



Comptroller of the Currency
Administrator of National Banks

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

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

March 27, 1997

Bank One, Colorado, N.A.
1125 17th Street
Denver, Colorado 80202

Charter Number 15184

<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 **Bank One, Colorado, 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 **March 27, 1997**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

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

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

Basis for the Rating

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

“Outstanding record of meeting community credit needs.”

Evaluation Period: The date of the bank's previous Public Disclosure is August 31, 1995. This disclosure evaluates the bank's performance from September 1, 1995 through March 27, 1997.

BANK PROFILE

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

There are other BOC subsidiaries operating in Colorado. To the extent that the activities of those subsidiaries help meet the credit needs of BOCO's community, they are part of BOCO's CRA performance. These activities are not part of any other financial institution's CRA performance. BOC subsidiaries operating in Colorado include:

- Banc One Mortgage Corporation (BOMC) - Provides residential mortgage lending.
- Banc One Credit Card Services Company - Issues credit cards nationally.
- Banc One Leasing Corporation - Provides commercial and equipment leases to businesses.
- Banc One Community Development Corporation (BOCDC) - Provides technical assistance to bank affiliates to facilitate community development lending and makes equity investments in community development projects.
- Banc One Capital Corporation (BOCC) - Provides asset securitization, housing and health care finance, bond issues, and public financing.
- Banc One Investor Services Group - Provides investment management services.

BOCO is the third largest bank in Colorado with total assets of \$3.4 billion as of December 31, 1996. There are two other banks in Colorado which operate on a state-wide basis. Those are Norwest Bank Colorado, N.A. and Colorado National Bank, with total assets of approximately \$7.9 billion and \$6.9 billion, respectively, as of December 31, 1996.

Small businesses and consumers are the focus of BOCO's lending services. The bank also offers commercial banking services and is a mortgage provider. The table below reflects the composition of the bank's loan portfolio by type of lending product. The table shows that 48 percent of the bank's loan portfolio is consumer related.

LOAN PORTFOLIO COMPOSITION		
December 31, 1996		
LOAN TYPE	\$ AMOUNT (In millions)	PERCENTAGE OF TOTAL LOANS
Consumer	\$ 557	25%
1- to 4-Family Residential Mortgages	515	23%
Commercial	498	22%
Commercial Real Estate	545	24%
Other	154	6%
Total Loans	\$2,269	100%

Review of BOCO's recent earnings record discloses the bank's ability to meet its responsibilities under the CRA.

BOCO Earnings Performance		
\$ in millions		
	12/31/95	12/31/96
Net Income	\$43	\$56
Return on Average Assets	1.4%	1.8%
Peer Banks	1.3%	1.4%

BOCO's main office is in Denver, Colorado, and the bank has 54 branch banking offices throughout its delineated community. In addition to the branches, BOCO provides services through ATMs at 77 locations, toll-free bank-by-phone, bank-by-mail, and the Internet. For

detailed information concerning the distribution of branches and ATMs refer to **Assessment Factor G**.

COMMUNITY PROFILE

Bank One, Colorado, N.A. (BOCO) defines eight communities for CRA purposes. These communities encompass major portions of Colorado's seven Metropolitan Statistical Areas (MSAs) and four non-metropolitan counties.

Colorado is a diverse geographic and economic region. The eastern plains are primarily farm and ranch land; central Colorado is mountainous with many winter and summer recreational resorts; and western Colorado is a mixture of mesas and valleys that support farms, ranches, small manufacturing, and tourism. A fast growing population is boosting the state economically. Unemployment is low. The economy is driven by a variety of industries including mining, communications, transportation, aerospace, government, tourism, education, and a preponderance of entrepreneurism. Urban sprawl along the continuous 110-mile Front Range corridor is straining the infrastructure and reducing affordable housing in the most populous communities.

The following chart provides basic demographic information for each of the bank's delineated communities. Following the chart is a more detailed description of each community.

Community Demographics						
Delineated Community (1)	Population (000s) (2)	Median Family Income (000s) (3)	Number of CTs (4)	Percentage of Low- and Moderate-Income (LMI) CTs	Number of Owner Occupied Housing Units (000s)	Percentage of Owner Occupied Units in LMI CTs
Denver Metro MSA	1,294	\$40	414	32%	311	28%
Colorado Springs MSA	388	\$34	82	35%	82	21%
Boulder-Longmont MSA	148	\$44	36	17%	35	11%
Fort Collins-Loveland MSA	149	\$37	33	24%	34	14%
Greeley MSA	84	\$31	22	46%	18	37%
Pueblo MSA	95	\$26	35	46%	24	26%
Grand Junction MSA	88	\$28	19	21%	22	7%
Non-Metro Areas	58	\$28	15	27%	16	26%
Totals	2,304	\$38	656	32%	542	25%

- (1) Demographic data for the census tracts (CTs) and Block Numbering Areas (BNAs) within the portions of the MSAs designated as delineated communities.
- (2) 1990 U.S. Census.
- (3) 1990 U.S. Census Median Family Income.
- (4) The non-metro areas are divided into BNAs as opposed to CTs.

Description of Delineated Community in the:

Denver Metro MSA

This is the largest MSA and population center in Colorado with 49 percent of the state's total population. The community delineation encompasses 414 of the MSA's 498 CTs. Geographically, the community delineation comprises parts of Denver County and the primarily suburban Adams, Arapahoe, Douglas, and Jefferson Counties. This area is the hub of Colorado's Front Range corridor.

Denver is one of the nation's fastest growing metropolitan areas. Because of the strong growth, cultural attractions, major league sports teams, high-tech industries, and outdoor activities, metro-Denver is rated among the best areas in the country in which to live and work. The unemployment rate is low at 3.0 percent. U.S. West, Inc.; TeleCommunications, Inc.; and King Soopers, Inc. are the largest employers. The largest public sector employers are the federal government, state government, and the University of Colorado. There are many firms offering financial services, making the banking environment highly competitive.

Denver is an important transportation hub in the intermountain west. Major north-south and east-west interstate highways and railroad lines intersect in the city. Denver International Airport is the nation's newest large airport, serving as a hub for United Airlines and a number of smaller airlines.

The fast growth rate is increasingly affecting quality of life issues. Rapid development has resulted in under-funded schools, shortages of labor and community space, and outdated infrastructure. Denver suburbs are facing water limitations and a shortage of funds needed to repair and build roads. Traffic, housing costs, and office costs are outpacing the population growth, and the economic boom has affected the housing market. Both affordable rental and owner-occupied units are needed.

Colorado Springs MSA

The Colorado Springs community, located at the base of the Rocky Mountains, is the largest city in El Paso County and in all of southern Colorado. The community delineation encompasses 82 of the MSA's 84 CTs. Three CTs consist entirely of the Fort Carson Army Base, Peterson Air Force Base, and The United States Air Force Academy.

The services, government, retail trade, and manufacturing industries make up the majority of the employment in the area. Colorado Springs has attracted sizable high-tech companies which in turn spawned new computer hardware and software companies. Further, small business contractors serve the government and military installations. Tourism related businesses provide hotel, restaurant, and travel services to conventioners and tourists. The city recently finished a significant upgrade to its municipal airport in response to increased traffic created by a start-up discount carrier and by high prices at Denver International Airport. The banking environment is highly competitive in this community.

Contacts made in the Colorado Springs community revealed a need for affordable housing, housing project financing, less stringent loan qualification criteria, and venture and working capital financing for small businesses.

Boulder-Longmont MSA

Boulder, Colorado, also located at the base of the Rocky Mountains and about 30 miles northwest of Denver, is the largest city in Boulder County. Located within the city is the University of Colorado at Boulder, the state's largest university with a student population of over 25,000. The community delineation encompasses 36 of the 58 CTs in the Boulder-Longmont MSA. Eighty-one percent of the CTs in this area are middle- and upper-income.

The Boulder County economy is robust. The community possesses a highly skilled labor force that is dispersed among small telecommunications, hardware and software manufacturers, Internet service providers, education, and a variety of medical products industries. The unemployment rate of 2.9 percent is the lowest of any region in the state.

Similar to Denver, rapid growth is affecting quality of life issues. Housing availability is strained, land prices are expensive, and development grade land is in short supply. No-growth sentiment within the community is strong. Identified community needs include affordable housing availability, and creative financing for individual and multi-family housing projects.

Fort Collins-Loveland MSA

This delineated community consists of 33 of the 44 CTs in the MSA. Fort Collins, Loveland, and several small surrounding towns are in this community. Fort Collins is the largest city in the MSA and is also the county seat of Larimer County. The population of Ft. Collins is estimated at 100,000 people making it the largest city in northern Colorado. The city is also the economic hub of northern Colorado. Loveland, located 15 miles south of Fort Collins, has an estimated 1996 population of 44,200. The city serves as the traffic route to the main access of Rocky Mountain National Park, located 25 miles due west.

The local business climate is favorable. The area offers a highly educated and skilled labor force, excellent transportation, and substantial education and training resources. Fort Collins is home to the main campus of Colorado State University. Support services from banking, shipping, government, and utilities are well established. The Loveland economy is anchored in manufacturing, publishing, government, trade, and the arts. Businesses or entities employing more than 500 people include Colorado State University, Poudre R-1 School District, Thompson School District, Kodak, Hewlett-Packard, Poudre Valley Hospital and McKee Medical Center, City of Fort Collins, Larimer County, Symbios Logic, Teledyne/Waterpik, Wal-Mart Distribution Center, and Anheuser-Busch.

The strong economy has caused upward pressure on real estate prices. The residential real estate market is particularly strong, and the demand for housing exceeds the supply. This pressure has created housing shortages and rapidly increased property values. The housing problem is

worsened by a large college student population competing for rentals. According to various community officials we contacted, affordable housing for LMI individuals is the biggest economic need in the area.

Greeley MSA

Greeley, Colorado, is the largest city in Weld County. One-fourth of Colorado's agriculture production comes from Weld County where livestock producers, dairies, irrigated farms, implement dealers, and agricultural research are central sources of employment. The delineated community consists of 22 CTs out of 33 in the Greeley MSA. Fourteen percent of the CTs in this community are low-income. This represents the highest percentage of low-income CTs among BOCO's eight delineated communities.

The Weld County community fosters strong pro-business and pro-growth climates, and the area capitalizes on the "no growth," and "slow growth" sentiments in nearby Boulder and Fort Collins. All sectors of the economy are benefitting from strong growth. While a diverse agricultural sector remains dominant, Weld County is in the midst of an economic shift. The emerging presence of high-tech companies now finds Hewlett Packard, Kodak, and State Farm Insurance as the area's leading employers. Also, The University of Northern Colorado in Greeley is a major employer that serves an enrollment of approximately 9,000 students. Strong competition for market share exists among the community's numerous banks and financial institutions.

We contacted three local community officials who conclude that financing and technical assistance for small businesses and entrepreneurs are needed in the Greeley community. Additionally, housing for migrant agricultural workers is a problem even though overall housing is affordable and generally available.

Pueblo MSA

Pueblo, Colorado, located approximately 45 miles south of Colorado Springs, is the county seat for Pueblo County. The bank has defined this community to include 35 of the 48 CTs making up the Pueblo MSA. This delineated community has the highest percentage of minorities amongst the bank's 8 communities. Approximately 43 percent of the population is minority with 93 percent of the minorities being Hispanic. Further, the median family income is the lowest of all BOCO communities.

The area is experiencing an economic growth spurt and transformation. Pueblo used to be dominated by a steel mill which provided over 12,000 jobs. The city was strongly impacted by the decline of that industry. Now the economic focus has shifted. Single family residential development is running at a high pace, particularly in the Pueblo West area. New businesses that are affiliated with national retail companies, such as Home Depot, are opening in the area. The economy is broadening beyond its historical blue collar base. Larger levels of retail, medical services, and a substantial level of educational services are being created by the current economic upswing.

Contacts made in the Pueblo community revealed a need for less stringent loan qualification criteria. They also noted a need for venture and working capital financing, including outreach education, for small businesses and entrepreneurs.

Grand Junction MSA

Grand Junction, Colorado, located near the Utah border in western Colorado, is the hub of the most populated region on the Western Slope. The bank's delineation includes 19 of the 21 CTs making up the Grand Junction MSA. Further, the region reflects the highest unemployment rate, 4.9 percent, of all BOCO communities.

Presently, economic conditions are stable. During the energy crisis of the 1970s, Grand Junction was a focus of alternative energy development, with large shale-oil facilities built in the area. The demise of those projects created a severe economic slump, from which the area has now recovered. Grand Junction is becoming a retirement center. The annual economic growth rate has been averaging approximately 2 percent. The retail and services sectors are creating the majority of new jobs, but these are mostly low paying. The area's relatively high unemployment rate is the result of the loss in 1996 of well-paying jobs at U.S. West, Public Service Company of Colorado, the U.S. Department of Energy, and the Powderhorn Coal Mine.

According to the community officials we contacted, there is a need for loans to small businesses that do not have an established track record. Also, a need for affordable housing loans persists despite the responsiveness to this need by banks in the community.

Non-Metro Areas

The remaining areas not specifically included in the above MSAs constitute the bank's eighth delineated community. The community is defined by portions of four non-metro counties: Delta, Montrose, Chaffee, and Fremont. Delta and Montrose are neighboring counties in far western Colorado. Chaffee and Fremont, also neighboring counties, are in south-central Colorado along the Arkansas River.

The Delta and Montrose Counties are historically agricultural, raising barley, sugar beets, and livestock. These two counties are relatively depressed, with high levels of unemployment, or a lack of year-round employment. The Delta agricultural economy is becoming more diverse by adding chicken farming and horse breeding. The Montrose economy is diversifying through commercial vegetable production, small high-tech industry, and retail establishments such as WalMart. A high percentage of retirees reside in both counties.

Chaffee and Fremont Counties have been closely tied to the mineral extraction industry and to the "boom and bust" economic cycles associated with mining. As the mining industry declined, the area has turned to tourism. Tourism is an important industry with the Royal Gorge and Arkansas River rafting businesses. In addition, there is a large number of federal and state correctional facilities in this area. Fremont County is also a popular retirement community.

The counties have insufficient tax base to produce adequate tax revenues. The prisons are government facilities that do not pay local taxes. Thus, money is lacking to provide the roads, utilities, and protection to promote residential development. Further, tax limitation referendums such as the Tabor Amendment are constricting tax revenues that can be collected on residential property. Housing availability and affordability are needed. Rent is high and not affordable by people earning less than \$20,000 per year. Further, the availability of rentals is next to nonexistent. Despite the demand for housing, the supply remains low. Entrepreneurs are hindered by the high cost and risk of developing infrastructure.

Community Credit Needs

Our review included identification of community credit needs throughout the bank's delineated community. This included contact with nine public and community group representatives throughout the state. These contacts provided information about community credit and service needs, and feedback on BOCO's CRA performance. In addition to these personal contacts, we reviewed information obtained through five contacts made by other financial institution regulators within the bank's market during the past year. We analyzed this information in conjunction with demographic and economic data to identify the following community credit and service needs.

- Affordable housing financing:
 - Flexible underwriting standards,
 - Creative credit initiatives,
 - Down payment assistance,
 - Closing cost assistance,
 - Construction and permanent financing of multi-family housing, and
 - First time homebuyer loans.

- Loans for the rehabilitation of multi-family housing for low-income people:
 - Lender participation to connect grants and subsidies from public and private housing programs to local housing projects, and
 - Housing for migrant, agricultural workers.

- Loans and technical assistance for small businesses and entrepreneurs:
 - Start-up loans through micro loan programs, and
 - Business and banking outreach education.

- Consumer education on banking products and services, especially for minorities.

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 - BOCO has effectively identified the credit needs of its community. Management has effectively communicated to the community the credit services being provided.

Supporting Detail - Management has identified community credit and service needs through the use of ascertainment calls, interviews, and third-party research. Credit ascertainment efforts involve the BOCO lending staff, line of business managers, nonbank affiliates, CRA Officer, and employees.

The core of BOCO's ascertainment efforts is the CRA Officer and bank employees contacting local community-based groups and government officials. In addition to personal contacts, CRA staff evaluates plans, studies, and surveys developed by city and county agencies. These evaluations inform BOCO about affordable housing demand, small business lending opportunities, and growth and development patterns in specific communities.

Banc One Corporation's *1996 Western Region CRA Plan* (the plan) listed organizations in Colorado to be called on by CRA staff and other employees. The calls were to determine credit needs in the communities and the types of business opportunities that exist. During 1996, bank representatives contacted substantially all of the approximately 50 organizations identified in the plan. They also contacted many more organizations not identified in the plan.

BOCO conducts and reviews its ascertainment activities on an ongoing basis. Corporate CRA evaluates performance quarterly. Reviewed activities include credit related sales campaigns and special initiatives which benefitted LMI consumers. The bank monitors specific community service performed by employees that resulted in direct benefit to LMI areas or individuals.

As a result of the ascertainment efforts described above, management formed a list of the most frequently identified credit and service needs. We found that BOCO's list coincided with the needs cited by the community officials we contacted in connection with this examination. The following is the bank's list of the *most frequently identified community needs*, and how the bank responded to those needs:

SMALL BUSINESS - Loans less than \$100,000, technical assistance, and education.

BOCO responded by offering loan products:

- Bank One Business Line of Credit,
- Small Business Term Loans,
- Commercial Loans, and
- Various Small Business Administration (SBA) loans.

Also, in 1996 the Business Banking Unit created Business Support Manager positions to exclusively service small business clients whose credit needs were \$100,000 or less.

BOCO partners with multi-bank CDCs to provide small business loans. BOCO business bankers serve on boards and committees of numerous small business support and development organizations that promote technical assistance and outreach.

BOCO partnered with SBA and Service Core of Retired Executives (SCORE) in publishing *On the Road to Success*, a guide to small business ownership and management.

Our geographic distribution analysis of 1996 small business loan originations shows the bank's strong response to identified needs, particularly in LMI areas.

AFFORDABLE HOUSING - MULTI-FAMILY - Increased affordable multi-family housing stock and technical assistance to developers.

BOCO responded by:

- Using non-bank affiliates to invest in Low Income Housing Tax Credits (LIHTC) and Historic Tax Credits (HTC).
- Supporting conferences and seminars that bring together housing agencies, developers, consultants, and lenders for increased networking and educational exchange opportunities.
- Providing financial and technical support to the Housing Development Project (HDP). HDP's objective is to build the technical capacity of nonprofit housing providers, i.e., Habitat for Humanity.
- Providing financial support for the first Colorado Regional Training Institute. In April 1997, this institute will provide community development professionals three days of training on affordable housing development, LIHTC, and non-profit management.

AFFORDABLE HOUSING - SINGLE-FAMILY - Affordable mortgage loans with down payment and closing cost assistance, and special needs mortgage loan products.

BOCO responded by:

- Offering affordable mortgage products including FHA, VA, conventional, and Colorado Housing Finance Authority mortgage bonds.
- Originating "Hope 3," a purchase money mortgage providing loan assistance for mentally challenged borrowers.

- Maintaining partnerships with down payment assistance providers such as Colorado Housing Assistance Corporation and Home Ownership Assistance Program.

Our geographic distribution analysis of 1996 HMDA mortgage loan originations shows the bank's good response to this identified need, including in LMI areas.

BANKING SERVICES - Convenience; broader branch distribution, especially in LMI areas.

BOCO responded by:

- Opening full service banking centers within Albertson's grocery stores including stores in LMI areas.
- Adding ATMs and including LMI areas.
- Promoting and expanding telephone banking services.

See Assessment Factor G for more detail on alternate delivery systems and opening and closing offices.

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

Conclusion - The BOCO board of directors (BOD) has implemented an effective program to meet the credit needs of the bank's communities. BOCO management demonstrates strong participation in a wide variety of groups and outreach activities to determine and satisfy the community's needs, as described in this and other **Assessment Factors**.

Supporting Detail - The CRA Program is appropriate for BOC's line of business approach to product management. The oversight of the CRA program, including the process of setting volume sales targets and priorities, shifted in 1996 from the local BOD to executives at corporate headquarters in Columbus, Ohio. The shift occurred concurrently with a nationalization of BOC products and systems. While new sales targets for 1997 evolved, such targets were developed through the lines of business structure rather than being formed by the bank's BOD. However, it remains a board priority to maintain strong CRA performance.

The CRA program is centralized on a corporate basis. Corporate CRA is the unit that sets objectives and reporting and monitoring guidelines for the affiliate banks, including BOCO. Corporate CRA monitors performance through a team which includes the unit's manager, four Line of Business Coordinators, the Western Region CRA Manager and, for BOCO, the Colorado CRA Officer. CRA objectives are achieved through a broad-based and collaborative effort on the part of the bank's lending staff, line of business managers, nonbank affiliates, and Corporate CRA.

Technical compliance with the CRA regulation is good. BOCO had no violations of the CRA regulation at the last review in 1995 and none were found during the current review. The CRA Statement accurately describes the bank's products, services, locations, and delineated communities.

All affected employees of the bank and nonbank subsidiaries receive CRA training. The training covers the purpose of CRA, compliance requirements, and new regulation highlights. CRA Officers have conducted training tailored to meet the needs of the business line employees and managers. Further, the staff is informed as to how their activities contribute to building and sustaining CRA performance.

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 - Management has developed and implemented a sound marketing plan that effectively informs members of the community of the bank's credit products and services.

Supporting Detail - The Western Region Marketing Department, located in Phoenix, Arizona, coordinates all marketing and advertising activities for BOCO. The Product Management/Marketing Group, along with input from the Community Development Group and the Retail Management Group, develop an annual marketing plan. The plan is for the Western Region, which includes all of BOCO's markets in Colorado. The 1996 plan considered the unique demographics of each market area, the economic conditions, competitive environment, and the bank's existing customer base. Management developed key objectives and goals for each market, and specific strategies to accomplish these goals. Strategies identify the marketing approach, timetable, media used, and the estimated budget.

There were four major in-branch sales campaigns in 1996. Two campaigns, *Financial Fitness* and *Summer Solutions*, promoted both small business and consumer loans.

To inform its delineated community of credit products available, BOCO uses a wide variety of media. The media includes widely-circulated newspapers, such as the *Rocky Mountain News* and *The Denver Post*, and major television and radio stations. The bank also uses local newspapers which target all of its major markets, such as the *Boulder Daily Camera*, *Colorado Springs Gazette Telegraph*, *Pueblo Chieftain*, *Pikes Peak Journal*, *Grand Junction Sentinel*, *Fruita Times*, *Montrose Daily Press*, *Delta County Independent*, *Salida Mountain Mail*, *Fort Collins Coloradoan*, *Loveland Reporter Herald*, *Lafayette News/Louisville Times*, *Greeley Tribune*, and *North Weld Herald*. BOCO uses statement stuffers, direct mail, billboards, metro transit advertising, bank lobby advertising, and the Internet.

In an effort to reach specific markets, the bank uses media targeted at special interest groups. This includes the *Colorado Springs African American Voice*, *El Semanario*, *Denver Chinese News*, *The Denver Business Journal*, and various Chambers of Commerce newsletters. In those markets where it is appropriate, advertisements are provided in both English and Spanish. In addition, the bank airs and prints image advertisements which are reflective of all segments of the population.

BOCO sponsors many community events, and uses those events to promote and advertise the bank's products and services. Some of the community events the bank sponsored in 1996 included the Black Arts Festival, Cinco de Mayo, El Grito, Hispanic Youth Leadership Conference, National Council of LaRaza Annual Convention, National Hispanic Chamber of Commerce Annual Convention, Juneteenth, Colorado ACORN Bank Fair, and Small Business Expo.

As noted below, BOCO has been very active in helping individuals and groups understand the credit application process. The bank also provides guidance and technical assistance for small business owners.

Affordable/Nonprofit Housing Providers

- In conjunction with the Metro Denver Home Ownership Alliance-banking subcommittee, the bank's CRA Officer discussed how to structure a multi-lender revolving loan fund to provide down payment assistance.
- BOCO provided financial assistance and a panelist for the Colorado Housing NOW! Conference which was held in Grand Junction and drew participants from all of Colorado. The panelist discussed "Packaging the Financial Package."
- The bank co-sponsored and co-taught sessions for the Partnerships in Housing Workshops held in Longmont and Loveland.
- The president of BOCDC discussed how to use LIHTC with nonprofit housing providers from Colorado Springs, Salida, and Pueblo.

Prospective Homeowners

- BOCO participated in a joint partnership with the Urban League, Federal National Mortgage Association (FNMA), and another local bank to provide home buyer seminars, and one-on-one counseling for prospective home buyers in Denver.

Small Business

- The bank offers a booklet, *On the Road to Success*, as a guide to small business ownership and management.

- The bank made a donation to the Colorado Black Chamber of Commerce. The funds will be used to provide technical assistance to prospective Black small business owners.
- The bank's SBA Manager was one of the key panelists for the Conference on Energy held in Denver. The conference was for small business owners from 12 states, but was primarily attended by Colorado small business owners. The SBA Manager discussed access to credit and other lending information.
- The bank's SBA Manager was a panelist for the National Hispanic Chamber of Commerce Annual Conference which was held in Denver. The SBA Manager discussed access to credit and other lending information.
- The bank's CRA Officer and SBA Manager discussed access to alternative sources of capital and products/services offered by BOCO at the Denver Community Reinvestment Partnership - Small Business Forum.

Other

- The bank provided guidance to Aurora Mental Health on how to finance a residential mental health facility using public/private grant money and LIHTCs.
- A corporate lending officer from the bank and an officer from BOCC met with various groups/businesses to discuss alternative sources of capital, tax-exempt status, and companion topics.

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

Conclusion - BOCO has made good efforts to address identified credit needs through origination and purchase of residential mortgage, housing rehabilitation, home improvement, consumer, small business, and small farm loans within its communities.

Supporting Detail - The bank, together with its affiliated mortgage and credit card corporation, has made a significant volume of mortgage, consumer, and small business loans within its delineated community. One measure of the volume of a bank's lending in relation to its own size is its loan-to-deposit ratio. The bank has a strong loan-to-deposit ratio. As of December 31, 1996, the eight quarter average loan-to-deposit percentage for BOCO was 94 percent and compared favorably to its national peers. This is lower than Colorado National Bank at 104 percent, but significantly higher than Norwest Bank Colorado, N.A. at 50 percent. Management believes that when the calculation is adjusted for consumer credit cards, which are carried on the books of an affiliate, BOCO's loan-to-deposit percentage is higher than both local peer banks. A majority, or 75 percent of the total dollar volume and 69 percent of the total number of mortgage, consumer, and small business loans originated in 1996 are within the delineated communities.

The bank and its affiliates offer a full range of credit products. These products are available through bank branches and alternative systems, such as Loan By Phone. Major products are as follows:

- Residential real estate loans, including home purchase, home refinance, home improvement, and multifamily loans.
- Consumer loans, including motor vehicle, home equity lines, credit cards, and personal loans.
- Commercial loans, including small business loans.
- Agricultural loans, including small farm loans.

Consumer Loans

The majority of the bank's loans originated in 1996 were consumer loans. These include home equity, motor vehicle, credit card, other secured, and other unsecured loans. The bank provided data on the dollar volume and number of consumer loans originated in 1996. The chart below shows the dollar volume and number of consumer loans originated by the bank in 1996 by product type. Motor vehicle loans represent the largest portion (38 percent of the total dollar volume and 41 percent of the number) of consumer loans originated.

Consumer Loans Originated by BOCO in 1996		
Product	Dollar Volume (000s)	Number
Home Equity	\$137,224	4,077
Motor Vehicle	170,999	12,735
Credit Card	35,842	10,458
Other Secured	79,844	1,178
Other Unsecured	27,587	2,996
Totals	\$451,496	31,444

Small Business Loans

The bank's efforts to originate small business loans (defined as business loans with an original amount of \$1 million or less) is noteworthy. The January 4, 1996 issue of the *Denver Business Journal* ranked BOCO as having the largest small business loan portfolio in Colorado as of June 30, 1995. The rankings were based on dollar volume.

As of December 31, 1995, small business loans outstanding totaled \$331 million. The bank originated \$248 million in small business loans in 1996. Seventy-seven percent of the number of loan originations were for loans of less than \$100,000, which indicates the bank is making good efforts to serve the credit needs of very small businesses. Almost all the small

business loans are originated within the bank's delineated community. Less than one-tenth of one percent are made outside the delineated community.

Small Farm Loans

BOCO also originates small farm loans. A review of call report data indicates the bank has a high volume of small farm loans relative to its peers. As of December 31, 1996 BOCO had a total of \$96 million in agricultural loans on its books, more than all local competitors.

Residential Real Estate Loans

BOMC originates most home purchase and refinance loans for the bank. BOCO originates home improvement loans and also refinance loans. The following table displays the number of HMDA reportable loan originations for BOCO and BOMC for 1994, 1995, and 1996.

As noted below, the number of 1- to 4-family residential mortgage loans and home improvement loans continues to decline. However, the dollar volume increased slightly from 1995 to 1996, indicating the average dollar amount of loans has increased. Management attributes the decline to a reduction in lending staff. On the other hand, refinance loans increased significantly in both number and dollar volume in 1996. This is due to a change in the definition of refinance loans for HMDA reporting, which accounts for a large increase in refinance loans and a corresponding decrease in home equity lines of credit and other consumer products.

BOCO and BOMC HMDA Reportable Loan Originations						
Type of Loan	1994		1995		1996	
	#	\$	#	\$	#	\$
1- to 4-Family Residential Mortgage Loans	1,669	\$183,020	848	\$ 84,390	829	\$ 94,131
Home Improvement Loans	2,300	36,113	1,830	27,142	1,421	30,709
Refinance Loans	1,205	97,255	605	49,784	4,500	173,254
Totals (1)	5,174	\$316,388	3,283	\$161,316	6,750	\$298,094

- (1) Dollar figures are in thousands. Numbers include both conventional and government loan products. They do not include multifamily and nonowner-occupied mortgage loans. Numbers and dollars represent loans made in the entire MSAs, not just in the bank's delineated communities.

Neither BOCO nor BOMC offers its own affordable housing loan product. Instead, BOCO and BOMC formed a partnership in 1993 to assist LMI first-time home buyers who do not meet conventional mortgage criteria. The lenders try to match the applicant to a variety of government sponsored/guaranteed loan products. These products offer less stringent underwriting criteria, such as higher loan-to-value and higher debt-to-income ratios than standard conventional products allow. The products require private mortgage insurances (PMI). The bank does not have data available on the number and dollar volume of loans made to LMI borrowers under this program.

A rough measure of the bank's efforts to service LMI individuals can be determined by reviewing HMDA loans to LMI individuals as a percentage of total loans and comparing this to the percent of owner-occupied housing units in LMI geographies within the bank's delineated community. Loans to LMI individuals/families represent 25 percent of the number of HMDA loan originations in 1995, and 24 percent in 1996. In comparison, the 1990 Census data indicates that 25 percent of the housing units in LMI geographies within the delineated communities are owner-occupied. Loans to middle- and high-income individuals/families represent 73 percent of the number of HMDA loan originations in 1995 and 69 percent in 1996. In comparison, middle- and high-income families represent 61 percent of the population. (Income data was not available on the remaining percentage of loans in 1995 and 1996.)

A review of the HMDA data indicates BOCO has 3.2 percent of the market share and ranks seventh for loans made to LMI applicants. The bank has 4.2 percent of the market share and ranks third for loans made to MUI applicants. For additional data on loan distribution, see Assessment Factor G.

Lending Performance by Delineated Communities

The following table demonstrates BOCO's and BOMC's mortgage, consumer, and small business loan originations are well distributed throughout the bank's communities. With the exception of mortgage loans, the level of lending is roughly equivalent to the relative size of the bank's presence and/or the population in each community.

Distribution of 1996 Loan Originations by Product in Delineated Communities			
Delineated Community	Mortgage (000s)	Retail (000s)	Small Business (000s)
Boulder-Longmont	\$ 42,172	\$ 45,636	\$ 56,230
Colorado Springs	56,483	48,898	33,207
Denver Metro	50,559	125,212	104,388
Fort Collins-Loveland	29,913	29,363	26,428
Grand Junction	12,222	16,490	2,412
Greeley	10,627	11,228	16,115
Pueblo	2,014	2,632	419
Non-Metro Areas	7,056	13,333	8,745
Totals	\$211,046	\$292,792	\$247,944

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

Conclusion - The bank has taken a leadership role in helping to meet the credit needs of its delineated community by affirmatively participating in government guaranteed and subsidized loan programs for housing, small business, and small farms.

Supporting Detail - BOCO is aware of government-sponsored loan programs and together with its affiliate, BOMC, makes good use of these programs. The chart below highlights the bank's participation in government-sponsored loan programs. Although total government-sponsored loans declined in both dollar volume and number from 1995 to 1996, the bank's efforts are still noteworthy. Management believes the shutdown of the federal government and the restructuring of BOCO's administrative functions during this period caused the decline in government-sponsored loans.

GOVERNMENT-SPONSORED LOAN PROGRAMS				
Loan Type	1995		1996	
	#	\$(000s)	#	\$(000s)
SBA Fa\$tTrack	5	\$ 175	13	\$ 366
SBA LowDoc	40	2,065	9	640
SBA 7(a)	25	5,983	15	5,004
SBA 504	9	4,929	12	7,240
CCR	0	0	5	240
FHA/FmHA/VA	239	19,351	190	16,393
CHFA (state bond)	117	6,533	46	3,052
Hope 3	11	329	18	543
Englewood Housing Authority (1)	24	300	13	118
Totals	470	\$ 39,665	321	\$ 33,596

- (1) Home improvement loans are provided at below market rates to low- and moderate-income residents of Englewood. The Englewood Housing Authority provides matching CDBG funds to qualified borrowers. BOCO purchases participations in these loans.

Small Business Administration (SBA)

The bank is a Preferred SBA lender. In 1995, BOCO closed 79 loans totaling \$13.1 million. In 1996, the bank closed 49 loans totaling \$13.3 million. The bank ranked third in 1995 and fourth in 1996 in Colorado for the number of SBA loans originated. In 1996, Region VIII SBA awarded BOCO the *Eagle Award* for its strong commitment to lending, service, and outreach to minority small business communities. BOCO's SBA manager also received SBA's *Financial Services Advocate of the Year* (1996) award for his dedication to the education and advocacy of SBA lending programs.

The bank offers the SBA LowDoc, SBA 7(a), SBA 504, and SBA Fa\$tTrack loans. LowDoc and Fa\$tTrack offer a more streamlined application process than the 7(a) or 504 loans. In 1994, BOCO was chosen as one of only 18 banks nationally to pilot SBA's Fa\$tTrack loan. Fa\$tTrack offers small business loans of \$100,000 or less with a 50 percent SBA guarantee. Unlike the LowDoc loan, which can only be used for term loans, Fa\$tTrack can be used for either a line of credit or a term loan. In order to ensure quicker response time, SBA allows the bank to use its own loan documentation and make its own underwriting decisions.

Colorado Credit Reserve (CCR) Loans

The bank is also involved in the CCR program which is sponsored by Colorado Housing and Finance Authority (CHFA). This program is used primarily as a means to enhance lending to nonprofit organizations.

Federal Home Administration (FHA), Farmers Home Administration (FmHA), Veterans Administration (VA), Hope 3, and CHFA

BOMC offers and makes a significant number of FHA, FmHA, and VA residential mortgage loans. BOMC was the lead originator of Hope 3, a government-sponsored loan program which provides assistance for first time home buyers who are mentally challenged. The program is funded by subsidies provided by the Department of Housing and Urban Development (HUD) and the Colorado Housing Assistance Corporation (CHAC). The mortgage company also originated 163 CHFA mortgage revenue bond loans in 1995 and 1996, ranking fourth and seventh, respectively, for the number of loans originated.

Student Loan Program

The bank participates in the student loan program which provides funds for a college education. This program offers below market interest rates through a government subsidy. The loans are guaranteed by the Federal Family Education Loan Program. In 1995, the bank originated \$26.8 million in student loans. In 1996, the dollar volume increased to \$27.6 million.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

Conclusion - The bank's delineated communities are reasonable.

Supporting Detail - Management has delineated eight communities across the state of Colorado. These areas correspond to the bank's market areas within each of the seven MSAs and non-MSA areas. The delineated communities do not arbitrarily exclude low- and moderate-income geographies and community boundaries generally follow political subdivisions.

Although the delineated communities do not include all of the geographies within the respective MSAs or non-MSAs, the communities include 70 percent of the state's population and 67 percent of the total geographies. The delineated communities include 78 percent of the state's LMI geographies. Please refer to the "Community Profile" comment for additional information on the bank's delineated communities.

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

Conclusion - The geographic distribution of credit extensions demonstrates a reasonable penetration of all segments of the delineated communities. The distribution of HMDA extensions, applications, and denials is also reasonable compared to the relative number of owner-occupied households in LMI geographies. Our distribution analysis focused primarily on the number of loans extended during 1996.

Management reviews the results of their geographic distribution of consumer, small business, and HMDA products quarterly. This information is considered when developing bank marketing plans and revising policy. Historically, management has made strong efforts to address areas of “low-penetration.”

Supporting Detail - Management’s evaluation of their geographic distribution covered three major product lines. These include small business loans, consumer loans, and mortgage loans subject to HMDA. In 1996, small business loans represented 9 percent by number and 33 percent of the dollar volume of these three categories. Consumer loans were 74 percent by number and 39 percent of the dollar volume. HMDA loans represented 18 percent by number and 28 percent by dollar volume. Loan production data for the consumer and small business loans is not available prior to 1996, so the geographic distribution analysis of all 3 products is limited to 1996. The HMDA market share analysis is based on 1995 aggregate data, the most recent available. Following is a summary of the geographic distribution of each of the 3 product lines.

Small Business Loan Production

Small business loan distribution shows a strong penetration of LMI areas relative to the demographics of the communities. The volume of loans under \$100,000 and loans to businesses with gross revenues under \$1 million also demonstrates a strong commitment to serving the credit needs of small business. The small business loans summarized in the following table reflect the production in each delineated community, and the penetration of LMI census tracts. The bank did not include affiliate loan production in these totals.

Geographic Distribution of 1996 Originations of Small Business Loans Within the Delineated Community					
Delineated Community	Number of Loans	Percent of Loans in LMI Areas	Percent of LMI Geographies	Percent of Loans <100M	Percent to Small Business (1)
Denver Metro	1,092	44%	32%	79%	73%
Colorado Springs	245	55%	35%	58%	82%
Boulder-Longmont	472	30%	17%	74%	83%

Geographic Distribution of 1996 Originations of Small Business Loans Within the Delineated Community					
Delineated Community	Number of Loans	Percent of Loans in LMI Areas	Percent of LMI Geographies	Percent of Loans <100M	Percent to Small Business (1)
Denver Metro	1,092	44%	32%	79%	73%
Fort Collins-Loveland (2)	338	21%	24%	79%	89%
Greeley	147	54%	46%	79%	76%
Pueblo	6	33%	46%	83%	100%
Grand Junction	60	10%	21%	93%	95%
Non-Metro Areas	167	17%	27%	88%	90%
Totals	2,527	37%	32%	77%	80%

- (1) These are those businesses with gross annual revenues under \$1 million. Bank One had sufficient income information to make this determination on 42% of the small business loans made in 1996.
- (2) Although the percentage of LMI loans is 21% (by number) in the Fort Collins-Loveland market, the percentage of LMI loans by dollar volume is 28%.

The bank's small business loan production for the entire state showed distribution in LMI geographies of 37 percent, compared to the LMI demographics of 32 percent. This reflects a very good geographic distribution. The bank's performance in each of its major markets is also strong relative to the market demographics. These markets include Denver, Boulder-Longmont, Fort Collins-Loveland, and Colorado Springs, which together account for 85 percent of the small business loans made in 1996.

Bank One's strong efforts to address the credit needs of small businesses is also demonstrated by the relative size of the small business loans and the size of the businesses served. The table shows that 77 percent of the number of small business loans for the entire state were under \$100,000 in size. In addition, based on available data 80 percent of the small business loans were to businesses with gross annual revenues under \$1 million. This performance corresponds to the community's need for loans to smaller-size businesses.

Consumer Loan Production

The geographic distribution of the bank's consumer products in 1996 is reasonable. BOCO and affiliates made a significant amount of loans to borrowers in LMI geographies.

Referring to the table below, the distribution of the bank's 1996 consumer loans shows good performance in the Denver Metro, Boulder-Longmont, and Non-Metro Areas. These are delineated communities where the bank and its affiliates have a strong presence in number of offices. In other communities where the presence is not as strong, the percent of loans made in LMI areas is lower relative to the percent of LMI geographies. This difference was also partially caused by the volume of certain loan products in the market, and the demographic characteristics of the communities.

Geographic Distribution of 1996 Consumer Loan Originations Within the Delineated Community			
Delineated Community	Number of Loans	Percent of Loans in LMI Areas (1)	Percent of LMI Geographies (2)
Denver Metro	10,887	34%	32%
Colorado Springs	2,962	21%	35%
Boulder-Longmont	2,013	14%	17%
Fort Collins-Loveland	1,754	11%	24%
Greeley	822	41%	46%
Pueblo	276	31%	46%
Grand Junction	1,111	6%	21%
Non-Metro Areas	856	25%	27%
Totals	20,681	27%	32%

- (1) The percent of LMI loans refers to the percentage of loans (by number) to persons who reside in low- and moderate-income geographies. This is consistently used in each of the tables.
- (2) The percent of LMI geographies is the percentage of the total geographies which meet the definition of low- and moderate-income. LMI geographies are those where the average income of the families in the geographies is less than 80% of the median family income of the MSA or non-MSA area.

Consumer loans include home equity, motor vehicle, credit card, other secured consumer loans, and other unsecured consumer loans. Bank One affiliate lending within the state is included in this analysis. As shown in the table, the geographic distribution of consumer

loans in LMI geographies throughout the state was 27 percent. This is less than the percentage of LMI geographies in the state at 32 percent.

A factor not demonstrated in the table is the bank's improvement in LMI distribution for each of the four quarters of 1996. The LMI distribution was 22 percent at year-end 1995, increasing to 29 percent for consumer loans originated in the fourth quarter of 1996.

HMDA Loan Production

The bank's geographic distribution of mortgage loans to all segments of its community is reasonable. Factors considered in this analysis are the percentage of owner-occupied households in LMI areas, the aggregate geographic distribution of other banks in the market, and the bank's relative LMI market share. We discuss each of these factors below.

This category includes originated or purchased mortgage loans for home purchase, refinance, and home improvement. Bank One reports home equity loans under the consumer loan category.

The bank's penetration of LMI geographies was adequate in 1995. The percentage of the bank's mortgage lending in LMI geographies was 18%. This compares to the percentage of lending in LMI geographies of all HMDA reporting institutions in 1995 which was 18% also. The percentage of owner-occupied dwelling units located in LMI geographies is higher at 25%, but the bank's performance is reasonable.

1995 HMDA Market Share

We also evaluated the bank's market share percentage based on each HMDA product and each of the bank's delineated communities. The market share information is based on the 1995 aggregate HMDA data for all reporting home mortgage lenders. The following table shows the bank's market share and rank by applicant income level. The rank indicates the bank's relative market share compared to the 458 HMDA loan reporters in the market.

For the 3 mortgage products together, the bank's 3.7% market share ranked third in the bank's combined, delineated communities. The bank was the leading home improvement lender in its communities with a 11.9% market share for the product overall. The bank ranked second in home improvement lending to LMI individuals with a strong 10.2% market share. Refinance lending was also relatively good ranking sixth within the bank's communities. Also, the bank's 2.8% market share for refinance lending to LMI individuals exceeds the bank's refinance lending market share overall of 2.7%.

1995 Market Share by Applicant Income Level					
HMDA Products	% LMI Market Share	LMI Market Rank	% MUI Market Share	Overall Market Share	Overall Market Rank
Home Purchase	1.5%	19	1.8%	1.7%	18
Home Improvement	10.2%	2	12.8%	11.9%	1
Refinance	2.8%	8	3.0%	2.7%	6
Totals	3.2%	7	4.2%	3.7%	3

Management provided reasonable explanations for a number of the LMI tracts that have a low level of penetration. Many of these tracts have sparse populations and are dominated by geographic barriers such as rangeland, parks, wildlife refuges, and military installations.

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

Conclusion - The bank has a good record of opening offices. The bank's main office and branches are readily accessible to all segments of the delineated community.

Supporting Detail - As of December 31, 1996 the bank had 34 Banking Centers, 12 Express Centers, and 8 limited service drive-up offices. Bank One Banking Centers are facilities that operate staffed offices engaged in the business of full service banking. Banking Center hours vary based on customer need, with 76 percent open on Saturdays. Thirteen centers, or 37 percent of the total, are in LMI areas.

Bank One Express Centers are offices chartered as full service banking centers. Express Centers are located in Albertson's grocery stores and have extended hours of operation. They are open six days a week including Saturday until 8:00 p.m.

BOCO's branch office network is supplemented by 75 bank-owned, or proprietary ATMs and two non-proprietary ATMs. All ATMs can conduct transactions in English and Spanish. Also, 59 of the 77 ATMs (77 percent) have 24-hour access. ATMs without 24-hour access are at Express Center locations or at other businesses that are not open 24 hours per day. Additionally, 59 of the 77 ATMs (77 percent) are full service machines that accept deposits, transfer funds, dispense cash, and allow account inquiries. No fees are paid by BOCO customers for these services. Non-customers pay \$1.50 for a cash disbursement. BOCO customers can obtain a mini-statement or a full statement of account activity. Further, most machines permit users to purchase postage stamps. Twenty ATMs, or 26 percent of the total, are in LMI areas.

The following table discloses that the bank's distribution of branches and ATMs has achieved good penetration into LMI areas. The table compares the percentage of branches and ATMs located in LMI areas to the percentage of LMI geographies for the bank overall, for each MSA, and for the Non-Metro Areas.

Branch/ATM Distribution and Comparison to LMI Demographics				
	# Branches/ ATMs	# LMI Branches/ ATMs	% LMI Branches/ATM s	% LMI Geographies
Total Delineated Community	54 / 77	20 / 20	37% / 26%	32%
Denver Metro	21 / 29	8 / 9	38% / 31%	32%
Colorado Springs	5 / 14	2 / 2	40% / 14%	35%
Boulder-Longmont	10 / 15	3 / 4	30% / 27%	17%
Fort Collins-Loveland	6 / 10	1 / 1	17% / 10%	24%
Greeley	5 / 6	3 / 3	60% / 50%	46%
Pueblo	1 / 0	1 / 0	100% / 0%	46%
Grand Junction	2 / 1	0 / 0	0% / 0%	21%
Non-Metro Areas	4 / 2	2 / 1	50% / 50%	27%

Alternate Delivery Mechanisms

Alternate delivery systems play an important role in the delivery of products and services to the bank's community. Telephone banking is the primary alternative delivery system used by the bank. Also, all telephone banking has bilingual service to assist Spanish speaking customers. One Phone is an automated account information service that features 24-hour access for customers to check balances, transfer funds, and make bank card inquiries. Loan By Phone allows retail customers to apply for consumer loans through a toll-free telephone number.

Consumers can apply for a mortgage loan or receive product information through the toll-free Home-By-Phone. The 5-Minute Mortgage service provides prospective home buyers 24-hour access to an automated prequalification service for a new or refinance mortgage. Small business loan applications can be made through Business Loan By Phone. Agricultural loan applications can be made through Ag Loan-By-Phone.

Consumers can make deposits, apply for loans, and make payments through Bank-By-Mail. Also, this system enables business customers to deposit VISA/Mastercard transactions by mail.

BOC has a web site on the Internet that informs users about product information and permits e-mail contact.

Opening and Closing Offices

Through ongoing analysis, management evaluates branches for profitability and duplication of services. Since our last review in September 1995, BOCO sold three branches and consolidated or relocated four branches. Two of the sold branches were in LMI areas. Branch closing decisions during this period included discussions with community leaders and customers prior to the decision to close the branches. Also, BOCO closed three ATMs and relocated four ATMs, but none occurred in LMI areas.

The bank has opened additional offices and ATMs, including openings in LMI areas. Since our last review, BOCO:

- Opened 12 Express Centers. This new phase of branch expansion through the Albertson's grocery store chain began in April 1996. Three offices were opened in LMI areas.
- Added 15 ATMs, increasing the total to 77. Three ATMs were added in LMI areas at the same locations where Express Centers were opened.
- Improved ATM service for its customers through the Diamond Shamrock Convenience Store chain. The Bank One Rapid Cash service makes available approximately 65 additional cash dispensing machines with a lower transaction fee for BOCO customers.
- Announced an agreement with Mail Boxes Etc. (MBE) to install full service ATMs in MBE centers. In Colorado there are an estimated 87 potential installation sites. The addition of these ATMs to BOCO's network will expand the availability of banking services to retail consumers and small businesses.

Other

As noted in the **Bank Profile**, several affiliates have offices or representatives in Colorado. These affiliates enhance the ability of BOCO to provide services, including credit-related services, to the community. These services have had a tangible positive impact on the community in the form of millions of dollars of loans, leases, and investments which meet identified needs in the areas of affordable housing, technical assistance, outreach, and small business loans.

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 - We found no practices intended to discourage applicants for any type of credit listed in the bank's CRA statement.

Supporting Detail - Management affirmatively solicits credit applications from all segments of the bank's community. BOCO has developed several initiatives to insure its marketing and advertising efforts are reaching all segments of its delineated communities regarding the products and services the bank offers. This includes special programs which target LMI individuals in under-served markets, as well as programs targeted toward minorities. The bank has sound, nondiscriminatory loan policies and procedures. All employees with customer contact or responsibilities relating to lending are required to participate in corporate training programs that focus on fair lending laws and regulations.

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

Conclusion - We did not identify any illegal discrimination or other illegal credit practices.

Supporting Detail - We performed a fair lending examination in August 1996. We focused on home equity lines of credit and reviewed a sample of loan applications to test for illegal disparate treatment. The sample consisted of 188 approved male applicants and 77 denied female applicants. We did not identify any instances in which the bank denied credit to a similarly situated applicant based on the applicant's gender or any other prohibited basis.

The bank's 1995 self assessment is adequate. In 1995 and 1996, BOCO's Corporate Compliance, Legal, and Audit department performed fair lending reviews which focused on home improvement loans. The results of the 1995 review indicate the audit did not find any instances of illegal discrimination or disparate treatment based on race or national origin. The results of the 1996 review were not made available to the OCC.

First purchase residential mortgage loans are originated by BOMC. These loans have not been subject to an internal fair lending self assessment or a fair lending examination by the OCC. This is because BOMC is a holding company subsidiary and is not subject to examinations by the OCC.

During a portion of the evaluation period, BOMC was operating with an "overage" compensation program. This program allows mortgage representatives flexibility in pricing mortgage loans. Mortgage representatives are allowed to keep a portion of the interest rate charged if an applicant agrees to a higher interest rate than BOMC's standard rate. Although overage practices are not new to the lending industry, there is recognition that if not properly monitored, such programs have potential for disparate impact on applicants on a prohibited

basis. BOMC management recognized this potential problem and discontinued the practice until it was reinstated in March 1995. Under the reinstated program, overages are limited to 1 percent which significantly limits the size of any overage.

BOMC's lending activities are part of the bank's CRA program. In light of the credit received by the bank for BOMC's lending activities, we are disclosing the existence of the overage program and the lack of testing for illegal discrimination in lending.

V. COMMUNITY DEVELOPMENT

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

Conclusion - BOCO is a leader in providing community development loans, investments, and services to the community.

Supporting Detail

Community Development Lending

BOCO played a leading role in two large community development and redevelopment projects in upper downtown Denver. Those projects are The Adam's Mark Hotel and The Denver Entertainment & Fashions Pavilion (The Pavilions). The Adam's Mark Hotel project, in which BOCO served as the lead lender and made a loan of \$21 million, involves the rehabilitation and construction of an addition to an existing hotel on a site formerly occupied by an abandoned retail department store. The Pavilions project, in which BOCO loaned \$20 million and is the only local lender, involves the construction of a large retail and entertainment center on two city blocks that were formerly parking lots. The projects received over \$40 million of financing from the Denver Urban Renewal Authority (DURA).

Both projects are located in areas designated for economic stabilization or revitalization by the city of Denver. They are in the Downtown Denver Urban Renewal District. The goal of the district is to reduce or eliminate blighted conditions and to stimulate continued growth and development of the city.

The projects are located in the same middle-income CT, which is entirely surrounded by LMI geographies. The projects will accrue substantial benefit to LMI individuals through job creation. A condition of financial support from DURA is that the developer and lessees allocate a majority of jobs to LMI persons. It is projected that a total of 1,200 permanent jobs will be created by the two projects, over half of which will be filled by LMI applicants in accordance with the First Source Hiring & Outreach Program for Low Income Denver Residents for Urban Renewal Projects mandated by DURA.

BOCO has made a number of direct loans for community development, including several smaller loans, as depicted in the following table. The listed projects benefit the Denver Metro area which has demonstrated needs for affordable housing, jobs, and health services targeted at LMI individuals or areas.

DIRECT LOANS FOR COMMUNITY DEVELOPMENT			
Project	Program or Public Partner	Percent Benefit	Dollars (000s)
Two Projects Noted Above	DURA	100%	\$41,000
Foothills Green (1)	City of Lakewood, FNMA, nonprofit group	100%	6,850
BCORP/A. T. Lewis (2)	CHFA, HTC	45%	2,571
Silver Square (3)	City of Denver	100%	1,600
Arapahoe Mental Health (4)	Letter of credit to support a tax-exempt bond	100%	3,037
Totals			\$55,058

- (1) BOCDC made bridge loan and construction loan in a complex financing package with loan, grant, and LIHTC funds provided by a local bank, BOCDC, FNMA, City of Lakewood, and a nonprofit group. This will construct 72 LMI multifamily housing units located in an LMI CT, to be managed by nonprofit Mercy Services Corporation.
- (2) BOCO made a redevelopment loan to convert adjacent commercial properties in downtown Denver into 51 housing rental units and retail space located in an LMI CT. The bank partnered with HTC with long-term financing from the CHFA. The state requires that 23 of the units be rent-restricted as LMI housing. The dollar amount reflects the percent benefit to LMI persons.
- (3) BOCO made a redevelopment loan in conjunction with low-rate financing by the City of Denver. The purpose was a condominium conversion on a 54-unit apartment building with first floor commercial space. It is located in an LMI CT in downtown Denver. The average price of the residential units will be \$94,000, making them affordable for LMI persons.
- (4) Arapahoe Mental Health is a clinic, with residence facilities. The project is to construct/acquire additional clinic and administrative space. Most of his patients are LMI persons on Medicare or Medicaid.

Community Development Investments

BOCO and affiliates have made a number of direct and indirect community development investments. These investments provided affordable housing, transitional housing, small business loans, or services targeted towards LMI individuals. For three of the investments, the bank or affiliate was the only investor and/or provided technical assistance to facilitate the debt issuance, indicating a leadership role. The indirect investments information reflects the pro-rata share. The Denver Metro, Boulder-Longmont, Grand Junction, and Fort Collins-

Loveland MSAs benefited, as well as the Fremont County portion of the bank’s delineated community. The table below summarizes these investments.

DIRECT INVESTMENTS FOR COMMUNITY DEVELOPMENT			
Type of Investment	Number of Investments	Number of Housing Units	Dollars (000s)
LIHTC	6	202	\$4,094
Arapahoe Mental Health Tax-exempt Bond	1	NA	3,000
Denver Capital Corporation	1	NA	200
Greater Denver Local Development Corporation	1	NA	30
El Pueblo Interdevelopment Corporation	1	NA	25
Loveland Micro-loan Fund	1	NA	25
Totals	11	202	\$7,374

Three of the direct investments are in multi-bank CDCs. Two of those have micro enterprise loan pools to serve start-up or existing businesses that do not meet conventional lending criteria. In 1996, these CDCs made 22 loans totaling \$398,000.

Community Development Services

BOCO and its affiliates engage in a variety of outreach activities related to the provision of financial services throughout the rating period. More specifically, officers of the bank or its affiliates:

- Provided technical advice on how to form a tax-exempt entity to engage in affordable housing development.
- Served as panelists at meetings hosted by groups of nonprofit housing providers and small business lenders.
- Provided technical assistance in obtaining tax-exempt bond financing to an affordable housing group.
- Led the development of a guide to small business ownership and management.
- Served as loan committee and finance committee members for CDCs, affordable housing lenders, and micro-loan funds.
- Provided technical assistance to a mental health clinic serving LMI individuals to raise funds for a residence facility.

- Served on the BOD of a municipal downtown development authority.
- Served on the BOD of a group providing economic education and job experience to inner-city teens.
- Sponsored seminars for affordable housing lenders.
- Served on the BOD of chambers of commerce.
- Provided technical advice to a municipal housing authority utilizing LIHTCs.
- Addressed homebuyer seminars and gave individual counseling.
- Served on the BODs of nonprofit housing providers, government loan providers, minority business advocates, women’s employment and education advocates, and a municipal downtown development authority.

In many of the above activities, representatives of the bank and its affiliates played leadership roles. The activities benefited 34 different groups or events throughout the delineated community.

Creation of Jobs for LMI Persons

BOCO took a leadership role and was the only lender involved in the Black Cherry (University Hills) project. This project was for redevelopment of a blighted shopping center located in south Denver County. BOCO loaned \$25 million and DURA funded \$2 million of the project costs.

The project is situated in an MUI CT which is entirely surrounded by other MUI CTs. However, the location is a targeted economic development area. The goal of such areas is to reduce or eliminate blighted conditions and to stimulate continued growth and development of the city.

Though not in or near an LMI geography, the project will provide substantial benefit to LMI individuals. This will occur because a condition of financial support from DURA is that the developer and lessees conform to the First Source Hiring & Outreach Program for Low Income Denver Residents for Urban Renewal Projects. This program gives employment preference to LMI individuals. It is projected that 356 permanent jobs will be created by the project, over half of which will be filled by LMI applicants in accordance with the program.

Community Development Grants

BOCO made contributions and grants to a various groups throughout the state which advocate or facilitate satisfying the community development, small business, and small farm needs of the community. A breakdown by group purpose is:

Community development	\$285,000
Economic development/small farm and business	<u>190,000</u>
Total	<u>\$475,000</u>

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 - Commensurate with its size and condition, BOCO has demonstrated an ability to meet the credit needs of its communities.

Supporting Detail - There are no significant financial and economic factors which inhibit the bank's ability to help meet the credit needs of its communities. BOCO is in sound financial condition. It is the third largest bank in Colorado in total assets, with a network of offices, ATMs, and alternative delivery systems in place to provide credit to the entire delineated community. Further, economic conditions in Colorado are good, creating an environment conducive to providers of financial services.

There are no legal impediments which inhibit the bank's ability to meet the credit needs of its community. BOCO is not subject to any special legal constraints which prevent it from offering a full range of credit services.

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 - BOCO and affiliates engage in a variety of other activities that contribute to meeting the community's credit needs in innovative ways.

Supporting Detail

National Investments

It is noted that BOCDC has made investments in community development funds that invest on a nation-wide basis. BOCDC has \$28.5 million invested in the Enterprise Social Investment Corporation (ESIC). The investment by BOCDC is not geographically targeted, but ESIC has invested in 4 projects in Colorado which have produced 108 units of affordable housing. BOCDC also has an investment in the National Development Council (NDC) which is not geographically targeted. NDC does have an investment in a Colorado project to create 52 units of affordable housing.

Municipal Leases

BOCO offers municipal lease financing to public school districts, fire districts, community colleges, county governments, and other similar entities. This kind of financing benefits the entire assessment area, including LMI geographies, through the maintenance and improvement of infrastructure. The bank's portfolio of leases exceeded \$14 million as of December 31, 1996. During this assessment period, BOCO made five leases totaling \$3 million to finance energy management equipment for a public school; an asphalt plant for a

county government road maintenance department; and recreation, computer, and maintenance equipment for a park and recreation district.

Historic Tax Credit Projects

Banc One Community Development Corporation had ongoing involvement in one redevelopment project, provided technical assistance and approved investment in another, and provided technical assistance for a third redevelopment project during the assessment period through the HTC program. The projects are located in LMI geographies in Denver. The corporation worked in cooperation with the Mayor's Office of Economic Development to bring two of these projects to fruition. The projects are renovations of:

- The Rossonian Hotel, a historic hotel located in a blighted area of Denver,
- The Berkeley School, a conversion of a historic school building into loft apartments and condominiums, and
- The Burlington Hotel, a historic hotel located in a targeted redevelopment area.

The Berkeley School project also received a grant from the Colorado Historical Society and a low-interest loan from the City of Denver.

Investment in Bonds

Banc One Capital Corporation also provided technical assistance to the debt issuance, and invested in \$2.8 million of industrial revenue bonds used to finance an expansion of a metal fabrication business located in Colorado Springs. By providing affordable financing for the growth of the business, the corporation helped create new jobs and contributed toward the economic stabilization of part of the delineated community.

Creation of Affordable Housing

BOCO financed the creation of affordable housing in the assessment period by making land acquisition or construction loans for five projects. These projects are not located in LMI geographies, part of a government housing program, or specifically targeted at LMI individuals, but they do increase the stock of affordable housing in the Denver MSA. The average sales price of a previously owned condominium in the Denver MSA is in excess of \$94,000, the average sales price for a used single family residence is in excess of \$161,000¹, and the average listing price for new homes is even higher. The projects listed below provide homes for prices ranging between \$72,000 and the low \$100,000s, with most units priced at or below \$100,000. The table summarizes key information.

¹Source is March 30, 1997, Rocky Mountain News.

CREATION OF AFFORDABLE HOUSING		
Project	Number of Units	Dollars Loaned (000s)
Gateway Village	83	\$ 820
MGL	108	7,450
15th & Central (1)	4	456
Western Skies	108	3,811
Rockbridge	168	6,150
Totals	471	\$18,687

- (1) This project is located in an LMI CT. Of the 16 units in the project, 4 will be priced in the low \$100,000s, making them affordable for moderate income persons.

Contributions

During the assessment period, BOCO made contributions to various groups across the state which advocate or facilitate satisfying the housing, education, and economic needs of the community, including LMI areas. A breakdown by group purpose is:

Education/employment	\$30,000
Housing	60,000
Other	<u>5,000</u>
Total	<u>\$95,000</u>