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Community Reinvestment Act Performance Evaluation

**The Park National Bank
Charter Number 9179**

**50 North Third Street
Newark, OH 43058**

**Office of the Comptroller of the Currency
Central Ohio Field Office
325 Cramer Creek Court, Suite 202
Dublin, OH 43017 - 2587**

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.

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Definitions and Common Abbreviations

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

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

Home Mortgage Disclosure Act (HMDA) - A 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 data such as the race, gender, income of the applicant(s), geographic location, a loan amount requested, and its disposition.

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 census tracts (CT). Also, the updated median income determined by the U.S. Department of Housing and Urban Development (HUD) annually used to determine the income level category of individuals.

C Low Income - Income levels that are less than 50 percent of the MFI.

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

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

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

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

Regulatory Capital - Bank capital as defined by regulation. In this evaluation we use equity capital as a measure. Equity capital consists of paid in stock, surplus, and retained earnings.

Small Business or Small Farm - (For the purposes of this Evaluation only) - A business or farm with gross annual revenues of less than \$1 million.

Small Business or Small Farm Loan - (For the purposes of this Evaluation only) - A business loan with an original amount of \$1 million or less or farm loan with an original amount of \$500,000 or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

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 The Park National Bank (PNB) prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of November 2, 1998. 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.

INSTITUTION'S RATINGS

Institution's CRA Rating: This institution is rated Satisfactory record of meeting community credit needs.

Overall, PNB's performance under the CRA is good considering the bank's size, resources and level of operations among the assessment areas.

- C Lending activities show a high responsiveness to the most pressing credit needs of the communities. PNB has a high volume of and is a leader in making community development loans.
- C Home mortgage lending in moderate income areas and to moderate income borrowers is good.
- C Small business lending is good overall and stronger in Fairfield and Licking Counties.
- C PNB has a significant level of qualified investments. A large portion addresses affordable housing needs.
- C Retail banking services are readily accessible and community development services are reasonable.

The prior examination dated August 31, 1995 resulted in an Outstanding CRA rating.

The following table indicates the performance level of PNB with respect to the lending, investment, and service tests.

Performance Levels	The Park National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High satisfactory	X		X
Low satisfactory			
Needs to improve			
Substantial noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

SCOPE OF EXAMINATION

We examined PNB’s performance under the CRA from September 1, 1995 through September 30, 1998. The lending test was evaluated using full year information of 1996 and 1997. Investment and services were analyzed throughout the evaluation period. Home mortgage, small business and small farm lending activities in 1996 and 1997 are presented herein. We also conducted a fair lending examination. The results are discussed below under Compliance with Antidiscrimination Laws and Regulations.

We conducted testing to determine the accuracy and reliability of loan data collected and/or submitted to its regulatory agency. We tested 45 home mortgage loans originated in 1997 and 1998 and 65 small business and farm loans originated in 1997. Home mortgage data in 1997 is fairly accurate and reliable and 1998 is unreliable due to a significant number of errors in collected data. Small business and farm loan information is reliable as our testing revealed only minor errors in reported data. Nineteen ninety-six data was not tested because of the reliability of 1997 data. See Appendix A - Scope of Examination for other details.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

We performed an examination for compliance with the Equal Credit Opportunity Act and the Fair Housing Act in conjunction with this CRA examination. We reviewed the bank’s policies and procedures and conducted testing to check for any areas of noncompliance. Our testing included a comparative file review for racial discrimination with regards to race or color, religion, national origin, sex, marital status, age, receipt of income from any public assistance program, and the exercise of any right under the Consumer Credit Protection Act. We specifically reviewed 30 conventional home purchase mortgage loans. We focused on loans originated between June 1, 1997 and June 1, 1998 and compared the bank’s underwriting practices between white and black applicants.

Based on the sample of files reviewed, we did not detect discriminatory underwriting practices. The bank’s policies, internal controls and training are generally adequate to ensure ongoing compliance with

fair lending laws. However, we did make some procedural recommendations in the underwriting process.

DESCRIPTION OF INSTITUTION

PNB is a \$1 billion institution headquartered in Newark located in east central Ohio. It operates throughout Fairfield and Licking Counties and has a limited presence in Franklin and Hamilton Counties. PNB is a wholly-owned subsidiary of Park National Corporation (PNC), a multi-bank holding company based in Newark, Ohio. PNC also owns three other banks that operate in central Ohio: Century National Bank in Zanesville, First-Knox National Bank in Mt. Vernon, and Richland Trust in Mansfield. Combined total assets for PNC as of September 30, 1998, are \$2.4 billion. PNB also administers The Park National Corporation Foundation through which charitable grants and donations are made to various organizations. PNB is a full service institution with a primary focus on retail lending and a secondary focus on business lending. There are no impediments that would hamper the bank's ability to help meet the needs in its assessment areas. The bank has historically been profitable. Net income for the nine months ended September 30, 1998 was \$17.1 million. This generated a return on average assets of 2.1%. **Table 1** below shows key balance sheet numbers:

Net Loans	\$ 748,877*	Total Deposits	\$ 818,074
Investments	261,758	Other Liabilities	204,790
Other Assets	100,060	Equity Capital	87,831
Total Assets	\$1,110,695	Total Liabilities and Capital	\$1,110,695

Source: Report of Condition

* Dollar amounts are in thousands.

The loan portfolio totaling over \$767 million contains: 29% mortgage loans secured by commercial real estate (including multi-family and farmland); 28% mortgage loans secured by 1-4 family residential properties; 25% consumer loans; 14% commercial purpose loans; and 4% other purpose loans.

PNB has offices in Licking County, Fairfield County, and one office each in Franklin and Hamilton Counties. Several banking offices have been opened in Fairfield County since the prior CRA evaluation. There are automated teller machines (ATMs) located throughout Fairfield and Licking Counties.

DESCRIPTION OF ASSESSMENT AREAS

PNB's assessment areas consist of Fairfield, Licking and Franklin Counties in the Columbus MSA (hereafter called **Columbus MSA**) and Hamilton County in the Cincinnati Primary Metropolitan Statistical Area (PMSA) (hereafter called **Hamilton County**). The assessment areas consist of the following:

- C Three hundred and seven census tracts in Fairfield, Licking and Franklin Counties, three of six counties located in the **Columbus MSA**. A large portion of census tracts are in Franklin County.

Of the 307 census tracts, there are 55 (19%) in Fairfield and Licking Counties and 252 (82%) in Franklin County. Of the total 36 low income census tracts, 1 or 3% is in Fairfield and Licking Counties and 35 or 97% are in Franklin County. Of the total 77 moderate income census tracts, 13 or 17% are in Fairfield and Licking Counties and 64 or 83% are in Franklin County.

- C Two-hundred and seventeen census tracts in **Hamilton County**, one of many counties located in the Cincinnati PMSA.

Combined demographic information for the assessment areas is detailed in the following table:

Table 2 Demographic Information for Columbus MSA and Hamilton County										
Income Level of Census Tract:	Total Population	Percent (%) of Total	Number (#) of CT	% of Total	# of Owner-Occupied Housing Units	% of Total	# of Businesses	% of Total	# of Farms	% of Total
Low Income	212,658	10%	71	14%	17,964	4%	7,496	10%	52	4%
Moderate Income	389,568	19%	118	23%	69,343	15%	12,001	16%	152	12%
Middle Income	844,730	41%	208	40%	208,797	45%	30,022	40%	620	49%
Upper Income	612,026	30%	123	23%	170,756	37%	24,779	33%	453	35%
NA	444	0%	4	1%	0	0%	1,301	2%	1	0%
Total	2,059,426	100%	524	100%	466,860	100%	75,599	100%	1,278	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

NA - Income level of area is not available.

CT - Census Tracts

Table 3 Demographic Information for Columbus MSA and Hamilton County Families by Income Level		
Income as a percent of HUD MSA Median Family Income:	Number of Families	Percent of Total
Low Income	106,600	20%
Moderate Income	91,923	17%
Middle Income	125,365	24%
Upper Income	207,568	39%
Total	531,456	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

Additional demographic information for each assessment area is found later in this Evaluation.

COMMUNITY NEEDS

To determine community credit needs and opportunities, we interviewed many community leaders. Several interviews were conducted during this examination, while others were conducted by the three banking regulatory agencies in the past 12 months. The individuals interviewed represent housing and neighborhood organizations, social services, economic development and small business organizations. We also referred to information prepared by city and state governmental agencies such as needs assessment surveys and Consolidated Plans filed with the U.S. Department of HUD. The information gathered shows the greatest need is affordable housing. Another need is budgeting and credit counseling. There is a need for small business initiatives and small business funding such as very small loans to businesses, venture capital and working capital for small and minority businesses. Community needs specific to each County are detailed later in this Evaluation.

Section Format and Weighting

The following sections discuss the various performance tests and **overall** conclusions with respect to PNB. The tables on pages nine through sixteen provide a summary of this Office's overall conclusions, including component ratings for each of the three performance tests. Later in this Evaluation, PNB's performance in the Columbus MSA and in Hamilton County are discussed separately. Further discussion and tables are found in each of the two sections.

CONCLUSIONS ABOUT PERFORMANCE IN THE ASSESSMENT AREAS

LENDING TEST

The lending test is rated High Satisfactory because of the following:

- C PNB's responsiveness to the communities most pressing credit needs is good.
- C A substantial majority of the bank's loans are within the areas it serves.
- C PNB's lending in moderate income areas is good while lending in low income areas is reasonable.
- C Lending to low income borrowers is reasonable, to moderate income borrowers is good and to businesses with gross annual revenues of less than \$1,000,000 is very good.
- C There is a high level of community development loans.

Lending Activity

PNB's lending activity is strong. As of September 30, 1998, PNB's loan to deposit ratio is high at 92%. Lending activity shows a good responsiveness to credit needs in the community considering its size, resources and business focus among the various assessment areas. There are a wide variety of lending products available to the bank's customers including consumer, home mortgage and business loans. The bank uses down payment assistance programs for home loan borrowers and uses flexible lending programs in making small business loans.

PNB originated 2,472 home loans totaling over \$168 million, 3,128 small business loans totaling over \$267 million, and 120 small farm loans totaling over \$4 million during the evaluation period. Home loans decreased in both the number and dollar total from 1996 to 1997. Over the same period, small business loans increased and small farm loans decreased slightly. Table 4 below displays this information.

PNB makes a significant portion of loans within the areas it serves. Table 4 shows PNB made 91% and 89% of the total number of loans within the assessment areas in 1996 and 1997, respectively. The table shows a similar pattern in each category of loan type.

Table 4
Loan Originated by Type of Loan
January 1, 1996 through December 31, 1997

Type of Loan:	Total Loans Originated				Loans Originated within the Assessment Area							
	Number (#)		Dollars (\$) In thousands (000's)		#		\$ (000's)		Percent (%) of #		Percent of \$	
	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997
Home Mortgage	1,422	1,050	\$84,971	\$83,662	1,306	938	\$77,078	\$72,542	92%	89%	91%	87%
Small Business	1,553	1,575	127,296	140,251	1,408	1,400	112,144	123,245	91%	89%	88%	88%
Small Farm	61	59	2,015	2,463	51	48	1,822	2,006	84%	81%	90%	81%
Total	3,036	2,684	214,282	226,376	2,765	2,386	191,044	197,793	91%	89%	89%	87%

Source: FFIEC, 1996 and 1997 HMDA Data; 1996 and 1997 CRA Disclosure Statements.

Geographic Distribution of Loans

Home Mortgage Loans:

Overall, PNB is serving moderate-income areas at a more than satisfactory level. When compared to the proportion of owner occupied housing units (15%) in moderate income areas, PNB's loan distribution, 21% and 18% in 1996 and 1997, respectively, exceeds that of the area. Lending in low income areas is not as strong when compared to the area's characteristics. This is because a significant number of low income areas are in Franklin and Hamilton Counties, an area where PNB's business focus is on closely held businesses and not home loans.

Table 5
Geographic Distribution of Home Loans

Income Level of Census Tract	Total Home Loans - 1996				Total Home Loans - 1997				Assessment Area Characteristics
	Number (#) of Loans	Dollar (\$) (000's)	Percent (%) of #	% of \$	# of Loans	\$ (000's)	% of #	% of \$	% of Owner-Occupied Housing Units
Low	2	\$32	0%	0%	15	\$1,065	2%	1%	4%
Moderate	268	10,054	21%	13%	167	8,402	18%	12%	15%
Middle	784	41,436	60%	54%	584	40,135	62%	55%	45%
Upper	252	25,556	19%	33%	172	22,940	18%	32%	36%
NA	0	0	0%	0%	0	0	0%	0%	0%
Total	1,306	77,078	100%	100%	938	72,542	100%	100%	100%

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census. NA - Income level of area is not available.

Small Business Loans:

Overall, PNB’s business lending in low and moderate income areas is reasonable. In both 1996 and 1997, PNB’s small business lending is low at 6% and 7%, respectively, in low income areas when compared to the proportion of businesses (10%) in low income areas. It is also low when compared to other banks in the market area. In moderate income areas, PNB’s lending at 25% in 1996 and in 1997 is exceptional and higher than the proportion of small businesses (16%) in those same areas. PNB’s lending also exceeds the market in both years. Table 6 below displays this information.

Table 6 Small Loans to Businesses By Income Level of Census Tract									
Income Level of Census Tract:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Businesses	% of # in 1996	% of # in 1997
Low Income	89	\$8,816	6%	96	\$13,678	7%	10%	10%	9%
Moderate Income	357	\$21,271	25%	343	\$25,300	25%	16%	13%	14%
Middle Income	683	\$54,925	49%	674	\$59,020	48%	40%	39%	39%
Upper Income	276	\$26,942	20%	279	\$24,876	20%	33%	36%	36%
NA	3	\$190	0%	8	\$371	1%	1%	2%	2%
TOTAL	1,408	\$112,144	100%	1,400	\$123,245	100%	100%	100%	100%

Source: 1996 and 1997 CRA Disclosure Statements.

NA - Income level of area is not available.

Small Farm Loans:

In 1996, PNB did not make any farm loans in low income areas. In 1997, one loan or 2% of all farms loans made were in low income areas. Although this proportion of loans is low when compared to the proportion of farms in low income areas, it is comparable to the performance of other banks in the same market of 2%. In both years, PNB’s lending in moderate income areas is lower than the proportion of farms in those areas. However, the bank’s lending meets or exceeds the market’s performance.

Table 7 Small Loans to Farms By Income Level of Census Tract									
Income Level of Census Tract:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Farms	% of # in 1996	% of # in 1997
Low Income	0	\$0	0%	1	\$35	2%	4%	2%	2%
Moderate Income	2	\$115	4%	1	\$35	2%	12%	4%	1%
Middle Income	41	\$1,644	80%	38	\$1,874	79%	49%	61%	64%
Upper Income	8	\$63	16%	8	\$62	17%	35%	33%	33%
NA	0	\$0	0%	0	\$0	0%	0%	0%	0%
TOTAL	51	\$1,822	100%	48	\$2,006	100%	100%	100%	100%

Source: 1996 and 1997 CRA Disclosure Statements.

NA - Income level of area is not available.

Borrower Distribution of Loans

Home Mortgage Loans:

Overall, PNB's lending to low and moderate income borrowers is reasonable. Table 8 shows PNB's lending to moderate income borrowers is good in both 1996 and 1997. In 1997, 20% of loans were made to moderate income borrowers which compares favorably to the proportion of families of moderate income of 17%. The results are similar for 1996. In 1997, PNB's lending to low income borrowers of 12% is very low when compared to the proportion of low income families of 20%.

Table 8 Borrower Distribution of Home Loans									
Income as a percent of HUD MSA Median Family Income:	Total Home Loans - 1996				Total Home Loans - 1997				Assessment Area Characteristics
	Number (#) of Loans	Dollar (\$) (000's)	Percent (%) of #	% of \$	# of Loans	\$ (000's)	% of #	% of \$	% of Families
Low	157	\$4,324	12%	6%	116	\$3,767	12%	5%	20%
Moderate	278	11,171	21%	14%	188	9,702	20%	13%	17%
Middle	340	17,500	26%	23%	248	16,511	26%	23%	24%
Upper	493	41,623	38%	54%	349	39,191	37%	54%	39%
NA	38	2,460	3%	3%	37	3,371	4%	5%	0%
Total	1,306	77,078	100%	100%	938	72,542	100%	100%	100%

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census. NA - Income information is not available.

Small Business Loans:

PNB is meeting the identified credit need of small business loans. Table 9 shows that a large volume of business loans are very small loans. In 1996 and 1997, 78% and 76%, respectively, are in amounts less than \$100,000. However, when compared to the market area’s performance of 82% in 1996 and 81% in 1997, PNB’s volume is lower. The table also shows that PNB exceeds the proportion of small loans to small businesses when compared to the proportion of small businesses in the area. In 1997, 78% of small loans are to small businesses. This exceeds the proportion of small businesses of 69% in the area. This reflects good performance as small business loans are an identified credit need.

Table 9									
Small Business Loans by Size Category and Small Loans to Small Businesses									
Loan Size:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Businesses*	% of # in 1996	% of # in 1997
Less than \$100,000	1,102	\$37,211	78%	1,067	\$35,748	76%		82%	81%
\$100,000 - \$249,999	223	\$35,165	16%	230	\$37,470	16%		10%	10%
\$250,000 - \$1,000,000	83	\$39,768	6%	103	\$50,027	8%		8%	9%
Total Small Business Loans	1,408	\$112,144	100%	1,400	\$123,245	100%		100%	100%
Small Loans to Small Businesses	1,077	\$68,642	76%	1,088	\$76,092	78%	69%		

Source: 1996 and 1997 CRA Disclosure Statements.

* - Represents the proportion of businesses with annual gross revenues of less than \$1 million.

Small Farm Loans:

Table 10 shows that PNB has a significant volume of farm loans, 92% in 1996 and 90% in 1997, in amounts less than \$100,000. This volume exceeds the market’s performance of 85% in 1996 and 81% in 1997. The volume of small loans to small farms of 100% in both years is excellent when compared to the proportion of small farms of 91% in the area.

Table 10 Small Farm Loans by Size Category and Small Loans to Small Farms									
Loan Size:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Farms*	% of # in 1996	% of # in 1997
Less than \$100,000	47	\$1,168	92%	43	\$1,044	90%		85%	81%
\$100,000 - \$249,999	4	\$654	8%	4	\$542	8%		9%	11%
\$250,000 - \$500,000	0	\$0	0%	1	\$420	2%		6%	8%
Total Small Farm Loans	51	\$1,822	100%	48	\$2,006	100%		100%	100%
Small Loans to Small Farms	51	\$1,822	100%	48	\$2,006	100%	91%		

Source: 1996 and 1997 CRA Disclosure Statements.

* - Represents the proportion of farms with annual gross revenues of less than \$1 million.

Community Development Loans

There is a high level of community development loans. During the evaluation period, PNB originated 16 loans totaling \$4,345,000. This represents 4.9% of equity capital. Eight loans totaling \$2,228,000 are to community organizations who support and/or provide community development services. Eight loans totaling \$2,117,000 are to create, directly or indirectly, housing units for low income families. This is very good considering the bank's size, resources and housing and service needs in the area. All loans are in the Columbus MSA.

Innovative and/or Flexible Loan Programs

PNB uses several flexible loan programs in financing small business loans including equipment and commercial buildings. Loans originated using these programs are included in small business totals discussed previously in the Evaluation. Under the following 4 programs, PNB originated 83 loans totaling \$7,104,930 in Licking and Fairfield Counties and originated 15 loans totaling \$628,397 in Franklin County. At times, programs were used in combination to originate a loan. The programs are:

- C Ohio Linked Deposit Program - The program offers a reduced interest rate of up to 3% for two years. The business must create or retain one job for each \$25,000 borrowed in a two year period.
- C State of Ohio 166 Program - The program offers up to 90% financing (50% bank, 40% State of Ohio) and is geared for industrial firms. Pollution control devices are eligible for up to 75% State participation. A favorable interest rate of two-thirds of the prime rate is offered for the loan term.
- C Small Business Administration (SBA) 504 Program - This program offers up to 90% financing (50% bank, 40% SBA) for equipment and building purposes at a fixed rate of interest. The business must create 1 job for each \$35,000 borrowed in a two year period.

- C Small Business Administration (SBA) 7(a) Program - The program is available for equipment and building financing with a fixed interest rate of up to 15 years. Job creation is not required.

PNB's offices in Fairfield County use the Fairfield County Revolving Loan Fund. The program is available to small businesses with fewer than 200 employees for the purchase of fixed assets, infrastructure construction and plant modernization and working capital needs. One job must be created or retained for every \$10,000 borrowed. During the evaluation period, PNB originated 5 loans totaling \$263,333.

INVESTMENT TEST

The investment test is rated Outstanding because of the following:

- C PNB's investment level is significant and shows adequate responsiveness to the area's most pressing community development needs.

Grants and contributions made through Park National Corporation Foundation total \$475,883. These funds benefit Fairfield and Licking Counties. PNC contributes to organizations who provide services to low and moderate income individuals. Although the level of investments is high, contributions to organizations who create or help create housing for low income individuals and families or assist with home rehabilitation is at a reasonable level of \$75,400 or 16% of total contributions. There are no grants or contributions in Franklin or Hamilton Counties.

PNC consistently invests in Ohio Equity Funds. Funds I through VII provide equity capital for investments in low income housing developments located throughout Ohio. The Funds are administered by the Ohio Capital Corporation for Housing who construct, rehabilitate and preserve affordable housing throughout Ohio. PNB's pro-rata share of commitments to low income housing projects total \$3,655,000. In 1994, PNB invested in a low income housing limited partnership. The current outstanding balance is \$352,132. These investments are considered complex but not innovative.

SERVICE TEST

The service test is rated High Satisfactory because of the following:

- C PNB has readily accessible retail delivery systems. It offers a variety of banking services but few specifically geared to low and moderate income individuals. PNB provides an adequate level of community development services.

PNB has 24 offices and 24 automated teller machines (ATM) throughout the assessment areas. Thirteen and nine offices are located in Fairfield and Licking Counties, respectively. One office is in Franklin County and one in Hamilton County. PNB opened two offices, one in Pataskala and one in a Lancaster supermarket within the evaluation period. In December 1997, three offices located in Lancaster were purchased from another financial institution. One in-store office in Pickerington was relocated a short distance. No offices have been closed.

Eighteen of 24 offices have a full service ATM (accepts deposits) at the same location. Six are limited service, stand-alone ATMs.

Offices in Columbus and Cincinnati are not easily accessible to the general public. Each is located on an upper floor of a downtown building and primarily serves small and closely held businesses. Although these offices originate consumer and residential loans, those numbers are few.

PNB's distribution of offices in Fairfield and Licking Counties is good. The proportion of offices in low-income census tracts (5%) compares favorably to the distribution of population (0%) and census tracts (2%). In moderate-income census tracts (27%), PNB's office distribution also compares favorably to assessment area characteristics. This information is displayed in Table 31 in a later section of this Evaluation.

Community Development Services

PNB has an adequate level of community development services. These services are limited to participating in seminars and workshops hosted by small business related organizations. The bank also offers a savings account to a housing organization to help program participants save for a home.

PNB's ParkCheck account is geared to low and moderate income borrowers. A minimum opening balance of \$25 is needed to open the account. There is no minimum balance requirement, but there is a monthly service charge of \$4. The first 10 transactions per month are free and 15 cents per transaction, thereafter.

PNB has the "Banking for Tomorrow" program for elementary age students. The purpose of the program is to instill the importance of regular savings and give the students a general knowledge of banking products. The program has been instituted in six elementary schools.

PNB was among the 1998 Affordable Housing Program Round II recipients. The bank was awarded a \$200,000 subsidy to help make housing more affordable for low and moderate income persons. The funds will be passed on to qualified persons which will result in lower rental costs for tenants or lower mortgage payments for home owners. The project sponsor is Lutheran Social Services of Central Ohio. Twenty affordable rental units will be created in Lancaster, Ohio.

COLUMBUS, OHIO MSA 1840

DESCRIPTION OF INSTITUTION'S OPERATIONS IN COLUMBUS MSA

PNB's assessment area within the Columbus MSA is Fairfield, Licking and Franklin Counties. The bank's performance was reviewed using the CRA examination procedures. PNB's activity in this area accounts for almost all of the bank's overall operations. The following provides additional information about operations in this area:

C A majority of the bank's lending and deposit activity is in Fairfield and Licking Counties. A wide variety of lending products and deposit services are offered. PNB's deposits in Fairfield and Licking Counties account for 94.2% of its total deposits and 96% of its total offices. As of June 30, 1998, PNB's market share of deposits is strong at 21% and 42% of total deposits in Fairfield and Licking Counties, respectively. By deposits, PNB is the largest banking financial institution operating in each County. There are several financial institutions operating in these Counties. Following PNB, large banks are Fairfield Federal Savings and Loan Association of Lancaster, The First National Bank of Zanesville, Bank One and First Federal Savings and Loan Association.

The local economies are moderate to strong. As of October 1998, the unemployment rates are 2.8% and 4.0% in Fairfield and Licking Counties, respectively. The rate in Licking County slightly exceeds the State of Ohio's unemployment rate of 3.9% due to an air force base closing in the mid-1990's. Major industries by employment are wholesale and retail trade. Major employers in Licking County are Anomatic Corporation, Holophane Corporation and Owens-Corning Fiberglass Corporation, all manufacturing firms. In Fairfield County, major employers are Bailey Corporation, Cyril-Scott Corporation, both manufacturing firms, and Care Enterprises, a service related company.

Newark, located 40 miles east of Columbus, is the largest city in and county seat of Licking County. PNB's main office is in Newark. The population of Newark is approximately 45,000 and is showing steady growth. Residential construction is strong in east Newark. Information gathered through the Ohio Department of Development shows the average cost of a home in 1996 is about \$116,000. Commercial construction is also increasing in east Newark.

Lancaster, located 25 miles southeast of Columbus, is the largest city in and is the county seat of Fairfield. PNB's Fairfield Division is based in Lancaster. Lancaster is currently experiencing a significant population growth and is expected to approach 40,000 by the year 2000. The number of housing units is also showing an increase. However, the number of affordable housing units to low income households is scarce. Information gathered through the Ohio Department of Development shows the average cost of a home in 1996 is about \$127,000. Rental units affordable to low income households is also scarce. All five moderate-income census tracts in Fairfield County are located in Lancaster. Favorable economic conditions can be partly attributed to its accessibility to the greater Columbus metropolitan area.

C In Franklin County, PNB's primary focus is on closely held businesses. PNB's Franklin County deposits account for 4.9% of its total deposits. PNB has one office located in downtown Columbus,

the largest city in both area and population in Ohio. Columbus is home of the State Capital. Populations of Columbus and Franklin County are approximately 635,000 and 962,000, respectively.

Overall, Franklin County's economy is strong. As of October 1998, the unemployment rate is low at 2.5%. Major industries are services, and wholesale and retail trade. Major employers are Bank One Corporation, Nationwide Insurance, Ohio State University, Lucent Technologies, Inc., a manufacturing firm, and retail trade companies of The Limited, Inc., Wendy's International, Inc., and Kroger Company. There are approximately 26 banking and savings institutions operating in the County. Larger banks are Bank One, The Huntington National Bank, The Fifth Third Bank of Columbus and National City Bank. PNB's market share of deposits is nominal at .2% of total County deposits. Overall, PNB does not have a major presence in Franklin County.

The U.S. Census 1990 median family income is \$36,792. Updated 1997 median family income from HUD is \$48,100. This applies to all areas in Franklin, Fairfield and Licking Counties.

Columbus MSA

Tables 11 & 12 that follow display combined demographic information for Columbus MSA (Fairfield, Licking and Franklin Counties):

Table 11 Demographic Information for Columbus MSA										
Income Level of Census Tract:	Total Population	Percent (%) of Total	Number (#) of CT	% of Total	# of Owner-Occupied Housing Units	% of Total	# of Businesses	% of Total	# of Farms	% of Total
Low Income	120,808	10%	36	12%	11,415	4%	4,235	10%	27	3%
Moderate Income	254,185	21%	77	25%	46,577	17%	8,143	19%	110	14%
Middle Income	481,874	41%	126	41%	119,675	45%	16,204	37%	384	50%
Upper Income	335,887	28%	65	21%	91,626	34%	14,111	32%	256	33%
NA	444	0%	3	1%	0	0%	977	2%	0	0%
Total	1,193,198	100%	307	100%	269,293	100%	43,670	100%	777	100%

Source: 1990 Census Data, U.S. Bureau of the Census.
CT - Census Tracts.

Table 12 Demographic Information for Columbus MSA Families by Income Level		
Income as a percent of HUD MSA Median Family Income:	Number of Families	Percent of Total
Low Income	59,751	19%
Moderate Income	55,321	18%
Middle Income	75,691	25%
Upper Income	118,120	38%
Total	308,883	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

Fairfield and Licking Counties

Demographic information for Fairfield and Licking Counties are shown in Tables 13 and 14:

Table 13 Demographic Information for Fairfield and Licking Counties										
Income Level of Census Tract:	Total Population	Percent (%) of Total	Number (#) of CT	% of Total	# of Owner- Occupied Housing Units	% of Total	# of Businesses	% of Total	# of Farms	% of Total
Low Income	1,004	0%	1	2%	96	0%	423	6%	0	0%
Moderate Income	45,677	20%	13	24%	10,207	17%	1,605	23%	30	12%
Middle Income	142,789	62%	33	60%	39,289	64%	3,743	54%	182	71%
Upper Income	42,291	18%	8	14%	11,919	19%	1,143	17%	45	17%
NA	0	0%	0	0%	0	0%	0	0%	0	0%
Total	231,761	100%	55	100%	61,511	100%	6,914	100%	257	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

Percent totals may not add due to rounding.

NA - Income level of area is not available.

CT - Census Tracts.

Table 14 Demographic Information for Fairfield and Licking Counties Families by Income Level		
Income as a percent of HUD MSA Median Family Income:	Number of Families	Percent of Total
Low Income	13,005	20%
Moderate Income	12,617	19%
Middle Income	16,792	26%
Upper Income	22,597	35%
Total	65,011	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

COMMUNITY NEEDS

To determine community credit needs and opportunities, many community leaders were interviewed. Several were conducted during this examination, while others were conducted by the three banking regulatory agencies in the past 12 months. The individuals interviewed represent housing and neighborhood organizations, social services, economic development and small business organizations. We also referred to information prepared by city, county and state governmental agencies. In general, the information gathered shows the greatest need is affordable housing. Low income individuals are unable to purchase a home or find affordable rental housing due to the limited supply in the market area. Of affordable homes available, they are in need of rehabilitation. Lower income individuals can also benefit from down payment or rental assistance. Another need is budgeting and credit counseling. There is a need for small business funding such as very small loans to businesses, venture capital and working capital loans.

In Licking County, the most pressing need is affordable housing for low income families. There are few affordable homes and affordable rental units. Other needs are transitional housing for the homeless, credit counseling, home ownership counseling, services targeted for low income persons and families such as affordable housing and small business technical assistance.

In Fairfield County, the most pressing needs are affordable single family homes, affordable rental units for low income households, housing rehabilitation, and neighborhood and downtown revitalization. Specifically in the Lancaster area, an alternate transportation route around the city is needed to decrease traffic congestion through the downtown area.

Section Format and Weighting

The following sections discuss PNB's lending, investment and services in the Columbus MSA. Due to the extent of its presence and level of operations, the bank's performance in Fairfield and Licking Counties is emphasized and weighted heavily when assigning the overall CRA rating. Lending in Fairfield and Licking Counties is extracted from the bank's performance in the Columbus MSA and is shown separately. A lesser weighting will be assigned to home mortgage, small business and small farm lending in Franklin County.

CONCLUSIONS ABOUT PERFORMANCE IN THE COLUMBUS MSA

Overall Conclusions

PNB's overall performance is good considering its size, resources, business focus and level of operations. Lending and service activities are good. The level of qualified investments is significant. Additional details are in the following sections.

LENDING TEST

Lending Activity

PNB's lending activity shows a good responsiveness to credit needs in the community considering it is the largest bank operating in Fairfield and Licking Counties. There are a wide variety of lending products available to the bank's customers including consumer, home mortgage and business loans. PNB originated 2,212 home loans totaling over \$148 million, 2,695 small loans to businesses totaling over \$203 million and 99 loans totaling almost \$4 million during the evaluation period. Home loans decreased in both the number and dollar total from 1996 to 1997. This is due to a decision by the bank not to report home equity loans starting in 1997. Over the period, small loans to businesses decreased in the number but increased in total dollar. The tables in the sections that follow display this information.

PNB's home mortgage market share is 6.8% and ranks number one in Fairfield and Licking Counties. This is expected considering PNB is the largest banking institution, by deposits, in both Counties. In small loans to businesses, the bank ranks third at 10.9%. Two much larger banking institutions headquartered in Columbus have higher market shares. The bank's home mortgage and business loan market share is negligible in Franklin County.

Geographic Distribution of Loans

Home Mortgage Loans:

Overall, the geographic distribution of home mortgage loans is good as shown in Tables 15 and 16. Lending in moderate-income areas is very good. In 1996 and 1997, 21% and 17% of loans, respectively, were made in moderate income areas. This performance is good when compared to the proportion of owner occupied housing units in the area of 17%. PNB's lending in low income areas is low as only one loan and 10 ten loans were originated in 1996 and 1997, respectively. In both years, this is lower than the proportion of owner occupied housing units. Although low, this is reasonable considering 35 of 36 (97%) low income areas are in Franklin County where the bank's business focus is closely held businesses.

Table 15 Geographic Distribution of Home Loans - Columbus MSA									
Income Level of Census Tract	Total Home Loans - 1996				Total Home Loans - 1997				Assessment Area Characteristics
	Number (#) of Loans	Dollar (\$) (000's)	Percent (%) of #	% of \$	# of Loans	\$ (000's)	% of #	% of \$	% of Owner-Occupied Housing Units
Low	1	\$12	0%	0%	10	\$787	1%	1%	4%
Moderate	266	9,928	21%	13%	157	7,978	17%	11%	17%
Middle	782	41,359	60%	54%	581	40,026	63%	56%	45%
Upper	246	25,368	19%	33%	169	22,670	19%	32%	34%
NA	0	0	0%	0%	0	0	0%	0%	0%
Total	1,295	76,667	100%	100%	917	71,461	100%	100%	100%

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.
NA - Income level of area is not available.

Lending in Fairfield and Licking Counties, in Table 16 below, shows results similar to Table 15. However, in low income areas, PNB's lending activity in 1997 is better than the proportion of owner occupied units in those areas.

Table 16 Geographic Distribution of Home Loans - Fairfield and Licking Counties									
Income Level of Census Tract	Total Home Loans - 1996				Total Home Loans - 1997				Assessment Area Characteristics
	Number (#) of Loans	Dollar (\$) (000's)	Percent (%) of #	% of \$	# of Loans	\$ (000's)	% of #	% of \$	% of Owner-Occupied Housing Units
Low	1	\$12	0%	0%	6	\$298	1%	0%	0%
Moderate	256	9,421	21%	14%	144	6,961	17%	11%	17%
Middle	763	40,438	63%	59%	567	38,840	67%	62%	64%
Upper	189	19,209	16%	28%	132	17,029	16%	27%	19%
NA	0	0	0%	0%	0	0	0%	0%	0%
Total	1,209	69,080	100%	100%	849	63,128	100%	100%	100%

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.
NA - Income level of area is not available.

Table 17 displays the proportion of home loans by product and tract category and displays a comparison to other home lenders in the same market area. PNB performs above or meets the market in moderate income areas with home purchase loans in both years and home improvement loans in 1996. In 1997, PNB's home improvement loans in moderate income areas were significantly lower than the market. The difference is seen in the increase of home improvement loans in middle income areas. Although low, lending in low income areas is reasonable considering 97% of low income areas are in Franklin County where the bank's business focus is on closely held businesses.

TABLE 17 PARK NATIONAL BANK - HOME LOANS BY PRODUCT AND INCOME TRACT CATEGORY - COLUMBUS MSA					
Tract Category and Home Loan Product	Percentage of Loans Compared to Total Market				Assessment Area Characteristics
	PNB's Lending Activity		Total Market Activity 1996	Total Market Activity 1997	Percent of Owner Occupied Housing Units
	1996	1997			
<i>Low Income</i>					
Purchase	0%	.5%	2%	3%	4%
Refinance	.1%	2%	4%	6%	
Home Improvement	0%	0%	5%	5%	
Multi-family	0%	20%	19%	24%	
<i>Moderate Income</i>					
Purchase	20%	23%	12%	13%	17%
Refinance	21%	13%	16%	17%	
Home Improvement	20%	13%	20%	22%	
Multi-family	0%	40%	29%	28%	
<i>Middle Income</i>					
Purchase	58%	55%	44%	43%	45%
Refinance	59%	63%	45%	43%	
Home Improvement	67%	81%	50%	49%	
Multi-Family	0%	40%	29%	31%	
<i>Upper Income</i>					
Purchase	22%	21%	41%	41%	34%
Refinance	20%	22%	34%	35%	
Home Improvement	13%	6%	25%	24%	
Multi-family	0%	0%	22%	17%	

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.

Table 18 below shows results similar to Table 17 in moderate income areas. In low income areas, PNB's lending is also low. However, in these areas, PNB's 1997 lending is better in Fairfield and Licking Counties than in the Columbus MSA overall.

TABLE 18 PARK NATIONAL BANK - HOME LOANS BY PRODUCT AND INCOME TRACT CATEGORY - FAIRFIELD AND LICKING COUNTIES					
Tract Category and Home Loan Product	Percentage of Loans Compared to Total Market				Assessment Area Characteristics
	PNB's Lending Activity		Total Market Activity 1996	Total Market Activity 1997	Percent of Owner Occupied Housing Units
	1996	1997			
<i>Low Income</i>					
Purchase	0 %	.3%	.5%	.5%	.2%
Refinance	.1%	1%	.3%	.4%	
Home Improvement	0%	0%	.2%	.2%	
Multi-family	0%	0%	0%	0	
<i>Moderate Income</i>					
Purchase	21%	23%	14%	15%	17%
Refinance	21%	13%	15%	15%	
Home Improvement	21%	13%	17%	18%	
Multi-family	0%	0%	46%	23%	
<i>Middle Income</i>					
Purchase	61%	59%	52%	53%	64%
Refinance	63%	67%	63%	62%	
Home Improvement	67%	81%	65%	64%	
Multi-Family	0%	0%	35%	55%	
<i>Upper Income</i>					
Purchase	18%	17%	34%	31%	19%
Refinance	16%	19%	22%	23%	
Home Improvement	12%	6%	18%	18%	
Multi-family	0%	0%	19%	23%	

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.

Small Business Loans:

Table 19 shows PNB's lending volume of small loans is reasonable in low income and very good in moderate income areas. In low income areas, 6% in 1996 and 7% in 1997 are slightly lower than the proportion of businesses in those same areas. When compared to the lending performance in the market area overall, PNB's performance is lower in low income areas. Although low, lending in low income areas is reasonable considering a larger proportion of business are located in low income areas in the Columbus MSA assessment area overall. In moderate-income areas, 26% in 1996 and 25% in 1997 compare favorably to 19% of small businesses in the same income areas. PNB's lending, when compared to the market area of 15% in 1996 and 16% in 1997, is very good in moderate income areas.

Income Level of Census Tract:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Businesses	% of # in 1996	% of # in 1997
Low Income	89	\$8,816	6%	89	\$12,892	7%	10%	10%	9%
Moderate Income	354	20,767	26%	337	23,946	25%	19%	15%	16%
Middle Income	665	53,523	49%	645	57,652	49%	37%	38%	38%
Upper Income	259	2,575	19%	248	22,539	19%	32%	35%	35%
NA	3	190	0%	6	313	0%	2%	2%	2%
TOTAL	1,370	85,871	100%	1,325	117,342	100%	100%	100%	100%

Source: 1996 and 1997 CRA Disclosure Statements.
NA - Income level of area is not available.

In Fairfield and Licking Counties, lending in low income areas is better than in the Columbus MSA overall. Table 20 shows in both 1996 and 1997, the proportion of small loans to businesses (5%) is slightly lower than the proportion of businesses in low income areas. When compared to the market's performance in low income areas, PNB meets the market's performance of 5% in 1996 and exceeds the market's performance of 4% in 1997. In moderate income areas, PNB performance is exceptional at 29% in both years. Its lending performance in moderate income areas is also better than the overall market in both years when compared to the proportion of businesses in those same areas.

Income Level of Census Tract:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Businesses	% of # in 1996	% of # in 1997
Low Income	51	\$4,036	5%	48	\$6,887	5%	6%	5%	4%
Moderate Income	312	16,365	29%	298	19,944	29%	23%	22%	21%
Middle Income	564	38,929	52%	537	42,412	52%	54%	54%	55%
Upper Income	149	14,489	14%	156	12,674	15%	17%	19%	20%
NA	0	0	0%	0	0	0%	0%	0%	0%
TOTAL	1,076	\$73,819	100%	1,039	\$81,917	100%	100%	100%	100%

Source: 1996 and 1997 CRA Disclosure Statements.
NA - Income level of area is not available.

Small Farm Loans:

Table 21 shows most small loans to farms are in middle income areas. PNB's farm loan distributions in low and moderate income areas are lower than the proportion of farms in those areas. In 1996 and 1997, no loans and 1 loan was made in low income areas, respectively. When compared to the market's overall performance in moderate income areas, PNB's distribution meets or exceeds that of the market. Table 22 displays information for Fairfield and Licking Counties. The results are similar in moderate-income areas when compared to farm

lending in the Columbus MSA. Overall performance is reasonable considering farm lending is not a primary business focus.

Table 21									
Small Loans to Farms By Income Level of Census Tract - Columbus MSA									
Income Level of Census Tract:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Farms	% of # in 1996	% of # in 1997
Low Income	0	\$0	0%	1	\$35	2%	3%	2%	2%
Moderate Income	2	115	4%	1	35	2%	14%	3%	2%
Middle Income	41	1,644	80%	38	1,874	79%	50%	62%	63%
Upper Income	8	63	16%	8	62	17%	33%	33%	33%
NA	0	0	0%	0	0	0%	0%	0%	0%
TOTAL	51	1,822	100%	48	\$2,006	100%	100%	100%	100%

Source: 1996 and 1997 CRA Disclosure Statements.

NA - Income level of area is not available.

Table 22									
Small Loans to Farms By Income Level of Census Tract - Fairfield and Licking Counties									
Income Level of Census Tract:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Farms	% of # in 1996	% of # in 1997
Low Income	0	\$0	0%	0	\$0	0%	0%	0%	0%
Moderate Income	2	115	4%	1	35	2%	11%	3%	1%
Middle Income	41	1,644	80%	38	1,874	81%	71%	84%	84%
Upper Income	8	63	16%	8	62	17%	18%	13%	15%
NA	0	0	0%	0	0	0%	0%	0%	0%
TOTAL	51	\$1,822	100%	47	\$1,971	100%	100%	100%	100%

Source: 1996 and 1997 CRA Disclosure Statements.

NA - Income level of area is not available.

Distribution by Borrower Income

Home Mortgage Loans:

Table 23 shows PNB's lending to low income borrowers is low and to moderate income borrowers is good. In 1996, 12% of home loans were originated to low income borrowers. This is lower than the 19% of low income families. In 1997, the volume of loans, 13%, is also low when compared to the proportion of low income families of 19%. In 1997, the number of loans originated to moderate income borrowers (20%) is good when compared to the proportion of moderate income families (18%) in the area. This is also true for 1996. Table 24 displays PNB's lending performance in Fairfield and Licking Counties. Lending performance in the two Counties is similar to the Columbus MSA overall.

Income as a percent of HUD MSA Median Family Income:	Total Home Loans - 1996				Total Home Loans - 1997				Assessment Area Characteristics
	Number (#) of Loans	Dollar (\$) (000's)	Percent (%) of #	% of \$	# of Loans	\$ (000's)	% of #	% of \$	% of Families
Low	156	\$4,304	12%	6%	116	\$3,767	13%	5%	19%
Moderate	277	11,136	21%	14%	185	9,579	20%	13%	18%
Middle	339	17,409	26%	23%	245	16,389	27%	23%	25%
Upper	485	41,358	38%	54%	334	38,355	36%	54%	38%
NA	38	2,460	3%	3%	37	3,371	4%	5%	0%
Total	1,295	76,667	100%	100%	917	71,461	100%	100%	100%

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.

NA - Income information is not available.

Income as a percent of HUD MSA Median Family Income:	Total Home Loans - 1996				Total Home Loans - 1997				Assessment Area Characteristics
	Number (#) of Loans	Dollar (\$) (000's)	Percent (%) of #	% of \$	# of Loans	\$ (000's)	% of #	% of \$	% of Families
Low	152	\$4,085	13%	6%	113	\$3,670	13%	6%	20%
Moderate	272	10,918	23%	16%	178	9,136	21%	15%	19%
Middle	319	16,050	26%	23%	231	15,292	27%	24%	26%
Upper	429	35,657	35%	52%	295	32,393	35%	51%	35%
NA	37	2,370	3%	3%	32	2,637	4%	4%	0%
Total	1,209	69,080	100%	100%	849	63,128	100%	100%	100%

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.

NA - Income information is not available.

Table 25 displays the proportion of home loans by product and borrowers income and also displays a comparison to other home lenders in the same market area. Overall, PNB's proportion of loans to low and moderate income borrowers is very good. PNB performs above or meets the market in all loan products to low income borrowers. In lending to moderate income borrowers, the bank exceeds or slightly trails in comparison to other home lenders in the same market. Table 26 displays PNB's lending performance in Fairfield and Licking Counties. The results are similar to those in the Columbus MSA.

TABLE 25 PARK NATIONAL BANK- HOME LOANS BY PRODUCT AND TO BORROWERS BY INCOME CATEGORY - COLUMBUS MSA					
Income Category and Home Loan Product	Percentage of Loans Compared to Total Market				Assessment Area Characteristic s
	PNB's Activity		Total Market Activity 1996	Total Market Activity 1997	Percent of Families
	1996	1997			
<i>Low Income</i>					
Purchase	10%	10%	6%	6%	19%
Refinance	11%	9%	8%	9%	
Home Improvement	16%	27%	10%	12%	
Multi-Family	0%	0%	0%	0%	
<i>Moderate Income</i>					
Purchase	22%	24%	18%	18%	18%
Refinance	20%	16%	18%	17%	
Home Improvement	23%	22%	21%	23%	
Multi-Family	0%	0%	0%	0%	
<i>Middle Income</i>					
Purchase	26%	26%	27%	25%	25%
Refinance	26%	27%	27%	23%	
Home Improvement	27%	28%	31%	30%	
Multi-Family	0%	0%	0%	0%	
<i>Upper Income</i>					
Purchase	40%	37%	31%	31%	38%
Refinance	39%	43%	35%	32%	
Home Improvement	31%	21%	33%	33%	
Multi-Family	0%	0%	0%	0%	
<i>NA</i>					
Purchase	2%	3%	18%	20%	-
Refinance	4%	5%	12%	19%	
Home Improvement	2%	2%	5%	2%	
Multi-Family	0%	100%	100%	100%	

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.
NA - Income information is not available.

TABLE 26 PARK NATIONAL BANK- HOME LOANS BY PRODUCT AND TO BORROWERS BY INCOME CATEGORY - FAIRFIELD AND LICKING COUNTIES					
Income Category and Home Loan Product	Percentage of Loans Compared to Total Market				Assessment Area Characteristic s
	PNB's Activity		Total Market Activity 1996	Total Market Activity 1997	Percent of Families
	1996	1997			
<i>Low Income</i>					
Purchase	11%	11%	6%	7%	20%
Refinance	12%	9%	8%	9%	
Home Improvement	16%	28%	10%	13%	
Multi-Family	0%	0%	0%	0%	
<i>Moderate Income</i>					
Purchase	23%	25%	17%	18%	19%
Refinance	21%	17%	20%	19%	
Home Improvement	24%	21%	21%	22%	
Multi-Family	0%	0%	0%	0%	
<i>Middle Income</i>					
Purchase	26%	26%	29%	27%	26%
Refinance	26%	28%	30%	27%	
Home Improvement	27%	29%	33%	31%	
Multi-Family	0%	0%	0%	0%	
<i>Upper Income</i>					
Purchase	38%	36%	32%	31%	35%
Refinance	37%	41%	33%	30%	
Home Improvement	30%	20%	33%	32%	
Multi-Family	0%	0%	0%	0%	
<i>NA</i>					
Purchase	3%	3%	16%	17%	
Refinance	4%	2%	10%	15%	-
Home Improvement	2%	6%	3%	2%	
Multi-Family	0%	0%	100%	100%	

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.
NA - Income information is not available.

Small Business Loans:

Table 27 shows that a large volume of business loans are very small loans. In 1996 and 1997, 78% and 76%, respectively, are in amounts less than \$100,000. However, when compared to the market's performance of

82% in both 1996 and 1997, PNB's volume is lower. The table also shows that PNB exceeds the proportion of small loans to small businesses. Seventy-six percent of loans are to small businesses. This exceeds the proportion of small businesses in the Columbus MSA of 69%. This reflects good performance as small business loans are an identified credit need. Table 28 displays PNB's performance in Fairfield and Licking Counties. The results are similar to those in the Columbus MSA.

Table 27 Small Business Loans by Size Category and Small Loans to Small Businesses Columbus MSA									
Loan Size:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Businesses*	% of # in 1996	% of # in 1997
Less than \$100,000	1,072	\$35,909	78%	1,006	\$33,259	76%		82%	82%
\$100,000 - \$249,999	217	\$34,169	16%	219	\$35,621	16%		10%	10%
\$250,000 - \$1,000,000	81	\$38,968	6%	100	\$48,462	8%		8%	8%
Total Small Business Loans	1,370	\$109,046	100%	1,325	\$117,342	100%		100%	100%
Small Loans to Small Businesses	1,041	\$65,650	76%	1,013	\$70,189	76%	69%		

Source: 1996 and 1997 CRA Disclosure Statements.

* - Represents the proportion of businesses with annual gross revenues of less than \$1 million.

Table 28 Small Loans to Businesses by Size Category and Small Loans to Small Businesses Fairfield and Licking Counties									
Loan Size:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Businesses*	% of # in 1996	% of # in 1997
Less than \$100,000	873	\$26,933	81%	822	\$25,308	79%		84%	84%
\$100,000 - \$249,999	151	23,723	14%	147	23,279	14%		11%	11%
\$250,000 - \$1,000,000	52	23,163	5%	70	33,330	7%		5%	5%
Total Small Business Loans	1,076	73,819	100%	1,039	81,917	100%		100%	100%
Small Loans to Small Businesses	836	\$41,961	78%	826	\$50,266	79%	75%		

Source: 1996 and 1997 CRA Disclosure Statements.

* - Represents the proportion of businesses with annual gross revenues of less than \$1 million.

Small Farm Loans:

Table 29 displays PNB's farm lending. PNB has a significant volume of loans, 92% in 1996 and 90% in 1997, in amounts less than \$100,000. This volume exceeds the market's performance of 87% in 1996 and 81% in 1997. The volume of small loans to small farms of 100% in both years is excellent when compared to the proportion of small farms of 91% in the area. Table 30 displays PNB's farm lending in Fairfield and Licking Counties. The results are similar to those in the Columbus MSA.

Table 29 Small Farm Loans by Size Category and Small Loans to Small Farms - Columbus MSA									
Loan Size:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Farms*	% of # in 1996	% of # in 1997
Less than \$100,000	47	\$1,168	92%	43	\$1,044	90%		87%	81%
\$100,000 - \$249,999	4	\$654	8%	4	\$542	8%		9%	11%
\$250,000 - \$500,000	0	\$0	0%	1	\$420	2%		4%	8%
Total Small Farm Loans	51	\$1,822	100%	48	\$2,006	100%		100%	100%
Small Loans to Small Farms	51	\$1,822	100%	48	\$2,006	100%	91%		

Source: 1996 and 1997 CRA Disclosure Statements.

* - Represents the proportion of farms with annual gross revenues of less than \$1 million.

Table 30 Small Loans to Farms by Size Category and Small Loans to Small Farms Fairfield and Licking Counties									
Loan Size:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Farms	% of # in 1996	% of # in 1997
Less than \$100,000	47	\$1,168	92%	42	\$1,009	89%		92%	85%
\$100,000 - \$249,999	4	\$654	8%	4	\$542	9%		5%	10%
\$250,000 - \$1,000,000	0	\$0	0%	1	\$420	2%		3%	5%
Total Small Business Loans	51	\$1,822	100%	47	\$1,971	100%		100%	100%
Small Loans to Small Businesses	51	\$1,822	100%	47	\$1,971	100%	96%		

Source: 1996 and 1997 CRA Disclosure Statements.

* - Represents the proportion of farms with annual gross revenues of less than \$1 million.

Innovative and/or Flexible Loan Programs

PNB uses several flexible loan programs in financing equipment and commercial buildings in the Columbus MSA. The programs are listed in the overall bank section of this Public Evaluation.

Community Development Loans

There is a high level of community development loans. During the evaluation period, PNB originated 16 loans totaling \$4,345,000. Eight loans totaling \$2,228,000 are to community organizations who support and/or provide community development services. Eight loans totaling \$2,117,000 are, directly or indirectly, to create housing units for low income families. Details are as follows:

Licking County:

- C Two loans totaling \$1,500,000 are to an organization who offers services to low income families.
- C One loan totaling \$600,000 is to a developer to help create 100 affordable housing units for low income families.
- C One loan totaling \$500,000 is to a nonprofit organization who provides needed services to low and moderate income individuals.
- C Two loans totaling \$128,000 are to an organization whose services and programs are geared to low and moderate income families.
- C One loan totaling \$75,000 is to a nonprofit organization who offers a wide variety of services to low income individuals.
- C One loan totaling \$25,000 is to a religious organization whose outreach programs target and serve low income individuals.
- C One loan totaling \$18,000 is to a nonprofit organization who creates housing for mentally challenged individuals.
- C Two loans totaling \$10,000 are to a contractor of low and moderate income housing units with federal government funding.

Fairfield County:

- C One loan totaling \$814,000 is to a contractor to build eight low income housing units for a local housing authority.

Franklin County:

- C Two loans totaling \$351,000 are to a nonprofit organization who buys and rehabilitates apartments and homes for mentally challenged individuals. The funds were used to construct two buildings with up to 8 units in each building.
- C Two loans totaling \$324,000 are to a contractor of low and moderate income housing units with federal government funding. The funds indirectly helped create the units.

INVESTMENT TEST

The level of qualified investments in the Columbus MSA is significant and adequately responds to community development needs. In Fairfield and Licking Counties, PNB contributes significantly to organizations who provide needed services to low and moderate-income individuals. Few dollars are in Franklin County.

Grant and contributions made through Park National Corporation Foundation total \$475,883. Organizations who benefit from these funds provide services to low and moderate income individuals. Some examples include organizations who provide credit counseling, home ownership counseling, food to the needy, child care services, and education to low income students. PNC consistently contributes to United Way of Licking County and United Way of Fairfield County. Contributions to organizations who create or help to create housing for low

income individuals or assist low income individuals with home rehabilitation is reasonable at \$75,400. Such housing is especially needed in the cities of Newark and Lancaster.

Ohio Equity Funds I through VII provide equity capital for investments in low income housing developments within the Columbus MSA as follows:

- C New Salem Homes - Several multi-family buildings creating 64 housing units will be constructed. The location will be in the Columbus suburban area.
- C Rosewind - This multi-family construction project will create 230 units located in an inner city neighborhood in Columbus.
- C Other Fund projects located within the Columbus MSA are:

- Parkview Apartments - 16 new units will be created in Columbus.
- Newark Village Square - 16 new units will be created in Newark.
- YMCA Residential - 102 units will be rehabilitated in Columbus.
- South Main Homes - 50 new and rehabilitated units in Columbus.
- Hebron Apartments - 48 units in Hebron will be created.

In 1994, PNB invested in a low-income housing limited partnership known as Pataskala Village Green Limited Partnership VI. The project is Roxford Village Apartments consisting of six buildings with 36 units, located in Pataskala, OH, Licking County. The current outstanding balance is \$352,132.

SERVICE TEST

The level of services is good. PNB has 23 offices and 24 ATMs in the Columbus MSA. Of the 23, nine and 13 offices are located in Fairfield and Licking Counties, respectively. One office is in Franklin County. Eighteen of 23 offices have a full service ATM (accepts deposits) at the same location. Six are limited service, stand-alone ATMs.

Since September 1, 1995, PNB opened two offices, one in Pataskala in a middle income area and one in a Lancaster supermarket in a moderate income area. In December 1997, three offices located in Lancaster were purchased from another financial institution. One is in a moderate income area. The remaining two are located in middle income areas. An in-store office in Pickerington was relocated a short distance. No offices have been closed.

As shown in the Table 31 below, PNB's dispersion of offices in Fairfield and Licking Counties is good when compared to the distributions of population and census tracts. The proportion of offices in low income areas (5%) compares favorably to the distributions of population (0%) and census tracts (2%) in these Counties. PNB's office distribution in moderate income areas of 27% is also good and compares favorably to the distribution of population (20%) and distribution of census tracts (24%). A similar favorable distribution is displayed for ATMs.

**Table 31
Office and ATM Distribution in Fairfield and Licking Counties***

Income Level of Census Tract	PNB's Offices			Automated Teller Machines			Assessment Area Characteristics	
	Number (#) of Offices	# of In-Store	Percent (%) of Total	# of Full Service	# of Limited Service	% of Total	% Distribution of Population	% Distribution of Census Tracts
Low Income	1	0	5%	1	0	4%	0%	2%
Moderate Income	4	2	27%	5	1	25%	20%	24%
Middle Income	10	1	50%	10	3	54%	62%	60%
Upper Income	3	1	18%	2	2	17%	18%	14%
NA	0	0	0%	0	0	0%	0%	0%
Total	18	4	100%	18	6	100%	100%	100%

* - Offices in Columbus and Cincinnati are not included.
NA - Income level of area is not available.

Of 13 offices in Licking County, one (8%) is located in a low- and one (8%) is in a moderate-income area in the city of Newark. Of the remaining eleven offices, three are located in and eight are located outside of Newark. Of nine offices in Fairfield County, seven are within the city of Lancaster. Four of seven (57%) are located in moderate income areas. Of the total nine offices, four are located in middle income areas. One is located in an upper income area. The distribution of ATM's is somewhat similar to the office distribution.

Office hours are tailored to the needs of the community by the periodic monitoring of transactions. They also vary depending on office location. Hours are typical with some exceptions. Two offices in Heath have longer weekday hours of 9:00 a.m. to 7:00 p.m., Saturday hours of 9:00 a.m. to 3:00 p.m. and one office (South 30th St.) is open Sunday afternoon from 12:00 p.m. to 4:00 p.m. The South 30th St. office has longer than typical drive-up hours of 7:00 a.m. to 7:00 p.m. Monday through Friday, 8:00 a.m. to 3:00 p.m. on Saturday and is open on Sunday. The South 30th St. office is a regular office versus an in-store, supermarket office. The Utica office opens at 8:30 a.m. Monday through Saturday, one-half hour earlier than typical hours. Also, the Memorial Drive office in Lancaster has longer hours, somewhat similar to the South 30th St. office. Offices located in supermarkets have longer weekday and Saturday hours plus each is open four hours on Sunday.

PNB has one office in Franklin County. Its location, on the tenth floor of a downtown Columbus building, is not easily accessible to all areas in Franklin County. The office primarily serves closely held businesses. Although this office originates consumer and residential loans, those numbers are few. PNB does not maintain ATMs in Franklin County.

Community Development Services

PNB offers a savings account to the Licking County Coalition of Housing for its program participants. This accounts allows program participants to use this account to save for a down payment for a home.

PNB periodically supports the East Mound Community Development Corporation located in Newark. Bank employees serve on the Board of Directors, volunteer with program activities, provide technical assistance and financial advice to the Corporation. Two employees assisted with three Home Ownership Made Easy (HOME) programs. The program is a home buyer's counseling and training program available to individuals who could become eligible for a grant to assist with a down payment to purchase a home.

PNB regularly participates in small business loan seminars hosted by the Columbus Countywide Development Corporation. This Corporation has a micro-loan program geared to businesses with less than 10 employees. Loans amount ranging from \$1,000 to \$25,000 can be used for working capital, equipment and inventory needs.

The Service Corps of Retired Executives (SCORE) regularly hosts "Starting and Operating a Successful Business." SCORE, partially funded by the U. S. Small Business Administration, is a volunteer organization consisting of active business executives and professionals. PNB participates in SCORE workshops geared for small business owners. A PNB commercial loan officer presents the session "Procedures For Applying for a Loan" during these workshops. Since September 1, 1995, PNB participated in four workshops.

Bank employees are active in community and business organizations whose missions are to assist small businesses or low and moderate income families. Some of these organizations are as follows:

United Way of Licking County
Newark Area Chamber of Commerce
Licking County Youth Asset Builders
East Mound Community Development Corporation
Shiloh Housing, Incorporated
Par Excellence Learning Center
Licking County Industrial Growth Corporation
Family Counseling Services
Leads Community Action Agency
Licking County Coalition for Housing
Fairfield County Revolving Loan Fund
Columbus Countywide Development Corporation
Habitat For Humanity of Fairfield County.

CINCINNATI, OH-KY-IN PMSA 1640

DESCRIPTION OF INSTITUTION'S OPERATIONS IN HAMILTON COUNTY

PNB's assessment area within the Cincinnati PMSA includes Hamilton County. The bank's operations were reviewed using the CRA examination procedures. As of June 30, 1998, PNB's Hamilton County deposits represent .9% of its total deposits and 4% of its total offices. Lending and deposit activity in Hamilton County accounts for a very small portion of the bank's overall operations. Its primary focus is on closely held businesses.

Competition for financial services is strong. There are over 50 financial institutions operating in the County. Major banks are Firststar Bank, PNC Bank, The Provident Bank, Bank One and The Fifth Third Bank. PNB's market share of deposits is nominal at .04% of total Hamilton County deposits. Overall, PNB does not have a major presence in the area.

PNB has one office located in downtown Cincinnati, the largest city in the County and among the largest cities in the State of Ohio. Cincinnati is located in south-west Ohio, bordering south-east Indiana and northern Kentucky. The overall economy is strong, and as of October 1998, the unemployment rate is low at 3.5%. This is lower than the rate for the State of Ohio of 3.9%. Cincinnati is an important distribution point for raw materials such as coal and lumber shipped by river barge and rail. Products manufactured in Cincinnati include aircraft engines, auto parts, processed food, metalworking and fabricated metal products, industrial machinery, and chemical products.

The average median home value is \$75,100. The U.S. Census 1990 median family income is \$36,658. Updated 1997 median family income from HUD is \$48,400. Other demographic information is displayed in the following two tables:

Income as a percent of HUD MSA Median Family Income:	Number of Families	Percent of Total
Low Income	46,849	21%
Moderate Income	36,602	17%
Middle Income	49,674	22%
Upper Income	89,448	40%
Total	222,573	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

**Table 33
Demographic Information for Hamilton County**

Income Level of Census Tract:	Total Population	Percent (%) of Total	Number (#) of CT	% of Total	# of Owner-Occupied Housing Units	% of Total	# of Businesses	% of Total	# of Families	% of Total
Low Income	91,850	11%	35	16%	6,550	3%	3,261	10%	25	5%
Moderate Income	135,383	15%	41	19%	22,757	12%	3,858	12%	42	8%
Middle Income	362,856	42%	82	38%	89,123	45%	13,818	43%	236	47%
Upper Income	276,139	32%	58	27%	79,126	40%	10,668	34%	197	40%
NA	0	0%	1	0%	0	0%	324	1%	1	0%
Total	866,228	100%	217	100%	197,556	100%	31,929	100%	501	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

NA - Income level is not available.

CT - Census Tracts.

COMMUNITY NEEDS

To determine community credit needs and opportunities, many community leaders were interviewed by the three banking regulatory agencies in the past 12 months. The individuals interviewed represent housing and neighborhood organizations, social services, economic development and small business organizations. We also referred to information prepared by city and state governmental agencies.

The greatest need is affordable housing. Low income individuals are unable to purchase an affordable home or find affordable rental housing due to the limited supply in the market area or costs involved. Of affordable homes available, they are in need of rehabilitation. Lower income individuals can also benefit from down payment or rental assistance. Another need is budgeting and home buyers counseling. There is a need for small business loans such as very small loans to businesses, venture capital for small and minority businesses and working capital for small and minority businesses. Small business technical assistance is also a need in the area.

Section Format and Weighting

The following sections discuss PNB's lending, investment and services in Hamilton County. In determining the bank's overall lending rating, its activity in this area will emphasize small business loans. Home lending is not a business focus for PNB. Also, in evaluating the bank's overall performance, activities will be weighted to a lesser extent due to the limited presence in Hamilton County.

CONCLUSIONS ABOUT PERFORMANCE IN HAMILTON COUNTY

Overall Conclusions

PNB's overall performance is adequate considering the bank's business focus and level of operations. Lending, investment and service activities are reasonable.

LENDING TEST

Lending Activity

PNB's lending activity is reasonable considering its level of operations and business focus in Hamilton County. Since opening in December 1995, the Cincinnati office is steadily establishing its business customer base. Its primary focus is on closely held businesses. From 1996 to 1997, the number and dollar volume of small loans to businesses increased 97% and 91%, respectively. Although home lending is not emphasized in Hamilton County, home loan growth was noted over the same two year period. There are numerous other financial institutions in the area who compete for home mortgage and business loans. The bank's market share of loans in both categories is negligible. PNB did not originate any small loans to farms in Hamilton County.

Geographic Distribution of Loans

Home Mortgage Loans:

Although the bank's focus is not on home loans, the distribution of loans in low and moderate income areas is excellent. In both years, home loans made in low and moderate income areas compare favorably to the proportion of owner occupied housing units in those same areas.

Income Level of Census Tract	Total Home Loans - 1996				Total Home Loans - 1997				Assessment Area Characteristics
	Number (#) of Loans	Dollar (\$) (000's)	Percent (%) of #	% of \$	# of Loans	\$ (000's)	% of #	% of \$	% of Owner-Occupied Housing Units
Low	1	\$20	9%	5%	5	\$278	24%	26%	3%
Moderate	2	126	18%	31%	10	424	48%	39%	12%
Middle	2	77	18%	19%	3	109	14%	10%	45%
Upper	6	188	55%	46%	3	270	14%	25%	40%
NA	0	0	0%	0%	0	0	0%	0%	0%
Total	11	411	100%	100%	21	1,081	100%	100%	100%

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.
NA - Income level of area is not available.

Small Business Loans:

In 1997, the distribution of small loans to businesses is slightly lower than the proportion of businesses in comparable areas. The one exception is in upper-income areas. PNB makes noticeably more loans than the same proportion of businesses, and more than other financial institutions in the same market area. Table 35 supports these facts. In 1997, the volume of loans (9%) in low income areas is only slightly lower than the proportion of businesses (10%) in those same areas. This same volume (9%) is comparable to other lenders (9%) in the market. In moderate income areas, the volume (8%) is lower than both the proportion of businesses (12%) and the lending activity of other lenders (11%).

Income Level of Census Tract:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Businesses	% of # in 1996	% of # in 1997
Low Income	0	\$0	0%	7	\$786	9%	10%	10%	9%
Moderate Income	3	\$504	8%	6	\$1,354	8%	12%	11%	11%
Middle Income	18	\$1,402	47%	29	\$1,368	39%	43%	40%	41%
Upper Income	17	\$1,192	45%	31	\$2,337	41%	34%	38%	38%
NA	0	\$0	0%	2	\$58	3%	1%	1%	1%
TOTAL	38	\$3,098	100%	75	\$5,903	100%	100%	100%	100%

Source: 1996 and 1997 CRA Disclosure Statements.
NA - Income level of area is not available.

Distribution by Borrower Income

Home Mortgage Loans:

Table 36 shows the distribution of loans by income level of borrower. PNB made significantly more loans to upper-income borrowers in both years. In 1996 and 1997, 55% and 71%, respectively, were made to borrowers of upper incomes when compared to the proportion of families of similar income of 40%. The volume of home loans to low and moderate income borrowers is better in 1996 than 1997 when compared to the proportion of families of low and moderate incomes. In 1996, no loans and 14% of the proportion of home mortgage loans were made to low and moderate income borrowers, respectively. This compares unfavorably to the 21% of low income families and compares reasonably to the 17% of moderate income families. Overall, this lending activity is reasonable considering the bank's business focus in Hamilton County is closely held businesses.

Table 36 Borrower Distribution of Home Loans - Hamilton County									
Income as a percent of HUD MSA Median Family Income:	Total Home Loans - 1996				Total Home Loans - 1997				Assessment Area Characteristics
	Number (#) of Loans	Dollar (\$) (000's)	Percent (%) of #	% of \$	# of Loans	\$ (000's)	% of #	% of \$	% of Families
Low	1	\$20	9%	5%	0	\$0	0%	0%	21%
Moderate	2	126	18%	31%	3	123	14%	11%	17%
Middle	2	77	18%	19%	3	122	14%	11%	22%
Upper	6	188	55%	46%	15	836	71%	77%	40%
NA	0	0	0%	0%	0	0	0%	0%	0%
Total	11	411	100%	100%	21	1,081	100%	100%	100%

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.
NA - Income level of area is not available.

Small Business Loans:

Table 37 below shows a large portion of PNB's small business loans are in amounts less than \$100,000. This is good considering an identified credit need in Hamilton County is small business loans. In 1997, 81% of loans were in amounts less than \$100,000. This is slightly higher than other lenders in the market area with 80% of loans in the same dollar range. The table also reveals a high number of small loans are to small businesses. In 1997, all small loans are to small businesses which compares favorably to the proportion of small business (69%) in Hamilton County.

Table 37 Small Business Loans by Size Category and Small Loans to Small Businesses Hamilton County									
Loan Size:	1996			1997			Assessment Area Characteristics	Market Data in Assessment Area	
	Number (#)	Dollar (\$)	Percent (%) of #	#	\$	% of #	% of Businesses*	% of # in 1996	% of # in 1997
Less than \$100,000	30	\$1,302	79%	61	\$2,489	81%		83%	80%
\$100,000 - \$249,999	6	\$996	16%	11	\$1,849	15%		9%	10%
\$250,000 - \$1,000,000	2	\$800	5%	3	\$1,565	4%		8%	10%
Total Small Business Loans	38	\$3,098	100%	75	\$5,903	100%		100%	100%
Small Loans to Small Businesses	36	\$2,992	95%	75	\$5,903	100%	69%		

Source: 1996 and 1997 CRA Disclosure Statements.
* - Represents the proportion of businesses with annual gross revenues of less than \$1 million.

Innovative and/or Flexible Loan Programs

The Hamilton County office uses several flexible loan programs in financing equipment and commercial building. The programs are listed in the overall bank section of this Evaluation. Loans made under these program are included in the small business loans discussed earlier in this Evaluation.

Community Development Loans

There are no community development loans in Hamilton County. However, some loans reported as small business loans per the CRA regulation are for community development purposes.

INVESTMENT TEST

Qualified investments are reasonable considering PNB's resources and size of operations in Hamilton County. Investments are limited to the Ohio Equity Funds. There are no qualified investments consisting of grants, contributions and donations in Hamilton County. As PNB's presence in the market grows, it should consider investments to address a need of small businesses such as technical assistance.

Ohio Equity Funds I through VII will use dedicated investment dollars to address affordable housing and rehabilitation needs in Hamilton County. As identified through interviews with community leaders, affordable housing is a pressing credit need. Two projects in Hamilton County are as follows:

- C Sharp Village - The project will involve the rehabilitation of seven apartment buildings with 36 units located in the an inner city neighborhood of Cincinnati.
- C Pendleton East II - A 55 unit rehabilitation project in Cincinnati.

SERVICE TEST

The level of services is reasonable considering the bank's business focus, resources and size of operations in Hamilton County. PNB maintains one office in an upper income area. There are no ATMs. Its location, on the sixth floor of a downtown Cincinnati building, is not easily accessible to all areas in the County. Hours of 9:00 a.m. through 5:00 p.m. Monday through Friday are reasonable considering the level of services and location. The office primarily serves closely held businesses.

To further complement the bank's business focus, one loan officer is active in the Cincinnati Local Development Corporation and the City of Cincinnati small business loan programs. The Officer sits on the loan committee of the Cincinnati Local Development Corporation. As a committee member, the loan officer assists in evaluating loans for the City of Cincinnati small business loan program and SBA 504 loan program. This same Officer is involved with the Small Business Development Center and has taught "Before You Start Your Business" classes. He has also taught other training sessions on how to start a small business.

Appendix A

Scope of Examination

Time Period Reviewed	9/1/95 to 9/30/98		
Financial institution The Park National Bank			Loan Products reviewed Home Mortgage, Small business, Small farm
Affiliate(s)	Affiliate relationship		Products reviewed
Park National Corporation	Parent Company		Grants and Donations; Low Income Housing Investment Tax Credits
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Offices Visited	Other Information
Ohio Columbus MSA	on-site/full scope	Fairfield Division - Lancaster	Full service office.
	on-site/full scope	Newark - Main office	Full service office.
Hamilton County	on-site/full scope	Cincinnati office	Lending focus is on small business loans.