



**Comptroller of the Currency
Administrator of National Banks**

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New York, New York 10036

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

August 31, 1996

**PNC Bank, Ohio, National Association
Charter Number: 16416**

**201 East Fifth Street
Cincinnati, Ohio 45202**

<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 **PNC Bank, Ohio, N.A.** prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agent.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of **August 31, 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.

ABBREVIATIONS

PNC Bank Corp	PNC Corp
PNC Bank, Ohio, N.A.	PNCO
PNC Mortgage Bank, N.A.	PNCMC
Automated Teller Machine	ATM
Block Number Area	BNA
Board of Directors	Board
Census Tract	CT
Community Affairs Officer	CAO
Community Reinvestment Act	CRA
Federal Housing Administration	FHA
Home Mortgage Disclosure Act	HMDA
Low-to-Moderate Income	LMI
Metropolitan Statistical Area	MSA
Small Business Administration	SBA
Veterans Administration	VA

DEFINITIONS

Low Income Census Tract -	Census Tracts in the community, with income levels between 0% and 49% of the median family income of the area.
Moderate Income Census Tract -	Census Tracts in the community, with income levels between 50% and 79% of the median family income of the area.
Middle Income Census Tract -	Census Tracts in the community, with income levels between 80% and 119% of the median family income of the area.
Upper Income Census Tract -	Census Tracts in the community, with income levels over 120% of the median family income of the area.
LMI (Low Moderate Income Census Tract)	Census Tracts in the community, with income levels between 0% and 79% of the median family income of the area.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, this institution is rated: **“Outstanding record of meeting the community credit needs.”**

Evaluation Period: The bank’s previous Public Disclosure is dated June 2, 1994. The current disclosure contains an evaluation of the bank’s performance from June 2, 1994 through August 31, 1996.

Bank Profile:

PNCO is a bank subsidiary of PNC Corp., headquartered in Pittsburgh, Pennsylvania. PNCO is both a commercial and retail bank serving the Greater Cincinnati area, which encompasses Cincinnati, Ohio, and Covington and Newport, Kentucky. PNC Corp had total assets of \$69 billion as of September 30, 1996, which includes approximately \$4 billion of PNCO assets. Since the previous examination, PNCO’s geographic market area changed significantly due to the merger with PNC, Northern Kentucky, N.A. in 1995.

Community Profile:

PNCO has established a delineated community which encompasses the Greater Cincinnati area. This area comprises portions of Clermont, Hamilton, Warren and Butler Counties in Ohio and Boone, Campbell and Kenton Counties in Kentucky. Butler County is in MSA 3200; the rest of the community is in MSA 1640.

TABLE 1: PNCO COMMUNITY DELINEATION					
MSA #	STATE	% LMI	MSA MEDIAN FAMILY INCOME	MSA OWNER-OCCUPIED HOUSING UNITS	
			\$	#	%
1640	OHIO	24	36,658	238,461	56
	KENTUCKY	29	36,658	66,485	62
3200	OHIO	0	38,674	24,350	70

The scope of this evaluation included contacts with organizations and agencies within the delineated community. The individuals contacted held a generally favorable impression of PNCO’s involvement in the community.

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.

- **PNCO takes a proactive approach in assessing community credit needs through continuous contact with community members.**

PNCO continues to operate under a formal ascertainment process developed by its parent, PNC Corp. The bank's Board of Directors and management are actively involved in meeting with local, state, and federal government officials, community development associations, economic development associations, housing authorities, small business associations, public utilities, nonprofit organizations, and other individuals. Management has identified affordable home purchase and home improvement loans; small business financing; and affordable bank services as the most pressing needs of the community.

The Board and senior management address community credit needs through product development and innovative lending practices. Since the June 1994 evaluation, PNCO has introduced the Fa\$Trak and LowDoc SBA Programs, and Avondale Home Improvement Loan Program. The bank continues to utilize flexible underwriting standards in extending mortgages that do not meet secondary market guidelines. Additional information on these products is provided under *Assessment Factors I and J* in this evaluation.

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.

- **The Board is actively involved in the oversight of PNCO's CRA program.**

PNCO's Board has established CRA policies and procedures and approves the CRA Public Notice and the CRA Statement annually. The bank's expanded CRA Statement includes a Summary of CRA Performance, which details the bank's efforts in ascertaining and meeting community needs. The Bank has also established a CRA Board Committee, a CRA Steering Committee, comprised of bank management; and an annual CRA Self-Assessment process. The Board appointed Community Affairs Officer is responsible for initiating, monitoring and coordinating the bank's CRA activities. PNCO did not identify any significant areas for improvement in the 1995 CRA Self-Assessment. The Board and senior management ensure that all bank staff receive CRA training on an on-going basis.

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 credit services offered by the institution.

- **PNCO's marketing program is designed to reach all segments of its community.**

PNCO uses a variety of media to inform the community of its credit services, including: newspapers, radio, television, billboards, brochures, lobby posters, statement stuffers, and publications targeting specific segments of the community. In addition to the general marketing plan, the bank periodically uses direct mail marketing to target mortgage, home improvement, and small business loan advertising to LMI CT/BNA's. The bank has also established goals and management reporting systems for monitoring officer calling programs. Officer calling programs keep the community informed of bank products and services.

PNCO is also involved in a number of activities that educate individuals or groups about the proper use of credit. The following programs are examples of PNCO's involvement in educational initiatives: Better Housing League Homeownership Project; Communities United for Action Homebuyers Training; Greater Cincinnati Mortgage Counseling Services Homebuyers Class; and How To Do Your Banking. The advertising program is monitored for compliance with laws and regulations by PNC Corp.'s legal staff.

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

- **PNCO and PNCCMC address a good portion of the community's identified credit needs through traditional and non-traditional banking products.**

As of June 30, 1996, PNCO's loan-to-deposit ratio was 117% compared to a national peer ratio of 90%, and a custom peer ratio of 98%. Custom peer data is comprised of all full-service banks in Ohio and Kentucky with total assets between \$1 and \$6 billion. PNCO's ratio also does not include the volume of residential mortgage loans originated by PNCCMC in the delineated community, which totaled more than \$105 million in 1995.

Mortgage Loan Activity:

Of the financial institutions in the Greater Cincinnati area, PNCO ranks fourth in total asset size and fourth in deposit volume. Despite this, the bank was the leading LMI Conventional Mortgage lender in the market in 1995. PNCO and PNCCMC generated 120 conventional mortgages in the LMI areas of the community, which represents 8.2% of all LMI mortgages

originated by all lenders. On a market share basis, by product, PNCO and PNCCMC ranked as follows in 1995:

Type of Loan	Rank among all lenders	Percent of all loans originated
<i>All HMDA related Loans</i>		
Community Wide	4	3%
LMI	4	4%
<i>Purchase Money Mortgages</i>		
Community Wide	3	4%
LMI	1	8%
<i>Home Improvement Loans</i>		
Community Wide	5	5%
LMI	7	4%
<i>Refinancings</i>		
Community Wide	14	1%
LMI	19	1%

In 1995 the bank concentrated marketing efforts on originations, hence the lower ranking for refinances. In all other categories, the bank is a good to strong performer.

Table 3 provides an overview of the number and dollar volume of loans originated or purchased by PNCO and PNCCMC in the PNCO Communities:

TABLE 2: PNCO AND PNCCMC HMDA LOAN PURCHASES AND ORIGINATIONS INSIDE THE COMMUNITY						
	1994		1995		June 30, 1996	
LOAN TYPE	#	\$*	#	\$*	#	\$*
<i>HOME PURCHASE</i>	838	82,445	769	80,138	440	38,669
<i>REFINANCE</i>	406	43,948	181	23,253	206	23,360
<i>HOME IMPROVEMENT</i>	556	5,330	418	4,440	334	4,722
<i>MULTI-FAMILY</i>	0	0	1	20	0	0
TOTAL	1,800	131,723	1,369	107,851	980	66,751

* Dollars are in thousands. Numbers are actual data.

The following categories from Table 2 require additional explanation:

- Home Purchase: In addition to traditional mortgage lending programs, this category includes loans originated under the following programs:
 - Open Door Program (ODP): PNCO and PNCCMC offer this mortgage program for LMI borrowers. The program offers a low-cost, low-down payment, home purchase loan without private mortgage insurance for home purchases with a sales price below \$85,000. PNCO and PNCCMC originated 122, 205, and 218 loans totaling \$6 million, \$14 million, and \$14 million, in 1994, 1995, and as of June 30, 1996, respectively under this program.
 - Open Door Plus Program (ODPP): PNCO and PNCCMC offered this mortgage program for LMI borrowers. The program offered a low-cost, no-down payment, home purchase loan without private mortgage insurance for home purchases with a sales price below \$50,000. PNCO and PNCCMC originated 177, and 180 loans totaling \$8 million, and \$9 million, in 1994, and 1995, respectively under this program. This program was discontinued in 1995 due to significant delinquency rates.
 - Mortgage Credit Certificate Program (MCCP): This program uses government provided mortgage credit certificates to provide a tax break to homeowners in the City of Cincinnati. PNCO and PNCCMC originated 28 and 11 loans for \$2 million and \$195,000, in 1995 and as of June 30, 1996, respectively.
 - Ohio Housing Finance Agency Downpayment Assistance Program (ODAP): This program provides up to \$2,500 in downpayment and closing cost assistance for LMI individuals. The funds are provided in the form of a nine-year, no-interest, second mortgage. The loan is forgiven after nine years. If the house is sold prior to the expiration of nine years, the loan becomes payable. During 1996, PNCO made a \$10,000 commitment to this project. One loan was in process during this review.
- Home Improvement: This category includes home improvement loans made under the following categories:
 - Open Door Home Energy Loan Program (ODHEP): This program is offered in conjunction with Cincinnati Gas and Electric. It provides LMI individuals up to \$5,000 at a preferred interest rate for energy-related home improvements. PNCO originated 149, 140, and 37 loans totaling \$552,000, \$514,000, and \$151,000, in 1994, 1995, and as of June 30, 1996, respectively under this program. The decline in loan volume is attributable to the program's expansion during 1995 to include all area financial institutions on a rotating basis.

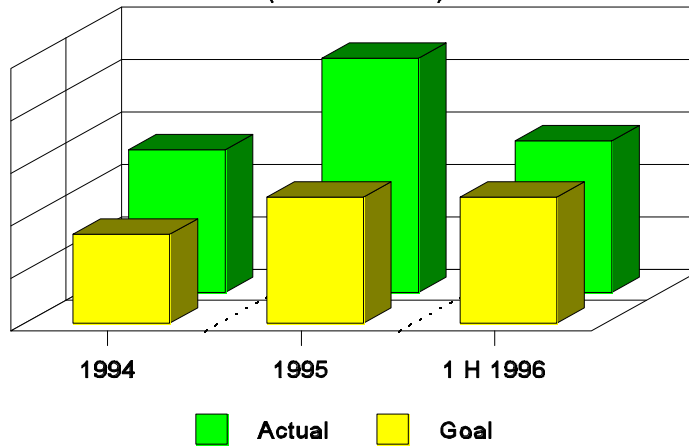
- Avondale Home Improvement Loan Program (AHILP): PNCO was one of sixteen financial institutions to provide the AHILP for residents of Avondale. The program, which originated in the Fall of 1995, provides home improvement loans for interior and exterior home repairs up to \$25,000 at a below market interest rate. PNCO has originated two loans totaling \$42,000 in 1996, under this program.

The decline in HMDA related loans between 1994 and 1995 can be primarily attributed to the overall market interest rates, which were at an all-time low during 1994, triggering a high volume of purchase money and refinance mortgage loans. 1996 performance is expected to approximate 1995 performance.

The following charts below depict the loan origination volume to low and moderate income (LMI) individuals for the ODP, ODPP, and ODHEP products, and the goals set by PNC Corp. and PNCMC for the year.

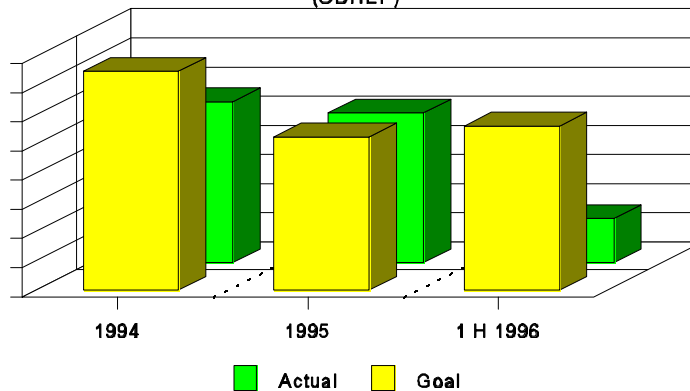
Home Loans

(ODP & ODPP)



Home Improvement Loans

(ODHEP)



PNCO and PNCMC have consistently exceeded anticipated home loan goals. The ODHEP program met the 1995 goal. However, 1996 volume is expected to decline significantly, as the program was expanded during 1995 to include all area financial institutions on a rotating basis.

Small Business Loans:

PNCO extends a good volume of small business loans, defined as loans to businesses with annual sales of \$5 million or less. Commercial and commercial real estate loans approximate 50% of PNCO's loan portfolio as of June 30, 1996. This segment of the portfolio grew approximately 13% in the last year. Small business loans account for approximately 15% of the commercial loan portfolio.

PNCO originated \$53 million and \$31 million in small business loans, for 1995 and through June 30, 1996, respectively. PNCO's outstanding loans to small businesses loans as of June 30, 1996 are detailed in Table 3.

TABLE 3: JUNE 30, 1996 PNCO SMALL BUSINESS LOANS			
ORIGINAL LOAN BALANCE	# RELATIONSHIPS	\$ OUTSTANDING	AVERAGE PER RELATIONSHIP
< \$100,000	1,321	37,612	28
\$100,000-\$250,000	494	61,421	124
\$250,001-\$1,000,000	521	185,382	355
TOTAL	2,336	284,415	122

Note: Dollars are in thousands. Numbers are actual data.

PNCO's CRA Statement correctly lists the credit products available throughout the local community.

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

- **PNCO and PNCCM actively participate in a variety of government-related loan programs.**

Table 4 below details the volume of PNCO and PNCCM government-related loan originations.

TABLE 4: PNCO AND PNCCM GOVERNMENT RELATED LOAN ORIGINATIONS						
LOAN TYPE	1994		1995		June 30, 1996	
	#	\$	#	\$	#	\$
<i>SBA</i>	29	4,960	28	3,240	29	4,520
<i>FHA/VA</i>	174	13,271	58	4,840	23	1,744
<i>OHIO 166</i>	1	280	2	350	0	0
<i>OHIO LINKED DEPOSIT</i>	2	110	2	60	13	2,240
<i>OHIO MINI-LOANS</i>	2	3,630	0	0	0	0
<i>CINCINNATI URBAN HOMESTEAD</i>	7	329	6	263	2	101
TOTAL	215	22,580	96	8,753	67	8,605

Dollar figures are in thousands. Numbers are actual data.

The loan categories from Table 4 are explained below:

- **Small Business Administration (SBA):** PNCO offers SBA loans under the programs detailed below. PNCO is a Certified SBA Lender which substantially reduces the time necessary to process loan applications.
 - **SBA 7A Program:** This program provides guaranteed term loans over \$100,000 for business expansion; financing of real estate purchases; construction of new facilities; or working capital to expand business operations.

- SBA LowDoc Program: This program provides guaranteed term loans less than \$100,000 for business purposes. The application process for these loans has been streamlined to expedite the approval process.
- SBA 504 Program: This program provides businesses with guaranteed term loan financing through a development corporation for the purchase of real estate or fixed assets in which the customer has a 10% equity position, a bank takes a 50% first security position, and the SBA takes a 40% second lien position.
- SBA Fa\$Trak Program: In 1995, PNCO was selected as one of 18 banks nationwide to participate in this SBA pilot program. PNCO uses its own credit products, application procedures, and documentation standards for loans which receive a 50% guarantee from SBA.
- Federal Housing Administration (FHA)/Veterans Administration (VA): These programs provide customers with government-backed 1-4 family purchase money residential mortgages.
- Ohio 166 Loans: This program provides funding for business acquisition of equipment or real estate at below market interest rates. The customer provides a 10% equity position; a development company provides up to 45% of the cost or \$200,000, whichever is less; and conventional financing provides the balance of the cost. The program requires one full-time job to be created over a three-year period for each \$15,000 in funding. Participants also agree to a minority hiring goal mirroring the county minority population.
- Ohio Linked Deposit: This program provides Ohio small businesses with a reduced cost funding source. The program requires the business to be for-profit; business facilities exclusively in Ohio; and fewer than 150 employees at the time of application, the majority of which are Ohio residents. Under the program, the State of Ohio places reduced rate deposits at a financial institution making a qualified loan. The interest rate differential is transferred to the qualified business loan, reducing the borrower's overall costs.
- Ohio Miniloans: This program provides low-cost funding of business expansion or fixed assets in amounts less than \$100,000. The businesses must have less than 25 employees. The State of Ohio has targeted 50% of the loan funds to businesses owned by minorities and women. This program has not been active since 1994 as changes in the SBA and other programs have provided faster, less-expensive financing for bank customers.
- City of Cincinnati Urban Homesteading Program (CUHP): This program awards properties to eligible area residents who agree to rehabilitate the homes to city specifications and reside in the home for three years. Renovation costs are the

responsibility of the new owner. PNCO finances the renovations, and subsequent mortgage financing.

The decline in government related loans between 1994 and 1995 can be primarily attributed to the FHA/VA mortgage portfolio. FHA/VA loans declined between 1994 and 1995 due to the attractiveness of CRA-related mortgage loans available in the general market without the expense, paperwork, and time necessary to process loans in the FHA/VA program.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

- **PNCO's delineated community is reasonable. No low- and moderate-income areas are arbitrarily excluded from the community.**

Refer to the Community Profile section in the introduction of this evaluation for a description of PNCO's delineated community.

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

- **Our analysis of lending patterns for mortgage loans indicates that there is reasonable penetration of loans in all segments of the bank's delineated communities, including low- and moderate-income areas.**
- **PNCO's process of analyzing the distribution of mortgage loans within its delineated communities is extensive and effective.**

Using HMDA data, we reviewed loan applications and originations in PNCO's communities with an emphasis on activity in LMI areas. Our analysis compared the percentage of total loan applications from LMI areas for PNCO and PNCMC combined to all institutions that reported loan activity in PNCO's delineated community. We found that the bank is the largest conventional home purchase mortgage lender in LMI areas despite being the third largest originator in the overall community. Overall, a reasonable portion of PNCO's loans is in LMI areas.

Ohio Delineation

For 1994, 14% of the total number of applications and 12% of the total number of originations reported by PNCO and PNCMC were attributed to LMI census tracts in the Ohio delineation. These percentages increase to 16% for applications and 14% for originations in

1995 as well as the first six months of 1996. Compared to the market, PNCO and PNCMC had a slightly smaller share of its total loan applications/originations in LMI census tracts in 1994, and a slightly higher share of the same in 1995. By loan category PNCO and PNCMC report a higher percentage of conventional home purchase loan applications/originations in LMI census tracts than the market for both 1994 and 1995. For all other loan categories, PNCO and PNCMC reports slightly lower percentages of applications/originations in LMI census tracts than the market. For government loans, bank management attributes these lower percentages to the fact that its own affordable mortgage product is more attractive to LMI borrowers than government assisted loans.

Kentucky Delineation

For 1994, 12% of the total number of applications and 10% of the total number of originations reported by PNCO and PNCMC were attributed to LMI census tracts in the Kentucky delineation. For 1995, these percentages increased to 13% for applications and remained constant at 10% for originations. Compared to the market, PNCO and PNCMC had a slightly smaller share of its total loan applications/originations in LMI census tracts in both 1994 and 1995. By loan category PNCO and PNCMC report the same or almost comparable percentages of home purchase loan applications/originations in LMI census tracts compared to the market for both 1994 and 1995. For all other loan categories, with the exception of applications for government loans and originations of home improvement loans in 1995, PNCO and PNCMC report slightly lower percentages of applications/originations in LMI census tracts than the market; however, these differences are not considered significant.

Two Tables (*Table S-1 and Table S-2*) located in the *Supplementary Information* section of this evaluation illustrate the performance of PNCO versus the market in greater detail.

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

- **Branch offices are reasonably accessible, and provide needed banking services to all segments of the community. Branch office closings have not hindered the accessibility of banking services to the community.**

PNCO has 50 full-service branch offices, one limited-service drive-up facility, and two limited-service retirement community banking centers. Thirteen branch offices are located in or near LMI communities. In addition to the branch office network, PNCO operates 65 full-service and 35 cash-dispensing Automatic Teller Machines. The bank actively manages its branches to accommodate the needs of the surrounding community. To efficiently and better serve its community, PNCO has relocated, consolidated and opened branches since the previous evaluation. Table 5 provides an overview of branching activity by county.

When closing a branch, PNCO is guided by a Corporate Policy which conforms to regulatory requirements. The policy requires that responsible bank officers assess the potential adverse impact of the closing on the branch's local community. Factors to be considered in a branch closing decision include the makeup of the surrounding community, other banking alternatives and input solicited from community groups. As a result of following policy guidelines, branch closings have not adversely impacted any community.

TABLE 5: PNCO BRANCH ACTIVITY				
COUNTY	BANK BRANCHES as of 3/31/94	BANK BRANCHES OPENED	BANK BRANCHES CLOSED	BANK BRANCHES as of 8/31/96
	#	#	#	#
Ohio:				
Clermont	4	0	1	3
Hamilton	42	3	9	36
Warren**	0	0	0	0
Butler	2	0	0	2
Montgomery	12	0	12*	0
Kentucky:				
Boone	2	0	0	2
Campbell	3	0	1	2
Kenton	6	0	1	5
TOTAL	71	3	24	50

* The bank sold all the branches in the County to Fifth Third bank in September 1995

** The bank did not have any branches in Warren County until 9/96

Note: One of the Hamilton County branch closings is the only LMI branch closed since the last examination.

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).

- **PNCO accepts credit applications from all segments of the community. Our examination found no evidence of practices intended to discourage applicants from seeking credit.**

A Fair Lending examination did not disclose any indication of prohibited basis practices or activities that would discourage credit applicants or potential credit applicants. Policies and training programs in place are comprehensive and are complemented by internal controls that ensure that efforts to attract applications from all segments of its community are effective. Loan application patterns are analyzed periodically to uncover disparate patterns. Management's commitment to compliance with Fair Lending Laws and regulations is strong.

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

- **We found no evidence of discrimination, on a prohibited basis, during a concurrent fair lending examination.**

The bank was found to be in compliance with all antidiscrimination laws and regulations. There was no evidence of any prohibited discriminatory practices. The necessity of compliance with such laws and regulations is emphasized at many points of the credit application and origination process. Systems in place provide for equal treatment of all credit applicants and are supplemented by ongoing monitoring and review procedures.

V. COMMUNITY DEVELOPMENT

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

- **PNCO actively participates in community development and redevelopment programs.**

PNCO has participated in the following community development projects within the delineated community since the 1994 evaluation:

- In 1995, PNCO provided \$4 million in construction and bridge financing to South Pointe Limited Partnership for the South Pointe Townhome Apartments in Burlington, Kentucky. This project, located in a middle-income CT, provided 88 three and four bedroom apartment units, 100% of which are dedicated to LMI individuals.
- In 1995, PNCO was the lead bank in an \$800,000 revolving construction loan to Working in Neighborhoods, Incorporated for the Anthony Knoll Subdivision in Cincinnati, Ohio. PNCO's portion of this public and privately funded project totaled \$261,000. This project constructed nine \$58,000 three-bedroom single-family homes on land donated by the state. All of the units are reserved for LMI individuals. The project is located in a moderate income CT.
- In 1996, PNCO and PNC Realty Company, Ohio (PNCRCO) participated in the Brighton Row II Limited Partnership as a limited partner and a participant in the construction and permanent project financing through the Cincinnati Development Fund (CDF). The total cost of the project was \$2 million. PNCRCO invested \$215,000 in equity; and PNCO purchased a \$381,000 participation in construction and permanent financing of the project. The project provided 20 housing units which are dedicated to LMI individuals for the first ten years of the project.
- In 1996, PNCO provided a \$196,000 loan to reconstruct a 20-unit LMI Cincinnati, Ohio apartment facility which was damaged by fire.
- PNCO has also participated in other community development projects through the CDF. In 1994, 1995, and 1996, respectively, PNCO participated in one project, totaling \$26,000; three projects, totaling \$466,000; and three projects totaling \$397,000.
- In addition to the specific projects detailed above, PNCO participated in the direct financing of five community development projects, totaling \$1 million; five community development projects, totaling \$1 million; and two community development projects, totaling \$12 million during 1994, 1995, and as of June 30, 1996, respectively.

- PNCRCO has also made six other community development equity investments totaling \$2 million since the June 1994 review.
- In 1995, one of PNCO's community development projects, Garfield Commons, was named the Outstanding Housing Project of 1995 by the City of Cincinnati. The project converted a vacant school building into 47 apartment units, 100% of which are restricted to individuals earning less than 50% of the area median household income.

PNCO also extended credit to the following community development projects outside the delineated community since the last review:

- In 1994, PNCO financed the \$9 million construction of a 120-unit apartment complex in Butler County, Pennsylvania, known as The Meadow Brook Apartments. All of the units are reserved for individuals earning less than 60% of the median income of the local area for the first 10 years of the project.
- In 1994, PNCO financed the \$4 million construction of a 92-unit apartment complex in Pittsburgh, Pennsylvania, known as Cranberry Pointe. All of the units are reserved for individuals earning less than 60% of the median income of the local area for the first 15 years of the project. The project is located in a high income CT.
- In 1994, PNCO financed the \$1 million construction of a 50-unit apartment complex in New Concord, Ohio, known as Concord Square Apartments. All of the units are reserved for individuals earning less than 60% of the median income of the local area for the first 15 years of the project. The project is located in a high income CT.
- In 1995, PNCO financed the \$5 million construction of a 114-unit apartment complex in Cumberland County, Pennsylvania, known as Cumberland Pointe. All of the units are reserved for individuals earning less than 60% of the median income of the local area for the first 15 years of the project.

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.

- **PNCO supports the development and implementation of specific projects promoting economic revitalization and growth, in a manner consistent with the bank's size, financial capacity, location, and current local economic conditions.**

The reader is encouraged to refer back to the Community Profile and Bank Profile sections discussed on earlier pages of this report for a detailed description of PNCO's financial capacity and local economic conditions. There are no financial, regulatory, or economic factors which impede the bank's ability to meet its CRA obligations.

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

- **PNCO has demonstrated a willingness to explore other ways to help meet community credit needs.**

In 1995, PNCO received the Corporation of the Year Award from the Cincinnati Minority Supplier Development Council (CMSDC) for their support of the minority population, and active involvement in the CMSDC. The CMSDC is a coalition of major corporations, universities, state and local government agencies, and minority- and women-owned businesses. The goal of the group is to foster business relationships with minority enterprises.

PNCO also provides both monetary and time donations to community groups and charitable organizations throughout the delineated community through PNC Bank, Ohio Foundation (PNCOF). These groups include residential housing organizations and business development initiatives targeted toward LMI areas and individuals such as Cincinnati Housing Partners, Habitat for Humanity, and Cincinnati Minority Business Enterprise Mentors Program.

ADDITIONAL INFORMATION

A portion of PNC's community consists of the Cincinnati MSA, which encompasses Clermont, Hamilton, and Warren Counties, Ohio, and Boone, Campbell, and Kenton Counties in Kentucky (MSA #1640); and the Hamilton/Middletown MSA, which encompasses Butler County, Ohio (MSA # 3200).

SUPPORTING SCHEDULES

TABLE S-1: LENDING ACTIVITY IN LMI COMMUNITY - OHIO DELINEATION (MSA'S 1640 & 3200)				
	APPLICATIONS	APPLICATIONS	ORIGINATIONS	ORIGINATIONS
	LMI COMMUNITY/ TOTAL COMMUNITY	LMI COMMUNITY/ TOTAL COMMUNITY	LMI COMMUNITY/ TOTAL COMMUNITY	LMI COMMUNITY/ TOTAL COMMUNITY
	PNCO & PNMC	ALL LENDERS	PNCO & PNMC	ALL LENDERS
	%	%	%	%
HOME PURCHASE				
1994*	19.0	14.0	16.0	13.0
1995	17.0	11.0	17.0	10.0
YTD 6/30/96	21.0	NA	21	NA
HOME IMPROVEMENT				
1994*	15.0	22.0	12.0	18.0
1995	19.0	20.0	12.0	16.0
YTD 6/30/96	15.0	NA	10.0	NA
MORTGAGE REFI.				
1994*	9.0	16.0	7.0	14.0
1995	7.0	16.0	6.0	13.0
YTD 6/30/96	7.0	NA	6.0	NA
GOVERNMENT				
1994*	10.0	16.0	11.0	15.0
1995	5.0	13.0	5.0	11.0
YTD 6/30/96	19.0	NA	2.0	NA
TOTAL LOANS				
1994*	14.0	17.0	12.0	15.0
1995	16.0	15.0	14.0	12.0
YTD 6/30/96	16.0	NA	14.0	NA

NA - Market data is not yet available * - Based on 1994 community delineation

TABLE S-2: LENDING ACTIVITY IN LMI COMMUNITY - KENTUCKY DELINEATION (MSA 1640)				
	APPLICATIONS	APPLICATIONS	ORIGINATIONS	ORIGINATIONS
	LMI COMMUNITY/ TOTAL COMMUNITY	LMI COMMUNITY/ TOTAL COMMUNITY	LMI COMMUNITY/ TOTAL COMMUNITY	LMI COMMUNITY/ TOTAL COMMUNITY
	PNCO	ALL LENDERS	PNCO	ALL LENDERS
	%	%	%	%
HOME PURCHASE				
1994	13.0	13.0	11.0	12.0
1995	13.0	11.0	10.0	11.0
YTD 6/30/96	12.0	NA	15.0	NA
HOME IMPROVEMENT				
1994	17.0	18.0	15.0	14.0
1995	18.0	20.0	13.0	18.0
YTD 6/30/96	9.0	NA	6.0	NA
MORTGAGE REFI.				
1994	7.0	13.0	6.0	12.0
1995	7.0	16.0	4.0	14.0
YTD 6/30/96	8.0	NA	7.0	NA
GOVERNMENT				
1994	11.0	7.0	0.0	6.0
1995	13.0	13.0	9.0	12.0
YTD 6/30/96	.2	NA	0.0	NA
TOTAL LOANS				
1994	12.0	14.0	10.0	12.0
1995	13.0	14.0	10.0	14.0
YTD 6/30/96	10.0	NA	9.0	NA

NA - Market data is not yet available * - Based on 1994 community delineation