoenix there are six branches of the City of Phoenix public library system that have Internet access for patrons to use. One of the library branches is located in a low-income area and two are located in moderate-income areas. Between these libraries, there are a total of 34 terminals available for public use. However, this service was not given significant consideration because it is unknown how effective it is in increasing access to banking services for low- and moderate-income individuals.

Changes in Branch Locations

Branch activity during the evaluation period has reduced the access to branches from both low- and moderate-income areas in Phoenix-Mesa, not impacted low- or moderate-income areas in Yuma, and no changes were made in La Paz.

In Phoenix-Mesa, two branches were sold in low-income CTs. Three branches were sold, five closed and one branch opened in moderate-income tracts for a net reduction of seven branches. There was a smaller reduction in the number of branches in middle- and upper-income areas. Two branches were sold, nine closed and seven branches were opened in middle- and upper-income CTs for a net addition of four branches.

Yuma had one branch office in a middle income census tract close during the evaluation period and no changes were made in La Paz.

During our examination we reviewed nine of the bank's closed branch file reports. The reports provided details of the bank's analysis including the number of financial institutions located within a three-mile radius of the branch being considered for closure, and the distance to the closest BOAZ office. In addition, the bank included any public comments received from the closing announcement and the bank's response to those comments. All closings were considered to be reasonable.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

The reasonableness of business hours and services offered at branch locations is adequate in Phoenix-Mesa, Yuma and La Paz. Each branch office is a full service banking center and the hours of operation are fairly consistent. An exception to the consistent hours are the bank's nursing home facilities that have limited hours and days of operation. It was noted that in Phoenix-Mesa the two branches located in low-income CTs lack Saturday hours and that only 38% of moderate-income branches have Saturday hours. Middle- and upper-income branches have Saturday hours at 63% and 49% of locations respectively. The branches without Saturday hours are primarily located in more commercial/industrial or "downtown" areas that would have only minimal activity on weekends. In addition, many locations that are not open on Saturday are adjacent to areas that have a branch that is open on Saturday or are in close proximity to one of the bank's grocery store branch locations that have extended hours. No disparity was noted with the hours of operation or services provided in the Yuma or in the La Paz assessment areas.

Community Development Services

The level of CD services was adequate in the Phoenix-Mesa, Yuma and La Paz assessment areas.

Extent of Community Development Services Provided

The level of CD service is adequate in the Phoenix-Mesa assessment area. CD services were provided to 23 organizations and bank employees hold leadership positions in each. CD services include providing homebuyer counseling and technical assistance to small business owners. BOAZ sponsored a small business workshop and an employee conducted a business seminar addressing preparing business loan applications. Banc One Funding Corporation is the bond underwriter for five affordable housing apartment projects in Phoenix-Mesa.

The level of CD services provided is adequate in the Yuma assessment area. One bank employee is involved with Portable Practical Educational Preparation (PPEP) Rural Development Corporation. This employee holds a leadership position in the organization as a board and loan committee member. PPEP provides a variety of services to low- and moderate-income people, provides small business development, micro loans, rental assistance and home ownership education. This CD organization operates in a large portion of the state, which includes Yuma.

Banc One Funding Corporation is placement agent for the Banc One Tax Credit Fund IV that had two projects in the Yuma assessment area.

There are currently no specific services being provided by BOAZ in the La Paz assessment area. Also, there are no CD organizations operating specifically in this area. Organizations from surrounding counties serve La Paz County. Therefore, opportunities for BOAZ to provide CD services are almost nonexistent.

Innovativeness and Responsiveness of Community Development Services Provided

BOAZ's responsiveness to identified credit needs through community development services is adequate in both the Phoenix-Mesa and Yuma assessment areas. The bank's services respond to affordable housing and economic development needs.

Conclusions for Areas Receiving Limited-Scope Reviews

Performance in the Flagstaff assessment area was not inconsistent with the rating for the state. Performance in the Las Vegas, Tucson, and combined non-metropolitan areas is inconsistent and stronger than the overall performance. In these assessment areas, the percentage distribution of branches in low- and moderate-income areas approximates or exceeds the percentage of the population living in such areas.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term Δ Full-Scope Δ) and those that received a less comprehensive review (designated by the term Δ Limited-Scope Δ).

| | | |
|---|--|---|
| Time Period Reviewed | Lending Test: July 1, 1996 through March 31, 1999 Investment Test: July 1, 1996 through June 30, 1999 Service Test: July 1, 1996 through June 30, 1999 | |
| Financial Institution | Products Reviewed | |
| Bank One, Arizona, N.A. (BOAZ) Phoenix, AZ | Home-purchase, refinanced, home-improvement, small- business, and Community-development loans; investments, and services. | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| Banc One Community Development Corporation | Holding company subsidiary | Community-development loans and equity investments. |
| Banc One Capital Funding Corporation | Holding company subsidiary | Community-development related loans and services. |
| Banc One Mortgage Company | Holding company subsidiary | Home-purchase and refinanced loans. |
| Banc One Financial Services | Holding company subsidiary | Home-improvement, mortgage, and refinanced loans. |
| First Chicago Leasing Corporation | Subsidiary of Bank One, N.A. | Community development related equity investments. |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| La Paz | Full-Scope | Non-MSA |
| Phoenix-Mesa #6200 | Full-Scope | MSA |
| Yuma #9360 | Full-Scope | MSA |
| Cochise | Limited Scope | Non-MSA |
| Flagstaff #2620 | Limited-Scope | MSA |
| Las Vegas #4120 | Limited-Scope | MSA |
| Navajo | Limited-Scope | Non-MSA |
| Tucson #8520 | Limited-Scope | MSA |
| Yavapai | Limited-Scope | Non-MSA |

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

| | |
|--|-------|
| Phoenix-Mesa Assessment Area | B - 2 |
| Yuma Assessment Area..... | B - 6 |
| La Paz (Non-metropolitan) Assessment Area..... | B - 8 |

Phoenix-Mesa Assessment Area

| Demographic Information for Full-Scope Area: Phoenix-Mesa MSA #6200 | | | | | | |
|--|-------------------------------------|---|-----------------|---------------|--------------|----------------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA % of # |
| Geographies (Census Tracts/BNAs) | 490 | 6.3 | 24.9 | 37.6 | 30.4 | 0.8 |
| Population by Geography | 2,238,480 | 4.9 | 26.5 | 39.5 | 28.9 | 0.2 |
| Owner-Occupied Housing by Geography | 539,494 | 2.5 | 21.2 | 42.3 | 34.0 | 0.0 |
| Businesses by Geography | 87,286 | 6.0 | 26.2 | 35.9 | 31.2 | 0.7 |
| Farms by Geography | 1,767 | 3.6 | 21.9 | 41.9 | 32.6 | 0.0 |
| Family Distribution by Income Level | 582,829 | 19.8 | 18.4 | 23.2 | 38.6 | 0.0 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 222,737 | 8.2 | 38.5 | 39.3 | 14.0 | 0.0 |
| Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level | = \$37,542 = \$48,300 = 11.4% | Median Housing Value Unemployment Rate June 30, 1999 | | | | = \$85,627 = 3.1% |

Source: 1990 U.S. Census and 1998 HUD updated MFI.

The Phoenix-Mesa MSA consists of Maricopa and Pinal counties and is the largest MSA within the state of Arizona. The bank’s assessment area consists of the entire MSA and no changes were made to this assessment area during the evaluation period.

In terms of deposit market share, BOAZ is the largest bank in the MSA with 33% of bank deposits in the MSA according to the June 30, 1998 FDIC Deposit Market Share Reports. The second largest bank had a deposit market share of 24%.

Community credit needs within the Phoenix-Mesa assessment area were determined through discussions with several community-based organizations during the examination and by reviewing information collected by regulators from other contacts of community-based organizations over the last 24 months.

We concluded that there is a significant need for both single-family and multi-family affordable housing within the MSA. The need has been increased by the rapid rise in the cost of housing over the last five years while wages have not kept pace. Community-based organizations report that the need is greatest for low-income borrowers that are not well served by the affordable mortgage programs offered by banks. There is a significant need to increase the capacity to develop affordable

housing. There are several community-based organizations that counsel first-time home buyers and work to develop affordable housing, but their combined production of affordable housing units is modest at an estimated 100 units over the last five years. There is also a lack of for-profit affordable housing developers in the assessment area as developers are concentrating on the middle- and upper-income market. Together with the affordable housing need is the need for homebuyer counseling. It is also noted that a city of Phoenix policy prohibiting concentrations of affordable housing was seen as a barrier to the development of affordable multi-family housing.

Loans to small businesses were also identified as a credit need within the assessment area. Together with the need for financing is the need for technical assistance for small business owners in planning, financial record keeping and applying for financing.

Although there are a number of organizations and agencies addressing the need for affordable owner-occupied housing in Phoenix-Mesa, the majority of them are doing so on a very small scale and with limited resources.

Yuma Assessment Area

| Demographic Information for Full-Scope Area: Yuma MSA #9360 | | | | | | |
|--|-------------------------------------|---|-----------------|---------------|--------------|----------------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA % of # |
| Geographies (Census Tracts/BNAs) | 19 | 0.0 | 36.8 | 36.8 | 26.4 | 0.0 |
| Population by Geography | 100,649 | 0.0 | 36.5 | 33.3 | 30.2 | 0.0 |
| Owner-Occupied Housing by Geography | 22,832 | 0.0 | 29.7 | 39.1 | 31.2 | 0.0 |
| Businesses by Geography* | 2,689* | 0.0 | 32.4 | 39.5 | 28.1 | 0.0 |
| Farms by Geography* | 193* | 0.0 | 24.4 | 48.7 | 26.9 | 0.0 |
| Family Distribution by Income Level | 26,678 | 20.1 | 17.7 | 21.6 | 40.6 | 0.0 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 10,100 | 0.0 | 50.0 | 34.5 | 15.5 | 0.0 |
| Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level | = \$26,614 = \$33,500 = 16.7% | Median Housing Value Unemployment Rate June 30, 1999 | | | | = \$64,443 = 4.6% |

Source: 1990 U.S. Census and 1998 HUD updated MFI.

* Data on Businesses & Farms by Geography is presented on the entire 24 CTs within the Yuma MSA.

The Yuma MSA consists of Yuma County which is located in the Southwest corner of Arizona at the state boundary with California and the international border with Mexico. There are a total of 24 census tracts within the Yuma MSA and between July 1, 1996 and December 31, 1997 the bank included all 24 census tracts within the county in its assessment area. In early 1998, the bank sold some branches and subsequently eliminated 5 census tracts from its assessment area. The five census tracts eliminated were sparsely populated with only 11 households. The tables in Appendix C reflect performance data for the full county until January 1, 1998. Performance data for the reduced assessment area is reflected from January 1, 1998 to March 31, 1999.

According to the June 30, 1998 FDIC Deposit Market Share Reports, BOAZ is the second largest bank in the Yuma assessment area with a 27% market share. Norwest Bank is the largest bank with a market share of 28%.

Community credit needs within the Yuma assessment area were identified by reviewing a variety of contacts made by bank examiners with community-based organizations and public officials within the last 24 months. Credit needs identified included affordable single- and multi-family housing, financing for small businesses and agricultural financing. In particular, mortgage products that target low-income borrowers and affordable multi-family housing in the cities of Yuma, Somerton and San Luis.

According to the 1990 U. S. Census, 28% of the households within the county are non-English speaking. As a result there is a need for bilingual bank employees and mortgage originators. It was also noted that four of the twenty-four census tracts in the Yuma MSA were designated as "Difficult Development Areas" for low-income housing tax credit purposes.

There are a significant number of community development opportunities within the Yuma assessment area. There are community-based organizations active in the development of affordable housing and offering home ownership programs. There are also organizations providing technical assistance to small business owners and micro lending.

La Paz Assessment Area

| Demographic Information for Full-Scope Area: La Paz NON MSA | | | | | | |
|--|-------------------------------------|---|-----------------|---------------|--------------|----------------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA % of # |
| Geographies (Census Tracts/BNAs) | 3 | 0.0 | 33.3 | 66.7 | 0.0 | 0.0 |
| Population by Geography | 8,291 | 0.0 | 17.4 | 82.6 | 0.0 | 0.0 |
| Owner-Occupied Housing by Geography | 1,871 | 0.0 | 22.7 | 77.3 | 0.0 | 0.0 |
| Businesses by Geography* | 504* | 0.0 | 30.4 | 69.6 | 0.0 | 0.0 |
| Farms by Geography* | 25* | 0.0 | 40.0 | 60.0 | 0.0 | 0.0 |
| Family Distribution by Income Level | 2,183 | 29.0 | 17.8 | 19.8 | 33.4 | 0.0 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 1,022 | 0.0 | 27.5 | 72.5 | 0.0 | 0.0 |
| Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level | = \$21,404 = \$31,200 = 29.4% | Median Housing Value Unemployment Rate June 30, 1999 | | | | = \$47,722 = 3.7% |

Source: 1990 U.S. Census and 1998 HUD updated MFI.

* Data on Businesses & Farms by Geography is presented on the entire six Block Numbering Areas within La Paz County.

There are a total of six BNA's within La Paz County; three are moderate-income and three are middle-income. From July 1, 1996 to December 31, 1997, the bank's La Paz assessment area encompassed all of La Paz County. As of January 1, 1998, three CTs were eliminated from the bank's assessment area due to no branch presence. Currently, the bank's assessment area in La Paz County consists of one moderate-income and two middle-income BNA's.

According to the June 30, 1998 FDIC Deposit Market Share Reports, BOAZ was the largest bank in La Paz County with a market share of 38%. Bank of America was the second largest bank with a market share of 36%.

Community credit needs within the La Paz assessment area were identified by contacting a community-based organization. Economic development was identified as a need and the contact noted BOAZ's financing of a Casino/Resort Project. A lack of housing activity was noted within the county. The La Paz County permits office reported that there have been no new multifamily housing projects in the past three years and an annual average of 25 new single-family homes per year have been constructed.

Community development opportunities in this assessment area are limited. There are no community-based organizations located within the assessment area.

Appendix C: Tables of Performance Data of Standardized Tables

The tables cover the entire CRA evaluation period. References to the bank include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations-** Compares the percentage distribution of the number of loans originated by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations**
- See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations**
See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** The percentage distribution of the number of small loans (< \$1 million) to businesses originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Farm Loan Originations** The percentage distribution of the number of small loans (< \$500,000) to farms originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations** Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations** See Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations** See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations** Compares the percentage distribution of the number of small loans (< \$1 million) originated by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Farm Loan Originations** Compares the percentage distribution of the number of small loans (< \$500 thousand) originated by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 12. Qualified Investments Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.

Table 13. Distribution of Branch and ATM Delivery System Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

Table 14. Geographic and Borrower Distribution of Consumer Loan Originations (OPTIONAL)- For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

Table 1. Lending Volume

| LENDING VOLUME | | STATE: ARIZONA | | | | | | | | | | EVALUATION PERIOD: JULY 1, 1996 TO MARCH 31, 1999 | |
|----------------------|--|----------------|------------|-----------------|------------|-------------|------------|-----------------------|------------|----------------------|------------|---|--|
| MSA /Assessment Area | % of Total Bank Deposits in Rated Area | Home Mortgage | | Small Business* | | Small Farms | | Community Development | | Total Reported Loans | | % of Total reported Bank Loans in Rated Area | |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | | |
| Full Scope: | | | | | | | | | | | | | |
| Phoenix-Mesa, AZ | 70.97 | 29,931 | 2,114,326 | 7,910 | 518,693 | 157 | 26,996 | 10 | 34,244 | 38,008 | 2,694,259 | 72.36 | |
| Yuma, AZ | 1.64 | 709 | 24,963 | 217 | 16,496 | 12 | 1,211 | 6 | 13,480 | 944 | 56,150 | 1.80 | |
| Non-Metro - La Paz | 0.27 | 25 | 946 | 13 | 325 | 0 | 0 | 0 | 0 | 38 | 1,271 | 0.07 | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | |
| Flagstaff, AZ | 0.99 | 1,282 | 109,803 | 281 | 13,470 | 0 | 0 | 1 | 5 | 1,564 | 123,278 | 2.98 | |
| Las Vegas, NV-AZ | 2.56 | 614 | 41,727 | 297 | 16,531 | 0 | 0 | 1 | 14 | 912 | 58,272 | 1.74 | |
| Tucson, AZ | 13.01 | 5,604 | 280,793 | 1,732 | 98,827 | 13 | 2,740 | 5 | 9,332 | 7,354 | 391,692 | 14.00 | |
| Non-Metro - Arizona | 10.57 | 2,535 | 182,796 | 1,112 | 76,459 | 57 | 4,391 | 4 | 868 | 3,708 | 264,514 | 7.06 | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |

(* Data integrity errors in the small business loans reported for 1996 and 1997 cause the numbers to be inflated by as much as 8%.

Table 2. Geographic Distribution of Home Purchase Loan Originations

| GEOGRAPHIC DISTRIBUTION: HOME PURCHASE | | | | | | | | | | STATE: ARIZONA | | | | | | | | | | EVALUATION PERIOD: JULY 1, 1996 TO MARCH 31, 1999 | | | | | | | | | |
|--|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|-----|------|-------|---------|-------|------|-----|-----|---------------------------|---|---|--|--|--|--|--|--|--|--|
| MSA /Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | Overall | Upper | Mid | Mod | Low | Total Home Purchase Loans | % of Total | | | | | | | | | |
| | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | | Low | Mod | Mid | Upper | | | | | | | | # | | | | | | | | |
| Full Scope: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Phoenix-Mesa, AZ | 2.5 | 0.5 | 21.1 | 9.8 | 42.3 | 43.0 | 34.0 | 46.7 | 2 | 5.1 | 2.4 | 3.3 | 5.0 | 5.0 | 8,365 | 78.9 | | | | | | | | | | | | | |
| Yuma, AZ | 0.0 | 0.0 | 29.7 | 23.4 | 39.1 | 36.4 | 31.2 | 40.2 | 18 | 1.4 | 0.0 | 1.8 | 1.0 | 1.0 | 77 | 0.7 | | | | | | | | | | | | | |
| Non-Metro - La Paz | 0.0 | 0.0 | 22.7 | 42.9 | 77.3 | 42.9 | 0.0 | 0.0 | 3 | 9.8 | 0.0 | 12.5 | 9.0 | 0.0 | 7 | 0.1 | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Flagstaff, AZ | 0.0 | 0.0 | 9.1 | 6.4 | 56.7 | 55.3 | 34.2 | 38.3 | 2 | 10.2 | 0.0 | 10.4 | 9.0 | 13.0 | 425 | 4.0 | | | | | | | | | | | | | |
| Las Vegas, NV-AZ | 0.0 | 0.0 | 39.5 | 25.7 | 58.3 | 63.8 | 2.1 | 6.2 | 10 | 3.0 | 0.0 | 3.3 | 2.0 | 5.0 | 210 | 2.0 | | | | | | | | | | | | | |
| Tucson, AZ | 2.0 | 2.3 | 19.6 | 10.6 | 39.4 | 27.8 | 39.0 | 59.3 | 12 | 2.2 | 3.1 | 1.9 | 2.0 | 2.0 | 809 | 7.6 | | | | | | | | | | | | | |
| Non-Metro - Arizona | 0.0 | 0.0 | 5.2 | 3.1 | 57.3 | 56.3 | 37.5 | 39.8 | 7 | 5.0 | 0.0 | 1.8 | 5.0 | 5.0 | 711 | 6.7 | | | | | | | | | | | | | |

(*) Based on 1997 Aggregate HMDA Data only.

Table 3. Geographic Distribution of Home Improvement Loan Originations

| GEOGRAPHIC DISTRIBUTION: HOME IMPROVEMENT | | | | | | | | | | STATE: ARIZONA | | | | | | | | | | EVALUATION PERIOD: JULY 1, 1996 TO MARCH 31, 1999 | | | | | | | | | |
|---|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|------|------|------|-------|------------------------------|-------|------------|--|--|---|--|--|--|--|--|--|--|--|--|
| MSA /Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | | Total Home Improvement Loans | | | | | | | | | | | | | | |
| | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | | Overall | Low | Mod | Mid | Upper | | # | % of Total | | | | | | | | | | | | |
| Full Scope: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Phoenix-Mesa, AZ | 2.5 | 2.0 | 21.1 | 15.3 | 42.3 | 40.5 | 34.0 | 42.2 | 4 | 11.9 | 15.1 | 15.2 | 11.0 | 11.0 | 11.0 | 6,048 | 75.9 | | | | | | | | | | | | |
| Yuma, AZ | 0.0 | 0.0 | 29.7 | 65.7 | 39.1 | 16.6 | 31.2 | 16.6 | 1 | 25.9 | 0.0 | 61.6 | 9.0 | 12.0 | 181 | 2.3 | | | | | | | | | | | | | |
| Non-Metro - La Paz | 0.0 | 0.0 | 22.7 | 0.0 | 77.3 | 100.0 | 0.0 | 0.0 | 1 | 66.7 | 0.0 | 0.0 | 66.0 | 0.0 | 3 | 0.0 | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Flagstaff, AZ | 0.0 | 0.0 | 9.1 | 9.1 | 56.7 | 53.6 | 34.2 | 34.5 | 3 | 13.8 | 0.0 | 13.0 | 14.0 | 10.0 | 110 | 1.4 | | | | | | | | | | | | | |
| Las Vegas, NV-AZ | 0.0 | 0.0 | 39.5 | 0.0 | 58.3 | 0.0 | 2.1 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 22 | 0.3 | | | | | | | | | | | | | |
| Tucson, AZ | 2.0 | 3.1 | 19.6 | 21.9 | 39.4 | 30.4 | 39.0 | 44.6 | 3 | 11.2 | 23.2 | 20.5 | 11.0 | 8.0 | 1,326 | 16.6 | | | | | | | | | | | | | |
| Non-Metro - Arizona | 0.0 | 0.0 | 5.2 | 10.2 | 57.3 | 57.3 | 37.5 | 20.4 | 4 | 14.8 | 0.0 | 19.7 | 20.0 | 6.0 | 274 | 3.4 | | | | | | | | | | | | | |

(*) Based on 1997 Aggregate HMDA Data only.

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

| GEOGRAPHIC DISTRIBUTION: HOME MORTGAGE REFINANCE | | | | STATE: ARIZONA | | | | EVALUATION PERIOD: JULY 1, 1996 TO MARCH 31, 1999 | | | | | | | | |
|--|------------------------|--------------|-----------------------------|----------------|---------------------------|--------------|--------------------------|---|----------------------------|------|------|------|-------------------------------------|-------|--------|-------|
| MSA /Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Market Share by Geography* | | | | Total Home Mortgage Refinance Loans | | | |
| | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | Overall | Low | Mod | Mid | | Upper | | |
| Full Scope: | | | | | | | | | | | | | | | | |
| Phoenix-Mesa, AZ | 2.5 | 1.2 | 21.1 | 12.5 | 42.3 | 39.0 | 34.0 | 47.3 | 1 | 10.7 | 8.9 | 13.3 | 11.0 | 9.0 | 15,518 | 70.01 |
| Yuma, AZ | 0.0 | 0.0 | 29.7 | 36.4 | 39.1 | 28.6 | 31.2 | 33.7 | 2 | 12.3 | 0.0 | 14.0 | 13.0 | 10.0 | 451 | 2.0 |
| Non-Metro - La Paz | 0.0 | 0.0 | 22.7 | 0.0 | 77.3 | 73.3 | 0.0 | 0.0 | 1 | 17.1 | 0.0 | 0.0 | 19.0 | 0.0 | 15 | 0.1 |
| Limited Scope: | | | | | | | | | | | | | | | | |
| Flagstaff, AZ | 0.0 | 0.0 | 9.1 | 6.0 | 56.7 | 55.0 | 34.2 | 38.8 | 1 | 15.5 | 0.0 | 12.2 | 16.0 | 15.0 | 747 | 3.4 |
| Las Vegas, NV-AZ | 0.0 | 0.0 | 39.5 | 22.6 | 58.3 | 49.7 | 2.1 | 2.9 | 3 | 6.2 | 0.0 | 9.0 | 4.0 | 10.0 | 382 | 1.7 |
| Tucson, AZ | 2.0 | 1.9 | 19.6 | 18.5 | 39.4 | 32.3 | 39.0 | 47.3 | 1 | 9.2 | 10.9 | 14.4 | 10.0 | 7.0 | 3,469 | 15.7 |
| Non-Metro - Arizona | 0.0 | 0.0 | 5.2 | 5.6 | 57.3 | 61.7 | 37.5 | 32.7 | 2 | 12.5 | 0.0 | 15.4 | 15.0 | 8.0 | 1,550 | 7.0 |

(*) Based on 1997 Aggregate HMDA Data only.

Table 5. Geographic Distribution of Small Loans to Businesses

| GEOGRAPHIC DISTRIBUTION: SMALL BUSINESS | | | | | | | | | | STATE: ARIZONA | | | | | EVALUATION PERIOD: JULY 1, 1996 TO MARCH 31, 1999 | | | | |
|---|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|------|------|------|----------------------------|---|------------|--|--|--|
| MSA /Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | Total Small Business Loans | | | | | |
| | % of Businesses | % BANK Loans | % of Businesses | % BANK Loans | % of Businesses | % BANK Loans | % of Businesses | % BANK Loans | | Overall | Low | Mod | Mid | Upper | # | % of Total | | | |
| Full Scope: | | | | | | | | | | | | | | | | | | | |
| Phoenix-Mesa, AZ | 6.0 | 7.3 | 26.2 | 24.5 | 35.9 | 35.2 | 31.2 | 31.9 | 4 | 12.8 | 14.2 | 13.6 | 12.0 | 11.0 | 7,910 | 68.4 | | | |
| Yuma, AZ | 0.0 | 0.0 | 32.4 | 26.7 | 39.5 | 48.4 | 28.2 | 23.5 | 3 | 13.1 | 0.0 | 10.7 | 15.0 | 12.0 | 217 | 1.9 | | | |
| Non-Metro - La Paz | 0.0 | 0.0 | 30.4 | 23.1 | 69.6 | 76.9 | 0.0 | 0.0 | 4 | 7.5 | 0.0 | 0.0 | 8.0 | 0.0 | 13 | 0.1 | | | |
| Limited Scope: | | | | | | | | | | | | | | | | | | | |
| Flagstaff, AZ | 0.0 | 0.0 | 19.7 | 16.0 | 50.4 | 54.8 | 29.4 | 23.1 | 5 | 8.4 | 0.0 | 6.8 | 7.0 | 7.0 | 281 | 2.4 | | | |
| Las Vegas, NV-AZ | 0.0 | 0.0 | 35.1 | 32.7 | 56.1 | 62.6 | 6.0 | 3.7 | 3 | 14.5 | 0.0 | 15.1 | 15.0 | 6.0 | 297 | 2.6 | | | |
| Tucson, AZ | 8.0 | 9.5 | 28.2 | 26.4 | 33.3 | 30.6 | 30.5 | 33.5 | 4 | 12.0 | 12.3 | 11.5 | 13.0 | 11.0 | 1,732 | 15.0 | | | |
| Non-Metro - Arizona | 0.0 | 0.0 | 5.6 | 5.0 | 59.5 | 54.9 | 34.9 | 38.5 | 2 | 16.9 | 0.0 | 18.0 | 16.0 | 16.0 | 1,112 | 9.6 | | | |

(*) Based on 1997 Aggregate Small Business Data only.

Table 6. Geographic Distribution of Small Loans to Farms

| GEOGRAPHIC DISTRIBUTION: SMALL FARM | | | | STATE: ARIZONA | | | | EVALUATION PERIOD: JULY 1, 1996 TO MARCH 31, 1999 | | | | | | | | |
|-------------------------------------|------------------------|--------------|-----------------------------|----------------|---------------------------|--------------|--------------------------|---|----------------------|----------------------------|------|------|------|------------------------|-----|------------|
| MSA /Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | Total Small Farm Loans | | |
| | % of Farms | % BANK Loans | % of Farms | % BANK Loans | % of Farms | % BANK Loans | % of Farms | % BANK Loans | | Overall | Low | Mod | Mid | Upper | # | % of Total |
| Full Scope: | | | | | | | | | | | | | | | | |
| Phoenix-Mesa, AZ | 3.80 | 7.0 | 23.3 | 36.3 | 40.2 | 41.4 | 32.5 | 15.3 | 1 | 28.1 | 25.0 | 36.6 | 34.3 | 15.3 | 157 | 65.7 |
| Yuma, AZ | 0.0 | 0.0 | 31.1 | 33.3 | 42.6 | 41.7 | 26.3 | 25.0 | 5 | 6.8 | 0.0 | 0.0 | 9.1 | 12.5 | 12 | 5.0 |
| Non-Metro - La Paz | 0.0 | 0.0 | 26.7 | 0.0 | 73.3 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 |
| Limited Scope: | | | | | | | | | | | | | | | | |
| Flagstaff, AZ | 0.0 | 0.0 | 19.7 | 0.0 | 32.4 | 0.0 | 47.9 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 |
| Las Vegas, NV-AZ | 0.0 | 0.0 | 26.3 | 0.0 | 72.7 | 0.0 | 1.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 |
| Tucson, AZ | 4.4 | 0.0 | 22.1 | 30.8 | 35.5 | 30.8 | 37.9 | 38.5 | 2 | 7.7 | 0.0 | 14.3 | 11.1 | 0.0 | 13 | 5.4 |
| Non-Metro - Arizona | 0.0 | 0.0 | 1.7 | 0.0 | 70.8 | 96.5 | 27.6 | 3.5 | 1 | 22.2 | 0.0 | 0.0 | 33.3 | 0.0 | 57 | 23.8 |
| | | | | | | | | | | | | | | | | |
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(*) Based on 1997 Aggregate Small Farm Data only.

Table 7. Borrower Distribution of Home Purchase Loan Originations

| BORROWER DISTRIBUTION: HMDA HOME PURCHASE | | | | | | | | | | STATE: ARIZONA | | | | | EVALUATION PERIOD: JULY 1, 1996 TO MARCH 31, 1999 | | | | |
|---|----------------------|---------------|---------------------------|---------------|-------------------------|---------------|------------------------|---------------|-----------------------|-----------------------------------|-----|------|------|---------------------------|---|------------|--|--|--|
| MSA /Assessment Area | Low Income Borrowers | | Moderate Income Borrowers | | Middle Income Borrowers | | Upper Income Borrowers | | Overall Market Rank** | Market Share by Borrower Income** | | | | Total Home Purchase Loans | | | | | |
| | % of Families | % BANK Loans* | % of Families | % BANK Loans* | % of Families | % BANK Loans* | % of Families | % BANK Loans* | | Overall | Low | Mod | Mid | Upper | # | % of Total | | | |
| Full Scope: | | | | | | | | | | | | | | | | | | | |
| Phoenix-Mesa, AZ | 19.9 | 4.4 | 18.4 | 16.8 | 23.1 | 24.7 | 38.6 | 51.7 | 2 | 5.1 | 2.4 | 3.9 | 4.7 | 6.6 | 8,365 | 78.9 | | | |
| Yuma, AZ | 20.1 | 9.1 | 17.8 | 16.9 | 21.6 | 27.3 | 40.6 | 44.2 | 18 | 1.4 | 2.3 | 0.6 | 0.8 | 1.9 | 77 | 0.7 | | | |
| Non-Metro - La Paz | 29.0 | 0.0 | 17.8 | 50.0 | 19.8 | 16.7 | 33.3 | 33.3 | 3 | 9.8 | 0.0 | 20.0 | 6.7 | 10.0 | 6 | 0.1 | | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | | | | |
| Flagstaff, AZ | 16.1 | 1.9 | 16.1 | 13.4 | 21.5 | 31.3 | 46.3 | 52.0 | 2 | 10.2 | 2.3 | 6.4 | 14.1 | 10.4 | 425 | 4.0 | | | |
| Las Vegas, NV-AZ | 24.9 | 13.3 | 24.4 | 22.4 | 23.8 | 23.3 | 26.9 | 40.0 | 10 | 3.0 | 3.4 | 2.4 | 3.1 | 3.4 | 210 | 2.0 | | | |
| Tucson, AZ | 19.9 | 4.4 | 17.7 | 17.3 | 22.6 | 21.9 | 39.9 | 54.1 | 12 | 2.2 | 2.0 | 2.2 | 1.7 | 2.7 | 809 | 7.6 | | | |
| Non-Metro - Arizona | 17.3 | 0.8 | 17.0 | 7.0 | 20.7 | 13.9 | 45.0 | 76.1 | 7 | 5.0 | 2.3 | 4.3 | 3.8 | 5.9 | 712 | 6.7 | | | |
| | | | | | | | | | | | | | | | | | | | |
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(*) As a percentage of loans with borrower income information available. No information was available for 2.4% of loans originated by BANK ONE ARIZONA, N.A..
 (***) Based on 1997 Aggregate HMDA Data only.

Table 8. Borrower Distribution of Home Improvement Loan Originations

| Borrower Distribution: HOME IMPROVEMENT | | | | | | | | | | STATE: ARIZONA | | | | | EVALUATION PERIOD: JULY 1, 1996 TO MARCH 31, 1999 | | | | |
|---|----------------------|---------------|---------------------------|---------------|-------------------------|---------------|------------------------|---------------|-----------------------|-----------------------------------|------|-------|------|------------------------------|---|------------|--|--|--|
| MSA /Assessment Area | Low Income Borrowers | | Moderate Income Borrowers | | Middle Income Borrowers | | Upper Income Borrowers | | Overall Market Rank** | Market Share by Borrower Income** | | | | Total Home Improvement Loans | | | | | |
| | % of Families | % BANK Loans* | % of Families | % BANK Loans* | % of Families | % BANK Loans* | % of Families | % BANK Loans* | | Overall | Low | Mod | Mid | Upper | # | % of Total | | | |
| Full Scope: | | | | | | | | | | | | | | | | | | | |
| Phoenix-Mesa, AZ | 19.9 | 8.1 | 18.4 | 14.6 | 23.1 | 23.5 | 38.6 | 53.1 | 4 | 11.9 | 19.6 | 12.5 | 10.4 | 11.4 | 6,048 | 76.0 | | | |
| Yuma, AZ | 20.1 | 12.7 | 17.7 | 24.9 | 21.6 | 29.8 | 40.6 | 32.0 | 1 | 25.9 | 38.1 | 43.2 | 38.2 | 14.1 | 181 | 2.3 | | | |
| Non-Metro - La Paz | 29.0 | 0.0 | 17.8 | 66.7 | 19.8 | 33.3 | 33.3 | 0.0 | 1 | 66.7 | 0.0 | 100.0 | 0.0 | 0.0 | 3 | 0.0 | | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | | | | |
| Flagstaff, AZ | 16.1 | 12.7 | 16.1 | 14.5 | 21.5 | 21.8 | 46.3 | 49.1 | 3 | 13.8 | 23.5 | 27.6 | 14.3 | 9.5 | 110 | 1.4 | | | |
| Las Vegas, NV-AZ | 24.9 | 36.4 | 24.4 | 13.6 | 23.8 | 31.8 | 26.9 | 18.2 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 22 | 0.3 | | | |
| Tucson, AZ | 19.9 | 13.3 | 17.7 | 19.0 | 22.6 | 19.4 | 39.9 | 47.8 | 3 | 11.2 | 27.2 | 17.4 | 8.6 | 8.5 | 1,326 | 16.6 | | | |
| Non-Metro - Arizona | 17.3 | 14.2 | 17.0 | 16.4 | 20.7 | 27.4 | 45.0 | 41.2 | 4 | 14.8 | 28.1 | 20.0 | 21.9 | 8.8 | 274 | 3.4 | | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |

(*) As a percentage of loans with borrower income information available. No information was available for 0.7% of loans originated by BANK ONE ARIZONA, N.A.
 (***) Based on 1997 Aggregate HMDA Data only.

Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations

| Borrower Distribution: HOME MORTGAGE REFINANCE | | | | | | | | | | STATE: ARIZONA | | | | | EVALUATION PERIOD: JULY 1, 1996 TO MARCH 31, 1999 | | | | |
|--|----------------------|---------------|---------------------------|---------------|-------------------------|---------------|------------------------|---------------|-----------------------|-----------------------------------|------|------|------|-------------------------------------|---|------------|--|--|--|
| MSA /Assessment Area | Low Income Borrowers | | Moderate Income Borrowers | | Middle Income Borrowers | | Upper Income Borrowers | | Overall Market Rank** | Market Share by Borrower Income** | | | | Total Home Mortgage Refinance Loans | | | | | |
| | % of Families | % BANK Loans* | % of Families | % BANK Loans* | % of Families | % BANK Loans* | % of Families | % BANK Loans* | | Overall | Low | Mod | Mid | Upper | # | % of Total | | | |
| Full Scope: | | | | | | | | | | | | | | | | | | | |
| Phoenix-Mesa, AZ | 19.9 | 6.2 | 18.4 | 16.8 | 23.1 | 26.2 | 38.6 | 47.9 | 1 | 10.7 | 12.3 | 12.5 | 12.6 | 10.7 | 15,518 | 70.1 | | | |
| Yuma, AZ | 20.1 | 5.8 | 17.7 | 23.3 | 21.6 | 26.4 | 40.6 | 43.9 | 2 | 12.3 | 10.6 | 16.3 | 16.1 | 10.5 | 451 | 2.0 | | | |
| Non-Metro - La Paz | 29.0 | 9.1 | 17.8 | 9.1 | 19.8 | 36.4 | 33.3 | 45.5 | 1 | 17.1 | 100 | 25 | 0.0 | 19.0 | 11 | 0.0 | | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | | | | |
| Flagstaff, AZ | 16.1 | 2.0 | 16.1 | 12.9 | 21.5 | 23.6 | 46.3 | 58.2 | 1 | 15.5 | 8.3 | 19.4 | 15.3 | 15.4 | 747 | 3.4 | | | |
| Las Vegas, NV-AZ | 24.9 | 15.7 | 24.4 | 30.6 | 23.8 | 26.7 | 26.9 | 24.9 | 3 | 6.2 | 5.7 | 7.0 | 7.1 | 5.6 | 382 | 1.7 | | | |
| Tucson, AZ | 19.9 | 7.9 | 17.7 | 18.3 | 22.6 | 26.4 | 39.9 | 45.5 | 1 | 9.2 | 14.2 | 11.7 | 10.8 | 8.0 | 3,469 | 15.7 | | | |
| Non-Metro - Arizona | 17.3 | 3.8 | 17.0 | 10.5 | 20.7 | 21.4 | 45.0 | 61.5 | 2 | 12.5 | 23.5 | 17.3 | 13.4 | 11.4 | 1,554 | 7.0 | | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |

(*) As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated by BANK ONE ARIZONA, N.A.
 (***) Based on 1997 Aggregate HMDA Data only.

Table 10. Borrower Distribution of Small Loans to Businesses

| BORROWER DISTRIBUTION: SMALL BUSINESS | | STATE: ARIZONA | | | | EVALUATION PERIOD: JULY 1, 1996 TO MARCH 31, 1999 | | | | | | |
|---------------------------------------|---|----------------|--|-------------------|--------------------------|---|----------------------------|------------------------------|-------|------------|---------------|--|
| MSA /Assessment Area | Business with Revenues of \$1 million or less | | Loans by Original Amount regardless of Business Size | | Market Share**** | | Total Small Business Loans | | | | | |
| | % of Businesses* | % BANK Loans** | % Market Loans*** | \$100,000 or Less | > \$100,000 to \$250,000 | > \$250,000 to \$1,000,000 | All | Rev \$1 million or less***** | # | % of Total | Avg Loan Size | |
| Full Scope: | | | | | | | | | | | | |
| Phoenix-Mesa, AZ | 71.4 | 23.8 | 35.0 | 6,862 | 548 | 500 | 12.8 | 6.86 | 7,910 | 68.4 | 65 | |
| Yuma, AZ | 71.7 | 22.6 | 34.7 | 178 | 21 | 18 | 13.1 | 6.88 | 217 | 1.9 | 76 | |
| Non-Metro - La Paz | 75.8 | 69.2 | 42.9 | 13 | 0 | 0 | 7.5 | 16.0 | 13 | 0.1 | 25 | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | |
| Flagstaff, AZ | 72.1 | 24.6 | 30.8 | 253 | 18 | 10 | 8.4 | 6.28 | 281 | 2.4 | 47 | |
| Las Vegas, NV-AZ | 78.8 | 28.6 | 42.2 | 258 | 28 | 11 | 14.5 | 6.42 | 297 | 2.6 | 55 | |
| Tucson, AZ | 72.1 | 24.7 | 39.8 | 1,549 | 94 | 89 | 12.0 | 4.31 | 1,732 | 15.0 | 57 | |
| Non-Metro - Arizona | 74.9 | 24.7 | 38.3 | 961 | 83 | 68 | 16.9 | 8.44 | 1,112 | 9.6 | 68 | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available. No revenue information was available for 65% of loans originated by BANK ONE ARIZONA, N.A. Therefore, the numbers in this column are not meaningful.

(***) The market consists of all other Small Business reporters in BANK ONE ARIZONA, N.A.'s assessment area and is based on 1997 Aggregate Small Business Data only.

(****) Based on 1997 Aggregate Small Business Data only.

(*****) Due to the large percentage of bank loans missing revenue information, these percentages are not meaningful.

Table 11. Borrower Distribution of Small Loans to Farms

| BORROWER DISTRIBUTION: SMALL FARM | | | STATE: ARIZONA | | | | EVALUATION PERIOD: JULY 1, 1996 TO MARCH 31, 1999 | | | | | |
|-----------------------------------|---|----------------|--|-------------------|-------------------------|----------------------------|---|-------------------------|-----|------------|---------------|--|
| MSA /Assessment Area | Farm with Revenues of \$1 million or less | | Loans by Original Amount regardless of Farm Size | | Market Share**** | | Tortal Small Farm Loans | | | | | |
| | % of Farms* | % BANK Loans** | % Market Loans*** | \$100,000 or Less | > \$100,00 to \$250,000 | > \$250,000 to \$1,000,000 | All | Rev \$1 million or less | # | % of Total | Avg Loan Size | |
| Full Scope: | | | | | | | | | | | | |
| Phoenix-Mesa, AZ | 71.4 | 21.0 | | 75 | 42 | 40 | | | 157 | 65.7 | 171 | |
| Yuma, AZ | 71.7 | 33.3 | | 8 | 4 | 0 | | | 12 | 5.0 | 100 | |
| Non-Metro - La Paz | 0 | 0 | | 0 | 0 | 0 | | | 0 | 0.0 | 0 | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | |
| Flagstaff, AZ | 72.1 | 0 | | 0 | 0 | 0 | | | 0 | 0.0 | 0 | |
| Las Vegas, NV-AZ | 78.8 | 0 | | 0 | 0 | 0 | | | 0 | 0.0 | 0 | |
| Tucson, AZ | 72.1 | 46.2 | | 5 | 4 | 4 | | | 13 | 5.4 | 210 | |
| Non-Metro - Arizona | 74.9 | 23.4 | | 47 | 11 | 4 | | | 57 | 23.8 | 77 | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

(*) As a percentage of Farms with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for XX% of loans originated by BANK ONE ARIZONA, N.A.

(***) The market consists of all other Small Farm reporters in BANK ONE ARIZONA, N.A.'s assessment area and is based on 1997 Aggregate Small Farm Data only.

(****) Based on 1997 Aggregate Small Farm Data only.

Table 12. Qualified Investments

| QUALIFIED INVESTMENTS | | STATE: ARIZONA | | | | EVALUATION PERIOD: JULY 1, 1996 To MARCH 31, 1999 | | | |
|-----------------------|---------------------------|----------------|----------------------------|-----|-------------------|---|----------------------|------------|-----------------|
| MSA/Assessment Areas: | Prior Period Investments* | | Current Period Investments | | Total Investments | | Unfunded Commitments | | |
| | # | \$ (000's) | %** | # | \$ (000's) | %** | # | \$ (000's) | % of Total \$ S |
| Full-Scope: | | | | | | | | | |
| Phoenix-Mesa MSA | 3 | 3,851 | 42.9 | 110 | 5,132 | 57.1 | 113 | 8,983 | 100 |
| Yuma MSA | 0 | 0 | 0.0 | 22 | 972 | 100 | 22 | 972 | 100 |
| Non-Metro - La Paz | 0 | 0 | 0.0 | 11 | 1 | 100 | 11 | 1 | 100 |
| | | | | | | | | | |
| | | | | | | | | | |
| Limited-Scope: | | | | | | | | | |
| Flagstaff MSA | 0 | 0 | 0.0 | 22 | 53 | 100 | 22 | 53 | 100 |
| Las Vegas MSA | 2 | 1,996 | 99.7 | 11 | 5 | .3 | 13 | 2,001 | 100 |
| Tucson MSA | 1 | 474 | 4.6 | 58 | 9,797 | 95.4 | 59 | 10,271 | 100 |
| Non-Metro - Arizona | 0 | 0 | 0.0 | 74 | 51 | 100 | 74 | 51 | 100 |
| | | | | | | | | | |

(*) Prior Period Investments means investments made in a previous evaluation period that remain outstanding.

(**) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

Table 13. Distribution of Branch and ATM Delivery System

| DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM | | | | | | | | | | EVALUATION PERIOD: JULY 1, 1996 TO JUNE 30, 1999 | | | | | | | | | |
|--|--------------------------|--------------------|--------------------------|---|------|-------|----------------|----------------------|---|--|------|---|---|-----|------|------------|------|--|--|
| STATE: ARIZONA | | | | | | | | | | | | | | | | | | | |
| MSA/Assessment Area: | Deposits | | | Branches | | | ATMs | | | Location of Branches by Income of Geographies | | | Location of ATMs by Income of Geographies | | | Population | | | |
| | % of Total BANK Deposits | # of BANK Branches | % of Total BANK Branches | Location of Branches by Income of Geographies | | | # of BANK ATMs | % of Total BANK ATMs | Location of ATMs by Income of Geographies | | | % of the Population within Each Geography | | | | | | | |
| | | | | Low | Mod | Upp | | | Low | Mod | Upp | Low | Mod | Upp | | | | | |
| Full-Scope: | | | | | | | | | | | | | | | | | | | |
| Phoenix-Mesa | 71.0 | 110 | 61.5 | 1.8 | 23.6 | 37.3 | 36.4 | 238 | 64.2 | 2.3 | 25.9 | 36.4 | 35.5 | 4.9 | 26.6 | 39.6 | 28.9 | | |
| Yuma | 1.6 | 3 | 1.7 | 0.0 | 66.7 | 33.3 | 0.0 | 5 | 1.3 | 0.0 | 66.7 | 33.3 | 0.0 | 0.0 | 36.5 | 33.3 | 30.3 | | |
| Non-Metro - La Paz | 0.3 | 1 | 0.6 | 0.0 | 0.0 | 100.0 | 0.0 | 1 | 0.3 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 17.4 | 82.6 | 0.0 | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| Limited-Scope: | | | | | | | | | | | | | | | | | | | |
| Flagstaff | 1.0 | 4 | 2.2 | 0.0 | 0.0 | 75.0 | 25.0 | 12 | 3.2 | 0.0 | 0.0 | 75.0 | 25.0 | 0.0 | 22.0 | 52.0 | 26.0 | | |
| Las Vegas | 2.6 | 5 | 2.8 | 0.0 | 40.0 | 60.0 | 0.0 | 8 | 2.2 | 0.0 | 40.0 | 60.0 | 0.0 | 0.0 | 39.1 | 59.0 | 1.9 | | |
| Tucson | 13.0 | 37 | 20.7 | 5.4 | 21.6 | 29.7 | 43.2 | 72 | 19.4 | 5.7 | 22.9 | 30.0 | 41.4 | 4.3 | 28.2 | 35.8 | 31.8 | | |
| Non-Metro - Arizona | 10.6 | 19 | 10.6 | 0.0 | 10.5 | 47.4 | 42.1 | 35 | 9.4 | 0.0 | 11.4 | 48.6 | 40.0 | 0.0 | 6.0 | 59.9 | 34.1 | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |

Charter Number: 14324