

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Peoples Bank, NA** prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of **September 30, 1996**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

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

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

Basis for the Rating

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

ASSIGNMENT OF RATING

Identification of Ratings

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

Outstanding record of meeting community credit needs.

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

Satisfactory record of meeting community credit needs.

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

Needs to improve record of meeting community credit needs.

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

Substantial noncompliance in meeting community credit needs.

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

ABBREVIATIONS

The following abbreviations are used in this Public Evaluation:

- ATM - Automated Teller Machine
- CRA - Community Reinvestment Act (12 U.S.C. 2901)(12 CFR 25).
- FMER - FirstMerit Corporation
- FMFC - FirstMerit Mortgage Company
- HELOC - Home Equity Lines of Credit
- HMDA - Home Mortgage Disclosure Act (12 U.S.C. 2801)(12 CFR 203).
- LMI - Low- and Moderate-Income
- MSA - Metropolitan Statistical Area
- PMI - Private Mortgage Insurance, commonly required when a mortgage loan exceeds 80% of the appraised value of the collateral.
- PBNA - Peoples Bank, NA
- SBA - United States Small Business Administration

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

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

Evaluation Period - The bank's previous Public Disclosure was dated April 23, 1993. The current disclosure evaluates the bank's performance from April 24, 1993 through September 30, 1996.

Mortgage loans, originated by FirstMerit Mortgage Company (FMMC) within the bank's delineated community, are included in loan totals throughout this Evaluation.

Bank Profile - Peoples Bank, NA (PBNA) is a wholly owned subsidiary of FirstMerit Corporation (FMER) which owns six commercial banks in Ohio, and one commercial bank in Florida. As of June 30, 1996, FMER had total assets of \$5.5 billion, and net income of \$19.2 million.

FMER acquired Peoples Savings Bank on September 30, 1990. The savings bank was converted to a national charter in April 1994. In 1995, the bank's name was changed to PBNA to reflect the change of ownership and new charter. As of September 30, 1996, the bank had 15 full service branches and 19 ATMs. During 1995, marketing efforts centered on reinforcing the name change within the delineated community. During the third and fourth quarters of 1995, FMER drastically altered its affiliate structure. Included in this alteration was a restructuring of PBNA's CRA program. See Assessment Factor C for details.

The table below reflects the bank's loan-to-deposit ratio for September 30, 1996. The loan-to-deposit ratio is good given the high level of competition from other financial institutions. The bank is primarily a retail lender. This table does not include loans which were made by PBNA within its delineated community and subsequently sold in the secondary market.

Loan and Deposit Data
\$ (Millions)

Type of Account	September 30, 1996	%
Retail Loans	\$172	63%
Commercial Loans	\$100	37%
Agricultural Loans	<\$1	<1%
Total Loans	\$272	
Total Deposits	\$291	
Total Loans/Total Deposits	93%	

Source: 1994, 1995, and September 30, 1996 Reports of Condition.

Community Profile - PBNA delineates its local community based on geographical boundaries and branch locations. The current delineation includes parts of Ashtabula, Lake and Geauga county which are included in the Cleveland MSA (1680). The size of the delineated community was reduced during the first quarter of 1995. This alteration was based on recommendations made by the Office of Thrift Supervision (OTS) during their 1993 CRA examination of the bank, and resulted in the elimination of 25 census tracts. None of the tracts are low- or moderate-income. PBNA does not have branches in these areas. In addition, a large number of other financial institutions and mortgage providers (185) are available to service the financial needs of the 25 excluded tracts.

Ashtabula, Lake and Geauga Counties - The unemployment rate for Ashtabula County (7.9%) exceeds the State of Ohio (5%) and national (5.5%) unemployment rates, while Lake and Geauga counties are on par (4.9% and 4.8%, respectively). Dominant industries include manufacturing, wholesale and retail trade, services, government, finance, and construction. Major employers are: Lubrizol Corp., Avery International, Bailey Controls, and area hospitals. There are no significant economic problems impacting the area.

The following table shows demographic information for the bank's current delineated community. For purposes of this evaluation, low- and moderate-income census tracts are defined as those tracts with less than 50% and 80% of the MSAs family median income, respectively.

Demographic Information for the Bank's Delineated Community

	Ashtabula, Lake and Geauga Counties
Population	309,779
Median income	\$36,500
# Census tracts	89
# Low-income census tracts	3
# Moderate-income census tracts	15
# LMI Households	43,019
# Total Households	115,096
# Housing units	121,968
# OOC* housing	84,293

Source: 1990 U.S. Census
 *OOO - Owner Occupied

The table reflects that a moderate number (20%) of the census tracts within the bank's delineated community are low- or moderate-income. However, a much larger number of households are low- and moderate-income households (37%).

Community Credit Needs - Our evaluation included contacts with representatives from local social service agencies and trade associations. These contacts were used to identify community credit needs.

Community credit needs identified include:

o Loans for affordable single family housing and home improvement.

Mortgage loans with flexible lending criteria are needed throughout the delineated community. Barriers to customers obtaining these types of loans include a lack of education in the credit application process, insufficient income due to unemployment, poor credit history, high debt to income ratios, and insufficient funds for down payment and closing.

o Small business financing and economic development loans to attract large businesses.

Job creation is needed throughout the delineated community, but especially in low- and moderate-income areas. Loans are needed to finance small

neighborhood businesses and to attract larger companies to the area. These businesses require start-up funds and working capital. Barriers to customers obtaining these types of loans include lack of knowledge of the loan process, lack of collateral, and lack of business expertise.

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

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

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

- **Management has developed a formal ascertainment program that is effective in identifying credit needs throughout the bank's delineated community, including the bank's low- and moderate-income census tracts.**

PBNA has effectively identified credit needs throughout its delineated community. Management constructs and implements an annual CRA Action Plan. The plan details ascertainment efforts and outreach activities, includes measurable goals, requires analysis of lending performance, and includes training for all branch locations. On a quarterly basis, FMER Corporate CRA Division (CCD) analyzes performance under the plan and provides its analysis to the PBNA CRA Committee.

PBNA's ascertainment activities center around personal, ongoing contacts with a variety of community groups. Some of the groups bank personnel contacted include the: Thurgood Marshall Family Resource Center, Habitat for Humanity, Ashtabula County Community Action Agency, Head Start Child and Family Development Center, Consumer Credit Counseling, the YMCA, Moorish Community Redevelopment Corp., City of Ashtabula Division of Housing and Community Development, local government, Growth Partnership, Small Business Development Center, Chamber of Commerce, Women Business Owners of Ashtabula County and local churches, schools and Realtors.

As a result of the bank's ascertainment efforts, two major credit needs of the local community were identified. These credit needs, along with the bank's response, are detailed below.

- o **Affordable housing and home improvement loans with flexible underwriting criteria**

As of December 1995, PBNA offers a variety of conventional residential loan products through its affiliate, the FirstMerit Mortgage Company (FMMC). In addition, FMMC offers two affordable residential purchase loan products with

flexible underwriting criteria, the Build Equity Starting Today I & II (BEST I and BEST II) Loans. Prior to December 1995, PBNA offered mortgage products directly. For details, refer to Assessment Factor I.

o Economic development/Small business loans

The bank offers a variety of conventional and government-sponsored small business loans. For details, refer to Assessment Factor J.

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

- **PBNA's Board of Directors and senior management maintain a strong role in the review and approval of policies and bank CRA performance.**

As part of a FMER mandate, the bank's CRA program was revised during the fourth quarter 1995. The FMER Corporate CRA Department (CCD) was given responsibility for the formulation and review of policies and affiliate bank CRA performance. PBNA's Board retained responsibility for review of the bank's CRA activities, CRA Statement, community delineation, and CRA Notice.

PBNA has a CRA Coordinator who reports to the CCD as well as the PBNA Board of Directors. The CCD CRA Officer provides a summary to the FMER Board of Directors semiannually. The summary includes the status of CRA Action Plan goals, branch openings and closings, and adherence to CRA technical requirements.

PBNA has two CRA Committees, a management committee and a Board of Director's committee. The management committee consists of the President, CRA Officer, Community Bank Managers, and representatives from marketing, commercial lending, and private banking. The committee meets bimonthly to ascertain credit needs, review marketing promotions, develop and monitor the Action Plan, and oversee special projects. The Board committee meets quarterly to review the actions of the management committee and provide general oversight.

PBNA substantially complies with the technical requirements of CRA. However, the CRA Statement does not accurately reflect the 1995 reduction in the delineated community.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

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

- **PBNA's marketing efforts are reasonable. They are designed to inform all members of the delineated community of PBNA's existence, and its credit and financial services.**

During the review period, the bank utilized print, radio, television and community outreach activities to reach all segments of the community. These activities, in combination, reach a large and diverse audience, including low- and moderate-income persons. FMER is responsible for the creation and distribution of all television, radio, and print advertising campaigns. Advertising campaigns during the review period emphasized name recognition and deposit products; however, some credit products were also advertised. Specific credit products advertised include: affordable housing loans, home equity lines of credit, home improvement loans, and business loans. The largest generally circulated newspapers, such as the "Star Beacon," the "Jefferson Gazette," and the "Painesville News Herald" were the primary print media sources used by the bank. During the review period, FMER's Corporate Marketing Division also conducted direct mail campaigns to existing customers promoting home equity lines of credit, credit cards, and installment loans. FMER also used statement stuffers and billboards to promote the bank's image as a provider of banking products and services.

Nontraditional means of marketing used by PBNA include various educational seminars and outreach activities. The CRA Coordinator formed a community focus group, comprised of minority community leaders, to learn how to market to minority areas and persons. Bank officers conducted presentations on banking services and products through local schools, churches, expositions, governmental social service agencies and community groups. For example, management sponsored a "Let's Talk about Banking" night at the Calvary AME Church, presenting information on affordable home loans, home repairs, building credit histories, and deposit products. PBNA distributed approximately one thousand flyers in English and Spanish for this event.

The CRA Coordinator and senior management met with the staff of the Ashtabula County Head Start Program, a social service agency designed to meet the needs of low- and moderate-income persons, to present the bank's products and services. The CRA Coordinator also participated in a seminar with Habitat for Humanity where financial management skills and PBNA's affordable home mortgage products were discussed. PBNA also sponsored a seminar for small business owners at Kent State University, Ashtabula Ohio Campus.

Representatives from PBNA, SBA, Growth Partnership, and the Small Business Development Center provided guidance on writing business plans, financial analysis, the application process, and Small Business Administration (SBA) financing. PBNA personnel also market credit products through attendance at functions such as the Geneva Financial Focus Group and the Small Business Opportunity Center.

PBNA management met with local Realtors and advertised in the Ashtabula County Board of Realtors newsletter. These discussions were a method of establishing relationships with local Realtors, and distributing promotional material, especially for affordable mortgage programs.

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

- **PBNA's level of origination of residential and small business loans within its community is acceptable. During 1994, the level of originations within the local community was strong, nearly all loans were made inside the delineated area. Since 1995, however, the volume of lending within the delineation has declined sharply.**

PBNA offers a variety of consumer and commercial loan products. The 1996 CRA Statement correctly lists the credit products offered by the bank. These products are available throughout the entire delineated community.

Since 1992, PBNA has offered two affordable mortgage loan programs, BEST I and BEST II. These products are designed to meet the affordable mortgage credit needs of low- and moderate-income customers. No detailed tracking of these programs was available during this examination. However, the overwhelming majority of these loans are reported as loans to low- and moderate-income persons under the HMDA, and are included in the following table. The table also details total HMDA reportable loans originated by PBNA and FMMC during the review period, as well as lending within the delineated community.

The data shows PBNA originated a high volume of HMDA reportable loans during 1994. The percentage of loans within the delineation was also strong (98%). Lending to low- and moderate-income persons was good (37%).

After the 1995 reduction in the size of the delineation, the volume of mortgage loans declined sharply. However, the volume of loans within the delineation remained high (83%) and lending to low- and moderate-income persons increased (41%). Management attributes the decline in loan originations to the smaller delineation and the 1995 corporate reorganization. During 1995, the branch focused its lending efforts on consumer installment loans. Mortgage loan activity was transferred to FMMC. As part of these changes, FMER reduced PBNA mortgage loan originators from 15 to two.

During 1996, mortgage loan activity continued to decline. This is the result of the restructuring activity described above, and an increase in interest rates. In addition, PBNA heavily marketed home equity lines of credit (HELOC) versus home improvement loans. PBNA originated 281 HELOCs in 1995. As of October 31, 1996, PBNA had originated 397 HELOCs. PBNA does not report HELOCs in its HMDA data.

PBNA HMDA Lending
(represents number of loans)

	1994		1995		YTD 11/22/96	
	Total	W/I	Total	W/I	Total	W/I
Home Purchase	412	399	193	165	*	104
Refinance	319	315	201	170	*	113
Home Improvement	348	348	253	204	*	135
Total	1,079	1,062	647	539	*	352
Loans to Low- and Moderate-Income Persons (included in above totals):						
	392	390	250	223	*	*

Source: 1994 HMDA LAR, 1995 HMDA Register, 1996 Unaudited internal tracking reports.

W/I - Within delineated community.

* Data not available.

The following table shows the number and dollar amount of small business loans originated inside PBNA's delineated area during the review period. Management defines small business loans as loans of less than \$1 million that are made to commercial entities. During 1994, PBNA originated a vast majority (96%) of its small business loans inside its delineated community. After management reduced the delineation in 1995, the volume of small business loans extended to businesses located within the community declined. Overall, 69% of PBNA's originations during the review period were located within the delineated community.

Small Business Lending within the Delineated Community

	#	% of Total Originations
1994	213	96%
1995	89	51%
9/30/96	109	56%
TOTAL	411	69%

Source: Internally generated bank reports.

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

- **PBNA has limited participation in government-guaranteed small business loan programs.**

The following table shows PBNA's level of originations under government-sponsored programs.

Government Program Originations

Program	1994 #	1994 \$(000)	1995 #	1995 \$(000)	9/30/96 #	9/30/96 \$(000)
SBA	9	2,084	11	1,556	3	265
Blackwell Link Deposit	1	175	0	0	0	0
Total	10	2,259	11	1,556	3	265

Source: Internally generated bank reports.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community - The bank's community delineation is considered reasonable. For details refer to the Community Profile section of this evaluation for details.

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

- **The geographic distribution of PBNA's credit extensions, credit applications, and denials is good. PBNA has extended credit throughout its delineated community, and has a strong lending performance in low- and moderate-income areas.**

HMDA data for 1995 shows that PBNA received applications and made at least one loan within most of its census tracts, 78% and 74%, respectively. In addition, the bank received applications and made loans to 89% of the LMI census tracts within its delineated community. No applications or loans were extended in two low-income census tracts. These census tracts consist primarily of vacant land, most of which is owned by a municipality. Combined, these tracts have a total population of 19, and six housing units.

During 1994, PBNA received HMDA applications and made at least one loan within most of its census tracts, 88% and 87%, respectively. In addition, PBNA received applications from and made at least one loan within 94% of its LMI census tracts.

The following tables show PBNA's market share for HMDA Loan Application Register loan activity for 1994 and 1995. HMDA data for 1996 was not available during this examination.

All of the percentages shown on the following table are based on the number of applications received or loans approved (not the dollar volume of credit requested by the applicant). The aggregate figures include all providers of the particular type of credit being reviewed (banks, S&Ls, savings banks, etc.). The tables below are based on median family income for the respective years. The following abbreviations are used in conjunction with the table:

PMA - Purchase Money Applications
PML - Purchase Money Loans
REFA - Refinance Applications
REFL - Refinance Loans
HIA - Home Improvement Applications
HIL - Home Improvement Loans
L/M - Low- and moderate-income
MI - Middle income
HI - High income.

The data shows that PBNA's market share of all HMDA reportable loan types declined sharply during 1995. This was the result of internal restructuring of the mortgage loan area, and alteration of the size of the delineated community. Despite these changes, PBNA's market share of HMDA reportable loans in LMI areas was substantially higher than its share in higher income areas. PBNA was able to maintain strong market share numbers in LMI

areas as a result of the proximity of its branches to LMI neighborhoods.

PBNA Delineated Community - 1994 Market Share

Loan Type	L/M%	MI%	HI%	TOTAL%
PMA	9.8	5.1	3.1	5.1
PML	15.3	7.1	4.0	7.1
REFA	12.1	5.5	1.6	4.9
REFL	15.7	7.0	1.9	6.1
HIA	15.6	9.9	7.6	10.5
HIL	19.1	11.9	8.9	12.7

Source: 1994 HMDA Data.

PBNA Delineated Community - 1995 Market Share

Loan Type	L/M%	MI%	HI%	TOTAL%
PMA	5.9	3.1	1.1	3.4
PML	6.2	3.1	1.1	3.4
REFA	7.3	4.5	.8	4.7
REFL	9.3	5.8	.6	5.9
HIA	10.8	8.7	4.2	8.9
HIL	13.6	9.5	6.6	10.4

Source: 1995 HMDA Data.

The following tables show the bank's market share of HMDA reportable loan activity based on the applicant's income level. Although market share declined from 1994 to 1995, the bank maintained a higher penetration in lending to LMI persons than to middle- and upper-income persons. Again, management attributes this to branch proximity to low- and moderate-income neighborhoods.

**PBNA Delineated Community
1994 Market Share by Applicant Income**

Loan Type	L/M%	MI%	HI%	Total
PMA	6.9	6.9	5.3	5.1
PML	7.2	7.9	6	7.1
REFA	7.5	5.9	3.6	4.9
REFL	9.1	6.9	4.0	6.1
HIA	11.3	10.6	10.3	10.5
HIL	13.2	12.3	12.3	12.7

Source: 1994 HMDA Data.

**PBNA Delineated Community
1995 Market Share by Applicant Income**

Loan Type	L/M%	MI%	HI%	Total
PMA	4.8	3.3	3.3	3.4
PML	4.1	2.6	3.4	3.4
REFA	6.5	4.4	4.2	4.7
REFL	7.4	5.5	4.7	5.8
HIA	9.7	7.3	9.7	8.9
HIL	13.6	9.5	6.6	10.4

Source: 1995 HMDA Data.

During 1995, PBNA received 47% of its HMDA reportable applications from LMI persons. This volume of activity is proportionately higher than the population of LMI households within the delineation (37%). Middle-income persons represented 26% of applications compared to 22% of households. Upper-income persons represented 27% of applications compared to 40% of the households.

During 1994, PBNA received 41% of its HMDA reportable applications from LMI persons. This volume of activity was proportionate to the population of LMI households within the

delineation (36%). Middle-income persons represented 30% of applications compared to 21% of households. Upper-income persons represented 29% of applications compared to 45% of the households.

Small Business

During 1994, 1995 and 1996, management performed a detailed tracking of small business loans using internally generated reports. Management defines small business loans as loans of less than \$1 million to commercial entities. In 1994, LMI tracts accounted for 16% of the bank’s delineated community. In 1995 and 1996, LMI tracts accounted for 20% of the delineated community.

The following table shows that the number of loans to small businesses located in LMI census tracts was not proportionate to the population of LMI census tracts in the delineated community during 1994. However, the trend improved to an acceptable level during 1995 and 1996.

**PBNA Delineated Community
Small Business Lending**

	1994	1995	YTD 9/30/96
Total loans made in Delineation	213	89	109
% made in LMI areas	7%	15%	15%
% of LMI areas in delineated community	16%	20%	20%

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

- **Branch offices provide reasonable access and services to the community. A significant number (40%) of PBNA full service branches are located in low- and moderate-income census tracts.**

PBNA has a network of 15 full service branches, and 19 ATMs. Branch locations provide reasonable service and access for bank customers. Six of the 18 LMI census tracts have a full service branch office. Hours of operation are reasonable and include Saturday hours.

One branch consolidation occurred during the review period. The Edgewood branch was merged into the Park Avenue branch located 2 miles away. The branches were consolidated

to achieve greater operating efficiencies. The Edgewood branch was not located in a low- or moderate-income census tract.

FMMC mortgage originators are available to meet with mortgage loan applicants by appointment.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

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

- **No prohibited discriminatory or other illegal credit practices are evident. The bank solicits credit applications from all segments of its community.**

The bank solicits credit products from all segments of the community, including low- and moderate-income areas. Loan policies and procedures provide a sound basis for nondiscriminatory lending. There are no policies or underwriting standards that act as barriers to credit access.

FMER Corporate Compliance provides fair lending training to affiliate employees. This training provides ongoing, comprehensive training on fair lending issues, the Equal Credit Opportunity Act, and major compliance regulations. Loan officers, tellers, and administrative personnel are required to attend these training sessions.

Residential loans are originated by the mortgage company using corporate lending policies. A senior underwriter reviews all residential loan application denials. This second review process helps to ensure that all applicants are treated fairly and consistently.

A corporate program that tests for possible illegal discrimination in mortgage lending has been implemented. The program evaluates mortgage denial and approval rates based on race of the applicant.

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

- **Peoples Bank, NA is in compliance with fair lending laws and regulations.**

This examination tested the bank's compliance with fair lending laws and regulations. No violations or illegal practices were noted. We performed a review of automobile loans originated by PBNA during 1995. We tested for illegal discrimination based on gender.

PBNA automobile loan approvals are generally made by underwriters at the Installment Loan

Center based in Akron, Ohio, and are based on corporate loan policy guidelines. However, based on knowledge of the customer or judgmental experience, designated corporate or bank personnel can approve or deny a loan request regardless of whether or not the applicant meets the bank's standard criteria.

We reviewed all female automobile loan applications that were denied during 1995, a total of 15. We compared these applicants to 78 marginally qualified male applicants, who were extended credit during this time period. The objective was to determine if denied applicants were treated similarly and given the same level of assistance when compared to approved applicants. We found that applicants were treated equally and were provided the same level of assistance during the application process.

V. COMMUNITY DEVELOPMENT

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

- **PBNA has limited participation in local community development and redevelopment programs.**

During the review period PBNA financed a total of \$279 thousand in affordable housing and social services projects and committed to fund an additional \$1.5 million.

- o Crossroads - PBNA committed to finance a \$1.5 million real estate mortgage loan to this nonprofit organization. Crossroads provides mental health and chemical dependency counseling to severely troubled youth. The funds will be used to expand the agency's facilities.
- o Ashtabula County Community Housing Development Organization - PBNA provided a \$250 thousand line of credit to this economic development group. Funds were used to construct 10 single family homes throughout Ashtabula County. Purchase of the homes was limited to low- and moderate-income county residents.
- o Union Congregational Church in Painesville - PBNA provided a \$29 thousand real estate mortgage loan to the church. The funds were used to construct a community center serving a low- and moderate-income area.

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

- **There are no financial impediments which inhibit the bank's efforts to help meet the credit needs of its delineated community.**

PBNA participates in CRA activities commensurate with its size and financial capacity. The Community and Bank profiles detailed earlier in this Evaluation provide further information on the financial trends of the institution and the local economy.

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

- **PBNA provides financial support to community organizations designed to promote economic development and affordable housing.**

During 1995 and 1996, PBNA and FMER contributed approximately \$15.5 thousand. The largest contributions were made to:

- o Growth Partnership for Ashtabula County, \$5 thousand,
- o United Way, \$3 thousand, and
- o Andover Community Investment Corporation, \$2 thousand.