



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

November 17, 2008

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FirstMerit Bank, N.A.  
Charter Number: 14579

106 South Main Street  
Akron, Ohio 44308

Office of the Comptroller of the Currency

Midsized Banks  
440 South LaSalle Street, Suite 2700  
Chicago, IL 60605

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

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## Overall CRA Rating

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

The following table indicates the performance level of **FirstMerit Bank, N.A.** with respect to the lending, investment, and service tests:

Performance Levels	FirstMerit Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- The geographic distribution of loans is good, including lending in low- and moderate-income areas. A substantial majority of loans are made within the bank's assessment areas.
- The distribution of loans among borrowers of different income levels and businesses of different sizes is good overall. Home mortgage lending to low- and moderate-income borrowers is excellent in each of the bank's full-scope assessment areas.
- FirstMerit's record of community development lending reflects an excellent level of responsiveness to community needs. A significant volume of community development loans was generated in each of the bank's full-scope assessment areas during the evaluation period. Community development lending has a significant positive impact on lending performance, and elevates the bank's lending test rating.
- Qualified investment levels are good for the bank overall. Performance is especially good in the Akron and Cleveland full-scope assessment areas.
- The accessibility of FirstMerit's delivery systems to geographies and individuals of different income levels is good. Community development service activity is also good.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

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

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with

domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

FirstMerit Bank, National Association (FirstMerit) is a \$10.7 billion interstate bank headquartered in Akron, Ohio. FirstMerit has 159 banking offices throughout 24 counties in north and central Ohio and one county in western Pennsylvania. The bank is a wholly owned subsidiary of FirstMerit Corporation, an \$11 billion holding company also headquartered in Akron. FirstMerit Corporation subsidiaries include a credit life insurance company and a community development corporation. Bank subsidiaries provide mortgage lending, commercial leasing, retail brokerage, and insurance services. Except for the mortgage company operation, subsidiary activities do not substantially impact FirstMerit's capacity for community reinvestment. FirstMerit Foundation was formed and incorporated by the bank as a non-profit for charitable and educational purposes in September 2006. When evaluating the bank's CRA performance, we also considered the activities of FirstMerit Mortgage Corporation, FirstMerit Corporation's investment in the FirstMerit Community Development Corporation, and qualified community development grants provided to the local community through FirstMerit Foundation. These affiliates increase FirstMerit's capacity to reinvest in the community through home mortgage lending, community development (CD) lending, qualified investment, and CD service activities. No merger activities occurred during this evaluation period.

FirstMerit offers a wide variety of consumer and commercial banking products and services, as well as personal and corporate trust, personal financial services, cash management, and international banking services. Primary business lines and the bank's customer base are characteristic of a large community bank more so than a large regional financial institution. FirstMerit's loan portfolio totaled \$7.4 billion as of September 30, 2008 and is comprised of 54 percent real estate, 25 percent commercial, and 21 percent consumer loans. Within the real estate segment, 43 percent of loans are residential loans and 57 percent are commercial loans. Commercial customers are primarily small and medium size businesses. Agricultural lending is minimal. Tier 1 Capital was \$792.8 million.

No financial or legal impediments hinder FirstMerit's ability to address community needs, although economic weaknesses have had impacts on opportunities to lend in the local communities. The last CRA evaluation was performed as of May 17, 2004 when an overall "Satisfactory" rating was assigned.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation time period is May 17, 2004 through November 17, 2008. We analyzed home mortgage lending data and CRA data (small loans to businesses and farms) from the period of January 1, 2004 through December 31, 2007. The review period for CD loans, qualified investments, branching activities, and CD services is May 17, 2004 through November 17, 2008.

## **Data Integrity**

We tested the accuracy of FirstMerit's publicly filed information on home mortgage loans and small loans to businesses and farms. We also reviewed CD loans, qualified investments, and CD services to ensure that they meet the regulatory definition for CD. We found the data to be substantially accurate.

## **Selection of Areas for Full-Scope Review**

The Akron, Canton, and Cleveland assessment areas (AAs) in Ohio, and the Lawrence County AA in Pennsylvania were selected for full-scope reviews. These areas represent FirstMerit's major markets in each state that the bank operates in, and account for 85 percent of the bank's deposits, 75 percent of reported loans, and 72 percent of branches. These areas also represent the majority of the population, owner-occupied housing units, and businesses within the bank's AAs in total. We assessed performance in the remaining six AAs through limited-scope procedures. Refer to the Scope of Evaluation section under each State Rating for details regarding how areas were selected for full-scope reviews. Also refer to appendix A for additional information regarding which areas received full-scope and limited scope reviews.

## **Ratings**

The bank's overall rating is a blend of the state ratings. Performance within the State of Ohio received dominant consideration as approximately 97 percent of FirstMerit's deposits, branches, and lending activity is based in Ohio.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each state rating for details regarding how the areas were weighted in arriving at the overall state rating.

When drawing conclusions for the lending test in each AA, loan products were weighted according to their relative percentage of volume within that AA. This approach provided consideration to the bank's varied presence within the individual AAs.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## State Rating

### State of Ohio

**CRA Rating for Ohio: Outstanding**

**The lending test is rated:** Outstanding  
**The investment test is rated:** High Satisfactory  
**The service test is rated:** High Satisfactory

The major factors that support this rating include:

- The geographic distribution of loans is good, including lending in low- and moderate-income areas. A substantial majority of loans are made within the bank's assessment areas.
- The distribution of loans among borrowers of different income levels and businesses of different sizes is good overall. Home mortgage lending to low- and moderate-income borrowers is excellent in each of the bank's full-scope assessment areas.
- FirstMerit's record of community development lending reflects an excellent level of responsiveness to community needs. A significant volume of community development loans was generated in each of the bank's full-scope assessment areas during the evaluation period. Community development lending has a significant positive impact on lending performance, and elevates the lending test rating for Ohio.
- Qualified investment levels are good, especially in the Akron and Cleveland assessment areas.
- The accessibility of FirstMerit's delivery systems to geographies and individuals of different income levels is good. Community development service activity is also good.

### Description of Institution's Operations in Ohio

FirstMerit provides a full range of residential, consumer, and commercial financial products and services in northeast and central Ohio. A substantial majority of the bank's operations are in this state, with 97 percent of its deposits, branches, and reported loans based in Ohio. FirstMerit operates 155 branches and 171 ATMs within the state. FirstMerit's \$7.1 billion in deposits was ranked seventh and represented a 3.1 percent market share of the insured deposits within the state according to June 30, 2008 FDIC deposit data. Competition is strong among financial service providers in all primary markets that FirstMerit operates in. FirstMerit competes with a large number of other financial institutions, including large regional banks and local community institutions.

FirstMerit has nine AAs in Ohio. Located primarily in northeast and central Ohio, the AAs consist of the entire Akron MSA (Akron); a portion of the Canton-Massillon MSA (Canton); the entire Cleveland-Elyria-Mentor MSA (Cleveland); a portion of the Columbus MSA (Columbus), the entire Mansfield MSA (Mansfield); the entire Sandusky MSA (Sandusky); a portion of the Toledo MSA (Toledo); non-metropolitan Ashtabula County (Ashtabula); and a contiguous group of non-metropolitan counties consisting of Ashland, Crawford, Holmes, Huron, Knox, Seneca, and Wayne (Ohio Non-MSA Areas). The bank's primary operations are centered in the Akron, Canton, and Cleveland AAs. Please refer to the market profiles for the state of Ohio in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Ohio**

The Akron, Canton, and Cleveland AAs were selected for full-scope reviews in Ohio. These AAs represent FirstMerit's major markets and account for approximately 84 percent of its Ohio deposits and 74 percent of reported Ohio loans for the evaluation period. Limited-scope reviews were performed for the Columbus, Mansfield, Sandusky, Toledo, Ashtabula, and Ohio Non-MSA AAs. Please refer to appendix A for additional information regarding which areas received full- and limited-scope reviews.

The Ohio ratings are based primarily on conclusions reached for FirstMerit's performance in the three full-scope AAs. Performance in the Akron and Cleveland AAs is weighed more heavily than the Canton AA. The areas are generally weighed in accordance with the number of reportable loans and level of deposits from each area. Some additional weight is placed on the Akron AA as it is the bank's headquarters market where FirstMerit is ranked number one in deposits.

In drawing conclusions relative to the bank's performance in the full-scope AAs, we took into consideration information derived from members of the community. We contacted three organizations within the Akron AA, three organizations in the Canton AA, and seven organizations in the Cleveland AA. Refer to the market profiles in appendix C for more information regarding community contacts performed during our full-scope analyses.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in Ohio is rated "Outstanding." Full-scope reviews determined that overall geographic distribution performance and borrower distribution performance is good. FirstMerit's excellent community development lending record has a significant positive impact on lending test performance, and elevates the lending test rating for Ohio.

## Lending Activity

Refer to Tables 1 Lending Volume for the state of Ohio in appendix D for the facts and data used to evaluate the bank's lending activity.

FirstMerit's lending activity is good in the Akron, Canton, and Cleveland AAs. In each area the bank's lending activity level compares favorably to its share of the deposit market, especially when considering the large number of lenders operating in each area. As described in the market profiles within appendix C, the majority of lenders do not have branches in the areas or are not insured deposit institutions.

### Akron Assessment Area

FirstMerit ranks first in deposits among depository institutions with a 22 percent share of the market. According to 2007 aggregate HMDA data, FirstMerit is ranked 11<sup>th</sup> in volume of originated/purchased home purchase loans with a 3 percent market share, and fifth in volume of home refinance loans with a 2 percent market share. Home purchase and refinance lending is dominated by large national and regional lenders, with only one having a market share that exceeds 8 percent. FirstMerit is the leading home improvement lender with a 12 percent market share. FirstMerit is also the leading multi-family lender, although the overall volume of multi-family loans is limited for this area. According to small business aggregate data for 2007, FirstMerit is ranked ninth in volume of small loans to businesses with a 2 percent market share. Seven national credit card lenders with no branches in the area dominate small business lending with nearly 80 percent of the market and average loan size of less than \$7 thousand. In terms of small business loan dollars, FirstMerit is the market leader with a 22 percent market share.

### Canton Assessment Area

FirstMerit ranks second in deposits among depository institutions with a 24 percent share of the market. According to 2007 aggregate HMDA data, FirstMerit is ranked sixth in volume of originated/purchased home purchase loans and fourth in home refinance lending, with 6 percent market shares for both loan types. Only the top lender substantially exceeds 8 percent shares for either loan product. Behind two much larger lenders, FirstMerit is third in home improvement lending with an 11 percent market share. FirstMerit is one of the leading multi-family lenders for this AA, although the overall volume of multi-family lending in this area is low. According to small business aggregate data for 2007, FirstMerit is ranked tenth in volume of small loans to businesses with a 2 percent market share. Seven national credit card lenders with no branches in the area dominate small business lending with over 80 percent of the market and average loan sizes of \$7 thousand. In terms of small business loan dollars, FirstMerit is the market leader with a 21 percent market share.

### Cleveland Assessment Area

FirstMerit ranks eighth in terms of deposits among depository institutions with a 4 percent share of the market. According to 2007 aggregate HMDA data, FirstMerit is ranked 17<sup>th</sup> in volume of originated/purchased home purchase loans with a 1 percent market share and 10<sup>th</sup> in volume of home mortgage refinance loans with a 2 percent market share. Large national and regional lenders dominate the home purchase and refinance markets, with nearly all having

market shares of less than 7percent. FirstMerit is ranked tenth in home improvement lending with 4 percent of the market. The top home improvement lenders are large local regional banking companies based in the city of Cleveland. FirstMerit's multi-family lending share is 5 percent of the market. According to small business aggregate data for 2007, FirstMerit is ranked 14<sup>th</sup> in volume of small loans to businesses with a 1 percent market share. Seven national lenders with no branches in the area dominate small business lending with over nearly 80 percent of the market but with average loan size less than \$7 thousand. In terms of small business loan dollars, FirstMerit is one of the market leaders with a 10 percent market share.

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

The overall geographic distribution of loans is good. This is primarily based on excellent performance in the Akron AA and adequate performance in the Canton and Cleveland AAs. When drawing conclusions, individual loan products were weighted according to their relative percentage of volume within that AA.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 for the state of Ohio in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

#### Akron Assessment Area

The geographic distribution of home purchase loans is excellent in the Akron AA. The percentage of loans in low-income areas exceeds the percentage of owner-occupied housing units located in those neighborhoods. The percentage of loans in moderate-income areas nearly equals the percentage of owner-occupied housing units located in those neighborhoods. Furthermore, FirstMerit's 2007 market shares of lending in both low- and moderate-income neighborhoods significantly exceeded its overall home purchase market share in Akron.

The geographic distribution of home improvement loans is excellent in the Akron AA. The percentages of loans in low- and moderate-income areas significantly exceed the percentages of owner-occupied housing units located in those neighborhoods. Furthermore, FirstMerit's 2007 market shares of lending in both low- and moderate-income neighborhoods significantly exceeded its overall home improvement market share in Akron.

The distribution of home refinance loans is good. While the percentage of loans in low-income areas is below the percentage of owner-occupied housing units in low-income areas, the percentage of lending in moderate-income areas significantly exceeds the level of housing in that segment of the community. FirstMerit's 2007 market share of lending in low-income areas is well below its overall home refinance market share in Akron, while its share in moderate-income areas is significantly above its overall market share.

The volume of multi-family loans was too small for meaningful geographic distribution analysis.

### Canton Assessment Area

With only 1 percent of owner-occupied housing units being located in the low-income neighborhoods, there is limited opportunity to lend in this segment of the community. Therefore, conclusions are based primarily on performance in the moderate-income sections of the community for this AA.

The distribution of home purchase loans is poor. The percentage of loans in moderate-income neighborhoods is well below the percentage of owner-occupied housing units located in moderate-income areas. While FirstMerit's 2007 market share of home purchase lending was below its overall share of the home purchase activity in the AA, market share performance is considered adequate. In low-income areas, FirstMerit's percentage of lending was significantly below the percentage of owner-occupied housing units located in those neighborhoods. As FirstMerit made no home purchase loans in low-income areas during 2007, it recorded no market share.

The distribution of home improvement loans is excellent. The percentage of loans in moderate-income areas significantly exceeds the percentage of owner-occupied housing units located in moderate-income neighborhoods. The percentage of loans in low-income areas is near the percentage of owner-occupied housing units located in those areas. FirstMerit's 2007 market shares in both low-income and moderate-income areas were very near its overall home improvement market share in the AA.

The distribution of home refinance loans is poor. The percentages of loans in low- and moderate-income areas are well below the percentages of owner-occupied housing units located in those neighborhoods. While FirstMerit's 2007 market share in low-income areas significantly exceeded its overall share of the home refinance market, its market share in moderate-income neighborhoods was lower.

The volume of multi-family loans was too small for meaningful geographic distribution analysis.

### Cleveland Assessment Area

As discussed in the market profile section within appendix C, FirstMerit's presence varies significantly within the Cleveland AA. FirstMerit has a strong presence in parts of the area, but few offices in other parts of the five-county AA. In particular, the bank has a very limited presence in the city of Cleveland. A high degree of competition impacts FirstMerit's opportunity to lend in the city of Cleveland where banking is dominated by large banks headquartered in the city and as well as other regional institutions. Of FirstMerit's 60 AA branches, only four are located in the city. There are more than 230 offices of other insured deposit institutions located in the city of Cleveland, plus many other lenders who are not deposit institutions. While 16 percent of the AA's owner-occupied housing units are located in the city of Cleveland, 69 percent of the AA's low- and moderate-income owner-occupied housing units are within the city. When drawing geographic distribution conclusions for the Cleveland AA, we gave some consideration to the manner in which FirstMerit's opportunities to lend in low- and moderate-income neighborhoods are impacted by the bank's limited presence and degree of competition in the city of Cleveland.

The distribution of home purchase loans within the Cleveland AA is adequate. The percentage of loans in low-income neighborhoods is significantly below the percentage of owner-occupied housing units located in the AA's low-income areas, and FirstMerit's 2007 low-income market share was well below its overall home purchase market share in the AA. In moderate-income areas, the percentage of loans is below the percentage of owner-occupied housing units located in those neighborhoods. FirstMerit's 2007 moderate-income market share significantly exceeds its overall home purchase market share in the AA. The distribution of home purchase loans in the Cleveland AA is considered adequate overall when considering the impact of the bank's limited presence and high degree of competition within the city of Cleveland as discussed above.

The distribution of home improvement loans is good overall. The percentage of loans in low-income neighborhoods is well below the percentage of owner-occupied housing units located in the AA's low-income areas, and FirstMerit's 2007 low-income market share was significantly below its overall home improvement market share in the AA. Performance in moderate-income areas is adequate, with percentage of loans below the percentage of owner-occupied housing units located in those neighborhoods. FirstMerit's 2007 moderate-income market share was well below its overall home improvement market share in the AA. The distribution of home improvement loans in the Cleveland AA is considered good overall when considering the impact of the bank's limited presence and high degree of competition within the city of Cleveland as discussed above.

The distribution of home refinance loans is adequate. The percentage of loans in low-income neighborhoods is significantly below the percentage of owner-occupied housing units located in the AA's low-income areas. FirstMerit's 2007 low-income market share was well below its overall home refinance market share in the AA. In moderate-income areas, the percentage of loans is well below the percentage of owner-occupied housing units located in those neighborhoods. FirstMerit's 2007 moderate-income market share was somewhat near its overall home refinance market share in the AA. The distribution of home refinance loans in the Cleveland AA is considered adequate overall when considering the impact of the bank's limited presence and high degree of competition within the city of Cleveland as discussed above.

The distribution of multi-family loans is adequate. The percentage of loans in low-income neighborhoods is well below the percentage of multi-family housing units located in the AA's low-income areas. As FirstMerit made no multi-family loans in low-income neighborhoods in 2007, it recorded no low-income market share that year. In moderate-income areas, the percentage of loans is below the percentage of multi-family housing units located in those neighborhoods. FirstMerit's 2007 moderate-income market share was also below its overall multi-family market share in the AA. The distribution of multi-family loans in the Cleveland AA is considered adequate overall when considering the impact of the bank's limited presence and high degree of competition within the city of Cleveland as discussed above.

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

Refer to Table 6 for the state of Ohio in appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

### Akron Assessment Area

The geographic distribution of small loans to businesses is excellent in the Akron AA. The percentages of loans in low-income and moderate-income areas significantly exceed the percentages of businesses located in those respective segments of the community. Furthermore, FirstMerit's 2007 market shares in low- and moderate-income areas significantly exceeded the bank's overall small business market share in Akron.

### Canton Assessment Area

The geographic distribution of small loans to businesses is good in the Canton AA. The percentage of loans in low-income areas is very near the percentage of businesses located in those areas. In moderate-income areas, the percentage of loans is below the percentage of businesses located in those parts of the AA. FirstMerit's 2007 market shares in low- and moderate-income areas exceeded the bank's overall small business market share in the Canton AA.

### Cleveland Assessment Area

As discussed in the market profile section within appendix C, and under the Home Mortgage geographic distribution discussion above, FirstMerit's presence varies significantly within the Cleveland AA. In particular, the bank has a very limited presence and faces very high levels of competition in the city of Cleveland. When drawing geographic distribution conclusions for the Cleveland AA, we gave some consideration to the manner in which FirstMerit's opportunities to lend in low- and moderate-income neighborhoods are impacted by the bank's limited presence and degree of competition in the city of Cleveland.

The geographic distribution of small loans to businesses is adequate in the Cleveland AA. The percentages of loans in low-income and moderate-income areas are well below the percentage of businesses located in those areas. While FirstMerit's 2007 market share in low-income areas exceeded the bank's overall small business market share in the Cleveland AA, its share in moderate-income areas was well below the bank's overall small business market share. The distribution of small loans to businesses in the Cleveland AA is considered adequate overall when considering the impact of the bank's limited presence and high degree of competition within the city of Cleveland as discussed above.

### ***Small Loans to Farms***

Refer to Table 7 for the state of Ohio in appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The volume of small loans to farms by FirstMerit in the Akron, Canton, and Cleveland AAs was too low for meaningful geographic distribution analyses.

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

We analyzed FirstMerit's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

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

A substantial majority (96 percent) of originated and purchased loans reported by FirstMerit during the evaluation period are within the bank's Ohio and Pennsylvania AAs. Ninety-six percent of the bank's home mortgage loans, 95 percent of small loans to businesses and farms, and 100 percent of CD loans are within the AAs. These calculations are done on a bank-wide basis, and affiliate lending is not included. This record of lending within the AAs was given positive consideration when drawing conclusions relative to the overall geographic distribution of lending performance for the bank as a whole.

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

The overall borrower distribution of loans is good. This is primarily based on good performance in the Akron, Canton, and Cleveland AAs.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 for the state of Ohio in appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

In evaluating the borrower distribution of home mortgage loans, we considered the number of households that live below the poverty level and the barriers that this may have on home ownership. It is especially difficult for the segment of the low-income population that lives below the poverty line to afford and maintain a home. This has an impact on the opportunity to lend to the low-income population of the community. Refer to the market profiles in appendix C for demographic information, including poverty rates.

### **Akron Assessment Area**

The borrower distribution of home purchase, home improvement and home refinance loans is excellent in the Akron AA.

The percentage of home purchase loans to low-income borrowers exceeds the percentage of low-income families in the AA. The percentage of loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA. FirstMerit's 2007 market share of lending to low-income and moderate-income individuals significantly exceeded its overall share of the home purchase market in the Akron AA.

The percentages of home improvement and home refinance loans to moderate-income borrowers significantly exceed the percentage of moderate-income families in the AA. FirstMerit's 2007 market shares of home improvement and home refinance lending to moderate-income borrowers exceeded its overall market shares for both of these loan types. While the percentages of loans to low-income borrowers are somewhat lower than the percentage of low-income families in the area, consideration is given to the impact that the area's poverty level has on the opportunities to lend to the low-income segment of the community. FirstMerit's 2007 market shares of home improvement and home refinance loans to low-income borrowers significantly exceeded its overall respective shares of these two loan types in the Akron AA.

### Canton Assessment Area

The borrower distribution of home purchase, home improvement and home refinance loans is excellent in the Canton AA.

The percentage of home purchase loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA. While the percentage of loans to low-income borrowers is below the percentage of low-income families in the AA, consideration is given to the impact that the area's poverty level has on the opportunities to lend to the low-income segment of the community. FirstMerit's 2007 market share of lending to low-income and moderate-income individuals significantly exceeded its overall share of the home purchase market in the Canton AA.

The percentage of home improvement loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA. FirstMerit's 2007 market share of lending to moderate-income individuals was near its overall home improvement market share for the area. While the percentage of loans to low-income borrowers is below the percentage of low-income families in the AA, consideration is given to the impact that the area's poverty level has on the opportunities to lend to the low-income segment of the community. FirstMerit's 2007 market share of lending to low-income individuals significantly exceeded its overall share of the home improvement market in the Canton AA.

The percentage of home refinance loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA. FirstMerit's 2007 market share of lending to moderate-income individuals slightly exceeded its overall home refinance market share for the area. While the percentage of loans to low-income borrowers is below the percentage of low-income families in the AA, consideration is given to the impact that the area's poverty level has on the opportunities to lend to the low-income segment of the community. FirstMerit's 2007 market share of lending to low-income individuals significantly exceeded its overall share of the home improvement market in the Canton AA.

### Cleveland Assessment Area

The borrower distribution of home purchase and home refinance loans is excellent, and the distribution of home improvement loans is good in the Cleveland AA.

The percentage of home purchase loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA. While the percentage of loans to low-

income borrowers is below the percentage of low-income families in the AA, consideration is given to the impact that the area's poverty level has on the opportunities to lend to the low-income segment of the community. FirstMerit's 2007 market share of lending to low-income and moderate-income individuals significantly exceeded its overall share of the home purchase market in the Cleveland AA.

The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. FirstMerit's 2007 market share of lending to moderate-income individuals was near its overall home improvement market share for the area. While the percentage of loans to low-income borrowers is below the percentage of low-income families in the AA, consideration is given to the impact that the area's poverty level has on the opportunities to lend to the low-income segment of the community. FirstMerit's 2007 market share of lending to low-income individuals significantly exceeded its overall share of the home improvement market in the Cleveland AA.

The percentage of home refinance loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA. FirstMerit's 2007 market share of lending to moderate-income individuals exceeded its overall home refinance market share for the area. While the percentage of loans to low-income borrowers is below the percentage of low-income families in the AA, consideration is given to the impact that the area's poverty level has on the opportunities to lend to the low-income segment of the community. FirstMerit's 2007 market share of lending to low-income individuals significantly exceeded its overall share of the home improvement market in the Cleveland AA.

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

Refer to Table 11 for the state of Ohio in appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

#### Akron Assessment Area

The borrower distribution of small loans to businesses in the Akron AA is adequate. The percentage of loans to businesses with revenues of \$1 million or less is significantly lower than the percentage of area businesses that have revenues of \$1 million or less. But, FirstMerit's share to this segment of the business market exceeded or was near its overall share of small business lending during each year of the evaluation period - 2004, 2005, 2006, and 2007. Furthermore, FirstMerit has a good record of making loans of all size levels, with nearly half at amounts of \$100 thousand or less.

#### Canton Assessment Area

The borrower distribution of small loans to businesses in the Canton AA is adequate. The percentage of loans to businesses with revenues of \$1 million or less is well below the percentage of area businesses that have revenues of \$1 million or less. But, FirstMerit's share to this segment of the business market exceeded or was near its overall share of small business lending during each year of the evaluation period - 2004, 2005, 2006, and 2007. Furthermore, FirstMerit has a good record of making loans of all size levels, with nearly half at amounts of \$100 thousand or less.

## Cleveland Assessment Area

The borrower distribution of small loans to businesses in the Cleveland AA is adequate. The percentage of loans to businesses with revenues of \$1 million or less is well below the percentage of area businesses that have revenues of \$1 million or less. But, FirstMerit's share to this segment of the business market exceeded or was near its overall share of small business lending during each year of the evaluation period - 2004, 2005, 2006, and 2007. Furthermore, FirstMerit has a good record of making loans of all size levels, with nearly half at amounts of \$100 thousand or less.

### ***Small Loans to Farms***

Refer to Table 12 for the state of Ohio in appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

The volume of small loans to farms by FirstMerit in the Akron, Canton, and Cleveland AAs was too low for meaningful borrower distribution analyses.

## **Community Development Lending**

Refer to Table 1 Lending Volume for the state of Ohio in appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

FirstMerit has been highly responsive to community needs through community development lending. Community development lending is excellent in the Akron, Canton, and Cleveland AAs, and has a significant positive impact on FirstMerit's lending test rating in Ohio. The CD loans reflect a variety of community development purposes including affordable housing, funding for organizations providing community services targeted to low-and moderate-income individuals and families, activities that revitalize or stabilize low-and moderate-income geographies, and initiatives that provide financing to small businesses.

## Akron Assessment Area

During the evaluation period FirstMerit generated 56 CD loans totaling \$43.5 million in the Akron AA. Included are new loans and renewals for affordable housing, the provision of social services targeted to low- and moderate-income persons, loans for programs that finance small businesses, and loans for initiatives to revitalize and stabilize low- and moderate-income areas within the community. Some examples of significant CD lending activities are summarized below.

- A \$4.3 million loan to a neighborhood housing and economic development organization to construct 32 single family homes for low-income families in Akron. FirstMerit CDC also provided \$510 thousand in permanent financing for the project.

- A \$5.4 million line of credit to construct a 30-unit affordable housing development for low- and moderate-income families in Akron. FirstMerit CDC also provided \$679 thousand in permanent financing.
- Partnering with several community development organizations, FirstMerit provided a \$3.1 million line of credit to construct a 36-unit housing development for low-income senior citizens in Akron.
- FirstMerit has provided working capital lines of credit to several local community development organizations that provide community development services targeted to low- and moderate-income individuals.

### Canton Assessment Area

FirstMerit generated 37 CD loans totaling \$25.1 million in the Canton AA during the evaluation period. Included are new loans and renewals for affordable housing and the provision of social services targeted to low- and moderate-income persons. Some examples of significant CD lending activities are summarized below.

- FirstMerit provided \$7.2 million in construction and permanent financing for 50 affordable housing units for low- and moderate-income families in Massillon.
- \$4.7 million in construction and permanent financing for 37 affordable single family homes for moderate-income families in Alliance.
- \$5.7 million in construction and permanent financing for a 40-unit apartment building for low-income senior citizens in Canton.
- FirstMerit has provided working capital lines of credit to several local community development organizations that provide community development services targeted to low- and moderate-income individuals.

In addition to the CD loans reflected within Table 1, FirstMerit originated 22 loans for \$10 million for home mortgage and small business purposes that also have CD characteristics. While technically not CD loans, they do demonstrate FirstMerit's commitment to community development lending.

### Cleveland Assessment Area

FirstMerit generated 66 CD loans totaling \$38.2 million in the Cleveland AA during the evaluation period. Included are new loans and renewals for affordable housing and the provision of social services targeted to low- and moderate-income persons. Some examples of significant CD lending activities are summarized below.

- FirstMerit has provided lines of credit to local housing organizations to purchase single family homes to rent to low- and moderate-income families. This includes a \$1 million line to rent homes in Medina County

- FirstMerit has provided several lines of credit to local housing organizations to purchase and rehabilitate affordable homes and apartments in Cleveland for low- and moderate-income individuals. This includes loans totaling \$3 million to purchase and renovate two apartment complexes in Cleveland that provide affordable housing for low- and moderate-income individuals.
- FirstMerit has provided working capital lines of credit to many local community development organizations that provide affordable housing and community development services targeted to low- and moderate-income individuals. Collectively, the organizations serve a wide range of individuals, including the elderly, those in need of job training, individuals who are mentally and physically disabled, those with alcohol and drug abuse problems, families needing financial literacy assistance, and those with child care needs.

In addition to the CD loans reflected within Table 1, FirstMerit originated 19 loans for \$4 million for home mortgage and small business purposes that also have CD characteristics. While technically not CD loans, they do demonstrate FirstMerit's commitment to community development lending.

## **Product Innovation and Flexibility**

FirstMerit's use of and participation in flexible lending programs to address the credit needs of low- and moderate-income individuals and geographies in a safe and sound manner has a positive impact on our lending test conclusions for the Akron, Canton, and Cleveland AAs.

FirstMerit offers its BEST mortgage loan program bank wide targeting low- and moderate-income neighborhoods in the bank's assessment areas. This flexible home mortgage program is provided through FirstMerit Mortgage Corporation. Costs are reduced as application and origination fees are waived, higher debt ratios are allowed, mortgage insurance is not necessary, and down payment requirements are low and alternative sources are allowed. The program has been very successful. Approximately 590 loans totaling nearly \$47 million were originated during the evaluation period.

FirstMerit also participates in a variety of state and local government lending programs. During the evaluation period the bank originated over 1,100 Ohio Housing Financing Agency loans for \$145 million. Targeting low- and moderate-income families, this program includes credit counseling and allows higher loan-to-value levels than conventional loans.

The bank is also an active Federal Housing Association (FHA) and Veterans Administration (VA) lender. These programs allow for lower down payment amounts and flexible credit history standards. The majority of FirstMerit FHA and VA loans have been made to low- and moderate-income individuals.

### Akron Assessment Area

During the evaluation period FirstMerit originated 171 BEST loans for \$13.5 million, as well as 229 Ohio Housing Financing loans for \$22 million in the AA. Furthermore, FirstMerit originated

137 FHA mortgages and 17 VA mortgages during the evaluation period, the majority of which were to low- and moderate-income individuals.

FirstMerit participates in several local government lending programs throughout the Akron AA. For instance, 93 low-interest rate home improvement loans for nearly \$1 million were made through the city of Akron Home Improvement Program, and 45 loans for \$247 thousand were made through the Barberton Foundation's Home Improvement program. Over 70 percent of the census tracts in each of these cities are low- or moderate-income tracts.

### Canton Assessment Area

During the evaluation period FirstMerit originated 69 BEST loans for \$5.7 million, as well as 180 Ohio Housing Financing loans for \$17 million in the AA. Furthermore, FirstMerit originated 140 FHA mortgages and 22 VA mortgages during the evaluation period, the majority of which were to low- and moderate-income individuals.

FirstMerit participates in several local government lending programs within the Canton AA. For instance, 250 loans for \$803 thousand were made through the Stark County Ways to Work program. Small loans are made to low-income families to help pay expenses that could impact their ability to remain employed or stay in school. Such loans are not typically available through standard loan programs. Also, 23 loans for \$48 thousand were made as part of the Wayne County Wheels to Work program. Fixed-rate auto loans are offered with a community development organization acting as co-signer, allowing for lending to low- and moderate-income individuals who would not normally qualify for credit.

### Cleveland Assessment Area

During the evaluation period FirstMerit originated 162 BEST loans for \$14.5 million, as well as 292 Ohio Housing Financing loans for \$32 million in the AA. Furthermore, FirstMerit originated 167 FHA mortgages and 15 VA mortgages during the evaluation period, the majority of which were to low- and moderate-income individuals.

FirstMerit participates in the Cleveland Housing Network government sponsored loan program. Targeting low- and moderate-income neighborhoods, the mortgage program has low down payment requirements and allows lower credit standards than conventional loans. The impact of FirstMerit's participation has been limited, however, as only one loan was generated during the evaluation period.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Ashtabula AA is not inconsistent with the bank's overall "Outstanding" performance under the lending test in Ohio. In the Columbus, Mansfield, Sandusky, Toledo, and Ohio Non-MSA AAs, the bank's performance is weaker than the bank's overall performance in the state. Performance in the Columbus and Mansfield AAs is weaker than the bank's overall performance due to lower levels of CD lending. Performance is weaker in the Sandusky AA due to weaker geographic distribution records. Performance is weaker in the Toledo and Non-MSA AAs due to weaker geographic distribution records and lower levels of CD lending. Due

to the relative size of these areas, the weaker performance did not materially impact our overall lending test conclusions for Ohio. Refer to the Tables 1 through 11 for the state of Ohio in appendix D for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Ohio is rated "High Satisfactory." Based on full-scope reviews, the bank's performance is good in the Akron and Cleveland AAs, and adequate in the Canton AA. Refer to Table 14 for the state of Ohio in appendix D for the facts and data used to evaluate the bank's level of qualified investments.

FirstMerit's qualified investments are primarily comprised of investments in Ohio Equity Fund Limited Partnership funds and other low-income housing tax credit facilities; FirstMerit Corporation's investment in the FirstMerit CDC; and grants to local organizations to support CD initiatives within the bank's AAs. FirstMerit has done a good job of taking leadership roles in some projects, and also combining loan and investment activities to fund initiatives. While FirstMerit's investments are responsive to local needs, they are not innovative or complex. In drawing our conclusions on investment performance in AAs, we considered the bank's level of complexity and capacity, as well as the degree of competition and opportunities available for investment. Refer to the market profiles in appendix C.

FirstMerit Corporation's \$7.6 million equity investment in the FirstMerit CDC was given particular positive consideration when drawing conclusions regarding investment performance within individual AAs as funds were used to address particular credit needs. Projects financed by the CDC are types the bank can not normally provide similar degrees of support as the CDC can use financing standards that are less stringent. We also gave consideration to how CDC funds repaid from prior-period projects were redeployed for new projects during this evaluation period. For evaluation purposes, we allocated the investment in the CDC to individual AAs based on the dollar amount and location of CDC projects.

FirstMerit has continuously participated in the Ohio Equity Fund Limited Partnership program administered by the Ohio Capital Corporation for Housing. Funds are used to construct and rehabilitate affordable housing rental units throughout Ohio, including the bank's AAs. These investments allow the bank to take advantage of low-income housing tax credits (LIHTC). During the evaluation period FirstMerit committed to investing in five funds totaling \$17 million, while retaining investments in ten funds from prior periods. Investments in LIHTC funds are allocated to AAs based on the underlying projects that impacted the bank's AAs.

#### Akron Assessment Area

Investment activity in the Akron AA is good. Investments have primarily addressed affordable housing needs of homeowners and renters. As described in the market profile section of appendix C, we determined that there have been investment opportunities in the area, and that competition for major opportunities is significant. During the evaluation period the bank made investments totaling \$9.5 million comprised primarily of:

- FirstMerit CDC allocation of \$4.9 million primarily supporting affordable housing activities. Loans by the CDC supported five affordable housing projects initiated during the evaluation period in the Akron area. This level of activity is considered particularly good. Furthermore, the CDC provided \$1.4 million in permanent financing for a shopping center that includes a grocery store. This was a key development that helped to revitalize a low-income neighborhood and an example where FirstMerit took a leadership role when working with local development officials. The CDC has also provided permanent financing to several other projects that the bank originally provided construction financing, as discussed under the Community Development Loans section.
- Ohio Equity Fund investment commitment allocations totaling \$2.6 million for affordable housing projects in the area. In some cases, FirstMerit is also supporting the projects through loans.
- A \$1.1 million investment in a mortgage backed security backed by mortgages to low- and moderate-income individuals located in the Akron AA.
- Grants totaling \$860 thousand to 52 community organizations for community development purposes within the AA.

Investments made during prior evaluation periods that are still outstanding consist of \$996 thousand in prior period investments in 11 LIHTC funds that continue to support affordable housing projects in the Akron AA.

### Canton Assessment Area

Investment activity in the Canton AA is adequate. Investments have primarily addressed affordable housing and social service needs of low- and moderate-income individuals. As described in the market profile section of appendix C, we determined that a moderate level of investment opportunities exist in the AA and that competition is strong. During the evaluation period the bank made investments totaling \$2.7 million comprised of:

- Ohio Equity Fund investment commitments totaling \$1.9 million for affordable housing projects within the AA.
- FirstMerit CDC allocation of \$469 thousand supporting affordable housing projects.
- Grants totaling \$336 thousand to 22 community organizations for community development purposes within the AA.

Investments made during prior evaluation periods that are still outstanding consist of \$381 thousand in prior period investments in four LIHTC funds that continue to support affordable housing projects in the Canton AA.

## Cleveland Assessment Area

Investment activity in the Cleveland AA is good. Investments have primarily addressed affordable housing and social service needs of low- and moderate-income individuals. As described in the market profile section in appendix C, we determined that investment opportunities exist in the AA, and that competition for the major investment projects is high. During the evaluation period the bank made investments totaling \$7.9 million comprised primarily of:

- Ohio Equity Fund investment commitment allocations totaling \$5.7 million for affordable housing projects in the area.
- FirstMerit CDC allocation of \$1.6 million primarily supporting affordable housing activities.
- Grants totaling \$667 thousand to 71 community organizations for community development purposes within the AA.

Investments made during prior evaluation periods that are still outstanding consist of \$603 thousand in prior period investments, primarily in nine LIHTC funds that continue to support affordable housing projects in the Canton AA.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the Ashtabula and Non-MSA AAs is not inconsistent with the bank's overall "High Satisfactory" performance under the investment test in Ohio. In the Columbus and Toledo AAs the bank's performance is stronger than the bank's overall performance in the state. The stronger performance is reflected by higher levels of investments, especially those from the current evaluation period, relative to the bank's presence in those areas. The bank's performance in the Mansfield and Sandusky AAs is weaker than the bank's overall investment test performance as reflected by lower levels of investments. Due to their relative size, the performance within the areas demonstrating stronger and weaker performance did not materially impact our overall investment test conclusions for Ohio. Refer to Table 14 for Ohio in appendix D for the facts and data that support our conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the service test in Ohio is rated "High Satisfactory." Based on full-scope reviews, the bank's performance is good in the Akron and Canton AAs, and adequate in the Cleveland AA.

## Retail Banking Services

Refer to Table 15 for the state of Ohio in appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

### Akron Assessment Area

FirstMerit's branches are accessible to geographies and individuals of different income levels in the AA. The percentage of offices located in low-income geographies exceeds the portion of the population living in those areas. The percentage of offices in moderate-income geographies is somewhat below the portion of the population living in those areas. The low- and moderate-income segments of the community are primarily concentrated and intermixed within a contiguous portion of the city of Akron. FirstMerit's branch network makes products and services accessible throughout this section of the community. During the evaluation period, FirstMerit opened one office and closed three offices within the Akron AA. Two offices were closed in upper-income areas, and one office was closed in a low-income area. The lease of the low-income area office expired, and FirstMerit was experiencing loss of revenue and had a small customer base there. Also, the branch was within 1.5 miles of two other FirstMerit branches. The branch that was opened is in an upper-income area. Considering the number and location of offices FirstMerit has in the AA, the branch activity did not have a significant impact on the availability of FirstMerit products and services in the area.

With ATMs at all branches and several additional locations, this alternative delivery system allows customers to access their accounts outside of regular banking hours. FirstMerit operates 40 ATMs in the Akron AA. The percentage of ATMs in low-income geographies (20 percent) substantially exceeds the portion of the AAs population residing there. The percentage of ATMs in moderate-income geographies (15 percent) is lower than the percentage of the AAs population residing there.

Branch office hours and the level of services available through FirstMerit offices do not vary in ways that inconvenience any portions of the bank's assessment areas, including the low- and moderate-income areas. Office hours and services provided in the AA are comparable among all locations regardless of the income level of the geography where the offices are located. Banking hours include extended hours on select days of the week, and are supplemented by Saturday hours at the majority of the banking facilities located in the AA, including those located in low- and moderate-income areas.

### Canton Assessment Area

FirstMerit's branches are accessible to geographies and individuals of different income levels in the AA. The percentage of offices in Canton's low-income geographies exceeds the portion of the AA's population living in those areas, while the percentage of offices in moderate-income geographies is lower than the portion of the population living there. However, considering the number of offices FirstMerit has in the AA, the differences in percentages are not significant as they represent only one branch in each income category. No offices were opened or closed within the Canton AA during the evaluation period.

With ATMs at all branches and several additional locations, this alternative delivery system allows customers to access their accounts outside of regular banking hours. FirstMerit

operates 19 ATMs in the Canton AA. The percentage of ATMs in low-income geographies (5.26 percent) substantially exceeds the portion of the AAs population residing there. The percentage of ATMs in moderate-income geographies (15.76 percent) is near the percentage of the AAs population residing there.

Branch office hours and the level of services available through FirstMerit offices do not vary in ways that inconvenience any portions of the bank's assessment areas, including the low- and moderate-income areas. Office hours and services provided in the AA are comparable among all locations regardless of the income level of the geography where the offices are located. Banking hours include extended hours on select days of the week, and are supplemented by Saturday hours at the majority of the banking facilities located in the AA, including those located in low- and moderate-income areas.

### Cleveland Assessment Area

FirstMerit's branches are reasonably accessible to geographies and individuals of different income levels in the AA, although the distribution of offices throughout both low- and moderate-income geographies is somewhat lower than the portion of the population living in those geographies. During the evaluation period, the bank opened four and closed seven offices. One office was closed in a low-income area due to the expiration of the building lease, loss of revenue, and declining level of business. The branch was within one mile of another FirstMerit office. One office in a moderate-income area was closed due to loss of revenue and reduced levels of business. Three offices were opened and three were closed in middle-income areas. One branch was opened and two were closed in upper income areas. Considering the large number and location of offices FirstMerit has in the area, branch activities did not have a significant impact on the availability of FirstMerit products and services in the area.

With ATMs at nearly all branches and several additional locations, this alternative delivery system allows customers to access their accounts outside of regular banking hours. FirstMerit operates 68 ATMs in the Cleveland AA. The percentages of ATMs in low-income geographies (5.88 percent) and moderate-income geographies (12.87 percent) are lower than the portions of the AAs population residing in those respective areas.

Branch office hours and the level of services available through FirstMerit offices do not vary in ways that inconvenience any portions of the bank's assessment areas, including the low- and moderate-income areas. Office hours and services provided in the AA are comparable among all locations regardless of the income level of the geography where the offices are located. Banking hours include extended hours on select days of the week, and are supplemented by Saturday hours at the majority of the banking facilities located in the AA, including those located in low- and moderate-income areas.

### **Community Development Services**

FirstMerit has a good record of participating in community development initiatives within its local communities. At times, employees have used their financial expertise as members of director boards and leading project committees and task forces. Community development

initiatives have included programs for affordable housing, social services targeted to low- and moderate-income individuals, and programs for financing small businesses.

FirstMerit actively assists local community development organizations obtain grants and discounted loans through the Federal Home Loan Bank of Cincinnati (FHLB)'s Affordable Housing Program. As a project sponsor, FirstMerit assists organizations with applications and monitors compliance with program requirements. During the evaluation period FirstMerit assisted organizations with 22 project applications that resulted in obtaining \$2.7 million in subsidies for 13 projects in Ohio. FirstMerit's partnered with seven organizations to construct and rehabilitate 236 housing units for low- and moderate-income individuals and families.

FirstMerit has also participated in the FHLB's Welcome Home Program, which provides grants for home mortgage closing costs and down payments to low- and moderate-income families. Since 2004, FirstMerit has been awarded more than \$550 thousand in subsidies that have provided assistance to 143 mortgage customers.

### Akron Assessment Area

During the evaluation period FirstMerit assisted five organizations obtain FHLB Affordable Housing Program grants and financing for five affordable housing projects in the Akron AA. Furthermore, bank officers and employees actively assisted 22 local community organizations administer community development initiatives. Examples of roles that FirstMerit officers and employees have held and used their financial expertise are summarized below.

- A commercial banker serves as a board member, a member of the finance committee, and treasurer and has been active in fundraising for a community action agency that provides social services for low- and moderate-income families in Summit County. This agency administers the Head Start program, which has provided education, early childhood development, health, nutrition, and special needs services to 1,735 low-income children and their families.
- A bank officer services as a board member and member of the Finance Committee of a capital corporation that promotes economic development by providing financing to small businesses.
- A bank officer serves as a board member, executive, and member of the fundraising and finance committee of a community organization that provides social service programs serving primarily to low- and moderate-income individuals and families. Programs include drug and alcohol counseling, pre-natal health care, vocational training, and employment assistance.
- Two bank officers have served as board members, with one also a member of the finance committee of a local economic development organization that serves primarily low- and moderate income people in Akron. Programs include credit counseling, budgeting, and providing affordable housing to low- and moderate-income families. The bank also sponsored two applications for FHLB affordable housing grants.

### Canton Assessment Area

During the evaluation period FirstMerit assisted four organizations obtain FHLB Affordable Housing Program grants and financing for seven affordable housing projects in the Canton AA. Furthermore, bank officers and employees actively assisted 12 local community organizations administer community development initiatives. Examples of roles that FirstMerit officers and employees have held and used their financial expertise are summarized below.

- A bank officer serves on the board of directors and as a member of the finance committee for a community revitalization organization that supports the work of other local non-profit community development corporations. This organization provides financial, operational, and technical support to the CDC's efforts to revitalize low- and moderate-income neighborhoods in the city of Canton and Stark County.
- A bank executive has served as a board member, treasurer, and actively participated in the fundraising activities of a local service organization. The organization operates homeless shelters, food and clothing programs, and provides other social services to low- and moderate-income individuals.
- A business banker has served as a board member and a member of the fundraising committee for a health care serve agency that provides services to low-income individuals.

### Cleveland Assessment Area

During the evaluation period FirstMerit assisted an organization obtain FHLB Affordable Housing Program grant funds and financing for an affordable housing projects in Cleveland AA. Furthermore, bank officers and employees actively assisted 21 local community organizations administer community development initiatives. Examples of roles that FirstMerit officers and employees have held and used their financial expertise are summarized below.

- A senior bank officer has served as a member of the board and treasurer of a community development organization that provides child care subsidies for low- and moderate-income families for the Cleveland area.
- A bank officer has served as a member of the executive board, vice president, member of the fundraising committee, and chaired the capital campaign for a non-profit advocacy organization. Social services programs are provided to the Hispanic community, including those for housing, financial literacy, and employment assistance. The majority of clients are low- or moderate-income.
- A commercial banker has served as a member of the board and on the loan review committee for a capital corporation. The organization provides financing assistance to primarily small business to foster economic growth and job creation in Northeast Ohio.

- A bank officer has served as a board trustee and a member of a grant committee for a community development corporation that provides affordable housing to low- and moderate-income individuals in the city of Lorain.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the Mansfield and Ashtabula AAs is not inconsistent with the bank's overall "High Satisfactory" performance under the service test in Ohio. In the Columbus, Sandusky, Toledo, and Non-MSA AAs, the bank's performance is weaker than the bank's overall performance in the state. The weaker performance is due to a lower level of accessibility of FirstMerit offices in low- or moderate-income segments of the community. However, the differences between percentages of offices and percentages of populations represent few offices, especially in the Sandusky, Toledo, and Non-MSA AAs. Due to their relative size, the performance within the areas demonstrating weaker performance did not materially impact our overall service test conclusions for Ohio. Refer to Table 13 for the state of Ohio in appendix D for the facts and data that support these conclusions.

## State Rating

### State of Pennsylvania

**CRA Rating for Pennsylvania: Satisfactory**

**The lending test is rated:** Outstanding  
**The investment test is rated:** Low Satisfactory  
**The service test is rated:** High Satisfactory

The major factors that support this rating include:

- The geographic distribution of loans is good, including lending in low- and moderate-income areas.
- The distribution of loans among borrowers of different income levels and businesses of different sizes is good overall. Home mortgage lending to low- and moderate-income borrowers is excellent.
- FirstMerit's record of community development lending reflects an excellent level of responsiveness to community needs. A high volume of community development loans was generated during the evaluation period. Community development lending had a significant positive impact on lending performance, and elevated the lending test rating for Pennsylvania.
- Qualified investment activity has been adequate.
- The accessibility of FirstMerit's delivery systems to geographies and individuals of different income levels is good. Community development service activity is also good.

### Description of Institution's Operations in Pennsylvania

FirstMerit provides a full range of residential, consumer, and commercial financial products and services in Lawrence County, a non-metropolitan area in western Pennsylvania. This is the only part of Pennsylvania that FirstMerit operates in. With four offices, activities in this state represent a small portion of FirstMerit's overall operations. Approximately 3 percent of deposits, branches, and reportable loans are based in Pennsylvania. With deposits totaling \$243 thousand as of June 2008, FirstMerit is the fourth largest bank in terms of insured deposits with a 16 percent share of the Lawrence County market. Competition is strong as 9 institutions operate a total of 36 offices in a county with a population less than 100 thousand. Refer to the market profiles section for the state of Pennsylvania in appendix C for detailed demographics and other performance context information for the Lawrence County AA.

## Scope of Evaluation in Pennsylvania

We used full-scope procedures to assess bank's performance in the Lawrence County AA, which is the basis for rating FirstMerit's performance in Pennsylvania. In drawing conclusions relative to the bank's performance, we took into consideration information derived from contacting two organizations within the community. Please refer to appendix A for information regarding which of the bank's AAs received full-scope and limited-scope reviews during this evaluation.

## LENDING TEST

The bank's performance under the lending test in Pennsylvania is rated "Outstanding." Based on a full-scope review, the bank's performance in Lawrence County AA is excellent. FirstMerit's excellent community development lending record had a significant positive impact on the lending test rating for Pennsylvania.

### Lending Activity

Refer to Tables 1 Lending Volume and for the state of Pennsylvania in appendix D for the facts and data used to evaluate the bank's lending activity.

FirstMerit's lending activity in the Lawrence County AA is good. Lending activity is commensurate with its share of the deposit market, especially considering the large number of lenders operating in the area. As described in the market profile within appendix C, the majority of lenders do not have branches in the area or are not insured deposit institutions.

FirstMerit ranks fourth in deposits among depository institutions with a 16 percent share of the market. According to 2007 aggregate HMDA data, FirstMerit is ranked third in volume of originated/purchased home purchase loans with a 7 percent share of the market. For home refinance lending, FirstMerit is ranked fourth with an 8 percent market share. FirstMerit is fifth in home improvement lending with a 7 percent market share. FirstMerit not an active multi-family lender in this AA. According to small business aggregate data for 2007, FirstMerit is ranked seventeenth in volume of small loans to businesses with a less than 1 percent market share. National credit card lenders with no branches in the area dominate small business lending with 75 percent of the market and average loan sizes of less than \$7 thousand. In terms of small business loan dollars, FirstMerit is the fourth largest lender with a 3 percent market share.

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

The overall geographic distribution of loans is good. This is based on good performance in the Lawrence County AA.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 for the state of Pennsylvania in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases. With only 2 percent of owner-occupied housing units being located in the low-income neighborhoods, there is limited opportunity to lend in this segment of the community. Therefore, conclusions are based primarily on performance in the moderate-income sections of the community for this AA.

The geographic distribution of home purchase loans is good. While the percentage of loans in low-income areas is below the percentage of owner-occupied housing units in low-income areas, the percentage of lending in moderate-income areas significantly exceeds the level of housing in that segment of the community. FirstMerit's 2007 market share of lending in moderate-income areas was significantly above its overall home purchase market share for the area. As FirstMerit made no loans in low-income areas during 2007, no market share was recorded.

The geographic distribution of home improvement loans is excellent. The percentages of loans in low-income and moderate-income areas significantly exceed the percentages of owner-occupied housing units located in those neighborhoods. Furthermore, FirstMerit's 2007 market shares of lending in low-income neighborhoods significantly exceeded its overall home improvement market share in the area. The bank's moderate-income market share was well below its overall home improvement market share in 2007.

The geographic distribution of home refinance loans is good. While the percentage of loans in low-income areas is significantly below the percentage of owner-occupied housing units in low-income areas, the opportunities to lend are limited as only 2 percent of the area's owner-occupied housing units are located in those neighborhoods. The percentage of loans in moderate-income areas exceeded the percentage of owner-occupied housing units in those areas. FirstMerit's 2007 market share of lending in both low-income and moderate-income areas exceeded its overall home refinance market share for the area.

The volume of multi-family loans was too small for meaningful geographic distribution analysis.

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

Refer to Table 6 in the state for the state of Pennsylvania in appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is excellent. The percentage of loans in low-income areas significantly exceeds the percentage of businesses located in those segments of the community. FirstMerit's 2007 market share in low-income areas significantly exceeded the bank's overall small business market share. The percentage of loans in moderate-income areas is very near the percentage of businesses located in that part of the AA. The bank's 2007 market share in moderate-income areas was also very near its overall small business market share for the AA.

### ***Small Loans to Farms***

Refer to Table 7 for the state of Pennsylvania in appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

FirstMerit did not originate or purchase any small loans to farms in the Lawrence County AA during the evaluation period.

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

We analyzed FirstMerit's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

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

A substantial majority (96 percent) of originated and purchased loans reported by FirstMerit during the evaluation period are within the bank's Ohio and Pennsylvania AAs. Ninety-six percent of the bank's home mortgage loans, 95 percent of small loans to businesses and farms, and 100 percent of CD loans are within the AAs. These calculations are done on a bank-wide basis, and affiliate lending is not included. This record of lending within the AAs was given positive consideration when drawing conclusions relative to the overall geographic distribution of lending performance for the bank as a whole.

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

The overall borrower distribution of loans is good. This is based on good performance in the Lawrence County AA.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 for the state of Pennsylvania in appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

In evaluating the borrower distribution of home mortgage loans, we considered the number of households that live below the poverty level and the barriers that this may have on home ownership. It is especially difficult for the segment of the low-income population that lives below the poverty line to afford and maintain a home. This has an impact on the opportunity to lend to the low-income population of the community. Refer to the market profiles in appendix C for demographic information, including poverty rates.

The borrower distribution of home purchase loans is excellent. The percentage of home purchase loans to low-income borrowers is near the percentage of low-income families in the AA. The percentage of loans to moderate-income borrowers significantly exceeds the

percentage of moderate-income families in the AA. FirstMerit's 2007 market share of lending to low-income individuals significantly exceeded its overall share of the home purchase market in the AA, while its share of lending to moderate-income individuals was lower than its overall market share.

The distribution of home improvement loans is good. The percentage of loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the area. While the percentage of loans to low-income borrowers is lower than the percentage of low-income families in the area, consideration is given to the impact that the area's poverty level has on the opportunities to lend to the low-income segment of the community. FirstMerit's 2007 market shares of home improvement loans to low-income and moderate-income borrowers were both near the bank's overall share of the home improvement market in the AA.

The borrower distribution of home refinance loans is good. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. While the percentage of loans to low-income borrowers is lower than the percentage of low-income families in the area, consideration is given to the impact that the area's poverty level has on the opportunities to lend to the low-income segment of the community. FirstMerit's 2007 market shares of lending to low-income and moderate-income individuals equaled or exceeded its overall share of the home refinance market in the AA.

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

Refer to Table 11 for the state of Pennsylvania in appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses is adequate. The percentage of loans to businesses with revenues of \$1 million or less is well below the percentage of area businesses that have revenues of \$1 million or less. However, opportunities to lend have been limited due to the AA's very poor business climate, as discussed in the market profile section within appendix C. Furthermore, FirstMerit has a good record of making loans of all size levels, with two-thirds at amounts of \$100 thousand or less. FirstMerit's 2007 small business lending market share was too small for meaningful analysis.

### ***Small Loans to Farms***

Refer to Table 12 for the state of Pennsylvania in appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

FirstMerit did not originate or purchase any small loans to farms in the Lawrence County AA during the evaluation period.

## Community Development Lending

Refer to Table 1 Lending Volume for the state of Pennsylvania in appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community development lending activity is excellent in the Lawrence County AA, and has a significant positive impact on the lending test rating in Pennsylvania. During the evaluation period FirstMerit generated 9 CD loans totaling \$4.8 million in the Lawrence County AA. Included are new loans and renewals for the provision of social services targeted to low- and moderate-income persons and loans for initiatives to revitalize and stabilize low- and moderate-income areas within the community. Some examples of significant CD lending activities are summarized below.

- A \$1.5 million working capital line of credit for the revitalization of the downtown areas of the city of New Castle, which is comprised primarily of low- and moderate-income geographies. This is part of an economic development stimulus effort that includes state funds to create jobs and strengthen the economy. As discussed within the market profile section of appendix C, the city of New Castle has been in financial distress.
- Ongoing financing of a \$100 thousand working capital line of credit to a local non-profit organization providing services primarily to low- and moderate-income individuals. Drug and alcohol prevention and treatment programs, as well as shelter services are provided.

## Product Innovation and Flexibility

FirstMerit's use of and participation in flexible lending programs to address the credit needs of low- and moderate-income individuals and geographies in a safe and sound manner has a neutral impact on lending test conclusions for Lawrence County AA.

FirstMerit participates in the Pennsylvania Housing Financing Authority's home mortgage loan program that provides affordable housing for low- and moderate-income persons and families, including senior citizens and persons with disabilities. During the evaluation period FirstMerit's participation resulted in 47 loans for \$3.1 million.

## INVESTMENT TEST

The bank's performance under the investment test in Pennsylvania is rated Low-Satisfactory. Based on a full-scope review, the bank's performance in the Lawrence County AA is adequate. Refer to Table 14 for the state of Pennsylvania in appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Investment activity in the Lawrence County AA is adequate. Qualified investments are comprised of grants totaling \$27 thousand to four community organizations that provide social service needs to low- and moderate-income individuals. This level of investments is low. However, when drawing conclusions we considered the limited level of investment opportunities that exist in the AA. Refer to the Assessment Area Needs section of the market profile for the Lawrence County AA in appendix C. While FirstMerit's investments are responsive to local needs, they are not innovative or complex.

## **SERVICE TEST**

The bank's performance under the service test in Pennsylvania is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the Lawrence County AA is good.

### **Retail Banking Services**

Refer to Table 15 for the state of Pennsylvania in appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Branches are accessible to geographies and individuals of different income levels in the AA. The percentage of offices in low-income geographies exceeds the portion of the AA's population living in those areas, while no offices are located in moderate-income areas. All of the AA's low- and moderate-income geographies are located in the city of New Castle, and FirstMerit has one of its four offices, or 25 percent, located there. On a combined basis, the low- and moderate-income neighborhoods represent 13.55 percent of the AA's population. In addition, individuals located in the low- and moderate-income areas are served by an office located in an adjacent middle-income tract. Considering the number of offices FirstMerit has in this single-county AA, the configuration of low- and moderate-income geographies, and the location of the population, FirstMerit's delivery systems are accessible to the different income segments of the community. No offices were opened or closed within the Lawrence County AA during the evaluation period. With ATMs at each branch location, this alternative delivery system allows customers to access their accounts outside of regular banking hours.

Branch office hours and the level of services available through FirstMerit offices do not vary in ways that inconvenience any portions of the bank's assessment areas. Services provided are comparable among all locations regardless of the income level of the geography where the offices are located. Office hours include extended hours on select days, and are supplemented by Saturday hours at the majority of the banking facilities. The office located in the low-income tract does not offer Saturday hours. However, that office is located in a downtown part of town that has a limited population, and the area is also served by an office with Saturday hours approximately 2.4 miles away in an adjacent middle-income tract.

## Community Development Services

FirstMerit has a good record of participating in community development initiatives, especially considering the limited opportunities for working with local organizations that provide community development services, as discussed within the market profile section of appendix C. At times, employees have used their financial expertise as members of director boards and leading project committees and task forces. Community development initiatives have included programs for affordable housing, social services targeted to low- and moderate-income individuals, and programs for financing small businesses. The primary activities are summarized bellows:

- A bank officer has served as a board member, treasurer, and chair of the fundraising committee for a community action agency that addresses domestic violence and other forms of abuse. The organization provides services such as emergency and transitional housing, counseling, medical and legal advocacy, and prevention education. A high majority of clients are low- and moderate-income individuals.

A bank officer has served as a board member, treasurer, and chair of the fundraising committee of a local community development agency. The organization supports programs where approximately 75 percent of clients are low- or moderate-income people.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/2004 to 12/31/2007 Investment and Service Tests and CD Loans: 05/17/2004 to 11/17/2008	
<b>Financial Institution</b>		<b>Products Reviewed</b>
FirstMerit Bank, NA (FirstMerit) Akron, Ohio		Home mortgage loans, small loans to businesses, and CD loans
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
FirstMerit Mortgage Corporation FirstMerit Corporation FirstMerit Foundation	Bank Subsidiary Parent Bank Funded	Home mortgage loans Qualified Investment in FirstMerit CDC Qualified Grants
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State of Ohio</b> Akron MSA (10420) Canton-Massillon MSA (15940) Cleveland-Elyria-Mentor MSA (17460) Columbus MSA (18140) Mansfield MSA (31900) Sandusky MSA (41780) Toledo MSA (45780) Ashtabula County (non-metropolitan) Non-Metropolitan Area: (Ashland, Crawford, Holmes, Huron, Knox, Seneca & Wayne Counties)  <b>State of Pennsylvania</b> Non-metropolitan Area: (Lawrence County)	Full-scope Full-scope Full-scope Limited-scope Limited-scope Limited-scope Limited-scope Limited-scope Limited-scope Full-scope	None

## Appendix B: Summary of State Ratings

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RATINGS				
FirstMerit Bank, N.A.				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State Rating
FirstMerit Bank, NA	Outstanding	High Satisfactory	High Satisfactory	Outstanding
State:				
Ohio	Outstanding	High Satisfactory	High Satisfactory	Outstanding
Pennsylvania	Outstanding	Low Satisfactory	High Satisfactory	Satisfactory

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

## Appendix C: Market Profiles for Full-Scope Areas

### State of Ohio Full-Scope Areas

#### Akron MSA 10420 Assessment Area

Demographic Information for Full-Scope Area: Akron MSA 10420 Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	166	11.45	22.89	43.98	21.69	0.00
Population by Geography	694,960	6.29	21.45	48.11	24.15	0.00
Owner-Occupied Housing by Geography	193,221	2.76	18.38	51.56	27.30	0.00
Businesses by Geography	42,386	9.15	14.36	43.51	32.98	0.00
Farms by Geography	1,081	2.78	7.12	58.00	32.10	0.00
Family Distribution by Income Level	184,471	19.24	18.62	23.21	38.93	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	69,838	9.82	30.72	47.63	11.84	0.00
Median Family Income = \$52,418			Median Housing Value = \$114,675			
HUD Adjusted Median Family Income for 2007 = \$60,300			Unemployment Rate (2008) = 6.2%			
Households Below the Poverty Level = 10%						

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census and 2007 HUD updated MFI.

The Akron AA consists of the entire Akron, Ohio MSA (10420), and is comprised of Portage and Summit Counties. Akron is a principal market for FirstMerit, with the bank and holding company headquartered there. With 35 branches within the area, approximately 34 percent of the bank's Ohio deposits and 24 percent of its Ohio-based reported loans are based in this AA.

June 30, 2008 FDIC deposit data reflects that FirstMerit is ranked number one in size within the area with a 22 percent share of the insured deposit market. The next largest competitors are National City Bank (14 percent), JP Morgan Chase Bank, NA (12 percent), and KeyBank NA (10 percent). Competition is strong as there are 28 insured institutions operating 220 offices in this two-county area. According to aggregate HMDA data, over 300 lenders originated home mortgage loans in the AA during 2007.

The local economy is diversified with major industries consisting of retail and wholesale trade, manufacturing, and health care. The area is also known as a center for polymer research and development. Major employers include Summa Health Systems, Akron General Health Systems, and Goodyear Tire & Rubber Company. Economic conditions weakened considerably during the evaluation period. The area's unemployment rate was constantly higher than national levels throughout the period, while being slightly lower than State of Ohio levels. Unemployment levels have been increasing since 2006 and averaged 6.2 percent during 2008. The unadjusted rate for the Akron MSA was 6.4 percent in November 2008. Approximately 10 percent of households are below the poverty level, with 44 percent of low-

income households below the poverty level. It is especially difficult for this segment of the population to afford and maintain a home.

Portions of the AA are designated as Enterprise Zones by the Ohio Department of Development. The Enterprise Zone program is an economic tool that provides tax exemptions to businesses making investments in Ohio. Some of the more active zones are located in the cities of Akron and Twinsburg in Summit County, and in the cities of Aurora and Streetsboro in Portage County.

### Assessment Area Needs

There have been opportunities to make CD loans, qualified investments, and provide CD services within the Akron MSA. The competition for involvement in larger projects is high as a large number of financial institutions operate in the AA, as discussed above. Community resources and opportunities exist where banks can participate in partnerships to address the credit and community development needs. There are various community development organizations within the local communities that have the capacity to help address community needs, as well as local government programs.

Our evaluation took into consideration information derived from members of the community. We met with three organizations focusing attention on economic development, affordable housing and providing social services to low- and moderate-income individuals. There is a need for additional support for affordable housing initiatives through lending and low-income housing tax credit investments. The need for gap financing is growing, and programs to purchase and rehabilitate foreclosed homes for sale and lease to low- and moderate-income individuals need support. There are also opportunities to support small business incubator initiatives through financing and funding. Furthermore, financial literacy programs need to be expanded, including those offering foreclosure prevention counseling.

**Canton MSA 15940 Assessment Area**

Demographic Information for Full-Scope Area: Canton MSA 15940 Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	80	5.00	22.50	58.75	13.75	0.00
Population by Geography	378,098	2.03	17.52	60.40	20.05	0.00
Owner-Occupied Housing by Geography	107,397	1.00	14.85	63.33	20.82	0.00
Businesses by Geography	20,847	4.12	15.47	55.02	25.40	0.00
Farms by Geography	775	1.16	7.48	70.58	20.77	0.00
Family Distribution by Income Level	103,069	17.39	19.20	23.89	39.52	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	37,717	3.91	26.28	58.13	11.68	0.00
Median Family Income	= \$47,165	Median Housing Value = \$99,930 Unemployment Rate (2008) = 6.8%				
HUD Adjusted Median Family Income for 2007	= \$53,000					
Households Below the Poverty Level	= 9%					

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 U.S. Census and 2007 HUD updated MFI.

The Canton AA is comprised of the Stark County portion of the Canton-Massillon Ohio MSA (15940). This is the portion of the MSA that management determined the bank's branch structure can reasonably serve. The AA meets the legal requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. FirstMerit operates 16 branches in this AA, which is the bank's third largest AA based on deposits and loans. Approximately 17 percent of the bank's Ohio deposits and 16 percent of reported loans are from this AA.

June 30, 2008 FDIC deposit data reflects that FirstMerit is ranked second in size with a 24 percent share of the insured deposit market within Stark County. FirstMerit is just behind Huntington National Bank's presence in the market, also with a 24 percent deposit market share. Other primary institutions are RBS Citizens NA (13 percent), KeyBank NA (13 percent), and JP Morgan Chase NA (12 percent). Competition is strong in the area as there are 16 insured institutions operating 122 offices in a county with a population of 378 thousand. According to aggregate HMDA data, over 250 lenders reported home mortgage loan originations in the AA during 2007.

The local economy has shifted from manufacturing to service oriented. Major employers include several health care companies. Economic conditions weakened considerably during the evaluation period. The area's unemployment rate was constantly higher than national and State of Ohio levels throughout the period. Unemployment levels have been increasing since 2006 and averaged 6.8 percent during 2008. The unadjusted rate for Stark County was 7 percent in November 2008. Approximately 9 percent of households are below the poverty level, with 43 percent of low-income households below the poverty level. It is especially difficult for this segment of the population to afford and maintain a home.

Portions of the AA are designated as Enterprise Zones by the Ohio Department of Development. The Enterprise Zone program is an economic tool that provides tax exemptions to businesses making investments in Ohio. The most active Zones are located in the cities of Canton and Massillon.

### Assessment Area Needs

There has been a moderate level of opportunities to make CD loans, qualified investments, and provide CD services within the MSA. The competition for involvement in larger projects is high as a large number of financial institutions operate in the AA. Community resources and opportunities exist where banks can participate in city and county housing and economic programs, and partner with non-profit housing development and economic organizations to address the credit and community development needs.

Our evaluation took into consideration information derived from members of the community. We met with three organizations that focus on addressing affordable housing, providing social services for low- and moderate-income individuals, and economic development. Community needs include access to sustainable affordable housing for low- and moderate-income individuals, foreclosure prevention assistance, additional financial literacy programs, greater access to small loans by individuals, and capital to expand micro-loan pool programs for small businesses.

**Cleveland MSA Assessment Area**

Demographic Information for Full-Scope Area: Cleveland MSA 17460 Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	693	16.02	20.06	38.82	23.81	1.30
Population by Geography	2,148,143	9.74	16.77	43.79	29.67	0.03
Owner-Occupied Housing by Geography	580,878	4.83	12.41	48.22	34.54	0.00
Businesses by Geography	131,024	8.01	14.96	40.66	35.66	0.71
Farms by Geography	3,154	2.19	6.59	50.63	40.49	0.10
Family Distribution by Income Level	562,913	20.34	18.08	22.21	39.37	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	216,274	17.82	24.67	41.67	15.84	0.00
Median Family Income	= \$52,660	Median Housing Value = \$121,274 Unemployment Rate (2008) = 6.6%				
HUD Adjusted Median Family Income for 2007	= \$60,700					
Households Below the Poverty Level	= 11%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census and 2007 HUD updated MFI.

The Cleveland AA consists of the entire Cleveland-Elyria-Mentor, OH MSA (17460), and is comprised of Cuyahoga, Geauga, Lake, Lorain, and Medina Counties. The Cleveland AA is a primary market for FirstMerit, with 60 branches within the area. Approximately 33 percent of the bank's Ohio deposits and 34 percent of its Ohio-based reported loans are from this AA.

June 30, 2008 FDIC deposit data reflects that FirstMerit is ranked eighth in size within the area with a 4 percent share of the insured deposit market. The leading institutions in the MSA are National City Bank and KeyBank NA with deposit market shares of 32 percent and 17 percent respectively. Competition is strong as there are 41 insured institutions operating 711 offices in this five-county area. According to aggregate HMDA data, over 400 lenders originated home mortgage loans in the AA during 2007.

FirstMerit's presence varies greatly among the various counties within the AA. While having a number one deposit ranking and 24 percent market share in Lorain and Medina counties, FirstMerit has only a 1 percent share of the Cuyahoga County deposit market. FirstMerit's presence is particularly small within the city of Cleveland with only four offices located there and a market share less than 1 percent. Banking in the city of Cleveland is dominated by large banks headquartered in the city and other regional institutions. Based on number of branches, the top four banks have a total of 135 offices in the city with a declining population of less than 450 thousand. Insured deposit institutions in total have over 230 offices in the city of Cleveland alone. The level of competition FirstMerit faces in the city of Cleveland is particularly high, and impacts the opportunities FirstMerit has to lend in this part of the AA which contains the majority of the area's low- and moderate-income census tracts. While 16 percent of the AA's owner-occupied housing units are located in the city of Cleveland, 69

percent of the AA's low- and moderate-income owner-occupied housing units are located there.

The local economy is diversified with major industries consisting of education, health care, and manufacturing. Major employers include Cleveland Clinic, University Hospitals Health Systems, Progressive Corporation, and Ford Motor Company. Economic conditions weakened considerably during the evaluation period. The area's unemployment rate was constantly higher than national levels throughout the period, while being slightly lower than State of Ohio levels. Unemployment levels have been increasing since 2006 and averaged 6.6 percent during 2008. The unadjusted rate for the Cleveland MSA was 6.6 percent in November 2008. Approximately 11 percent of households are below the poverty level, with 46 percent of low-income households below the poverty level. It is especially difficult for this segment of the population to afford and maintain a home.

Portions of the AA are designated as Enterprise Zones by the Ohio Department of Development. The Enterprise Zone program is an economic tool that provides tax exemptions to businesses making investments in Ohio. In addition, a portion of the city of Cleveland has been designated as a federal Empowerment Zone where tax incentives are offered to encourage businesses to open and expand, and to hire local residents.

### Assessment Area Needs

There have been good levels of opportunities to make CD loans, qualified investments, and provide CD services within the MSA. Competition for involvement in larger projects is high as a large number of financial institutions and multi-bank holding companies operate in the AA, as discussed above. A high level of community resources and opportunities for partnerships exist, especially in the city of Cleveland where a large number of sophisticated community-based organizations that are engaged in a wide range of activities from industrial retention and development, to housing rehabilitation, to new home construction. There is sufficient capacity and expertise throughout most the community to help address the opportunities presented.

Our evaluation took into consideration information derived from members of the community. The OCC met with seven local organizations and government officials during the past two years, including those that administer affordable housing, community service, and economic development programs. Affordable housing for low- and moderate-income individuals is a primary need, including financing rehabilitation efforts. There are opportunities to provide financial support to local community development organizations. Furthermore, financial literacy programs need to be expanded, including those offering foreclosure prevention counseling.

## State of Pennsylvania Full-Scope Areas

### Lawrence County Assessment Area (non-metropolitan)

Demographic Information for Full-Scope Area: Lawrence County Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	27	7.41	11.11	70.37	11.11	0.00
Population by Geography	94,643	4.26	9.29	68.72	17.73	0.00
Owner-Occupied Housing by Geography	28,660	2.17	6.94	73.60	17.29	0.00
Businesses by Geography	4,815	8.62	10.22	60.44	20.73	0.00
Farms by Geography	202	0.50	2.97	77.23	19.31	0.00
Family Distribution by Income Level	26,026	18.03	19.37	23.21	39.39	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,734	7.16	12.38	67.79	12.67	0.00
Median Family Income HUD Adjusted Median Family Income for 2007 Households Below the Poverty Level	= \$41,475 = \$49,800 = 12%				Median Housing Value = \$71,572 Unemployment Rate (2008) = 6.3%	

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 U.S. Census and 2007 HUD updated MFI.

FirstMerit's Lawrence County AA consists of the entire county of Lawrence in western Pennsylvania. This Non-MSA county is FirstMerit's only presence in the state. While all of FirstMerit's deposits and reportable loans in Pennsylvania are from this AA, this is one of the bank's smaller markets. Four branches serve this area, and approximately 3 percent of the bank's deposits and 3 percent of reportable loans are based in this AA.

June 30, 2008 FDIC deposit data reflects that FirstMerit is ranked fourth in size within the area with a 16 percent share of the insured deposit market. The largest institutions are Huntington National Bank, ESB Bank, and National City Bank, all with deposit market shares ranging from 16 percent to 21 percent. Competition is strong as there are nine insured institutions operating 36 offices in this county with a population of 95 thousand. According to aggregate HMDA data, over 150 lenders originated home mortgage loans in the AA during 2007.

Lawrence County is rural in nature with the major industries consisting of health care, wholesale and retail trade, and manufacturing. The local economy is diversified with major industries consisting of retail and wholesale trade, manufacturing, and health care. Economic conditions weakened considerably during the evaluation period. The county's principal city of New Castle is in financial distress and was taken over by the state. The housing industry is in poor shape. Much of the workforce is underemployed, and over half of the residents are low- or moderate-income. The area's unemployment rate was constantly higher than national and state of Pennsylvania levels throughout the period, and averaged 6.3 percent during 2008. The unadjusted rate for Lawrence County was 6.7 percent in November 2008. Approximately 12 percent of households are below the poverty level, with 49 percent of low-income households below the poverty level. It is especially difficult for this segment of the population to afford and maintain a home.

Portions of Lawrence County, including the city of New Castle, have been designated as Enterprise Zones by Pennsylvania's Department of Community and Economic Development. The program provides grants to financially disadvantaged communities preparing and implementing business development strategies.

### Assessment Area Needs

Opportunities to make CD loans, qualified investments, and provide CD services within the area are limited. This, along with the poor economic climate, was directly considered when drawing conclusions relative to the bank's community development investment and lending activities. While some initiatives have been made, there are few active and substantive community development organizations operating in this area.

Our evaluation took into consideration information derived from members of the community. We contacted two local organizations focusing on affordable housing and social services for low- and moderate-income individuals, economic development, and business development. Additional affordable housing for single-family and multifamily units is needed. Affordable housing financing has been a need, including housing rehabilitating loans and emergency mortgage assistance funds. There is also a need for additional social service programs for low- and moderate-income individuals, as well as financial support and financing for start-up businesses.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

## Tables of Performance Data

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### States of Ohio and Pennsylvania

**Table 1. Lending Volume**

LENDING VOLUME		Geography: OHIO				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007						
MA/Assessment Area (2007):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	
<b>Full Review:</b>												
Akron MSA 10420	23.94	5,470	471,761	2,553	572,868	2	220	56	43,523	8,081	1,088,372	34.00
Canton MSA 15940	16.09	4,214	415,951	1,179	275,373	0	0	37	25,083	5,430	716,407	17.05
Cleveland MSA 17460	33.93	7,245	740,629	4,141	937,867	2	411	66	38,203	11,454	1,717,110	33.35
<b>Limited Review:</b>												
Columbus MSA 18140	2.38	545	55,232	260	71,464	0	0	0	0	805	126,696	2.47
Mansfield MSA 31900	3.73	1,107	88,484	150	21,945	1	60	0	0	1,258	110,489	1.47
Sandusky MSA 41780	1.35	354	36,628	96	19,316	2	599	5	500	457	57,043	0.49
Toledo MSA 45780	1.11	192	21,179	174	46,712	4	600	3	90	373	68,581	1.23
Ashtabula County	3.31	883	65,578	224	51,670	3	1,050	6	6,200	1,116	124,498	2.51
Ohio Non-MSA Areas	14.16	3,993	345,608	760	149,985	28	4,190	0	0	4,781	499,783	7.43

LENDING VOLUME		Geography: PENNSYLVANIA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007						
MA/Assessment Area (2007):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	
<b>Full Review:</b>												
Lawrence County	100.00	1,066	71,892	80	10,487	0	0	9	4,825	1,155	87,204	100.00

\* Loan Data as of December 31, 2007. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from May 17, 2004 to November 17, 2008.

\*\*\* Deposit Data as of June 30, 2008. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE			Geography: OHIO				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Akron MSA 10420	1,973	21.68	2.76	3.24	18.38	18.25	51.56	56.31	27.30	22.20	2.55	4.36	3.65	2.85	1.54	
Canton MSA 15940	1,993	21.90	1.00	0.15	14.85	7.53	63.33	65.33	20.82	26.99	5.50	0.00	4.46	5.84	5.26	
Cleveland MSA 17460	2,350	25.83	4.83	1.49	12.41	9.15	48.22	55.74	34.54	33.62	1.18	0.50	1.42	1.38	0.93	
<b>Limited Review:</b>																
Columbus MSA 18140	194	2.13	3.51	3.09	17.46	5.67	42.33	52.06	36.70	39.18	0.14	0.33	0.07	0.15	0.14	
Mansfield MSA 31900	489	5.37	0.16	0.41	14.17	10.22	58.08	56.24	27.58	33.13	4.43	0.00	4.69	5.41	2.60	
Sandusky MSA 41780	137	1.51	0.00	0.00	18.57	6.57	65.56	62.77	15.87	30.66	1.48	0.00	2.05	1.37	1.16	
Toledo MSA 45780	85	0.93	3.20	9.41	16.37	1.18	49.55	56.47	30.88	32.94	0.10	0.73	0.00	0.12	0.09	
Ashtabula County	263	2.89	0.00	0.00	11.09	8.37	88.91	91.63	0.00	0.00	3.97	0.00	5.49	3.75	0.00	
Ohio Non-MSA Areas	1,615	17.75	0.00	0.00	3.09	2.54	84.16	86.25	12.75	11.21	5.41	0.00	1.23	5.54	5.48	

Geographic Distribution: HOME PURCHASE			Geography: PENNSYLVANIA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Lawrence County	563	100.00	2.17	1.60	6.94	9.95	73.60	58.97	17.29	29.48	7.27	0.00	9.68	5.68	11.19	

\* Based on 2007 Peer Mortgage Data (Eastern)

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

\*\*\* The % of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area (2000 Census)

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Geographic Distribution: HOME IMPROVEMENT			Geography: OHIO				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Akron MSA 10420	873	26.68	2.76	4.35	18.38	29.78	51.56	52.46	27.30	13.40	11.50	17.78	18.73	9.85	8.90	
Canton MSA 15940	430	13.14	1.00	0.93	14.85	17.91	63.33	60.00	20.82	21.16	11.45	11.11	11.24	11.07	12.90	
Cleveland MSA 17460	1,197	36.58	4.83	2.76	12.41	9.61	48.22	58.81	34.54	28.82	4.38	1.36	2.27	5.06	4.74	
<b>Limited Review:</b>																
Columbus MSA 18140	79	2.41	3.51	2.53	17.46	3.80	42.33	68.35	36.70	25.32	0.89	0.81	0.31	1.27	0.75	
Mansfield MSA 31900	105	3.21	0.16	0.95	14.17	14.29	58.08	56.19	27.58	28.57	5.99	0.00	1.41	7.58	5.05	
Sandusky MSA 41780	30	0.92	0.00	0.00	18.57	0.00	65.56	70.00	15.87	30.00	4.76	0.00	0.00	5.93	7.32	
Toledo MSA 45780	28	0.86	3.20	0.00	16.37	3.57	49.55	82.14	30.88	14.29	0.53	0.00	0.00	1.11	0.00	
Ashtabula County	151	4.61	0.00	0.00	11.09	5.96	88.91	94.04	0.00	0.00	10.00	0.00	6.90	10.31	0.00	
Ohio Non-MSA Areas	379	11.58	0.00	0.00	3.09	2.11	84.16	82.59	12.75	15.30	10.31	0.00	8.16	10.36	10.83	

Geographic Distribution: HOME IMPROVEMENT			Geography: PENNSYLVANIA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Lawrence County	89	100.00	2.17	3.37	6.94	11.24	73.60	66.29	17.29	19.10	6.74	25.00	4.17	5.72	10.53	

\* Based on 2007 Peer Mortgage Data (Eastern)

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

\*\*\* The % of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area. (2000 Census)

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: OHIO				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mort Refi Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Akron MSA 10420	2,602	22.55	2.76	1.92	18.38	19.56	51.56	53.50	27.30	25.02	4.15	2.49	6.22	4.29	2.95	
Canton MSA 15940	1,783	15.45	1.00	0.50	14.85	8.24	63.33	65.06	20.82	26.19	5.82	7.69	4.49	6.06	5.95	
Cleveland MSA 17460	3,648	31.61	4.83	1.15	12.41	7.07	48.22	57.81	34.54	33.96	2.25	1.40	1.93	2.66	1.91	
<b>Limited Review:</b>																
Columbus MSA 18140	271	2.35	3.51	1.48	17.46	9.23	42.33	55.35	36.70	33.95	0.26	0.10	0.21	0.29	0.27	
Mansfield MSA 31900	509	4.41	0.16	0.00	14.17	9.63	58.08	60.12	27.58	30.26	5.22	0.00	1.10	5.78	5.61	
Sandusky MSA 41780	186	1.61	0.00	0.00	18.57	2.15	65.56	60.75	15.87	37.10	2.05	0.00	0.00	1.98	4.33	
Toledo MSA 45780	79	0.68	3.20	0.00	16.37	7.59	49.55	48.10	30.88	44.30	0.27	0.00	0.26	0.27	0.29	
Ashtabula County	467	4.05	0.00	0.00	11.09	8.78	88.91	91.22	0.00	0.00	5.49	0.00	6.62	5.35	0.00	
Ohio Non-MSA Areas	1,995	17.29	0.00	0.00	3.09	1.70	84.16	85.81	12.75	12.48	6.38	0.00	2.34	6.73	4.91	

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: PENNSYLVANIA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mort Refi Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Lawrence County	413	100.00	2.17	0.24	6.94	7.75	73.60	64.89	17.29	27.12	7.54	8.33	7.89	7.05	9.16	

\* Based on 2007 Peer Mortgage Data (Eastern)

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

\*\*\* The % of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area. (2000 Census)

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multi-family Loans**

Geographic Distribution: MULTI-FAMILY			Geography: OHIO				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share (%) by Geography				
MA/Assessment Area:	Total Multi-family Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Akron MSA 10420	22	23.91	12.03	4.55	24.76	27.27	44.88	45.45	18.33	22.73	12.50	12.50	0.00	7.69	36.36	
Canton MSA 15940	8	8.70	6.14	0.00	16.17	25.00	48.81	62.50	28.88	12.50	10.34	0.00	14.29	6.25	16.67	
Cleveland MSA 17460	50	54.35	12.81	8.00	25.25	20.00	44.29	62.00	17.66	10.00	4.97	0.00	3.51	6.94	5.88	
<b>Limited Review:</b>																
Columbus MSA 18140	1	1.09	12.69	0.00	31.82	0.00	34.21	0.00	21.29	100.00	0.41	0.00	0.00	0.00	3.13	
Mansfield MSA 31900	4	4.35	1.06	0.00	25.75	50.00	53.27	25.00	19.92	25.00	15.79	0.00	14.29	14.29	20.00	
Sandusky MSA 41780	1	1.09	0.00	0.00	31.32	100.00	48.15	0.00	20.53	0.00	0.00	0.00	0.00	0.00	0.00	
Toledo MSA 45780	0	0.00	7.57	0.00	22.77	0.00	51.38	0.00	18.29	0.00	0.00	0.00	0.00	0.00	0.00	
Ashtabula County	2	2.17	0.00	0.00	29.25	50.00	70.75	50.00	0.00	0.00	40.00	0.00	33.33	50.00	0.00	
Ohio Non-MSA Areas	4	4.35	0.00	0.00	6.78	0.00	84.71	100.00	8.51	0.00	15.79	0.00	0.00	15.79	0.00	

Geographic Distribution: MULTI-FAMILY			Geography: PENNSYLVANIA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share (%) by Geography				
MA/Assessment Area:	Total Multi-family Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Lawrence County	1	100.00	19.59	0.00	26.45	0.00	28.99	0.00	24.97	100.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2007 Peer Mortgage Data (Eastern)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi-Family Units is the number of multi-family units in a particular geography divided by the number of multifamily housing units in the area. (2000 Census)

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: OHIO				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans						
<b>Full Review:</b>																
Akron MSA 10420	2,553	26.88	9.15	12.77	14.36	17.00	43.51	41.13	32.98	29.10	2.32	5.25	3.86	2.14	1.75	
Canton MSA 15940	1,179	12.41	4.12	4.07	15.47	11.62	55.02	54.28	25.40	30.03	2.16	2.18	2.48	2.14	2.19	
Cleveland MSA 17460	4,101	43.18	8.01	4.80	14.96	9.12	40.66	46.35	35.66	39.72	1.18	1.25	0.82	1.38	1.11	
<b>Limited Review:</b>																
Columbus MSA 18140	260	2.74	7.91	6.54	18.97	18.46	37.62	31.54	35.51	43.46	0.15	0.20	0.23	0.15	0.12	
Mansfield MSA 31900	150	1.58	3.49	3.33	20.43	24.67	51.75	38.00	24.33	34.00	0.89	0.56	1.82	0.65	0.86	
Sandusky MSA 41780	96	1.01	0.00	0.00	24.61	5.21	60.06	69.79	15.33	25.00	0.93	0.00	0.21	1.09	1.26	
Toledo MSA 45780	174	1.83	5.23	2.87	14.01	18.97	47.16	50.00	33.61	28.16	0.37	0.21	0.50	0.43	0.30	
Ashtabula County	224	2.36	0.00	0.00	16.45	13.39	83.55	86.61	0.00	0.00	1.70	0.00	1.36	1.81	0.00	
Ohio Non-MSA Areas	760	8.00	0.00	0.00	3.19	1.97	87.21	91.58	9.60	6.45	1.70	0.00	2.16	1.86	0.95	

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: PENNSYLVANIA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total*	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans						
<b>Full Review:</b>																
Lawrence County	80	100.00	8.62	15.00	10.22	10.00	60.44	48.75	20.73	26.25	0.76	1.52	0.75	0.65	0.86	

\* Based on 2007 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2007).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS			Geography: OHIO				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans						
<b>Full Review:</b>																
Akron MSA 10420	2	4.76	2.78	0.00	7.12	50.00	58.00	50.00	32.10	0.00	1.43	0.00	20.00	0.00	0.00	
Canton MSA 15940	0	0.00	1.16	0.00	7.48	0.00	70.58	0.00	20.77	0.00	0.00	0.00	0.00	0.00	0.00	
Cleveland MSA 17460	2	4.76	2.19	0.00	6.59	0.00	50.63	100.00	40.49	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Columbus MSA 18140	0	0.00	1.88	0.00	11.13	0.00	54.99	0.00	32.00	0.00	0.00	0.00	0.00	0.00	0.00	
Mansfield MSA 31900	1	2.38	0.30	0.00	2.67	0.00	71.22	0.00	25.82	100.00	0.00	0.00	0.00	0.00	0.00	
Sandusky MSA 41780	2	4.76	0.00	0.00	6.57	0.00	80.75	100.00	12.68	0.00	9.09	0.00	0.00	11.11	0.00	
Toledo MSA 45780	4	9.52	1.22	0.00	6.52	0.00	59.88	100.00	32.38	0.00	0.41	0.00	0.00	0.52	0.00	
Ashtabula County	3	7.14	0.00	0.00	3.78	0.00	96.22	100.00	0.00	0.00	2.22	0.00	0.00	2.27	0.00	
Ohio Non-MSA Areas	28	66.67	0.00	0.00	0.50	0.00	83.85	67.86	15.65	32.14	0.79	0.00	0.00	0.47	3.17	

Geographic Distribution: SMALL LOANS TO FARMS			Geography: PENNSYLVANIA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans						
<b>Full Review:</b>																
Lawrence County	0	0.00	0.50	0.00	2.97	0.00	77.23	0.00	19.31	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2007 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2007).

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

Borrower Distribution: HOME PURCHASE		Geography: OHIO										Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Akron MSA 10420	1,973	21.68	19.24	21.67	18.62	28.02	23.21	22.46	38.93	27.86	2.78	7.22	3.64	2.10	1.65	
Canton MSA 15940	1,993	21.90	17.39	11.88	19.20	25.85	23.89	27.49	39.52	34.78	6.12	7.60	7.11	5.03	5.90	
Cleveland MSA 17460	2,350	25.83	20.34	15.81	18.08	30.09	22.21	24.40	39.37	29.70	1.33	2.64	1.66	1.10	0.99	
<b>Limited Review:</b>																
Columbus MSA 18140	194	2.13	19.44	13.83	18.02	34.04	22.64	26.60	39.90	25.53	0.16	0.29	0.33	0.12	0.05	
Mansfield MSA 31900	489	5.37	17.95	19.05	19.32	27.33	23.37	24.84	39.36	28.78	5.01	8.33	6.14	5.63	2.86	
Sandusky MSA 41780	137	1.51	19.00	6.57	18.59	24.82	23.34	25.55	39.07	43.07	1.69	0.00	0.71	1.27	2.77	
Toledo MSA 45780	85	0.93	21.22	17.07	17.65	23.17	22.05	25.61	39.07	34.15	0.11	0.33	0.14	0.10	0.04	
Ashtabula County	263	2.89	19.55	10.89	19.97	24.51	23.97	30.35	36.51	34.24	4.31	4.46	2.25	2.96	6.86	
Ohio Non-MSA Areas	1,615	17.75	15.28	10.59	19.00	29.20	25.17	28.77	40.55	31.44	6.22	6.91	6.87	6.43	5.50	

Borrower Distribution: HOME PURCHASE		Geography: PENNSYLVANIA										Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total*	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Lawrence County	563	100.00	18.03	16.37	19.37	25.62	23.21	30.43	39.39	27.58	7.77	10.17	5.79	10.73	6.19	

\* Based on 2007 Peer Mortgage Data (Eastern)

\*\* As a % of loans with borrower income information available. No information was available for 1.9% of loans originated and purchased by bank in Ohio and 0.2% in Pennsylvania.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: OHIO								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Akron MSA 10420	873	26.68	19.24	17.02	18.62	29.25	23.21	28.55	38.93	25.17	11.45	16.50	12.29	10.59	9.92
Canton MSA 15940	430	13.14	17.39	16.08	19.20	24.11	23.89	27.90	39.52	31.91	11.49	15.74	11.06	10.11	11.52
Cleveland MSA 17460	1,197	36.58	20.34	15.00	18.08	20.56	22.21	28.14	39.37	36.31	4.43	4.67	3.77	3.89	5.10
<b>Limited Review:</b>															
Columbus MSA 18140	79	2.41	19.44	10.13	18.02	17.72	22.64	22.78	39.90	49.37	0.91	0.79	0.98	0.66	1.06
Mansfield MSA 31900	105	3.21	17.95	17.48	19.32	20.39	23.37	30.10	39.36	32.04	6.10	9.26	4.35	6.45	5.77
Sandusky MSA 41780	30	0.92	19.00	6.67	18.59	16.67	23.34	33.33	39.07	43.33	4.93	4.35	1.69	8.93	4.71
Toledo MSA 45780	28	0.86	21.22	0.00	17.65	48.15	22.05	25.93	39.07	25.93	0.53	0.00	1.39	0.25	0.34
Ashtabula County	151	4.61	19.55	11.92	19.97	20.53	23.97	25.17	36.51	42.38	10.06	18.18	7.35	6.80	12.80
Ohio Non-MSA Areas	379	11.58	15.28	6.63	19.00	20.95	25.17	32.89	40.55	39.52	10.41	4.55	10.71	10.89	11.11

Borrower Distribution: HOME IMPROVEMENT			Geography: PENNSYLVANIA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Lawrence County	89	100.00	18.03	13.48	19.37	23.60	23.21	29.21	39.39	33.71	6.75	5.88	6.06	7.30	6.95

\* Based on 2007 Peer Mortgage Data (Eastern)

\*\* As a % of loans with borrower income information available. No information was available for 1.1% of loans originated and purchased by bank in Ohio and 0.0% in Pennsylvania.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: OHIO				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share*				
MA/Assessment Area:	Total Home Mort Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans**	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans***						
<b>Full Review:</b>																
Akron MSA 10420	2,602	22.55	19.24	16.27	18.62	25.02	23.21	27.23	38.93	31.48	4.49	8.04	5.00	4.39	3.46	
Canton MSA 15940	1,783	15.45	17.39	12.97	19.20	22.95	23.89	26.86	39.52	37.22	6.44	9.80	6.45	5.95	6.00	
Cleveland MSA 17460	3,648	31.61	20.34	13.49	18.08	24.38	22.21	27.79	39.37	34.34	2.50	3.54	2.62	2.37	2.30	
<b>Limited Review:</b>																
Columbus MSA 18140	271	2.35	19.44	7.03	18.02	26.95	22.64	24.61	39.90	41.41	0.28	0.21	0.27	0.39	0.23	
Mansfield MSA 31900	509	4.41	17.95	11.71	19.32	21.43	23.37	30.16	39.36	36.71	5.81	6.82	6.02	5.97	5.26	
Sandusky MSA 41780	186	1.61	19.00	9.29	18.59	23.50	23.34	32.24	39.07	34.97	2.29	2.00	2.55	2.89	1.78	
Toledo MSA 45780	79	0.68	21.22	11.84	17.65	19.74	22.05	17.11	39.07	51.32	0.27	0.48	0.41	0.15	0.23	
Ashtabula County	467	4.05	19.55	8.87	19.97	21.65	23.97	32.47	36.51	37.01	6.07	7.62	5.69	4.97	6.73	
Ohio Non-MSA Areas	1,995	17.29	15.28	8.23	19.00	22.14	25.17	28.69	40.55	40.93	6.98	8.50	6.08	6.58	7.48	

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: PENNSYLVANIA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007					Market Share*				
MA/Assessment Area:	Total Home Mort Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans***	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans**						
<b>Full Review:</b>																
Lawrence County	413	100.00	18.03	8.74	19.37	22.09	23.21	27.91	39.39	41.26	8.00	8.04	8.44	6.50	8.84	

\* Based on 2007 Peer Mortgage Data (Eastern)

\*\* As a % of loans with borrower income information available. No information was available for 1.5% of loans originated and purchased by bank in Ohio and 0.2% in Pennsylvania.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: OHIO		Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Akron MSA 10420	2,553	26.77	67.04	32.78	45.24	26.95	27.81	2.32	2.16
Canton MSA 15940	1,179	12.36	66.99	38.34	48.26	22.22	29.52	2.16	2.47
Cleveland MSA 17460	4,141	43.42	67.19	34.82	46.53	24.90	28.57	1.18	1.19
<b>Limited Review:</b>									
Columbus MSA 18140	260	2.73	63.74	33.46	38.08	28.46	33.46	0.15	0.14
Mansfield MSA 31900	150	1.57	65.57	46.00	58.67	28.00	13.33	0.89	1.14
Sandusky MSA 41780	96	1.01	65.75	37.50	47.92	30.21	21.88	0.93	1.24
Toledo MSA 45780	174	1.82	64.56	32.76	34.48	27.59	37.93	0.37	0.33
Ashtabula County	224	2.35	63.73	41.52	43.75	33.93	22.32	1.70	1.56
Ohio Non-MSA Areas	760	7.97	63.86	36.45	52.50	23.03	24.47	1.70	1.51

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: PENNSYLVANIA		Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Lawrence County	80	100.00	67.19	38.75	66.25	25.00	8.75	0.76	0.28

\* Based on 2007 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&amp;B - 2007).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a % of all loans reported as small loans to businesses. No information was available for 8.82% of small loans to businesses originated and purchased by the bank in Ohio, and 7.50% in Pennsylvania.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: OHIO			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Akron MSA 10420	2	4.76	96.95	50.00	50.00	50.00	0.00	1.43	1.85
Canton MSA 15940	0	0.00	97.68	0.00	0.00	0.00	0.00	0.00	0.00
Cleveland MSA 17460	2	4.76	96.61	50.00	50.00	0.00	50.00	0.00	0.00
<b>Limited Review:</b>									
Columbus MSA 18140	0	0.00	95.73	0.00	0.00	0.00	0.00	0.00	0.00
Mansfield MSA 31900	1	2.38	98.22	100.00	100.00	0.00	0.00	0.00	0.00
Sandusky MSA 41780	2	4.76	96.71	100.00	0.00	50.00	50.00	9.09	11.11
Toledo MSA 45780	4	9.52	95.82	100.00	0.00	100.00	0.00	0.41	0.45
Ashtabula County	3	7.14	97.97	100.00	0.00	0.00	100.00	2.22	2.94
Ohio Non-MSA Areas	28	66.67	98.32	53.57	53.57	28.57	17.86	0.79	0.49

Borrower Distribution: SMALL LOANS TO FARMS		Geography: PENNSYLVANIA			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2007				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total* *	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Lawrence County	0	0.00	99.50	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2007 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2007).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a % of all loans reported as small loans to farms. No information was available for 7.14% of small loans to farms originated and purchased by the bank in Ohio and 0.0% in Pennsylvania.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: OHIO				Evaluation Period: MAY 17, 2004 TO NOVEMBER 17, 2008				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)	
<b>Full Review:</b>										
Akron MSA 10420	11	996	59	9,472	70	10,468	30.30	0	0	
Canton MSA 15940	4	381	27	2,686	31	3,067	8.88	0	0	
Cleveland MSA 17460	10	603	77	7,898	87	8,501	24.60	0	0	
<b>Limited Review:</b>										
Columbus MSA 18140	7	812	16	5,494	23	6,306	18.25	0	0	
Mansfield MSA 31900	5	510	4	245	9	755	2.18	0	0	
Sandusky MSA 41780	0	0	2	1	2	1	0.00	0	0	
Toledo MSA 45780	5	982	9	1,108	14	2,090	6.05	0	0	
Ashtabula County	5	155	6	757	11	912	2.64	0	0	
Ohio Non-MSA Areas	2	261	17	2,192	19	2,453	7.10	0	0	

QUALIFIED INVESTMENTS		Geography: PENNSYLVANIA				Evaluation Period: MAY 17, 2004 TO NOVEMBER 17, 2008				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)	
<b>Full Review:</b>										
Lawrence County	0	0	4	27	4	27	100.00	0	0	

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

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY AND BRANCH OPENINGS/CLOSINGS																	
Geography: OHIO																	
Evaluation Period: MAY 17, 2004 TO NOVEMBER 17, 2008																	
MA/Assessment Area:	Deposit s	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposit s in AA	# of BANK Branc hes	% of Rated Area Branche s in AA	Location of Branches by Income of Geographies (%)				# of Branch Openin gs	# of Branch Closing s	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Akron MSA 10420	34.00	35	22.58	11.43	17.14	45.71	25.71	1	3	-1	0	0	-1	6.29	21.45	48.11	24.15
Canton MSA 15940	17.05	16	10.32	6.25	12.50	62.50	18.75	0	0	0	0	0	0	2.03	17.52	60.40	20.05
Cleveland MSA 17460	33.35	60	38.71	6.67	5.00	53.33	35.00	4	7	-1	-1	0	-1	9.74	16.77	43.79	29.67
<b>Limited Review:</b>																	
Columbus MSA 18140	2.47	14	9.03	0.00	7.14	42.86	50.00	6	1	0	1	2	2	7.71	23.00	38.99	30.31
Mansfield MSA 31900	1.47	4	2.58	0.00	25.00	50.00	25.00	0	0	0	0	0	0	2.08	17.95	56.06	23.91
Sandusky MSA 41780	0.49	1	0.64	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	24.16	61.49	14.35
Toledo MSA 45780	1.23	3	1.94	0.00	0.00	66.67	33.33	2	0	0	0	1	1	7.02	20.24	45.82	26.91
Ashtabula County	2.51	5	3.23	0.00	20.00	80.00	0.00	0	0	0	0	0	0	0.00	14.81	85.19	0.00
Ohio Non-MSA Areas	7.43	17	10.97	0.00	0.00	94.12	5.88	0	0	0	0	0	0	0.00	3.68	84.95	11.37

DISTRIBUTION OF BRANCH DELIVERY AND BRANCH OPENINGS/CLOSINGS																	
Geography: PENNSYLVANIA																	
Evaluation Period: MAY 17, 2004 TO NOVEMBER 17, 2008																	
MA/Assessment Area:	Deposit s	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposit s in AA	# of BANK Branc hes	% of Rated Area Branche s in AA	Location of Branches by Income of Geographies (%)				# of Branch Openin gs	# of Branch Closing s	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Lawrence County	100.00	4	100.00	25.00	0.00	50.00	25.00	0	0	0	0	0	0	4.26	9.29	68.72	17.73