



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

February 20, 2001

# **Community Reinvestment Act Performance Evaluation**

**Park National Bank and Trust of Chicago  
Charter Number: 14649**

**2958 Milwaukee Avenue  
Chicago, Illinois 60618**

**Office of the Comptroller of the Currency**

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**NOTE: This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## General Information

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

*This document is an evaluation of the CRA performance of **Park National Bank and Trust of Chicago** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **February 20, 2001**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Overall CRA Rating

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

The following table indicates the performance level of **Park National Bank and Trust of Chicago (PNBT)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Park National Bank and Trust of Chicago Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory			X
Needs to Improve		X	
Substantial Noncompliance			

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

The major factors that support this rating include:

- < Lending levels that reflect adequate responsiveness by PNBT to the credit needs of its assessment area (AA).
- < Good distribution of PNBT's loans among geographies and borrowers of different income levels throughout its AA. Emphasis is given to small loans to businesses.
- < Community development lending which has an overall positive impact on the Lending Test conclusion.
- < Investments that reflect poor responsiveness by PNBT to the needs of its AA.
- < Adequate accessibility of PNBT's offices to geographies and individuals of different income levels and adequate responsiveness of PNBT's services to the needs of its AA.
- < Adequate performance in providing community development services.

## Description of Institution

Park National Bank and Trust of Chicago (PNBT), an intrastate bank, had total assets of

\$266 million, at December 31, 2000. Headquartered in Chicago, Illinois, the bank is an 84% wholly-owned subsidiary of P.N.B. Financial Corporation (PNBFC). The holding company was formed and acquired controlling interest in PNBT during July 1978. PNBFC is a one-bank holding company with total assets that are virtually the same as the bank. The holding company has no other subsidiaries that would significantly influence the bank's capacity to lend or invest in the bank's AA. Milwaukee-Central Park Safe Deposit Vaults, Inc. (Milwaukee), a safe deposit corporation, is a wholly owned subsidiary of PNBT. Assets of Milwaukee are immaterial.

PNBT's main office is in Chicago. Three branch offices, located in Mt. Prospect, Arlington Heights, and Niles, Illinois, were sold during 1999. The bank sold the deposit accounts, premises and equipment of these branch offices. The sale of the Mt. Prospect and Arlington Heights branches occurred on March 29, 1999. The Niles branch was sold on June 28, 1999.

PNBT offers traditional deposit services and a wide variety of lending products. However, the bank's lending efforts are largely commercial. The bank targets growth through the purchase of leases and increased commercial lending. PNBT has purchased leases for more than 15 years, mostly through brokers with leases from companies outside the AA. Also, the bank offers limited mortgage banking activities that provide more flexible products that can be sold in the secondary market.

There are no current impediments that would hamper PNBT's ability to meet the credit needs of its communities. The bank has historically been a strong financial performer. On December 31, 2000, PNBT had net income of \$4.5 million and a loan-to-deposit ratio of 84%. The Tier 1 Capital and Return on Average Assets ratios were 14% and 1.63%, respectively. Loans represented 70% of total assets. The loan portfolio was comprised of commercial and commercial real estate loans (89%), residential real estate loans (10%), and consumer loans (1%).

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This evaluation considered the bank's performance since the last examination, dated February 18, 1998, at which time the bank received a "Satisfactory" rating. The current evaluation reflects lending, investment and service test performance from January 1, 1998 thru December 31, 1999. We reviewed the bank's home mortgage loans and small loans to businesses. Our evaluation focused heavily on business lending performance given the bank's business strategy.

### Data Integrity

The Community Reinvestment Act requires that banks collect and maintain certain data regarding originations and purchases of small loans to businesses, small loans to farms and home mortgage loans. This information is maintained in the bank's Public File. As part of our evaluation, we tested the accuracy of data filed by the bank on home mortgage loans and small loans to businesses. We also evaluated PNBT's processes to ensure that data were reliable. The data integrity review concluded during the fourth quarter 2000.

The home mortgage loan data were determined to be reasonably accurate. However, an initial review of data for small loans to businesses revealed errors relating to temporarily financed loans secured by real estate. PNBT corrected these errors. This evaluation of small loans to businesses was based on the revised data.

We also verified information on bank-identified community development loans, qualified investments and community development services to ensure the activities met the regulatory definitions. Some of the activities submitted by PNBT for consideration were excluded from this evaluation because they did not meet the definitions of community development loans, qualified investments or community development services.

### Selection of Areas for Full-Scope Review

The bank has only one AA. This AA represents portions of Cook, DuPage and Lake Counties, which are parts of the Chicago Metropolitan Statistical Area (MSA 1600). We performed a full scope review of this AA. (Refer to the table in Appendix A for more information.)

### Ratings

The bank's overall rating is based primarily on the AA discussed above.

### Other

Due to the size and location of the bank's AA, credit and community development needs are numerous and varied. Significant credit needs include affordable housing (low down

payment loans, down payment assistance and rehabilitation), consumer, and small business loans (business planning assistance, working capital, and microloans to maintain economic viability).

These needs were identified through several community contacts with housing, economic and government representatives contacted by this banking regulatory agency in the past 18 months.

Opportunities for qualified investments, community development loans, and community development services exist within the bank's AA. These opportunities include investment in Community Development Corporations (CDCs), Small Business Administration loan programs (Microlending Demonstration Program and 504 Program), credit counseling agencies, small business development centers and non-profit organizations that provide social services to low- and moderate-income individuals.

## **Fair Lending Review**

An analysis of the most recent data on home mortgage loans and small loans to businesses, public comments, and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive Fair Lending examination was performed March 1998.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions

The bank's performance under the Lending Test is rated "High Satisfactory." Based on the full-scope review, the bank's performance is good.

#### Lending Activity

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

PNBT's lending activity reflects adequate responsiveness to AA credit needs. The bank ranks 34<sup>th</sup> in terms of deposit market share (.27%) out of 214 financial institutions within Cook County. Financial institutions that dominate deposit market share (greater than 10%) are multinational banks headquartered in Chicago, Illinois.

As of December 31, 2000, the loan-to-deposit ratio was 84%. This ratio is slightly greater than other peer banks, which average 81%. Peer banks include all banks within Cook County with total assets between \$200 million to \$400 million, and have a commercial real estate loan base and a commercial and industrial loan base of at least 25% each. Seven banks fit into this custom peer group.

PNBT originates a wide variety of loans. However, it has historically been a commercial lender. As discussed earlier, 89% of the loan portfolio is commercial. The bank originated 122 small loans to businesses in 1998 and 1999. Based on the 1999 Small Business Aggregate data published by the FFIEC, PNBT ranked 67<sup>th</sup> in terms of lender market share (.17%) out of 338 lenders. This market rank indicates adequate performance in the volume of small loans to businesses in relation to the bank's deposit market rank. The aggregate data reflect dominant lenders as companies who issue a large number of business credit cards.

At June 30, 1999, the bank reported a large number of small loans to businesses outstanding in relation to its total number of commercial loans outstanding. PNBT reported 844 small loans to businesses. This represents 58% of PNBT's number of business related loans. Over half of the small loans to businesses loans (54%) had original amounts of less than \$100,000. A large number of these small loans to businesses include construction and land development type loans that are not reportable for CRA purposes. However, this type of lending has been in high demand within the bank's AA.

The bank is not a significant home mortgage lender. Eight percent of the loans reported are home purchase, 33% are home improvement, 43% are refinance, and 16% are multi-family. Management's effectiveness for this type of lending is compromised due to steep competition from many larger regional banks and mortgage companies, which have the resources and expertise to offer these types of loans. The significant rental market also contributes to low home loan originations.

Aggregate market data for 1999 HMDA activity revealed that 113,555 HMDA loans were originated within the bank's AA, with PNBT having only 0.02% of the market share of HMDA reportable loans. The bank ranked 340 out of 766 reporters within the AA in 1999, the most current year for which HMDA market share data are available. The market share data further substantiated that dominant lenders are several multinational and regional bank financial institutions.

## **Distribution of Loans by Income Level of the Geography**

The geographic distribution of PNBT's small loans to businesses reflect overall good penetration throughout the AA. The bank's volume of home loans was very small; therefore, we determined it would not be meaningful to analyze the bank's originations of home loans.

### ***Small Loans to Businesses***

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The analysis compares the bank's level of small loans to businesses with the proportionate number of businesses operating in the census tracts of different income levels. PNBT's distribution of small loans to businesses is good when compared to the percentage distribution of businesses throughout the geographies. The bank's lending in low-income geographies is lower than the percentage of businesses within those geographies. However, PNBT's origination of loans within moderate-income geographies significantly exceeds the percentage of businesses within those geographies. The bank's overall market share for small loans to businesses is strong when considering the bank's size and resources. PNBT's market share within low- and moderate-income geographies significantly exceeds the overall market share for small loans to business.

### ***Lending Gap Analysis***

The lending gap analysis determines the dispersion of lending of all product types throughout the AA. To effectively make this assessment, we determined the lending dispersion within Community Areas (See PNBT Assessment Area for a more detailed discussion of Community Areas) designated by the City of Chicago that have a significant percentage of low- or moderate-income census tracts. These communities include Uptown, Lincoln Square, Albany Park, Irving Park, Hermosa, Avondale, Logan Square, Humboldt Square, West Town and Austin, West Garfield Park, East Garfield park, and Near West Side. Based on PNBT's size and resources, the analysis revealed that the lending dispersion for small loans to businesses is reasonable. Not every census tract had lending activity. However, there was lending activity within all of these communities except three communities located at the southern tip of the AA. These include West Garfield, East Garfield, and Near West Side.

### ***Inside/Outside Ratio***

A substantial majority of PNBT's overall originations is within the AA. Ninety-one percent

of HMDA and 79% of the small loans to businesses were originated within the AA. See **Table 1** for the number and dollar amount of loans extended within the AA.

## **Distribution of Loans by Income Level of the Borrower**

The borrower distribution of PNBT's small loans to businesses reflects good dispersion among borrowers of different income levels throughout the AA. Performance is good within this AA. The bank's volume of home loans was very small; therefore, we determined it would not be meaningful to analyze the bank's originations of home loans.

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is good in the AA. Our analyses revealed that 77% of PNBT's small loans to businesses were to businesses with gross revenues of \$1 million or less. This performance substantially meets the portion of businesses with gross revenues of \$1 million or less. PNBT's market share of small loans made to small businesses exceeds the overall market share.

## **Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of CD lending.

PNBT extended a significant amount and number of community development loans during the evaluation period. Therefore, the CD lending had a positive impact on the Lending Test conclusions for the AA.

During the evaluation period, PNBT originated several loans, totaling \$3,841,750, that would either provide affordable housing for low- and moderate-income persons or revitalize or stabilize the low- or moderate-income geographies. Three affordable housing multi-family loans were originated for \$1,088,750. PNBT also originated three temporarily financed loans for the purpose of rehabilitating apartments for affordable housing, totaling \$720,000. Other loans worthy of mentioning are discussed below.

- The bank financed a \$1,700,000 mortgage to rehabilitate a mixed use building in the Logan Square neighborhood. The seventy-unit apartment building with four retail-units had multiple code violations. The building now provides quality, affordable housing to low- and moderate-income tenants.
- Palestine Christian Temple - The bank financed \$333,000 to this non-profit organization to purchase an apartment building to house the church's Youthnet and Family Outreach and Education Center, Inc. This organization provides social services within the Humboldt Park community that is primarily low- and moderate-income. Remaining apartments are affordably priced for low- and moderate-income individuals.

## **Product Innovation and Flexibility**

Product flexibility had a positive impact on the Lending Test conclusions. PNBT makes

good use of a flexible loan program that benefits low- and moderate-income borrowers and geographies. This program has been instrumental in providing small business development.

In conjunction with the Logan Square Neighborhood Association (LSNA) and the Logan Square Reinvestment Coalition, PNBT provides all the financing needs of the Logan Square Family Incubator Without Wall Program. This program is designed to train participants to become self-employed childcare providers. PNBT will extend loans for \$3,000 up to 24 months at an interest rate of 7.5% to every graduate of this program. Participants are residents of the Logan Square community who are low- and moderate-income individuals. Five loans totaling \$15,000 have been originated under this program.

## INVESTMENT TEST

### Conclusions

The bank's performance under the Investment Test is rated "Needs to Improve." Based on the full-scope review, the bank's performance in the assessment area is poor.

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

In its investing activities, PNBT needs to improve its responsiveness to meet credit and community development needs. This conclusion is based on the bank's limited activities in qualified investments considering the needs and opportunities available through community contacts and the bank's size and financial capacity. The bank's assessment area represents a portion of the Chicago MSA, where many investment opportunities are available to assist with the needs within the communities that the bank serves. See *Scope of Evaluation* section for additional information regarding opportunities. While PNBT has made limited qualifying investments, the contributions made have been to organizations that provide direct benefit to its assessment area.

PNBT's qualified investments during the evaluation period consisted of cash contributions and donations to 25 different community development organizations totaling \$37,000. These investments were routine and non-complex in nature. Specific noteworthy investments are discussed below.

- A \$17,000 grant was provided to Logan Square Neighborhood Organization (LSNA). LSNA is a non-profit organization involved in helping low- to moderate-income families purchase homes, improve the quality of rental housing, retain and create business opportunities, involve parent teacher mentoring program, organize sports activities, and assure construction of a new school in the area.
- A \$5,000 grant was provided to the Spanish Coalition of Housing (SCOH). The organization provides pre-purchase counseling and foreclosure prevention assistance to help low- and moderate-income individuals become better-educated housing consumers. The organization also helped inexperienced landlords overcome concerns regarding renting to low- and moderate-income families.
- A \$4,000 grant was provided to Logan Square YMCA (LSYMCA). LSYMCA provides a safe haven for local children and teenagers in terms of providing positive and structured activities so parents can work without worry. The organization serves the Logan Square area of the city where 97 percent of the census tracts are designated as either low- or moderate-income.

## SERVICE TEST

### Conclusions

The bank's performance under the Service Test is rated "Low Satisfactory." Based on this full-scope review, the bank's performance in the AA is adequate.

### Retail Banking Services

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNBT's delivery systems are reasonably accessible to geographies and individuals of different income levels within the institution's assessment area. As of the end of the evaluation period, the bank operates out of one location in northwest Chicago.

The bank has not closed any offices since the last performance evaluation. PNBT had operated four office locations during portions of this evaluation period. During the first and second quarter of 1999, PNBT sold its three suburban locations, which were located in middle- and upper-income census tracts, to other financial institutions. These branch sales do not constitute branch closings. The main office is located in the moderate-income census tract. See the *Description of Institution* section for further details regarding the sale of offices.

PNBT's business hours are tailored to meet the needs of its assessment area. The bank is open on Monday through Friday from 8.00 a.m. to 6.00 p.m. It is also open from 8.00 a.m. to 1.00 p.m. on Saturday and from 9.30 a.m. to 2.00 p.m. on Sunday. The bank provides full service deposit and loans products for consumer as well as commercial customers.

PNBT's alternative delivery systems make services more accessible. The bank's main office has a full service 24-hour ATM, which is located in a moderate-income census tract. PNBT's membership in a network of automated teller machines, Bank-by-Phone Systems and the Internet provide alternate retail-banking delivery systems and makes services more accessible. The bank utilizes a network of automated teller machines, which allow customers from various banks to access their respective deposit accounts. The Bank-by-Phone system operates 24 hours a day and allows customers to obtain account balance information and transfer funds between accounts. PNBT also provides account and service information via the Internet. Spanish and Polish bilingual employees are available at the bank to assist customers with banking services. Since the bank could not provide specific information on how low- and moderate-income individuals were impacted by the services, no significant weight was placed on alternate delivery systems when drawing our CRA performance conclusions.

### Community Development Services

PNBT's performance in providing community development services is adequate. The bank provided a fair amount of community development services in relation to the needs and opportunities within the AA. Services had been limited to providing technical financial assistance to various community development organizations. Detailed below are descriptions of organizations:

- One of the loan officers provided technical assistance to Evanston Business Investment Corporation-Micro Loan program. The purpose of the loan program was to provide financing for small businesses that could not qualify for conventional bank financing.
- Two bank officers provide technical assistance to Logan Square Neighborhood Association. The organization is involved in helping low- to moderate-income families purchase homes, improve the quality of rental housing, retain businesses and improve the quality and quantity of child care by providing participants with training, technical assistance and support in setting up small businesses as child care providers.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test: (January 1, 1998 to December 31, 1999) Investment Test: (January 1, 1998 to December 31, 1999) Service Test: (January 1, 1998 to December 31, 1999)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Park National Bank and Trust of Chicago Chicago, IL		Home Mortgage, Small Business, and Community Development Loans
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not Applicable		
<b>List of AAs and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
PNBT Assessment Area	Full-Scope	

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### Market Profiles for Areas Receiving Full-Scope Reviews

PNBT Assessment Area .....	B-2
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## PNBT Assessment Area

Demographic Information for Full-Scope Area: PNBT Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	529	17%	26%	32%	25%	0%
Population by Geography	2,082,300	11%	25%	35%	29%	0%
Owner-Occupied Housing by Geography	414,014	3%	15%	41%	40%	0%
Businesses by Geography	73,793	7%	18%	40%	35%	0%
Farms by Geography	773	2%	9%	40%	49%	0%
Family Distribution by Income Level	508,227	22%	18%	22%	38%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	201,852	20%	35%	33%	12%	0%
Median Family Income HUD Adjusted Median Family Income for 1999 Households Below the Poverty Level	= \$42,758 = \$63,800 = 10.45%	Median Housing Value Unemployment Rate				= \$108,960 =4.55%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census and 1999 HUD updated MFI.

The AA is comprised of a portion of the Chicago Metropolitan Statistical Area (MSA 1600). This AA represents 529 geographies with 71% of the geographies located within the City of Chicago. The remaining geographies are located just north of the city in Cook County. A few geographies are also located in DuPage and Lake Counties. Within the City of Chicago, census tracts are grouped into communities to form **Chicago Community Areas**. These communities comprise 77 different areas, based on criteria designed to identify areas with separate histories and community awareness. U.S. Census Bureau requirements are also factored into the final determination of boundaries.

The Community Areas, as designated by the City of Chicago, within the bank's AA, include: all or portions of Rogers Park, West Ridge, Uptown, Lincoln Square, North Center, Lakeview, Lincoln Park, Near North Side, Edison Park, Norwood Park, Jefferson Park, Forest Glen, North Park, Albany Park, Portage Park, Irving Park, Dunning, Montclare, Belmont Cragin, Hermosa, Avondale, Logan Square, Humbolt Park, West Town, Austin, West Garfield Park, East Garfield Park, Near West Side, and the O'Hare communities. Suburban communities within the AA include portions of Skokie, Lincolnwood, Nilcs, Morton Grove, and Evanston. This AA includes geographies where the bank has a branch and where a substantial portion of the bank's loans have been originated. A general description of the AA would include all census tracts within four to five miles of the branch locations during the evaluation period. This AA was drawn in accordance with the regulation.

The economy for most of the AA is mature and stable. The employment base is largely service and retail oriented and extremely ethnically diverse. Most of the businesses within the AA are sole proprietorships and very small. Over 73% percent of the businesses

have less than four employees. The unemployment rate for the City of Chicago in December 2000, at 5.6%, is higher than the national average of 3.7% and the State of Illinois at 4.5%.

The AA consists of 869,609 housing units. Forty-eight percent of these units are owner occupied, 45% are rental and 7% are vacant housing units. The median housing value is \$154,823 which is higher than the Chicago MSA median housing value of \$108,960. The median year built of housing in the AA is 1952. This year is in line with median year built for all housing units in Chicago.

Ninety-nine percent of PNBT's low- and moderate-income census tracts are located within the City of Chicago. This portion of the AA has a very high poverty level, thereby impacting a low-income borrower's ability to buy a house.

The percentage of households that are below the poverty level within the MSA is 10%. That percentage increases to 12% for the AA, largely due to the segment of the AA within the City of Chicago. That percentage of households that are below the poverty level within the City of Chicago is 16%. Income of the low-income borrower within the AA is \$33,950 or less. The average median housing price within the City of Chicago is \$149,174. Much of the housing stock is out of the affordability range of a low-income borrower.

The National Low Income Housing Coalition (LIHIS) report, Out of Reach, dated September 2000, indicates that the maximum affordable monthly housing cost, for low-income families in Chicago, is \$903. Based on the aforementioned housing cost and current interest rates, the approximate maximum home value that low-income families could afford is \$104,000.

The remainder of the AA (excluding the City of Chicago) is generally stable, prosperous, and is experiencing overall significant growth. The remainder of the census tracts within the AA is overwhelmingly middle- or upper-income.

PNBT's principal business activities are highly competitive. The bank competes actively with other financial service providers offering a wide array of financial products and services. According to the 1999 Home Mortgage Disclosure Act (HMDA) information, 766 financial institutions originated home mortgage loans in the bank's AA. PNBT ranked 340 amongst these lenders. The 1999 information from the aggregate CRA reports on small business lending reflect 338 lenders in Cook County. PNBT ranked 67th. Competitors include other national and state banks, savings banks, savings and loan associations, finance companies, insurance companies, and various nonfinancial intermediaries.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the bank include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/AA; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/AA.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the

percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's assessment area to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's assessment area to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.
- Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME													State: Illinois	Evaluation Period: 01/01/1998 TO 12/31/1999
MSA/Assessment Area:	% of Rated Area Deposits in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development		Total Reported Loans		% of Rated Area Loans(#) in MSA/AA		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)			
Full-Scope:														
PNBT Assessment Area	100.00	49	9,993	122	20,759	0	0	8	3,842	179	34,594	100.00		

\* Deposit data as of June 30, 1999.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE																
State: Illinois																
Evaluation Period: 01/01/1998 TO 12/31/1999																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
PNBT Assessment Area	3.40	0.00	14.81	0.00	41.33	50.00	40.46	50.00	598	0.00	0.00	0.00	0.01	0.00	4	100.00

(\*) Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

(\*\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT				State: Illinois		Evaluation Period: 01/01/1998 TO 12/31/1999							Total Home Improvement Loans			
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					#	% of Total**
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp		
Full-Scope:																
PNBT Assessment Area	3.40	12.50	14.81	18.75	41.33	31.25	40.46	37.50	92	0.08	0.00	0.05	0.08	0.14	16	100.00

(\*) Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

(\*\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE																
					State: Illinois				Evaluation Period: 01/01/1998 TO 12/31/1999							
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
PNBT Assessment Area	3.40	0.00	14.81	28.57	41.33	38.10	40.46	33.33	279	0.02	0.00	0.05	0.01	0.01	21	100.00

(\*) Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

(\*\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES																
					State: Illinois				Evaluation Period: 01/01/1998 to 12/31/1999							
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
PNBT Assessment Area	6.64	2.46	18.13	36.89	40.35	37.70	34.49	22.95	67	0.17	0.41	0.54	0.13	0.10	122	100.00

(\*) Based on 1999 Aggregate Small Business Data only. Market rank is for all income categories combined.

(\*\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS																
					State: Illinois				Evaluation Period: 01/01/1998 TO 12/31/1999							
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
PNBT Assessment Area	2.05	0.00	9.140	0.00	39.56	0.00	49.11	0.00	0	0.00	0.00	0.00	0.00	0.00	0	100

(\*) Based on 1999 Aggregate Small Farm Data only. Market rank is for all income categories combined.

(\*\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE																
State: Illinois																
Evaluation Period: 01/01/1998 TO 12/31/1999																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
PNBT Assessment Area	27.11	0.00	17.61	0.00	22.26	50.00	38.03	50.00	598	0.00	0.00	0.00	0.00	0.01	4	100.00

(\*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by the bank.

(\*\*) Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

(\*\*\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 8. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT																
State: Illinois																
Evaluation Period: 01/01/1998 TO 12/31/1999																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
PNBT Assessment Area	22.11	6.25	17.61	12.50	22.26	25.00	38.03	43.75	92	0.08	0.13	0.00	0.11	0.08	16	100.00

(\*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by the bank.

(\*\*) Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

(\*\*\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE																
State: Illinois																
Evaluation Period: 01/01/1998 TO 12/31/1999																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
PNBT Assessment Area	22.11	4.76	17.61	9.52	22.26	38.10	38.03	42.86	279	0.02	0.03	0.01	0.04	0.03	21	100.00

(\*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by the bank.  
 (\*\*) Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.  
 (\*\*\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES									
			State: Illinois		Evaluation Period: 01/01/1998 TO 12/31/1999				
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share***		Total Small Loans to Businesses	
	% of Businesses*	% BANK Loans**	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total****
Full-Scope:									
PNBT Assessment Area	82.65	77.05	56.56	21.31	22.13	0.17	0.27	122	100.00

(\*) Businesses with revenues of \$1 million or less as a percentage of all businesses.

(\*\*) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0% of small loans to businesses originated and purchased by the bank.

(\*\*\*) Based on 1999 Aggregate Small Business Data only.

(\*\*\*\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS									
			State: Illinois		Evaluation Period: 01/01/1998 TO 12/31/1999				
MSA/Assessment Area:	Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share***		Total Small Farm Loans	
	% of Farms*	% BANK Loans**	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total****
Full-Scope:									
PNBT Assessment Area	93.72%	0.00	0.00	0.00	0.00	0.00	0.00	0	100

(\*) Farms with revenues of \$1 million or less as a percentage of all farms.

(\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0% of small loans to farms originated and purchased by the bank.

(\*\*\*) Based on 1999 Aggregate Small Farm Data only.

(\*\*\*\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS State: Illinois Evaluation Period: 01/01/1998 TO 12/31/1999									
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$-s	#	\$ (000's)
Full-Scope:									
PNBT Assessment Area	0	0	25	37	25	37	100	0	0

(\*) Prior Period Investments@means investments made in a previous evaluation period that are outstanding as of the examination date.

(\*\*) Unfunded Commitments@means legally binding investment commitments reported on the Report of Condition Schedule-L Off Balance Sheet Items.@

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																State: Illinois		Evaluation Period: 01/01/1998 TO 12/31/1999			
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population							
	% of Rated Area Deposits in MSA/AA	# of BANK Branches in MSA/AA	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography							
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp				
Full-Scope:																					
PNBT Assessment Area	100.00	1	100.00	0.00	100.00	0.00	0.00	0	0	0	0	0	0	11.42	24.96	34.87	28.75				