



Comptroller of the Currency
Administrator of National Banks

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Multinational Banking Department
Washington, D.C. 20219

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

October 24, 1996

Bank One, Wheeling-Steubenville, N.A.
1114 Market Street
Wheeling, WV 26003

Charter No. 13914

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

GENERAL INFORMATION

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

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of **October 24, 1996**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

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

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

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

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

“Outstanding record of meeting community credit needs.”

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

“Satisfactory record of meeting community credit needs.”

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

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

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

“Substantial noncompliance in meeting community credit needs.”

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

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating

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

"Satisfactory record of meeting community credit needs."

Evaluation Period: The bank's previous Public Disclosure was dated June 16, 1992. The current disclosure evaluates the bank's performance from June 17, 1992 through June 30, 1996.

BANK PROFILE

Bank One, Wheeling-Steubenville, N.A. (BOWS) is a wholly-owned subsidiary of Banc One West Virginia Corporation (BOWV) which owns two commercial banks in West Virginia, and as of June 30, 1996 had assets of \$2.96 billion. BOWV is wholly owned by Banc One Corporation (BOC) of Columbus, Ohio. As of June 30, 1996, BOC had total assets of \$97.1 billion and operated 59 banks in Arizona, Colorado, Illinois, Indiana, Kentucky, Louisiana, Ohio, Oklahoma, Texas, Utah, West Virginia, and Wisconsin.

During the examination period, the following BOC subsidiaries, Banc One Mortgage Corporation (BOMC) and Banc One Community Development Corporation, conducted lending and investment activities within BOWS's delineated community. These activities are included in this CRA examination.

BOWS is the surviving charter of a recent merger of several Bank One affiliates: Bank One, West Virginia, Wheeling, N.A. and Bank One, New Martinsville, N.A. were merged into Bank One, Steubenville, N.A. on January 1, 1996. During this same time, the bank relocated its headquarters from Steubenville, Ohio to Wheeling, West Virginia. The name of the bank was changed from Bank One, Steubenville, NA to Bank One Wheeling-Steubenville to reflect the merger and relocation activity.

The following table shows that prior to the 1996 merger, the bank's total assets experienced limited growth, and net income declined slightly. This was the result of competition and internal restructuring. The merger dramatically increased the size of the bank.

Year End Assets, Income, and Return on Assets
\$ (millions)

	1992	1993	1994	1995	6/30/96
Total Assets	\$254	\$259	\$267	\$266	\$481
Net Income	\$4.1	\$4.8	\$4.4	\$4.0	\$3.5
Return on Assets	1.6%	1.8%	1.6%	1.5%	.7%

Source: Consolidated Reports of Income and Condition

As of June 30, 1996, the bank had 13 full-service branches. In addition, BOWS operates three drive-in facilities, and 12 automated teller machines (ATMs).

The following table shows the bank's loan-to-deposit ratios during the examination period. The ratios have declined since 1993. This is the result of a corporate decision to package and sell large volumes of bank loans, and the fierce competition from other financial institutions within the bank's delineated community. BOWS is primarily a retail lender.

Year End Loans and Deposits
\$ (Millions)

	1992	1993	1994	1995	*6/30/96
Retail Loans	\$124.4	\$148.8	\$151.2	\$144.7	\$215.2
Commercial Loans	33.3	32.3	26.9	21.5	50.7
Agricultural Loan	<1	<1	<1	<1	<1
Total Loans	158	181	178	166	266
Total Deposits	206	213	214	210	396
Loan-to-Deposit Ratio	76.7%	85.0%	83.2%	79.5%	67.2%

Source: Year end Reports of Condition.

* Data obtained from June 30, 1996 Report of Condition.

COMMUNITY PROFILE

BOWS delineates its local community based on an internal analysis of loan and deposit penetration. The analysis is performed on a quarterly basis (See Factor G). As of June 30, 1996, BOWS' community delineation includes portions of the Steubenville-Weirton and Wheeling MSAs, and portions of Harrison and Wetzel counties. Bank management altered the delineation twice during the review period. In 1996, two Belmont county census tracts were excluded from the delineated area. Neither of the tracts are low- or moderate-income (LMI). The census tracts had been included in the delineation because of their proximity to two BOWS branches. These branches were sold during 1996. Also during 1996, portions of the Wheeling MSA and Wetzel county were added to the delineated community as a result of the merger.

Economic Conditions - As of spring 1996, unemployment rates in the Ohio portion of the bank's delineated area ranged from 6.3% in Belmont county to 7.3% in Harrison county. These rates were significantly higher than the Ohio state unemployment rate of 4.6%. In the West Virginia portion, unemployment rates ranged from 4.3% in Ohio county to 11.4% in Wetzel county. These rates were consistent with the high state unemployment rate of 7.7%. During 1995, the state of West Virginia ranked highest in the nation for percent of population unemployed (8.3%).

Dominant industries are concentrated in the steel, coal, aluminum, and chemical industries. Some of the largest employers in the area are: Wheeling-Pittsburgh Steel Corporation, Bayer Corporation, and PPG Industries.

Extenuating Circumstances - Inclement weather negatively impacted construction and home improvement projects in the bank's delineated area during the first six months of 1996. From December 1995 through March 1996, the area was blanketed with approximately 35 inches of snow, about 115% above normal. From April 1996 through June 1996, the area received 15 inches of rain, about 40% above normal. The combination of melting snow and heavy rainfall resulted in severe flooding of the Ohio River and extensive property damage throughout the area.

The following table shows demographic information for the bank's delineated communities. For purposes of this evaluation, LMI census tracts are defined as those tracts with less than 80% of the census MSA family median income.

Demographic Information for the Bank's Delineated Communities

	Steubenville/ Weirton MSA	Wheeling MSA	Non-MSA Areas	Totals
Population	102,125	128,094	14,479	244,698
Minority Population	5,611	3,738	101	9,450
Median income	\$29,169	\$27,287	\$25,291	-
# census tracts	31	42	3	76
# Low income census tracts	4	1	0	5
# Moderate income census tracts	3	8	0	11
# Total households	39,515	50,878	5,572	95,965
# LMI households	16,517	20,768	2,131	39,416
# Households below poverty level	6,402	8,524	1,000	15,926
# housing units	42,651	56,374	5,997	105,022
# OOC* housing	29,431	36,243	4,228	69,902

Source: 1990 U.S. Census

*OOO = Owner Occupied

The table shows that a significant number (21%) of the bank's census tracts are LMI, and that LMI households are prevalent throughout the bank's delineated community (41%). Nearly 20% of the households within the bank's community live below the poverty level. Finally, the table shows that the majority (67%) of housing units are owner occupied.

Community Credit Needs - Our evaluation included contacts with representatives from the local community including, religious, civic, and affordable housing initiative leaders. These contacts were used to identify community credit needs. Community credit needs identified include:

- o **Loans for affordable single family housing and property rehabilitation**

Loans with flexible lending criteria are needed throughout the delineated community, especially for first time home buyers with low- or moderate-incomes. Barriers to customers obtaining these types of loans include poor credit history, high debt to income

ratios, and insufficient funds for downpayment and closing. In addition, property rehabilitation loans are difficult to obtain as the cost to rehabilitate many area homes significantly exceeds the current or rehabilitated value of the property.

o **Economic development loans and small business loans**

Funds are needed to fund existing, or to establish new businesses that will create a significant number of local jobs. Funds are also needed to finance small business loans. Barriers to customers obtaining these types of loans include lack of knowledge of the loan process, lack of collateral, and lack of business expertise.

These needs have also been identified by BOWS. See Assessment Factor A for the bank's responses to these credit needs.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

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

Conclusion - Management has developed a formal ascertainment program that is effective in identifying credit needs throughout the bank's delineated community, including LMI areas. The bank has developed or modified existing loan products to adequately address identified credit needs.

Rationale - BOWS has effectively identified credit needs throughout its delineated community. Senior management has developed a variety of credit products that are designed to help meet these needs. In addition, the bank has modified consumer and commercial credit products to better serve customers.

Supporting Detail - Management constructs and implements an annual CRA Plan. During 1992 through 1995, the plan included specific, measurable goals, loan and deposit analyses, detailed ascertainment activities, and required management to implement product development or modification, as needed. As a result of the merger and the internal restructuring of the bank's CRA program, the 1996 plan is limited to marketing and ascertainment goals. The three primary ascertainment activities conducted by BOWS are: on-going contact with a variety of community groups, input from the Community Advisory Council (CAC), and a customer profile initiative calling program.

On-going contacts with community groups are the core of BOWS' ascertainment efforts. Senior management is responsible for making ascertainment calls on an ongoing basis with emphasis placed on economic development groups, clergy, small business owners, civic leaders, affordable housing organizations, and social agencies. Some of the contact groups include: City of Steubenville, Belmont County Small Business Development Corporation,

Salvation Army, Wheeling Chamber of Commerce, Ohio Valley Community Development Corporation, Greater New Martinsville Development Corporation, Northern Panhandle HOME Consortium Council, Catholic Charities Diocese of Steubenville, and Bethlehem Apostolic Temple.

As of June 30, 1996 BOWS had two Community Advisory Councils (CAC). They are composed of 28 leaders from the local community. These leaders include representatives from the religious, social services, civic, small business, and realty sectors. The CACs meet quarterly to discuss the effectiveness of BOWS' CRA program and credit needs within the local community.

During January 1996, the bank implemented a customer profile initiative. Bank personnel contact existing and potential customers to ascertain their credit and depository needs. As of June 30, 1996, bank employees had completed 6,448 customer profile phone and onsite calls.

During the examination period, BOWS acquired a variety of demographic reports that detailed housing and economic development needs, as well as strategies for improvement. These studies were used to refine the bank's ascertainment and marketing efforts.

As a result of the ascertainment efforts described above, three major credit needs of the local community were identified by the bank. These credit needs and the bank's response to them needs are detailed below.

o Affordable Housing Loans with Flexible Underwriting Criteria

BOWS offers a variety of conventional residential loan products. In addition, the bank offers an affordable residential purchase loan product with flexible underwriting criteria (See Assessment Factor I).

o Economic Development and Small Business Loans

BOWS offers a full range of commercial loan products including lines of credit, installment loans, and deposit services. In addition, the bank has developed a line of credit that targets small businesses with lending needs of \$20,000 or greater, and a business credit card for small businesses with lending needs of less than \$20,000. Finally, the bank participates in government guaranteed commercial loan programs.

o Credit Education

BOWS offers a variety of affordable housing and small business seminars throughout its local community. These seminars are designed to provide technical assistance to potential consumer and small business borrowers. Bank personnel explain the lending process, completing loan applications, and explain the importance of credit histories, collateral, etc.

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

Conclusions - The Board of Directors maintains strong oversight of bank CRA-related activities. Day-to-day CRA compliance responsibilities have been delegated to senior management. The Board has made compliance with CRA a central part of the bank's planning process.

Rationale - The Board of Directors has adopted a formal CRA plan that provides adequate guidance to management. The Board receives periodic updates of CRA activities from the CRA Officer and the internal CRA committee. The committee meets quarterly to monitor the on-going CRA activities of the bank.

Supporting Detail - As described in Assessment Factor A, the Board has established two Community Advisory Councils (CAC) to assist management in identifying and addressing credit needs within the local community. In addition, the internal CRA committee meets quarterly to act on the recommendations of the CAC and to review the results of CRA activities conducted during the quarter.

Board members and senior management maintain a leadership role in a variety of community groups. These affiliations help to ensure that Directors are aware of credit needs within the community.

BOC provides BOWS with a CRA Officer who is responsible for administering daily CRA activities, ensuring compliance with corporate policy, and analyzing the bank's lending performance. BOWS is in compliance with the technical requirements of CRA.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

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

Conclusion and Rationale - BOWS has designed and implemented an effective marketing program. It is designed to inform all members of the delineated community of the bank's credit and financial services.

Supporting Detail - The bank's advertisements stimulate awareness of its credit and financial products throughout the delineated community. BOWS uses both corporate and local advertising. BOC is responsible for the creation and distribution of all television advertising. Major network affiliate stations are used to promote credit and depository products. These stations reach a large, diverse audience including LMI persons. The bank also advertises on a local cable channel.

BOWS uses a variety of local media sources to advertise its products. These include The Steubenville Herald Star and The Wheeling Intelligencer, the area's generally circulated local newspapers, and four local radio stations. In addition, the bank used direct marketing to target identified, under-served areas of the community. BOWS also advertises on billboards in LMI areas, and in local community newsletters. During the review period, the following credit products were advertised: affordable mortgages, home equity lines of credit, consumer loans, and business loans.

Non-traditional means of marketing used by BOWS include various educational seminars and outreach activities. During the evaluation period, the bank conducted small business seminars discussing most facets of operating a business, including understanding the financial performance of a business, how to manage the income statement, and understanding budgets and cash flow.

The bank also participates in Community Homebuyer Investment Program seminars. In these seminars, bank officers and other volunteers teach LMI individuals about home ownership. Bank officers also conduct presentations on banking products and services through local schools, churches, expositions, and community groups such as the Salvation Army and YMCA. These programs provide information about personal budgeting, consumer finance, credit cards, deposits, and home mortgage financing.

Mortgage lenders also regularly meet with local realtors, discussing such topics as the Affordable Housing products, Rehab Mortgage Financing, and FHA/VA programs.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business loans.

Conclusions - BOWS' level of origination of residential, small business, and consumer loans within its community reflects a reasonable of responsiveness to needs identified within the community.

Rationale - The bank has adequately addressed identified credit needs, including affordable mortgage financing and small business loans.

Supporting Detail - BOWS offers a variety of consumer and commercial loan products throughout the entire delineated community. The current CRA Statement correctly lists these products offered.

- o **Residential:** Purchase money mortgage loans, through BOMC; home improvement loans, home equity loans, equity reserve lines of credit.
- o **Consumer:** Installment loans, lines of credit, credit cards, and education loans;
- o **Commercial:** Term loans and lines of credit.

Residential - Housing related loan products are originated by BOWS and BOMC. During the review period, BOWS and BOMC developed an affordable home loan product with liberal underwriting standards. This product is designed to help meet the needs of LMI customers. Management does not perform a detailed tracking of this program. However, the overwhelming majority of affordable housing loans are originated via flexibility in the bank's standard underwriting criteria, and are reported as loans to LMI persons under the Home Mortgage Disclosure Act (HMDA). These numbers are detailed in the following table. The table also shows the combined BOMC/BOWS residential loan activity generated within the delineated community. The totals show that BOWS has made a reasonable effort to help meet the need for housing-related loan products within its delineated area. A significant percent of these loans were extended to LMI persons (33% in 1994, and 28% in 1995). The bank's residential loan volume decreased during the review period. This is primarily the result of a sharp reduction in the number of refinance loans. The entire refinance industry was negatively impacted by an increase in interest rates. Loan originations for 1996 were unavailable during this examination.

Number of Housing-Related Loan Originations

	1993 In Market	1994 In Market	1995 In Market
*Home Purchase	60	76	78
Home Improvement	82	97	78
Refinance	119	61	52
TOTAL	261	234	208
Loans to LMI Persons included in above totals	information not available	78	58

Source: Internally generated bank reports.

* Home purchase loan totals include government-sponsored affordable housing programs listed in Factor J

Commercial - Small business lending is another credit need identified by management. For purposes of this evaluation, small businesses are those with annual sales of less than \$1 million. The following table shows that BOWS has made a reasonable effort to address the need for small business credit needs. From 1993 through June 30, 1996 the bank originated most (98%) of its small business loans within its delineated community. The volume of small business loans was negatively affected during 1995 because of the loss of a commercial lender.

Number of Small Business Loan Originations

1993	1994	1995	6/30/96	TOTAL
52	51	35	34	172

Source: Internally generated bank reports

Consumer - While not specifically identified as an un-met community credit need, the bank maintains a significant portfolio of consumer loans. These include direct and indirect installment loans, personal lines of credit, and credit cards. As of June 30, 1996, the bank had 34,655 loans outstanding totaling \$251.3 million.

Assessment Factor J - The institution's participation in government insured, guaranteed, or subsidized loan programs.

Conclusions - The bank's participation in government programs is reasonable.

Rationale - BOWS is actively involved in government-sponsored affordable housing programs, but has limited participation in small business programs.

Supporting Detail - The bank participates in the following government-sponsored loans programs:

Small Business Administration - BOWS is a certified SBA lender and is also involved in the SBA "Low Doc" program. This program is designed for businesses with average annual sales of \$5 million or less.

First Time Homebuyer programs - Offered through the cities of Steubenville and Bellaire. Under this program, the cities fund up to \$10,000 in down payment and closing cost assistance, and the bank uses flexible underwriting criteria.

The Ohio Housing Finance Agency - Ohio state program for LMI first-time home buyers. This program provides lower interest rates and uses FHA underwriting guidelines.

The Ohio Linked Deposit Program - Sponsored by the state of Ohio. Loans are funded through deposits maintained by the bank. BOWS bank loans this money to small businesses for up to four years at below market interest rates.

The following table details the bank's level of involvement in government-sponsored loan programs. It shows that during 1994, the bank was a strong participant in FHA/VA programs and First Time Homebuyer programs. However since that time, the bank's participation has declined sharply. Management attributes the decline during 1996 to a reduction in the number of BOMC originators and to inclement weather.

Participation in Government Programs
(\$ in 000)

Gov't Program	1993		1994		1995		YTD 6/96	
	#	\$	#	\$	#	\$	#	\$
FHA/VA*	4	\$170	39	\$2,116	29	\$1,292	8	\$436
SBA**	-	-	1	195	2	71	5	751
First Time Home buyer	-	-	13	285	6	127	2	51
Ohio Housing Agency	-	-	2	103	2	65	-	-
Ohio Linked Deposit	1	30	-	-	1	17	-	-
TOTAL	5	\$200	55	\$2,699	40	\$1,572	15	\$1,238

Source: Internally generated bank reports

* FHA/VA loan products are offered through BOMC.

** SBA numbers are in addition to the small business originations shown under Assessment Factor I.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

The bank's delineated area, as defined in the Bank Profile section of this evaluation is reasonable and does not arbitrarily exclude LMI areas.

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

Conclusion - The geographic distribution of the bank's credit extensions, credit applications, and credit denials is reasonable.

Rationale - BOWS has extended credit throughout its delineated community. The volume of applications and loans generated within LMI census tracts is very low. The bank has made a reasonable effort to offset this trend by generating an acceptable number of applications and loans among LMI individuals. During 1994 and 1995, bank management performed a

quarterly analysis of the geographic distribution of its residential real estate, small business, and consumer loans.

Supporting Detail - Since 1994, BOC's CRA department has performed three types of geographic distribution analyses for BOWS. These analyses include consumer, small business, and HMDA reportable loans. During 1996, the structure of the reports changed. The reports now include a detailed analysis of HMDA reportable loans, and a streamlined analysis of consumer loans. Results of these analyses are used by BOWS management to assess CRA performance, target ascertainment, and for marketing and community development efforts. In addition, results are used to assess the reasonableness of the delineated community.

Bank management uses an internally generated report, the Consumer Portfolio Detail (CPD), to analyze the geographic distribution of consumer loans. The report tracks the bank's penetration of consumer households with deposits and loans. The CPD uses the following in defining consumer loans: direct and indirect installment loans, bank credit card, equity loans and lines of credit, mortgages originated by the bank and by BOMC, student loans, and commercial loans for personal financing. Deposits include: checking accounts, interest bearing checking accounts, money market savings, IRAs, certificates of deposit, and other savings accounts. As of June 30, 1996, the bank had a consumer depository relationship with approximately 17,000, or 18% of the estimated households in the bank's community. In addition, the bank extended loans to approximately 19,500, or 20% of the households.

The CPD is also used to identify areas of low consumer loan penetration. Low credit penetration is defined by BOWS as any census tract with a household penetration of less than one-half the overall penetration for the bank's delineated community.

Consumer Portfolio Detail Analysis

County (Number of Tracts)	% and (#) of low penetration areas	% and (#) of low penetration in LMI areas	% of total LMI areas with low penetration
Jefferson (22)	18% (4)	75% (3)	50% (3 of 6)
Brooke (9)	44% (4)	25% (1)	100% (1 of 1)
Belmont (12)	8% (1)	100% (1)	50% (1 of 2)
Marshall (10)	10% (1)	100% (1)	50% (1 of 2)
Ohio (20)	10% (2)	100% (2)	40% (2 of 5)
TOTAL (73)**	16% (12)	67% (8)	50% (8 of 16)

** The bank also has one census tract in Harrison county, and two tracts in Wetzel county, none of which are LMI

The table shows that 16% of BOWS's census tracts have low consumer loan penetration, that most (67%) low penetration tracts are LMI, and that 50% of BOWS' LMI tracts have low consumer loan penetration. Management states that the demographics of many of the LMI areas have served as an impediment to consumer lending. Some of the LMI tracts have high non-owner occupancy rates (60-80%) and high poverty levels. Many families in these areas struggle to obtain adequate food and clothing. Approximately 20% of the households live below the poverty level, and an additional 50-70% have median incomes that range from \$9,000 - \$15,000 per year. In addition, the areas contain large senior citizen populations (35-40% of all households) with limited consumer borrowing needs.

BOWS also monitors its penetration of consumer deposits and consumer loans into census tracts based on income level. As of June 30, 1996, the bank's penetration of households located in mid/upper income census tracts with deposits was 18%, with a corresponding loan penetration rate of 21%. The penetration of households located in LMI census tracts with deposits is 17%, with a corresponding loan penetration rate of 13%. This indicates that the bank's consumer loan penetration of households within mid/upper income areas is proportionately higher than that in LMI areas.

During 1995, BOC performed a detailed tracking of small business loans (loans for less than \$1 million to commercial entities). The bank had 147 outstanding loans for \$8.2 million.

Approximately 24% were extended to businesses located in LMI census tracts. LMI tracts accounted for approximately 16% of the bank's delineated community during 1995. This report was not included in the 1996 analysis reports.

The following tables show the combined BOWS and BOMC market share for various products which were reported in the HMDA Loan Application Registers for, 1994 and 1995. Totals are included for the bank's delineated community as defined during this period. This community included portions of the Steubenville and Wheeling MSAs. Aggregate HMDA data for 1996 was not available during this examination.

All of the percentages shown are based on the number of applications received or loans approved (not the dollar volume of credit requested by the applicant). The aggregate figures include all HMDA reporters of the particular type of credit (banks, savings and loans, savings banks, credit unions etc.) being reviewed. The tables are based on 1990 census median family income.

The following abbreviations are used in conjunction with the tables:

- PMA - Purchase Money Applications
- PML - Purchase Money Loans
- REFA - Refinance Applications
- REFL - Refinance Loans
- HIA - Home Improvement Applications
- HIL - Home Improvement Loans
- LMI - LMI
- MI - Middle Income
- HI - High Income

BOWS' Delineated Community Market Share - 1994

Loan Type	LMI%	MI%	HI%	TOTAL%
PMA	*	7.2	3.1	6.9
PML	*	7.9	3.1	7.4
REFA	*	5.1	4.9	5.0
REFL	*	5.5	6.6	5.7
HIA	*	10.4	10.7	10.1
HIL	*	11.9	12.1	11.5

BOW'S Delineated Community Market Share - 1995

Loan Type	LMI%	MI%	HI%	TOTAL%
PMA	*	7.4	6.0	7.3
PML	*	7.5	6.5	7.4
REFA	*	6.2	3.9	5.5
REFL	*	6.9	7.1	6.5
HIA	*	9.0	13.8	9.2
HIL	*	9.7	13.3	10.0

* The volume of loans is so low in LMI areas that market share numbers are inconclusive

A large number of mortgage providers conduct business within the bank's delineated community (114 in 1994, and 119 in 1995). However, these providers generate very few residential applications or loans within LMI census tracts. As a result, LMI census tract market share results are not meaningful and are not included in the above tables. During 1994, aggregate PMA and PML within LMI tracts totaled 113 and 59, respectively. BOWS received 15 of these applications and originated nine loans. During 1995, aggregate PMA and PML within LMI tracts totaled 111 and 57, respectively. The bank received 11 of these applications and originated five loans. Management attributes the low volume of applications and loans to the demographics of the LMI areas, as described earlier.

The above tables also show that mortgage providers received and extended very few home improvement loans and applications within LMI census tracts. During 1994, aggregate HIA and HIL within LMI census tracts totaled 75 and 40, respectively. BOWS received four applications and originated one loan. In 1995, aggregate HIA and HIL within LMI tracts totaled 86 and 44, respectively. The bank received two applications and originated both of them. Management attributes the low volume to area demographics and low property values (the average value is less than \$25 thousand). In some LMI areas, the condition of houses and neighborhoods has deteriorated to such a level that the cost of bringing the property up to code (basic electricity, plumbing, etc), far exceeds the current or rehabilitated value of the property. Finally, an independent, 1990 LMI census tract housing survey revealed that many absentee owner/landlords are not motivated to maintain or rehabilitate their rental structures. This lack of motivation is attributed to extremely low rent returns (most rents range from \$100-\$150 per month).

From 1994-1995, LMI census tracts accounted for approximately 16% of the bank's delineated community, but only 5% of its residential loans.

Internal, unaudited bank reports show that as of June 30, 1996, the bank's volume of residential applications and loans from LMI census tracts remains low. Combined, BOWS and BOMC

have received two purchase money applications and have not originated any loans. In addition, the bank has received nine home improvement applications and originated three loans.

The following tables show the bank's market share of HMDA reportable loans and applications to applicants based on their income level. Although declining, BOWS' market share of purchase money applications and loans to LMI persons is greater than its share of applications and loans to middle/upper income persons. The bank's market share of home improvement loans to LMI persons is proportionate to its market share of loans to middle/upper income persons.

BOWS' 1994 Market Share Based on Income of Applicant/Borrower

	LMI % Income	MI % Income	HI % Income
PMA	12.8	5.3	4.6
PML	13.1	6.1	4.7
REFA	7.7	6.3	5.5
REFL	5.7	7.0	5.4
HIA	9.4	8.7	13.3
HIL	11.6	8.2	13.7

BOW'S 1995 Market Share Based on Income of Applicant/Borrower

	LMI % Income	MI % Income	HI % Income
PMA	6.9	6.8	4.2
PML	9.4	8.3	5.4
REFA	3.5	5.8	6.8
REFL	2.4	7.1	7.8
HIA	8.9	7.6	10.3
HIL	9.8	9.2	10.1

BOWS has generated a reasonable volume of residential loans and applications to LMI persons given the high level of non-owner occupancy and fierce competition from other mortgage providers. However, most of these applications and loans are derived from LMI persons purchasing or renovating properties located outside LMI census tracts. Management attributes

this to eligible borrowers who reside in LMI census tracts fleeing the areas because of economic decay.

Internal, unaudited bank reports show that as of June 30, 1996, the bank continues to generate reasonable levels of residential applications and loans from LMI persons. Combined, BOWS and BOMC have received 24 purchase money applications and have originated 17 loans. In addition, the bank has received 22 home improvement applications and originated eleven loans.

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

Conclusion - BOWS' branch offices are reasonably accessible and have a good record of providing services to all segments of the community. The bank complies with the comprehensive Banc One Corporation Branch Closing Policy.

Rationale - BOWS has 13 full-service offices, three drive-in facilities, and 12 Automated Teller Machines (ATM) located throughout the delineated community. Two offices are located within LMI areas. The offices provide reasonable access to the entire market. BOMC mortgage loan originators are located in the Wheeling and Steubenville branches and are available to take mortgage loan applications at any branch by appointment.

Supporting Detail - The locations of BOWS' branches provide reasonable service and access for customers located within the delineated community. Hours of operation are reasonable and include Saturday hours.

During the review period, two offices were sold due to lack of profitability and declining community populations. These offices were not located within LMI areas..

In addition to the branch network, BOWS offers several customer service telephone programs. The 24 hour *Loan By Phone* program allows applicants to apply for consumer purpose loans 24 hours a day. *The 5 Minute Mortgage*, also available 24 hours, helps potential applicants determine the mortgage loan amount they qualify for. *Home By Phone* allows applicants to apply for mortgage loans. It is accessible from 8am to 7pm, Monday through Thursday, and from 8am to 5pm on Fridays.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

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

Conclusion - The bank does not discourage credit applicants on a prohibited basis.

Rationale - BOWS affirmatively solicits credit applications from most segments of its community. Policies and procedures promote fair lending.

Supporting Detail - The bank affirmatively solicits credit products from most segments of the community. Few applications are received from LMI areas. The bank has made a reasonable effort to offset this by extending an acceptable number of loans to LMI individuals. Loan policies and procedures provide a sound basis for non-discriminatory lending. There are no policies or underwriting standards that act as barriers to credit access.

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

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

A corporate testing program to check for possible illegal discrimination in mortgage lending through a comparative file review has been implemented.

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

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

Although overage practices are not new to the lending industry, there is recognition that such programs have the potential for a disparate impact on applicants on a prohibited basis if not properly monitored. BOMC management recognized this potential problem and discontinued the program for all applications taken after March 15, 1994. However, management has not performed an analysis to determine if their program, while in effect, had a disparate impact on customers of the mortgage company. In March of 1995, the mortgage company reintroduced an overage program. Now, overages are limited to 1%, which significantly limits the size of any overage. Additionally, affordable mortgage lenders are prohibited from assessing overages.

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

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

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

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

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

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

Home improvement review - We reviewed a sample of African-American applicants denied credit between August 15, 1996 and March 31, 1996. Our sample focused on 100% of the marginally qualified applicants based upon credit scores. We compared these to white applicants who received credit scores in the range where judgmental overrides were exercised and were approved for credit. The objective was to determine if denied applicants were treated similarly and given the same level of assistance when compared to approved applicants. We found that applicants were treated equally and were provided the same level of assistance during the application process.

V. COMMUNITY DEVELOPMENT

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

Conclusion - The bank routinely participates in a variety of affordable housing and economic development projects.

Rationale - BOWS provides direct loans to a number of non-profit, civic, and affordable housing initiatives. In addition, the bank's affiliate, Banc One Community Development Corporation (BOCDC) invests in a variety of affordable housing projects within BOWS' delineated community.

Supporting Detail - During the review period, BOWS financed a total of \$2.5 million in affordable housing and economic development projects. They include:

- o Neighborhood House - BOWS provided \$120 thousand to finance to purchase and renovate a non-profit day care facility located in a LMI tract in Steubenville. The facility provides day care services to many single working mothers in the area.
- o Ohio Valley CDC - The bank participated in a \$910,000 equipment and working capital loan to a telemarketing company. The bank's share is \$190,000. The company relocated to downtown Wheeling and created/retained approximately 500 local jobs. Creation and retention of local jobs is a critical credit need in this community. The bank also made a \$20,500 equity investment in this CDC.
- o Historic Building Loan Program - The bank provided \$1.2 million of financing for the acquisition and rehabilitation of 14 Victorian era structures, the vast majority of which are located in LMI neighborhoods. Once rehabilitated, these structures are used for residential and small business purposes. BOWS' senior management aggressively sought to recruit other area lenders to participate in this initiative. However, as of June 30, 1996, none have joined the bank in financing this venture.
- o The James Paige Learning Center - BOWS and BOCDC provided funding for this residential rehabilitation project in a LMI neighborhood in Wheeling. The \$409,000 project consists of three, three bedroom apartments. To date, the bank has funded \$191,000 to construct the project. Upon completion, BOWS and BOCDC will share in the financing package (\$60,000 BOWS, and \$240,000 equity investment for BOCDC).
- o R.L. Hunter Group - The bank has funded \$128,000 for construction of 100 manufactured homes in Belmont County (total project is 300 homes). This is an affordable housing initiative, and homes range in value from \$62,000 to \$81,000.
- o Commercial Improvement Corporation (CIC) - The bank has committed \$94,000 to participate with the Steubenville CIC, the State of Ohio, and three other local banks to finance a 40,000 square foot industrial purpose building. The \$750,000 building will be the first in a new industrial park and will provide space for light manufacturing firms.
- o Local Fire Departments - The bank provided construction, permanent financing, and equipment financing for the fire departments in Hopedale (\$281,000) and Brilliant (\$258,000). These fire departments are the only ones in the area and will serve LMI neighborhoods.

During the review period, the bank also held \$750,000 in mortgage-backed securities collateralized by residential properties located in Jefferson County, Ohio.

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

Conclusion - There are no impediments which inhibit the bank's efforts to help meet the credit needs of its delineated community. However, the area is plagued by high unemployment and high poverty rates. In addition, mortgage lending was negatively impacted during 1996 by heavy flooding.

Rationale and Supporting Detail - The bank participates in CRA activities commensurate with its size and financial capacity. The Community and Bank Profile Sections of this Evaluation provide further information on the financial trends of the institution and the local economic conditions.

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

Conclusion - BOWS participates in government-sponsored student loan programs and routinely contributes technical expertise and monies to a variety of organizations that promote economic development within the local community.

Rationale and Supporting Detail - BOWS offers student loans through its affiliate Banc One Ohio Student Loan Services. The affiliate does not track these loans by geographic location. As a result, specific numbers for the BOWS market are not available.

Bank officers and employees also provide technical expertise to a variety of community organizations designed to promote economic development and affordable housing. BOWS also provides financial support to a some of these groups. From January 1, 1995 to June 30, 1996 the bank contributed a total of \$13,000. The largest contributions were made to:

- o The Ohio Valley Industrial & Business Development Corporation
- o The Bellaire Economic Development Committee
- o The Jefferson County Chamber of Commerce
- o The Community Homebuyer Investment Program