



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

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Community Reinvestment Act Performance Evaluation

FirstMerit Bank, N.A.
Charter Number: 14579

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Office of the Comptroller of the Currency

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

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General Information

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

*This document is an evaluation of the CRA performance of **FirstMerit Bank, N.A.** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **July 10, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

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

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

Assessment Area (AA) - A geographic area delineated within which the OCC evaluates the bank's record of helping meet the credit needs of its community. AAs consist generally of one or more MSAs or one or more contiguous political subdivisions, such as counties, cities, or towns. AAs include the geographies in which the bank has its main office, its branches, and its deposit-taking ATMs, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Overall CRA Rating

Institution's CRA Rating: 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:

- y Lending levels in Ohio, the bank's principal state of operation, are good.
- y The geographic distribution of loans among geographies is excellent in Ohio, and excellent in the two largest assessment areas (AAs). A substantial majority (94 percent) of FirstMerit's reported loans during the evaluation period were to borrowers located within the bank's AAs.
- y The distribution of FirstMerit's loans among borrowers of different income levels is excellent in Ohio. Performance is excellent in each Ohio full-scope AA for home purchase and home improvement lending, demonstrating a strong responsiveness to addressing identified community credit needs.
- y Community development lending activities, and flexible and innovative lending practices, have a positive impact on Lending Test performance in Ohio.
- y Investment activity reflects a good responsiveness to the needs of the community in each full-scope AA in Ohio and Pennsylvania. FirstMerit Corporation's equity investment in the FirstMerit Community Development Corporation is considered particularly positive.

- y The accessibility of FirstMerit's delivery systems to the geographies and individuals of different income levels is good in Ohio and Pennsylvania, and excellent in Akron, Ohio, the bank's principal market area. The provision of community development services in Ohio and Pennsylvania is also good.

Description of Institution

FirstMerit Bank, National Association (FirstMerit) is a \$10.5 billion interstate bank headquartered in Akron, Ohio. FirstMerit has 169 banking offices throughout 21 counties in north and central Ohio and one county in western Pennsylvania. FirstMerit is a wholly owned subsidiary of FirstMerit Corporation, an \$11 billion holding company. FirstMerit Corporation subsidiaries include a credit life insurance company and a community development corporation. Bank subsidiaries include a mortgage corporation and a company providing financing for manufactured housing. At the request of the bank, we considered the activities of FirstMerit Mortgage Corporation and FirstMerit Corporation's investment in the FirstMerit Community Development Corporation in this evaluation. These affiliates increase FirstMerit's capacity to reinvest in the community through home mortgage lending, CD lending, qualified investment, and CD service activities.

The bank and holding company have experienced significant growth during the past three years, both having doubled in size since year-end 1997. Growth has primarily been achieved through merger and acquisition activities with other community bank organizations. Since the last CRA evaluation, FirstMerit Corporation completed acquisitions of Signal Corporation and Security First Corporation, and merged those banking operations into FirstMerit.

Signal Corporation, a \$1.9 billion holding company headquartered in Wooster, Ohio, was acquired in February 1999. Signal's subsidiaries included Signal Bank, N.A., Summit Bank, N.A., and Mobile Consultants, Inc. in Ohio, and First Federal Savings Bank of New Castle, Pennsylvania. This acquisition enhanced FirstMerit's presence in Wayne, Summit, Stark, and Medina Counties in northeast Ohio, and gained entry to the adjoining counties of Knox, Ashland, and Richland. The acquisition also resulted in FirstMerit entering the Toledo Ohio MSA, and the state of Pennsylvania.

The acquisition of Security First Corporation, a \$678 million holding company headquartered in Mayfield Heights, Ohio, was completed in October 1998. Its subsidiaries included Security Federal Savings and Loan Association of Cleveland and First Federal Savings Bank of Kent. This enhanced FirstMerit's presence in northeast Ohio's Astabula, Cuyahoga, Geauga, Lake, and Medina Counties.

FirstMerit is primarily a retail and commercial bank. The level of complexity and primary business lines are characteristic of a large community bank more so than a regional financial institution. FirstMerit's loan portfolio, totaling \$7.5 billion as of June 30, 2000, is 44 percent real estate, 26 percent commercial, and 29 percent consumer. Within the real estate segment, 62 percent of loans are residential with the remainder commercial. Commercial clients are primarily small and medium size businesses. Tier 1 Capital was \$776.6 million. No financial or legal impediments hinder FirstMerit's ability to address community needs. However, high degrees of competition coupled with a limited branch presence in the City of Cleveland impact FirstMerit's ability to address the needs within the City of Cleveland. Refer to the Scope of Evaluation in Ohio section under the State Ratings portion of this evaluation. The last CRA evaluation was performed as of June 30, 1998, which resulted in a "Satisfactory" rating.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending, Investment, and Service Tests is July 1, 1998 through July 10, 2000. We analyzed Home Mortgage Disclosure Act (HMDA) data for the eighteen-month period of July 1, 1998 through December 31, 1999. Our analysis of small loans to businesses and farms used data from January 1, 1998 through December 31, 1999, as no 1998 data was included in the last evaluation. The review period for CD loans, the Investment Test and Service Test is July 1, 1998 through July 10, 2000. As part of our evaluation and at the bank's request, we considered FirstMerit Corporation's investment in the FirstMerit Community Development Corporation and the lending activity of FirstMerit Mortgage Corporation.

Lending, investment, and service performance by Signal Corporation and Security First Corporation banks prior to merging into FirstMerit was not considered. FirstMerit entered two new markets (Toledo, Ohio MSA and Lawrence County, Pennsylvania) during the evaluation period as a result of the acquisition of Signal Corporation. Therefore, the evaluation period used to assess FirstMerit's CRA performance in those two markets is February 12, 1999 (date of acquisition) through July 10, 2000. Home mortgage, small business, and small farm data reflected in the tables in Appendix D is February 12, 1999 through December 31, 1999 for these two AAs only. The review period for CD loans, the Investment Test, and Service Test in these AAs is February 12, 1999 through July 10, 2000. Refer to the Description of Institution section for additional details regarding the acquisition.

Data Integrity

As part of this CRA evaluation, we tested the accuracy of FirstMerit's publicly filed information on home mortgage loans and small loans to businesses and farms. The test included an evaluation of FirstMerit's processes to ensure that data are reliable. No significant errors were found in the reported home mortgage and small business data.

CD loans, qualified investments, and CD services submitted by FirstMerit were reviewed to ensure that they met the regulatory definition for CD. Some items submitted by FirstMerit for consideration were excluded from this evaluation because they did not meet the definition or purpose of CD.

Selection of Areas for Full-Scope Review

Four of FirstMerit's eight AAs (Akron, Ohio MSA; Canton-Massillon, Ohio MSA; Cleveland-Elyria-Lorain, Ohio MSA; and Lawrence County, Pennsylvania) were selected for full-scope reviews. These AAs represent FirstMerit's major markets in each state, and account for approximately 86 percent of the bank's deposits, 82 percent of branches, and 87 percent of reported annualized lending activity. These areas also reflect approximately 79 percent of the population, businesses, and owner-occupied housing units within the bank's AAs in total. We assessed performance in the remaining four AAs was 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 for the State of Ohio received dominant consideration as approximately 96 percent of the bank's deposits, 98 percent of its branches, and 99 percent of reported lending activity is based in Ohio.

The state ratings are based primarily on our assessment of FirstMerit's performance in AAs that received full-scope reviews. Refer to the Scope of Evaluation section under each State Rating for details regarding how we weighed the areas in arriving at overall state ratings.

When determining conclusions for the Lending Test in each AA, loan products were generally weighed according to their relative volume within that AA. This approach

provided consideration to the bank's varied presence within the individual AAs. Consideration was also given to the manner in which loan products addressed identified needs of each AA. In the Ohio AAs, home purchase loans and small loans to businesses received the most weight. In the Lawrence County Pennsylvania AA, home purchase lending was weighted the most.

Community Contacts

During the evaluation, we performed eight community contacts to augment community contacts the OCC performed within the past year in the Cleveland-Elyria-Lorain and Akron MSAs. Of the eight contacts made, two were made in each of the Akron, Canton-Massillon, Cleveland-Elyria-Lorain, and Lawrence County full-scope AAs. Refer to the Scope sections under each State Rating and the Market Profiles in Appendix C for more information regarding community contacts performed during our full-scope analyses.

Fair Lending Review

We performed a comparative file review of 1999 home purchase loans. We sampled 30 denied Black applicants and 125 approved White applicants. The review found that all applicants were treated consistently without regard to their race. No violations of the substantive provisions of the anti-discrimination laws and regulations were identified during this review.

State Rating

| | |
|--------------------------------------|---------------------------------|
| CRA Rating for Ohio: | <u>Outstanding</u> |
| The Lending Test is rated: | <u>Outstanding</u> |
| The Investment Test is rated: | <u>High Satisfactory</u> |
| The Service Test is rated: | <u>High Satisfactory</u> |

The major factors that support this rating are summarized as follows:

- y Lending levels in each full-scope AA are good.
- y The geographic distribution of loans among geographies is excellent. Performance is excellent in the two largest full-scope AAs, and good in the third full-scope area. A substantial majority (96 percent) of FirstMerit's reported loans in Ohio during the evaluation period were to borrowers located within the bank's AAs.
- y The distribution of FirstMerit's loans among borrowers of different income levels is excellent overall, and excellent in each full-scope AA for home purchase and home improvement lending. This demonstrates an excellent responsiveness to addressing identified community credit needs.
- y Community development lending activity, and flexible and innovative lending practices, have a positive impact on Lending Test performance in Ohio.
- y Investment activity reflects a good responsiveness to the needs of the community in each full-scope AA. FirstMerit Corporation's equity investment in the FirstMerit Community Development Corporation is considered particularly positive.
- y The accessibility of FirstMerit's delivery systems to the geographies and individuals of different income levels is good overall, and excellent in the bank's principal market area. The bank's performance in providing community development services is good in each full-scope AA.

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. During the review period, the substantial majority of the bank's deposits (96 percent), branches (98 percent), home mortgage loans (99 percent), and small loans to businesses (99 percent) stem from Ohio. FirstMerit operates 165 branches and 181 ATMs in Ohio. With deposits totaling \$6.4 billion and a market share of 4.1 percent of insured deposits, FirstMerit is the sixth largest bank in the state. Competition is strong among financial service providers in all primary markets that FirstMerit operates in. Large regional institutions that FirstMerit competes with include Keybank, N.A.; National City Bank; Bank One, N.A.; Firststar Bank, N.A.; Huntington National Bank; Fifth Third Corporation banks, and Charter One Bank, F.S.B.

FirstMerit has seven AAs in Ohio. Located primarily in metropolitan areas of northeast and central Ohio, the AAs consist of the entire Akron MSA; a portion of the Canton-Massillon MSA; the entire Cleveland-Elyria-Lorain MSA; the entire Mansfield MSA; a small portion of the Columbus MSA; a small portion of the Toledo MSA; and a contiguous group of non-metropolitan counties consisting of Ashland, Erie, Huron, Knox, Seneca, and Wayne Counties. The bank's primary operations are centered in the Akron, Cleveland-Elyria-Lorain, and Canton-Massillon MSAs. 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-Massillon, and Cleveland-Elyria-Lorain MSA AAs were selected for full-scope reviews in Ohio. These AAs represent FirstMerit's major markets and account for approximately 86 percent of FirstMerit's Ohio deposits and 88 percent of lending activity during the evaluation period in Ohio. Limited-scope reviews were performed for the Columbus, Mansfield, and Toledo MSA AAs, as well as the non-metropolitan AA. Please refer to Appendix A for additional information regarding which areas received full-scope and limited-scope reviews.

State ratings are based primarily on conclusions reached in the evaluation of FirstMerit's performance in the three full-scope AAs. The individual AAs are generally weighed in accordance to their relative size, with consideration given to bank and market characteristics such as: dollar level of deposits; number of branches; number of reported loans; number of low- and moderate-income geographies and families; area population; number of businesses; and number of owner-occupied housing units. Performance in the Akron MSA was of particular

focus as this is FirstMerit's principal market and serves as the headquarters for the bank and holding company. In determining the ratings for Ohio, performance in the Akron MSA and the Cleveland-Elyria-Lorain MSA were weighed more heavily than performance in the Canton-Massillon MSA.

When assessing performance in the Cleveland-Elyria-Lorain MSA, we took into consideration that FirstMerit's presence varies greatly among different portions of the AA. In particular, FirstMerit's presence is small within the City of Cleveland (Cuyahoga County) compared to other parts of the AA. FirstMerit has only 1 percent of the deposit market share in Cuyahoga County. In contrast, FirstMerit's deposit market shares range from 8 percent to 33 percent in the other counties in the AA, and exceeds 30 percent in three of those counties. While the bank has 81 offices in the AA and 21 offices within Cuyahoga County, only 4 (5 percent) are located in Cleveland. FirstMerit's lending distribution is commensurate with this branch structure as seven percent of AA lending activity occurred within the City of Cleveland during the evaluation period. We took into consideration that FirstMerit's branch structure and limited presence in the City of Cleveland resulted from acquisition activities of various institutions over the years. We also considered that banking competition is strong within Cleveland. Four large financial institutions are headquartered in Cleveland with 15 other institutions also operating branches in the city. This level of competition, coupled with FirstMerit's limited branch presence, impacts the bank's ability to effectively address the needs of this segment of the community. Refer to the Market Profile section in Appendix C of this evaluation for additional detail. We considered FirstMerit's performance within the entire AA. However, we placed more emphasis on the portion of the AA that is outside of the City of Cleveland to coincide with the areas where FirstMerit has a material presence.

When we drew our conclusions for the Lending Test in each AA, loan products were weighed with consideration given to the identified needs of the assessment area and, the relative volume of each loan type within that AA. This approach provided consideration to the bank's varied presence within the individual AAs. In the Ohio AAs, home purchase loans and small loans to businesses received the most weight.

During the evaluation, we performed six community contacts in Ohio to augment community contacts the OCC had performed within the past year in the Cleveland-Elyria-Lorain and Akron MSAs. Of the six contacts made, two were made in each of the Akron, Canton-Massillon, and Cleveland-Elyria-Lorain MSAs. In the Akron MSA, community contacts identified the need for affordable single-family and multi-family housing units (owner and rental), home rehabilitation, and jobs for the low- and moderate-income population. In the Canton-Massillon MSA, contacts reflected that the main community credit needs are affordable single family and multi-family housing. In the Cleveland-Elyria-Lorain MSA, affordable housing, home

improvement, and special financing for borrowers with credit problems and those needing down payment assistance were identified. Small business needs include financing for small businesses, especially start-up loans and micro-loans. Refer to the Market Profiles in Appendix C of this Evaluation for more information.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in Ohio is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Akron and Cleveland-Elyria-Lorain MSAs is excellent, and good in the Canton-Massillon MSA.

Lending Activity

Refer to Table 1 in the State of Ohio section of Appendix D for the facts and data used to evaluate the bank's lending activity. The data presented in Table 1 reflects home mortgage data reported for an 18 month period, and data on small loans to businesses and farms for a 24 month period. Refer to the Scope of Evaluation section for a description of the time periods covered for each product line considered in the evaluation. The difference in time periods was considered when making comparisons of the lending volumes for each loan product discussed below.

FirstMerit's lending activity is good in the Akron, Canton-Massillon and Cleveland-Elyria-Lorain full-scope MSA AAs.

In the Akron MSA, approximately 61 percent of the loans originated/purchased during the evaluation period are home mortgage loans and approximately 39 percent are small loans to businesses. In the Canton-Massillon AA, approximately 70 percent of the loans are home mortgage with 30 percent representing small loans to businesses. In the Cleveland-Elyria-Massillon AA, approximately 55 percent of the loans are home mortgage loans and 45 percent are small loans to businesses. At less than 1 percent in each full-scope AA, the volume of FirstMerit's small loans to farms is not material. Agricultural lending is not a primary business line of FirstMerit.

Among home mortgage loan originations/purchases in the Akron MSA, approximately 32 percent are home purchase, 53 percent are home refinance, and

15 percent are home improvement. In the Canton-Massillon MSA, approximately 39 percent are home purchase, 51 percent are home refinance, and 10 percent are home improvement. In the Cleveland-Elyria-Lorain MSA, approximately 34 percent are home purchase, 51 percent are home refinance, and 15 percent are home improvement.

In the Akron MSA, FirstMerit's lending activity is commensurate with its share of the deposit market, especially considering the large number of lending competitors operating in the area. FirstMerit ranks first in terms of deposits among depository institutions with a 28 percent market share. According to 1999 aggregate HMDA data, FirstMerit is the third largest originator/purchaser of home purchase loans (4.10 percent market share) and fourth largest refinance lender (4.65 percent share) in the AA. FirstMerit is the third largest lender for both products behind a large savings bank and a large national mortgage company. Less than one percentage point separates the top five lenders for both products. FirstMerit is the third largest originator/purchaser of home improvement loans (11.04 percent share) behind two larger commercial banks. Less than 5.5 percentage points separate the top three lenders. While the bank's market share percentages for home mortgage loans are lower than its deposit market share, this performance is typical of a large bank which is one of over 400 reporting mortgage lenders within the AA. Based on 1999 aggregate CRA data, FirstMerit ranks second in originations/purchases of small loans to businesses (15.9 percent share) and dominates the market in terms of loan dollar volume (30 percent share).

In the Canton MSA, FirstMerit's lending activity is commensurate with its share of the deposit market. FirstMerit ranks first in terms of deposits among depository institutions with a market share of 29 percent. Based on 1999 aggregate HMDA data, FirstMerit is the largest originator/purchaser of home purchase loans (8.61 percent market share) and the third largest home refinance lender (7.03 percent share) within the AA, behind a large savings bank and a large regional bank. There are over 300 lenders for these products in the AA. FirstMerit is the fourth largest home improvement lender (10.53 percent share) behind three large regional banks. Based on 1999 aggregate CRA data, FirstMerit ranks second in the origination/purchase of small loans to businesses with a 16.02 percent market share. FirstMerit is less than one percentage point behind a large national lender, and is the dominant market leader in terms of loan dollar volume.

In the Cleveland MSA, FirstMerit's lending activity is commensurate with its share of the deposit market, especially considering the large number of lending competitors operating in the area. FirstMerit ranks fifth in terms of deposits among depository institutions with a market share of 5 percent. Two large regional banks and two large savings banks dominate the market with a combined deposit market share of 59 percent. FirstMerit's market share for small loans to businesses exceeds its deposit market share in the AA. Based on 1999 aggregate CRA data,

FirstMerit ranks third in originations/purchases of small loans to businesses (9.54 percent) in the AA and is the dominant market leader in terms of loan dollar volume (23 percent). Based on 1999 HMDA aggregate data, FirstMerit is ranked ninth in the origination/purchase of home purchase loans (2.15 percent market share), and sixth among originators/purchasers of home refinance loans (2.71 percent market share). There are over 500 lenders for these two products in the AA. FirstMerit ranks eighth for home improvement loans (4.52 percent) behind six larger commercial banks and an equity lending affiliate of another larger commercial bank. The top five lenders account for over 53 percent of the market consisting of over 100 reporting home improvement lenders in the AA.

Distribution of Loans by Income Level of the Geography

The geographic distribution of FirstMerit's home mortgage loans and small loans to businesses is excellent. From the review of full-scope AAs, performance is excellent in the Akron and Cleveland-Elyria-Lorain MSAs, and adequate in the Canton-Massillon MSA. Furthermore, a substantial majority of FirstMerit's reported loans stem from the bank's AAs. The volume of FirstMerit's small loans to farms was not significant enough to perform meaningful analyses.

Home Mortgage Loans

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

Home Purchase Loans

The geographic distribution of home purchase loans is excellent in the Akron and Cleveland-Elyria-Lorain MSAs, and good in the Canton MSA.

In the Akron MSA, the portion of home purchase loans in low- and moderate-income geographies exceeds the portion of owner-occupied housing units that are within those geographies. The bank's market share for loans in both low- and moderate-income geographies in the AA exceeds the bank's overall market share.

In the Cleveland-Elyria-Lorain MSA overall, the portion of home purchase loans in moderate-income geographies is near to the portion of owner-occupied housing units that are within those geographies. The portion of home purchase loans in low- income geographies, however, is significantly lower than the portion of owner-occupied housing units that are within those geographies. The market share for

loans in low-income geographies is significantly lower than the bank's overall market share for home purchase loans in the AA, while the bank's market share in moderate-income geographies is near the bank's overall market share.

As discussed within the Scope of Evaluation in Ohio section, when drawing conclusions regarding FirstMerit's performance in the Cleveland-Elyria-Lorain MSA, we placed more emphasis on performance in the portions of the AA where FirstMerit has a material presence. Our analysis reflected that FirstMerit's performance is excellent in the segment of the AA that is outside of the City of Cleveland. The portion of home purchase loans in both low- and moderate-income geographies exceeds the portion of owner-occupied housing units that are within those geographies. While 0.73 percent of FirstMerit loans are in low-income geographies, 0.72 percent of owner-occupied housing units are located there. Approximately 9 percent of FirstMerit loans are in moderate-income geographies, whereas 6.7 percent of owner-occupied housing units are located there. FirstMerit's 1999 market share for home purchase loans in both low- (2.6 percent) and moderate-income geographies (3.3 percent) exceeds the bank's overall market share of 2.5 percent in that segment of the AA.

When we analyzed FirstMerit's performance within the portion of the AA that is comprised of the City of Cleveland, we determined performance to be good overall, considering the bank's limited presence there. The portion of home purchase loans in moderate-income geographies (46.7 percent) exceeds the portion of owner-occupied housing units within those geographies (37.5 percent). The portion of home purchase loans in low-income geographies (18.3 percent) is lower than the comparable demographic (24.7 percent). However, due to low loan volume, the percentage difference is reflected by less than one loan. FirstMerit's market share for home purchase loans moderate-income geographies of the City of Cleveland exceeds the bank's overall Cleveland market share. FirstMerit's share of the low-income segment is slightly less than its overall Cleveland market share. However, with the bank's home purchase market share at approximately one half of one percent, performance in the individual segments of the City of Cleveland represents few loans. FirstMerit's performance in this portion of the AA is consistent with the bank's minimal branch presence, especially when considering that FirstMerit is one of nearly 250 lenders reporting home purchase lending activity within the City of Cleveland.

In the Canton-Massillon MSA, performance in moderate-income geographies is excellent. The portion of loans in moderate-income geographies exceeds the portion of owner-occupied housing units that are within those geographies. Based on 1999 aggregate HMDA data, FirstMerit is the market leader in moderate-income geographies, with a market share that exceeds the bank's overall home purchase market share for the AA. While the portion of home purchase loans in low-income geographies is significantly lower than the portion of owner-occupied housing units

that are within those geographies, this level of performance is adequate, as the difference in percentages represents only five loans.

Home Improvement Loans

The geographic distribution of home improvement loans is excellent in the Akron and Cleveland-Elyria-Lorain MSAs, and good in the Canton-Massillon MSA.

In the Akron MSA, the portion of home improvement loans in low- and moderate-income geographies exceeds the portion of owner-occupied housing units that are within those geographies. The bank's market share in moderate-income geographies exceeds its overall market share, while its share in low-income geographies is lower.

In the Cleveland-Elyria-Lorain MSA, performance is excellent as the portion of home improvement loans in low-income geographies and moderate-income geographies exceeds the portion of owner-occupied housing units that are within those geographies. FirstMerit's market share for loans in moderate-income geographies exceeds the bank's overall home improvement market share for the AA, although the bank's share in the low-income segments is lower.

Our analysis reflected that FirstMerit's performance is also excellent in the segment of the Cleveland-Elyria-Lorain MSA that is outside of the City of Cleveland. The portion of home improvement loans in low- and moderate-income geographies exceeds the portion of owner-occupied housing units that are within those geographies. Where 1.4 percent of loans are in low-income areas, 0.72 percent of owner-occupied housing units are located in that part of the area. The portion of loans in moderate-income areas (16.7 percent) significantly exceeds the 6.75 percent of the area's owner-occupied housing units located there. FirstMerit's 1999 home improvement market share in moderate-income geographies (7.0 percent) exceeds its overall 5.3 percent share of this portion of the AA, although its 3.2 percent share in low-income geographies is lower.

When we analyzed FirstMerit's performance within the portion of the AA that is comprised of the City of Cleveland, we determined performance to be excellent, considering the bank's limited presence there. The portion of home improvement loans in low-income geographies (31.4 percent) exceeds the portion of owner-occupied housing units within those geographies (24.7 percent). The portion of loans in moderate-income geographies (41.7 percent) exceeds the comparable demographic (37.5 percent). FirstMerit's market share for home improvement loans in moderate-income geographies of the City of Cleveland exceeds the bank's overall Cleveland market share. The bank's share of the low-income segment is slightly less than its overall share. However, with the bank's home improvement market share at approximately 2.3 percent, performance in individual segments of

the market does not represent many loans. This performance is consistent with FirstMerit's lack of a material branch presence, combined with the fact that FirstMerit is one of many lenders making loans within the City of Cleveland

In the Canton-Massillon MSA, performance in moderate-income geographies is excellent, while adequate in low-income geographies. The portion of loans in moderate-income geographies significantly exceeds the portion of owner-occupied housing units that are within those geographies. While the portion of loans in low-income areas is less than the percentage of owner-occupied housing units, the difference in the percentages represents only two loans. While FirstMerit's market shares in the low- and moderate-income areas are lower than its overall home improvement share for this AA, the differences in terms of number of loans are not substantial.

Home Refinance Loans

The geographic distribution of home mortgage refinance loans is excellent in the Cleveland-Elyria-Lorain MSA, adequate in the Akron MSA, and poor in the Canton-Massillon MSA.

In the Akron MSA, the portion of home refinance loans in low-income geographies exceeds the portion of owner-occupied housing units that are within those geographies. The portion of loans in moderate-income geographies is lower than the portion of owner-occupied housing units within those geographies. FirstMerit's market shares in the low- and moderate-income areas are less than its overall home refinance market share for the AA. Overall performance in this AA is considered adequate as FirstMerit demonstrated strong performance in the low-income sector relative to the demographic.

In the Cleveland-Elyria-Lorain MSA, the portion of loans in moderate-income geographies is somewhat lower than the portion of owner-occupied housing units within those geographies. The portion of refinance loans in low-income geographies is significantly lower than the portion of owner-occupied housing units that are located within that segment of the community. FirstMerit's market share in moderate-income geographies is lower than its overall home refinance market share for the AA, while its share in low-income geographies is significantly lower.

We determined that FirstMerit's performance is excellent in the segment of the AA that is outside of the City of Cleveland. The portion of refinance loans in low- and moderate-income geographies of the AA exceeds the portion of owner-occupied housing units that are within those respective geographies. Low-income areas have 0.72 percent of the AA's owner-occupied housing units, whereas 0.9 percent of FirstMerit loans, are located in those areas. The bank has 8.1 percent of its loans in moderate-income areas, whereas 6.75 percent of the AA's owner-occupied

housing units are located there. FirstMerit's market shares were 2.8 percent in the low-income areas and 3.2 percent in the moderate-income areas, which are near their overall market share of 3.3 percent in this segment of the AA.

We determined that FirstMerit's performance within the portion of the AA that is comprised of the City of Cleveland is also excellent, considering the bank's limited presence there. The portion of home improvement loans in low-income geographies (32.2 percent) exceeds the portion of owner-occupied housing units within those geographies (24.7 percent). The portion of loans in moderate-income geographies (43.7 percent) exceeds the portion of owner-occupied housing units within those geographies (37.5 percent.) Market share information also reflects excellent performance. However, with the bank's home refinance market share at less than one percent, this performance represents few loans. FirstMerit's performance in this portion of the AA is consistent with the bank's minimal branch presence, especially when considering that FirstMerit is one of over 300 lenders reporting home mortgage lending activity within the City of Cleveland.

In the Canton-Massillon MSA, the portions of loans in low- and moderate-income geographies are significantly lower than the portion of owner-occupied housing units that are within those geographies. Based on 1999 aggregate HMDA data, the bank's market shares for home refinance loans in low- and moderate-income geographies in the AA are significantly lower than the bank's overall market share. In drawing our conclusions, we took into consideration that a significant portion of the loans from the low- and moderate-income segments of the market were reported by several large non-bank entities that operate regionally and nation-wide, including finance companies. Like many commercial banks, FirstMerit does not offer loans to as wide a range of customers with credit problems as does some of these non-bank entities. Regardless, we consider FirstMerit's geographic distribution performance to be poor in this AA for home refinance loans.

Small Loans to Businesses

Refer to Table 5 in the State of Ohio section of 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 in the Akron MSA, good in the Cleveland-Elyria-Lorain MSA, and adequate in the Canton-Massillon MSA.

In the Akron MSA, the portion of small loans to businesses in both low- and moderate-income geographies exceeds the portion of businesses that are within those geographies. The bank's market share for small loans to businesses in both low- and moderate-income geographies exceeds its overall market share.

In the Cleveland-Elyria-Lorain MSA, the portion of small loans to businesses in moderate-income areas is somewhat lower than the portion of businesses that are within those geographies. FirstMerit's moderate-income market share is near its overall share of the small loans to businesses market. In low-income geographies, the portion of loans in low-income areas is lower than the portion of businesses that are within those geographies. The market share in low-income geographies is also lower than its overall share of the small loans to business market.

Our analysis reflects that FirstMerit's performance is good in the segment of the Cleveland-Elyria-Lorain MSA that is outside of Cuyahoga County, which is comprised primarily of the City of Cleveland. (Data is only available at the county level for small loans to business.) The portion of loans in low- and moderate-income geographies is near the portion of businesses that are within those respective geographies. Approximately 1.6 percent of FirstMerit's loans are in low-income geographies, while 1.8 percent of businesses are located there. Similarly, 6.3 percent of loans stem from the moderate-income geographies where 7.7 percent of the area's businesses are located. FirstMerit's market shares are 8.3 percent in low-income and 8.8 percent in moderate-income areas, which are near its overall market share of 9.5 percent in this segment of the AA.

Our analysis of FirstMerit's lending within the portion of the AA that is comprised of Cuyahoga County reflects that performance is excellent, especially considering the bank's limited presence there. The portion of loans in low- and moderate-income geographies exceeds the portions of businesses that are within those respective geographies. Thirty-eight percent of FirstMerit's loans are in low-income geographies, while 37 percent of the businesses are located there. Twenty-eight percent of FirstMerit loans are in the moderate-income areas, while 26 percent of the businesses are located there. FirstMerit's market share in low-income areas (6.5 percent) and moderate-income areas (5.5 percent) are reflect excellent performance in relation to its overall 5.7 percent of the small business market in this segment of the AA

In the Canton-Massillon MSA, the portion of small loans to businesses in low-income and moderate-income geographies is lower than the portion of small businesses located in those segments of the community. However, in low-income geographies, FirstMerit's market share exceeds, and in moderate-income geographies it is near the bank's overall market share for small loans to businesses in the AA. Therefore, overall performance in this AA is considered adequate.

Small Loans to Farms

Refer to Table 6 in the State of Ohio section of Appendix D for the facts and data regarding the geographic distribution of the bank's origination/purchase of small

loans to farms. Due to the low volume of activity, we could not perform a meaningful analysis for this product line.

Lending Gap Analysis

We reviewed summary reports detailing FirstMerit's lending activity over the evaluation period for home mortgage loans and small loans to businesses to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps in lending

Inside/Outside Ratio

A substantial majority (94 percent) of the home mortgage loans, small loans to businesses and farms and CD loans originated/purchased by FirstMerit during the evaluation period are within the bank's Ohio and Pennsylvania AAs. Ninety-four percent of the bank's home mortgage loans, 94 percent of small loans to businesses, and all CD loans are within the AAs. Affiliate lending is not included in these calculations. 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 borrower distribution of FirstMerit's home mortgage loans and small loans to businesses is excellent. From the review of full-scope AAs, performance is excellent in the Akron and Cleveland-Elyria-Lorain MSAs, and good in the Canton-Massillon MSA. The volume of FirstMerit's small loans to farms was not significant enough to perform a meaningful analysis.

Home Mortgage Loans

Refer to Tables 7, 8 and 9 in the State of Ohio section of 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. Refer to the Market Profiles in Appendix C for additional information.

Home Purchase Loans

The borrower distribution of home purchase loans is excellent in the Akron, Cleveland-Elyria-Lorain, and Canton-Massillon MSAs.

In the Akron MSA, FirstMerit has done an excellent job in addressing the low- and moderate income borrower credit needs for home purchase loans, a primary identified credit need. The portion of home purchase loans to moderate-income borrowers significantly exceeds the portion of families that are moderate-income within the AA. FirstMerit's market share of moderate-income borrowers also exceeds its overall home purchase market share for the AA. The portion of loans to low-income borrowers is somewhat lower than the percentage of AA families that are low-income. When assessing performance for the low-income segment, we took into consideration the below-poverty population, as discussed above. Furthermore, we noted that FirstMerit's low-income market share is more than double its home purchase market share for the AA.

In the Canton-Massillon MSA, FirstMerit has done an excellent job in addressing the low- and moderate-income borrower credit needs for home purchase loans, a primary identified credit need. The portion of home purchase loans to moderate-income borrowers significantly exceeds the percentage of AA families that are moderate-income. FirstMerit's market share of moderate-income borrowers also exceeds its overall home purchase market share for the AA. The portion of loans to low-income borrowers is near to the percentage of AA families that are low-income. When assessing performance for the low-income segment, we took into consideration the below-poverty population, as previously discussed. Furthermore, FirstMerit's low-income market share is significantly higher than its overall home purchase market share for the AA.

In the Cleveland AA, FirstMerit has done an excellent job of addressing the low- and moderate-income borrower credit needs for home purchase loans, an identified credit need. The portion of home purchase loans to moderate-income borrowers exceeds the percentage of AA families that are moderate-income. FirstMerit's market share of moderate-income borrowers also exceeds its overall home purchase market share for the AA. The portion of loans to low-income borrowers is lower than the percentage of AA families that are low-income. When assessing performance for the low-income segment, we took into consideration the below-poverty population, as previously discussed. Furthermore, FirstMerit's market share of low-income borrowers exceeds its overall home purchase market share for the AA.

As discussed within the Scope of Evaluation in Ohio section, when drawing conclusions regarding FirstMerit's performance in the Cleveland-Elyria-Lorain MSA, we placed more emphasis on performance in the portions of the AA where

FirstMerit has a material presence. Our analysis reflected that FirstMerit's performance is excellent in the segment of the AA that is outside of the City of Cleveland. The portion of loans to moderate-income borrowers (26.4 percent) significantly exceeds the percentage of families that are moderate-income (16.6 percent) in that part of the AA. The portion of loans to low-income borrowers (13.2 percent) is near to the portion of AA families that are low-income (14.4 percent). When assessing performance for the low-income segment, we took into consideration the below-poverty population, as previously discussed. Market share information also reflects excellent performance. FirstMerit's share of the low-income sector (5.5 percent) and moderate-income sector (3.7 percent) exceed its overall home purchase market share of 2.45 percent in this portion of the AA.

We determined that FirstMerit's performance within the portion of the AA that is comprised of the City of Cleveland is also excellent, considering the bank's limited presence there. The portion of loans to moderate-income borrowers (35 percent) significantly exceeds the percentage of families that are moderate-income (20.1 percent) in that part of the AA. The portion of loans to low-income borrowers (25 percent) is lower than the percentage of families that are low income (42 percent) in that portion of the AA. When assessing performance for the low-income segment, we took into consideration the below-poverty population, as discussed above. Market share information also reflects excellent performance. However, with the bank's home purchase market share at approximately one half of one percent, this performance represents few loans. FirstMerit's performance in this portion of the AA is consistent with the bank's minimal branch presence, especially when considering that FirstMerit is one of over 300 lenders reporting home mortgage lending activity within the City of Cleveland.

Home Improvement Loans

The borrower distribution of home improvement loans is excellent in the Akron, Cleveland-Elyria-Lorain, and Canton-Massillon MSAs.

In the Akron MSA, FirstMerit has done an excellent job in addressing the low- and moderate-income borrower credit needs for home improvement loans, a primary identified credit need. The portion of loans to moderate-income borrowers significantly exceeds the percentage of families that are moderate-income within the AA. The portion of loans to low-income borrowers exceeds the percentage of AA families that are low-income. Furthermore, FirstMerit's low-income and moderate-income market shares exceed the bank's home improvement market share for the AA.

In the Canton-Massillon MSA, FirstMerit has done an excellent job in addressing the low- and moderate-income borrower credit needs for home improvement loans, a primary identified credit need. The portion of loans to moderate-income borrowers

significantly exceeds the percentage of families that are moderate-income within the AA. The portion of loans to low-income borrowers is near to the percentage of AA families that are low-income. When assessing performance for the low-income segment, we took into consideration the below-poverty population, as previously discussed. Furthermore, FirstMerit's low-income and moderate-income market shares exceed the bank's home improvement market share for the AA.

In the Cleveland-Elyria-Lorain MSA, FirstMerit has done an excellent job in addressing the low- and moderate-income borrower credit needs for home improvement loans, a primary identified credit need. The portion of loans to moderate-income borrowers significantly exceeds the portions of families that are moderate-income within the AA. The portion of loans to low-income borrowers is near to the percentage of AA families that are low-income. When assessing performance for the low-income segment, we took into consideration the below-poverty population, as previously discussed. Furthermore, FirstMerit's low-income and moderate-income market shares exceed the bank's home improvement market share for the AA.

Our analysis reflected that FirstMerit's performance is excellent in the segment of the AA that is outside of the City of Cleveland. The portion of loans to moderate-income borrowers (25.6 percent) significantly exceeds the percentage of families that are moderate-income (16.6 percent) in that part of the AA. The portion of loans to low-income borrowers (15.9 percent) exceeds the portion of families that are low-income (14.4 percent). Market share information also reflects excellent performance. FirstMerit's share of the low-income sector (6.6 percent) and moderate-income sector (6.25 percent) exceed its overall home improvement market share of 5.3 percent in that portion of the AA.

We determined that FirstMerit's performance within the portion of the AA that is comprised of the City of Cleveland is also excellent, considering the bank's limited presence there. The portion of loans to moderate-income borrowers (36 percent) significantly exceeds the percentage of families that are moderate-income (20.1 percent) in that part of the AA. The portion of loans to low-income borrowers (25.6 percent) is lower than the percentage of families that are low income (42 percent) in that portion of the AA. When assessing performance for the low-income segment, we took into consideration the below-poverty population, as previously discussed. Market share information reflects excellent performance. FirstMerit's share of the low-income sector (2.5 percent) and moderate-income sector (2.5 percent) are slightly above its overall 2.3 percent share in this portion of the AA. While performance is considered strong, the associated volume of loans is low.

Home Refinance Loans

The borrower distribution of home refinance loans is excellent in the Akron and Cleveland-Elyria-Lorain MSAs, and good in the Canton-Massillon MSA.

In the Akron MSA, the portion of home refinance loans to moderate-income borrowers significantly exceeds the portion of AA families that are moderate-income. Similarly, FirstMerit's moderate-income borrower market share significantly exceeds its overall home refinance market share for this AA. While the portion of loans to low-income borrowers is lower than the percentage of AA families that are low-income, we took into consideration the below-poverty population, as previously discussed. Furthermore, FirstMerit's market share to low-income borrowers significantly exceeds its overall home refinance market share. FirstMerit's market share performance in the low- and moderate-income segments of the population reflects particularly strong performance as the market is served by a very large number of mortgage lenders. According to aggregate HMDA data, over 360 lenders reported home refinance lending activity in 1999.

In the Canton-Massillon MSA, performance with respect to the moderate-income segment of the community is excellent. The portion of loans to moderate-income borrowers significantly exceeds the percentage of AA families that are moderate-income. FirstMerit's moderate-income borrower market share exceeds its overall home refinance market share for this AA. Performance with respect to the low-income segment of the community is adequate. The portion of loans to low-income borrowers is lower than the percentage of AA families that are low-income. When assessing performance for the low-income segment, we took into consideration the below-poverty population, as previously discussed. Also, FirstMerit's low-income borrower market share is somewhat lower than its overall home refinance market share for the AA.

In the Cleveland-Elyria-Lorain MSA, performance with respect to the moderate-income segment of the community is excellent. The portion of loans to moderate-income borrowers significantly exceeds the percentage of AA families that are moderate-income. FirstMerit's moderate-income borrower market share exceeds its overall home refinance market share for this AA. Performance with respect to the low-income segment of the community is excellent, especially when we analyzed the AA in two segments as detailed below. Overall, the portion of loans to low-income borrowers is lower than the percentage of AA families that are low-income. When assessing performance for the low-income segment, we took into consideration the below-poverty population, as previously discussed. FirstMerit's low-income borrower market share is near its overall home refinance market share for the AA.

Our analysis reflected that FirstMerit's performance is excellent in the segment of the AA that is outside of the City of Cleveland. The portion of loans to moderate-income borrowers (22.2 percent) significantly exceeds the percentage of families

that are moderate-income (16.6 percent) in that part of the AA. The portion of loans to low-income borrowers (9 percent) is lower than the portion of AA families that are low-income (14.4 percent). When assessing performance for the low-income segment, we took into consideration the below-poverty population, as previously discussed. Market share information reflects excellent performance. FirstMerit's share of the low-income sector (3.8 percent) and moderate-income sector (4.1 percent) exceed its overall home refinance market share of 3.3 percent in this portion of the AA.

We determined that FirstMerit's performance within the portion of the AA that is comprised of the City of Cleveland is good, considering the bank's limited presence there. The portion of loans to moderate-income borrowers (20.7 percent) slightly exceeds the percentage of families that are moderate-income (20.1 percent) in that part of the AA. The portion of loans to low-income borrowers (5.8 percent) is significantly lower than the percentage of families that are low-income (42 percent) in that portion of the AA. When assessing performance for the low-income segment, we took into consideration the below-poverty population, as previously discussed. Market share performance is adequate, but with an overall share at less than 1 percent, this performance represents few loans. FirstMerit's performance in this portion of the AA is consistent with the bank's minimal branch presence, especially when considering that FirstMerit is one of over 300 lenders reporting home mortgage lending activity within the City of Cleveland.

Small Loans to Businesses

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

The borrower distribution of small loans to businesses is good in the Akron, Canton-Massillon, and Cleveland-Elyria-Lorain MSAs.

In each of the full-scope AAs, the portion of FirstMerit's loans extended to businesses with revenues of \$1 million or less is lower than the percentage of area businesses that have revenue levels of \$1 million or less.

Market share performance is good in the Akron and Canton-Massillon MSAs where FirstMerit's share of the \$1 million or less revenue segment is near to its overall small loans to businesses market shares in those respective AAs. In the Cleveland-Elyria-Lorain MSA, market share performance is excellent. FirstMerit's market share to the \$1 million or less borrowers exceeds its overall small loans to businesses market share for the AA.

FirstMerit has a good record of making loans at all size levels in each full-scope AA. In each area, the majority of FirstMerit's small loans to businesses are for amounts of \$100 thousand or less, reflecting the bank's willingness to extend smaller-size loans. In the Akron and Canton-Massillon MSAs, FirstMerit was the number one commercial bank lender in 1999 in the origination of loans in amounts of \$100 thousand or less, and for extending loans to businesses with revenues of \$1 million or less. In both AAs the only lenders which had higher numbers of loans in these categories were credit-card lenders, as reflected by average loan sizes of \$7 thousand and \$3 thousand respectively.

Our analysis reflects that FirstMerit's performance is good in the segment of the Cleveland-Elyria-Lorain MSA that is outside of Cuyahoga County, which is comprised primarily of the City of Cleveland. Our analysis also reflects that performance is good within Cuyahoga County. (Data is only available at the county level for small loans to business.) In both segments, the percentages of loans to businesses with revenues of \$1 million or less were lower than the percentages of area business that have that level of revenues. However, in each segment, FirstMerit's market share in the \$1 million or less revenue category exceeded the bank's market shares for small loans to businesses in those areas.

Small Loans to Farms

Refer to Table 11 in the State of Ohio section of Appendix D for the facts and data relative to the borrower distribution of the bank's origination/purchase of small loans to farms. As the volume of lending was limited, we could not perform a meaningful analysis for this product line.

Community Development Lending

Refer to Table 1 in the State of Ohio section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

CD lending has a positive impact on the Lending Test conclusions for the Akron, Canton and Cleveland-Elyria-Lorain AAs. In each full scope AA CD lending activities have done a good job in addressing primary identified needs. In addition to the CD loans reflected within Table 1, additional loans that are included in home mortgage and small loans to business data have CD characteristics. Highlights of FirstMerit's CD lending activities are summarized for each full scope AA below.

Akron MSA

The effect of CD lending in the Akron MSA is positive. Responsiveness to community needs is good. FirstMerit extended four CD loans in this AA during the

rating period totaling \$5.9 million. The CD loans originated address the affordable housing and social service needs of low- and moderate-income persons. The most significant loans are summarized as follows:

- FirstMerit originated a \$1.7 million loan to finance the purchase and rehabilitation of an apartment building for affordable housing for low- and moderate-income persons. The apartment is located in a low-income area.
- FirstMerit originated a \$1.2 million loan to a non-profit organization that provides social services to low- and moderate-income persons. The loan will provide funds for the mental health clinic segment of this organization. The majority of the persons that obtain services from the organization are low-income. A main source, at least 50 percent, of the organization's funds are received from Medicaid. The facility is located in a low- income area.
- FirstMerit originated two loans totaling \$3 million to two local churches located in low- and moderate-income areas and serve primarily low- and moderate-income persons. Loan proceeds were used to support social services the churches provide, including child-care programs, one of which is through the federally funded Head Start Program. This included financing the care center facility.

Canton-Massillon MSA

The effect of CD Lending in the Canton-Massillon MSA is positive. Responsiveness to community needs is good, considering the needs of the area, local competition, and CD lending opportunities. FirstMerit originated two CD loans totaling \$4.4 million in this AA. These loans specifically address housing needs identified affordable housing and rehabilitation needs. The two loans are summarized below:

- FirstMerit originated a \$3.2 million construction/permanent loan to a local nonprofit housing corporation for the construction of affordable housing units. The loan is part of a low-income housing tax credit project to construct 35 new single-family homes and repair three other homes. Occupants of the homes will be low- and moderate-income persons.
- FirstMerit originated a \$1.2 million loan to a local organization to purchase and rehabilitate homes in low- and moderate-income neighborhoods for affordable housing. Other loans for similar purposes were also made by FirstMerit, but were reported as small loans to businesses due to their loan size as required by the CRA.

Cleveland-Elyria-Lorain MSA Area

The impact of CD lending in the Cleveland-Elyria-Lorain MSA is positive. Management originated 14 qualified loans in the AA totaling \$7.2 million which addressed identified affordable housing and rehabilitation needs. The following is a sample of the most significant loans:

- FirstMerit originated a \$3.3 construction million loan to finance an affordable senior citizens housing project. The project is comprised of 62 apartment units for low- and moderate-income persons. Thirty-eight of the units must be rented to occupants with 50 percent or less of the median income and twenty-four of the units must be rented to occupants with 51 percent to 60 percent of the median income. The median income was \$49 thousand. The apartment complex is located in a moderate-income area in Painesville, Ohio. Subsequently, FirstMerit extended a \$1.4 million loan for permanent financing.
- A \$1.9 million loan was extended to fund the acquisition of multifamily dwellings dedicated to housing mentally handicapped persons, the majority of who are low- and moderate-income.
- Nine loans totaling \$335 thousand were made to two local non-profit to support their commercial and residential rehabilitation projects in low- and moderate-income areas in Cleveland. These projects addressed affordable housing and area revitalization needs.

Product Innovation and Flexibility

Product innovation and flexibility has a positive impact on our Lending Test conclusions for the Akron, Canton-Massillon, and Cleveland-Elyria-Lorain MSAs.

FirstMerit offers its First Choice Mortgage loan program bank wide. This flexible home mortgage program is designed to address the one-to-four family home mortgage needs of low- and moderate-income individuals. Underwriting and funding is performed through FirstMerit Mortgage Company. Costs are reduced as application and origination fees are waived, and mortgage insurance is not necessary. This program is considered innovative in that it extends to home refinance loans as well as home purchase loans. We did not identify other lenders that have a similar program that extends to refinance borrowers. In Akron, FirstMerit was the first depository lender offering mortgages that avoid the need for mortgage insurance.

The First Choice loan program has been very successful. Loan volumes have been strong. During the 18 month period from January 1999 through June 2000, a total of 638 home purchase and 244 home refinance loans were originated within the

bank's assessment areas. This includes 238 loans in the Akron MSA, 182 loans in the Canton-Massillon MSA, and 280 loans in the Cleveland-Elyria-Lorain MSA.

Management has established a good marketing and service oriented program for the First Choice program in Akron. The Unity Program is an affiliation with 11 Akron churches to provide credit counseling and convenient mortgage application processing within low- and moderate-income areas. Refer to the Service Test section of this evaluation for additional information.

FirstMerit also participates in the Stark County Rate Reducer Program in the Canton-Massillon MSA. This flexible program, affiliated with the Stark County Out-of-Poverty Partnership, provides housing rehabilitation funds to low- and moderate-income homeowners. Flexible terms include a reduced interest rate, a longer repayment period of 12 years, and waiver of all fees. FirstMerit also ensures that housing repairs are performed by qualified contractors. Loan volume to date has totaled less than \$400 thousand.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Columbus, Mansfield, and Toledo MSAs, and the non-metropolitan AA, is weaker than the bank's overall "Outstanding" Lending Test performance in Ohio. We determined that the geographic distribution and CD lending performance in the limited-scope areas is not as strong as in the full-scope areas. The weaker performance did not significantly impact our overall conclusions relative to the bank's Lending Test rating for Ohio. Refer to the Tables 1 through 11 in the State of Ohio section of 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 in the Akron, Canton-Massillon, and Cleveland-Elyria-Lorain MSAs is good.

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

FirstMerit Corporation's equity investment in the FirstMerit CDC was given particular positive consideration when drawing conclusions regarding qualified investment performance within individual AAs for the following reasons: (1) Deployed funds were used to address particular credit needs of the AAs, reflecting good responsiveness in each full-scope AA. The projects are types that the bank would not have normally been able to provide similar degrees of support. The CDC has the ability to support projects through equity and through lending standards that are less stringent than what the bank employs. (2) While the CDC was formed during a prior evaluation period, all projects currently outstanding were funded (or funding began) during this evaluation period. Prior projects are no longer outstanding. We gave consideration to the manner in which funds were deployed during this evaluation period. (3) The CDC reflected a good level of overall activity, committing for use all available funds. For evaluation purposes, we allocated the \$5 million investment in the CDC to individual AAs consistent with the dollar amount and location of the underlying CDC projects.

FirstMerit has continuously participated in the Ohio Equity Fund Limited Partnership program, the purpose of which is to construct and rehabilitate affordable housing rental units throughout the State of Ohio. The general partner is the Ohio Equity Fund, Inc., which is affiliated with Ohio Capital Corporation for Housing created in 1989 by the State of Ohio Housing Finance Agency. This allows the bank to take advantage of low income housing tax credits. During the evaluation period FirstMerit committed and began investing in Fund VII and Fund VIII, and continued to invest in Funds II, III, IV, V, and VI that were initiated during prior evaluation periods. For evaluation purposes, we allocated the bank's investments in the Equity Funds based on the dollar amount of the projects that the funds collectively support in the bank's individual AAs.

During prior evaluation periods, FirstMerit and its predecessor banks initiated investments in the National Equity Funds (NEF) and the Enterprise Foundation which benefit broader areas that include the bank's AAs. The NEF partners with local sponsors in rural and urban areas across the country to support affordable housing and rehabilitation initiatives. The Enterprise Foundation is a national nonprofit housing and community development organization. It focuses on providing low-income people the opportunity for fit and affordable housing and a way to move up out of poverty. For evaluation purposes, these qualified investments were allocated to the individual AAs based on their pro-rata shares of FirstMerit deposits.

Akron MSA

Investment activity in the Akron MSA is good. Investments have primarily

addressed rental and homeowner affordable housing needs. Refer to the Assessment Area Needs section of the Market Profile for the Akron MSA in Appendix C. In drawing our conclusions relative to investment performance in this AA, we considered the bank's level of complexity and capacity, as well as the degree of competition and opportunities available for investment. As described in the Market Profile section, we determined that a moderate level of investment opportunities exists in the AA, and that competition for the major investment projects is high. When drawing conclusions, we placed more weight on the manner in which the investments responded to AA needs than the investment dollar level. During the evaluation period the bank made investments totaling \$2.1 million comprised primarily of the following:

- A \$1.3 million portion of FirstMerit Corporation's investment in the FirstMerit CDC. We gave this investment particularly positive consideration as described above. Akron AA projects initiated during the evaluation period included supporting a local development corporation's efforts to address affordable housing, including the construction of 21 homes to be sold to low- and moderate-income families. Three separate loans were made for these efforts. Another line of credit to this organization supports the City of Akron's lead hazard control program.
- Allocated current period funding of investments in the Ohio Equity Funds totaling \$450 thousand. Eleven projects affecting over 900 units are identified as being supported by the seven funds.
- Grants totaling \$276 thousand to 31 community organizations for community development purposes within the AA.

Investments made by FirstMerit during prior evaluation periods that are still outstanding total \$963 thousand, and consist of an affordable housing project in downtown Akron, an investment in the National Equity Fund, and investments in the Ohio Equity Funds. These investments continue to have a positive impact on the community as the majority of the underlying projects are still in process. In addition to the investments made in the current and prior evaluation periods, unfunded commitments totaling \$1.4 million are outstanding. These commitments are primarily to the Ohio Equity Funds and National Equity Funds.

Canton-Massillon MSA

Investment activity in the Canton-Massillon MSA is good. Investments have primarily addressed the social service needs of low- and moderate-income individuals, and affordable housing needs. Refer to the Assessment Area Needs section of the Market Profile for the Canton-Massillon MSA in Appendix C. In

drawing our conclusions relative to investment performance in this AA, we considered the bank's level of complexity and capacity, as well as the degree of competition and opportunities available for investment. As described in the Market Profile section, we determined that a moderate level of investment opportunities exists in the AA, and that competition for the major investment projects is high. When drawing conclusions, we placed more weight on the manner in which the investments responded to AA needs than the investment dollar level. During the evaluation period the bank made investments totaling \$1.8 million comprised primarily of the following:

- A \$1.4 million portion of FirstMerit Corporation's investment in the FirstMerit CDC. We gave this investment particularly positive consideration, as previously described. Projects initiated during the evaluation consisted of a loan to a 501(c) 3 organization which has a mission to promote economic self-sufficiency among low-income families and individuals through the provision of economic development, educational, and human services programs. Bank funding assisted in the construction of a family development campus in the City of Canton.
- Allocated current period funding of investments in the Ohio Equity Funds totaling \$166 thousand. Two projects affecting 78 units are identified as being supported by the funds.
- Grants totaling \$161 thousand to 36 community organizations for community development purposes within the AA.

Investments made by FirstMerit during prior evaluation periods that are still outstanding total \$233 thousand and represent investments in the Ohio Equity Funds, the National Equity Fund, and Enterprise Foundation. These investments continue to have a positive impact on the community as the majority of the underlying projects are still in process. In addition to the investments made in the current and prior evaluation periods, unfunded commitments totaling \$624 thousand are outstanding. These commitments are to the Ohio Equity Funds, the National Equity Fund, and Enterprise Foundation.

Cleveland-Elyria-Lorain MSA

Investment activity in the Cleveland-Elyria-Lorain MSA is good. Investments have primarily addressed affordable housing needs. Refer to the Assessment Area Needs section of the Market Profile for the Cleveland-Elyria-Lorain MSA in Appendix C. In drawing our conclusions relative to investment performance in this AA, we considered the bank's level of complexity and capacity, the significant degree of competition in the area, and the opportunities available for investment. As described in the Market Profile section, we determined that investment opportunities exist in the AA, and that competition for the major investment

projects is high. When drawing conclusions, we placed more weight on the manner in which the investments responded to AA needs than the investment dollar level. During the evaluation period the bank made investments totaling \$3.3 million comprised primarily of the following:

- A \$1.4 million portion of FirstMerit Corporation's investment in the FirstMerit CDC. As previously described, we gave particular positive consideration to this investment. Four projects were initiated by the CDC in the AA during the evaluation period. 1) Funds supported an affordable housing project in Elyria where six housing units were constructed. 2) Funds supported an affordable housing project where 10 units were constructed and sold to low- and moderate-income individuals. 3) A line of credit was made to a development corporation for the construction of five new affordable homes in Cleveland on land donated by the city. Downpayment assistance was provided by the city to these homebuyers. 4) A loan was made to a 501(c)3 neighborhood development organization focusing on affordable housing. Loan funds were used to build ten affordable market rate homes on scattered sites owned by and located in the City of Cleveland. Tax abatements and other incentives are provided.
- Allocated current period funding of investments in the Ohio Equity Funds totaling \$405 thousand. Four projects affecting 321 units are identified as being supported by the funds.
- Current period funding totaling \$603 thousand in a low-income housing tax credit project that was initiated in the prior evaluation period. Funds were used to renovate and rehabilitate a 252 unit affordable housing complex in East Cleveland.
- Grants totaling \$737 thousand to 34 community organizations for community development purposes.

Investments made by FirstMerit during prior evaluation periods that are still outstanding total \$2.1 million and represent investments in the Ohio Equity Funds, the National Equity Fund, First Cuyahoga Housing Limited Partnership, and Cleveland Neighborhood Equity Fund. These investments continue to have a positive impact on the community as the majority of the underlying projects are still in process. In addition to the investments made in the current and prior evaluation periods, unfunded commitments totaling \$1.3 million are outstanding. These commitments are to the Ohio Equity Funds, the National Equity Funds, and Enterprise Foundation.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Toledo MSA and the non-metropolitan AA is not inconsistent with the bank's overall "High Satisfactory" performance under the Investment Test in Ohio. In the Columbus MSA and Mansfield MSA, the bank's performance is weaker than its overall performance in the state. The weaker performance is reflected by lower investment volumes relative to the bank's deposit levels in those areas, and all investments are represented by allocated portions of state-wide or regional investments. The weaker performance did not impact our overall conclusions relative to the bank's Investment Test rating for Ohio. Refer to Table 12 in the State of Ohio section of Appendix D for the facts and data that support these 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 in the Akron MSA is excellent, good in the Canton-Massillon MSA, and adequate in the Cleveland-Elyria-Lorain MSA.

Retail Banking Services

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

FirstMerit's delivery systems are accessible to geographies and individuals of different income levels throughout the full-scope AAs. Accessibility is excellent in the Akron MSA, good in the Canton-Massillon MSA and adequate in the Cleveland-Elyria-Lorain MSA.

In the Akron MSA, the distribution of FirstMerit's offices throughout low-income geographies exceeds the portion of the AA's population living in those geographies. In moderate-income geographies, the distribution of FirstMerit's offices is very near the portion of the population living in those areas. Based on feedback from customers and local community groups, FirstMerit opened the Wooster-Hawkins branch, located inside a community grocery store. This office is located in a moderate-income geography and serves primarily low- and moderate-income individuals. The branch opening had a positive impact on the accessibility of

FirstMerit's delivery system in the Akron MSA. As a function of consolidating and relocating offices subsequent to recent mergers, FirstMerit closed and opened several other branches. This activity did not have a significant impact on the availability of FirstMerit products and services in the AA.

In the Canton-Massillon MSA, the distribution of offices throughout low-income geographies exceeds the portion of the AA's population living in those geographies. In moderate-income geographies the distribution of offices is lower than the portion of the population living in those areas. The degree in which the percentage of offices exceeds the population in low-income geographies and is lower than the population in moderate-income areas is not considered significant as the differences are represented by only one office in each category. During the evaluation period one office was opened and one was closed within the AA, both in upper-income geographies. These activities did not have a significant impact on the availability of FirstMerit products and services in the AA.

In the Cleveland-Elyria-Lorain MSA, the distribution of FirstMerit's offices throughout low- and moderate-income geographies is lower than the portion of the population living in those geographies. However, when drawing our conclusions relative to branch distribution, we took into consideration that FirstMerit's presence varies greatly among different portions of the AA, as described in the Market Profile section in Appendix C of this evaluation. We placed greater emphasis on the portion of the AA that is outside of the City of Cleveland since FirstMerit's Cleveland presence is so limited.

Outside of the City of Cleveland, the distribution of offices in the low- and moderate-income areas is near to the portions of the population that reside in those areas. In this subsection of the AA, 1.3 percent of bank offices are located in low-income areas whereas 1.6 percent of the population resides in low-income areas. In the moderate-income areas, 7.8 percent of FirstMerit offices are present whereas 9.4 percent of the population is located there. FirstMerit's limited branch presence in the City of Cleveland negatively impacted conclusions, but only to a moderate degree. We took into consideration that FirstMerit's branch structure resulted from acquisition activities. We also considered that competition is strong within Cleveland as four large financial institutions are headquartered there with 15 other institutions also operating branches.

As a function of consolidating and relocating offices subsequent to recent mergers, FirstMerit closed and opened several branches in the AA. This activity had no impact to low-income geographies. In moderate-income areas, one office in Medina was relocated approximately one-half mile to an adjacent upper-income tract. In total, the net effect was the closing of eight offices in middle income portions of the AA. These activities negatively impacted service accessibility to a minimal degree, and not to the extent that it materially impacted our conclusions regarding

the overall performance in the AA under the Service Test.

The level of FirstMerit's office hours and services offered throughout each of the full-scope AAs is good. Office hours and services (including the availability of loan officers) provided in each AA are comparable among all locations regardless of the income level of the geography where the offices are located. Banking hours and services provided Monday through Friday are supplemented by Saturday hours at the majority of the banking facilities located in the three AAs, including those located in low- and moderate-income areas.

FirstMerit offers a checking account product in all AAs that requires no minimum balance. This allows customers, including those who are low- and moderate-income, to maintain accounts without regular maintenance fees. The bank also offers a reduced-fee checking account tailored to senior citizens on fixed incomes. Additionally, FirstMerit offers low-fee business checking products designed for businesses with minimal and moderate account activity.

FirstMerit's Ohio ATM network consists of 181 units, including 29 units which are offsite. 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 in each AA. In the Akron MSA the percentage of ATMs in low-income geographies (13 percent) substantially exceeds the portion of the AAs population residing there (5.7 percent). The percentage of ATMs in moderate-income geographies is substantially the same as the percentage of the population residing there. Eight off-site ATMs, including three in low- and one in a moderate-income geographies are located in the Akron MSA. In the Canton-Massillon MSA, the ATM distribution is substantially similar to the branch distribution. ATMs are located at both offices that are in low- and moderate-income geographies. In the Cleveland-Elyria-Lorain MSA, the portion of ATMs in low-income geographies (2 percent) is lower than the percentage of the population residing in those geographies (9.8 percent). In moderate-income geographies the percentage of ATMs (12 percent) is near to the 15.7 percent population portion. Seventeen offsite ATMs are within the Cleveland-Elyria-Lorain MSA, including two in low-income and three in moderate-income geographies.

Alternative delivery systems also include a toll-free telephone banking service and Internet banking, which are offered in each AA. These services allow customers to obtain deposit and loan account information and rates, transfer funds, and apply for various loan products. The bank also provides a messenger-banking service to individuals that have limited accessibility to conventional branch facilities. Examples of the types of customers using this service are nursing home residents, commercial business account customers, elementary school programs, and group banking customers located in the Akron and Cleveland AAs. As specific information is not available on the degree in which low- and moderate-income

individuals and geographies are impacted by these services, significant weight cannot be placed on these alternative delivery systems when drawing conclusions for performance in the individual AAs.

Community Development Services

FirstMerit's performance in providing CD services to each of the full-scope AAs is good. At times, FirstMerit and its employees have taken on leadership roles in substantive CD initiatives within the AAs. Primary services include providing financial expertise to a variety of community service and development organizations through board membership, credit counseling, and the provision of technical financial assistance for consumers and small businesses. FirstMerit has assisted local community development organizations by acting as a sponsor for loan applications to the Federal Home Loan Bank of Cincinnati (FHLB). As sponsor, the bank assists the organization with the application. The FHLB awards the loans based on a competitive point system. During the evaluation period, one project application in the Akron MSA and one in the Cleveland-Elyria-Lorain MSA were awarded loans. Examples of primary CD services provided during the evaluation period in each full-scope AA are summarized below.

Akron MSA

Community Development Services have addressed affordable housing, services for low- and moderate-income segments of the community, and small business financing needs.

FirstMerit Akron Unity Banking Partnership - A senior FirstMerit officer was a leader in developing this alliance among 11 area churches, Omni Consulting, FirstMerit Bank and Consumer Credit Services. The purpose is to provide banking services to low- and moderate-income individuals and families of Summit County who traditionally would have been ineligible for a residential mortgage loan. The program enables area congregations with banking consultants that provide financial education, credit counseling and loan application assistance. Seminars are held in churches at accessible times such as weekends, and provide childcare at no cost. This type of program is unique in the Akron MSA and is in direct response to community group feedback. This program helps to address the first time home owner assistance need identified in the Akron Consolidated Plan, as discussed in the Market Profile section in Appendix C of this evaluation. Besides formulating the program, the bank acts in a leadership role by providing FirstMerit's First Choice mortgage program. This is a flexible loan product that has been successfully distributed through the Unity program. During seminars, FirstMerit employees provide opportunities for participants to apply for loans.

Akron Summit Community Action Agency - A senior FirstMerit officer has served as the Chairman of this organization, with duties including technical assistance about financial services. A second officer serves as a board member. The mission of this organization is to serve the economic, education and health and safety needs of the low- and moderate-income community. The organization provides HeadStart education, utility bill, grocery and medical assistance for low- and moderate-income individuals.

East Akron Neighborhood Development Corporation - This organization promotes economic and community development throughout East Akron neighborhoods by providing affordable housing to low- and moderate-income families, and small business incubation within low- and moderate-income portions of the area. A senior FirstMerit officer serves as a board member whose duties include technical assistance about financial services.

Family Services of Summit County - Bank officers have taken on leadership roles in this organization, which provides social services, such as consumer counseling, to primarily low- and moderate-income individuals. Leadership roles include a bank officer serving as a trustee and is the former Chairman, while a second officer is the Vice-Chairman and on the finance committee of this organization.

Woman's Organization for Mentoring Entrepreneurship and Networking - A bank officer is the Chairperson of this organization's loan committee. This organization's focus is supporting small business development by low- and moderate-income females in low- and moderate-income neighborhoods.

Canton-Massillon MSA

Community Development Services have primarily addressed the affordable housing needs of the AA.

Association for Better Community Development - This community development corporation was formed to provide affordable housing to redevelop targeted low- and moderate-income geographies located in Canton's inner city. The corporation also operates a "Dial a Ride" transportation system in Canton and Alliance for low- and moderate-income individuals. A senior FirstMerit officer serves on the board providing technical assistance about financial matters. During the evaluation period FirstMerit financed this organization's affordable housing construction projects consisting of 78 single-family homes in Canton's inner city.

Habitat for Humanity - FirstMerit actively supports the local chapter of this national affordable housing organization. A senior FirstMerit officer represents the bank and provides technical support. FirstMerit has assisted by helping to obtain affordable

housing program grants from the Federal Home Loan Bank (FHLB) of Cincinnati. In 1999, FirstMerit was named the outstanding affordable housing partner with the FHLB.

Stark County Community Enterprise Corporation - A senior FirstMerit officer serves in a leadership role as President of this newly formed 501(c)3 organization. The corporation promotes economic development through construction of commercial and retail facilities within targeted low- and moderate-income geographies. FirstMerit has also supported this organization by financing the construction of a retail center in the targeted area.

Stark County Out of Poverty Partnership Building Community - A bank officer serves as Vice President of this recently formed 501(c)3 organization that is targeting to develop 30 affordable single family homes for low- and moderate-income individuals on lots in low- and moderate-income Canton geographies.

Cleveland-Elyria-Lorain MSA

Community Development Services have primarily addressed the affordable housing and revitalization needs of the AA.

Cleveland Neighborhood Development Corporation - This is an umbrella not-for-profit organization that provides technical assistance and investment opportunities to community development groups, foundations, non-profit agencies and education institutions for low- to moderate-income community development projects. A senior FirstMerit officer provides technical lending assistance to this organization.

Ashtabula County Development Corporation - A bank officer serves on the board and the loan review committee for a not-for-profit organization that promotes economic revitalization and development, in targeting low- and moderate-income geographies, by facilitating a revolving loan fund for new and existing businesses in Ashtabula County.

Northeastern Neighborhood Development Corporation - A bank officer serves as a board member and is the Chairman of the Finance Committee of this non-profit housing development organization. The corporation specializes in the construction and rehabilitation of affordable housing in the Cleveland area.

Cleveland Empowerment Zone - A bank officer is a board member and is Chairman of the Loan Review Committee of this organization. The organization administers the strategy for using federal funds for economic development and labor force development in this low- and moderate-income portion of Cleveland.

Cleveland Action to Support Housing - A bank officer serves on the loan review committee of this organization. The organization facilitates home improvement and construction lending within the City of Cleveland's low- and moderate-income segments.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Service Test in the Mansfield MSA is not inconsistent with the bank's overall "High Satisfactory" Service Test rating in Ohio. In the Columbus MSA, Toledo MSA and the non-metropolitan AA, performance is weaker than the "High Satisfactory" Service Test rating in Ohio. The weaker performance is centered in the level of accessibility of FirstMerit's offices in the AAs. The bank does not have any branch facilities located in low- or moderate-income geographies in the Columbus, Toledo or Non-MSA AAs. However, this fact is mitigated somewhat by the low number of low- and moderate-income geographies and the low percentages of populations located in those areas. The weaker performance did not negatively impact the overall Service Test rating for Ohio. Please refer to Table 13 in Appendix C for the facts and data that support these conclusions.

State Rating

| | |
|--------------------------------------|----------------------------|
| CRA Rating for Pennsylvania: | <u>Satisfactory</u> |
| The Lending Test is rated: | <u>Low Satisfactory</u> |
| The Investment Test is rated: | <u>High Satisfactory</u> |
| The Service Test is rated: | <u>High Satisfactory</u> |

The major factors that support this rating are summarized as follows:

- y Lending levels are adequate.
- y The geographic distribution of loans among geographies is good.
- y FirstMerit's loans are adequately distributed among borrowers of different income levels.
- y Community development lending activity, and flexible and innovative lending practices have a neutral impact on the Lending Test rating for Pennsylvania.
- y Investment activity reflects a good responsiveness to the needs of the community.
- y The accessibility of FirstMerit's delivery systems to the geographies and individuals of different income levels is good. The bank's performance in providing community development services is also good.

Description of Institution's Operations in Pennsylvania

FirstMerit provides a full range of residential, consumer, and commercial financial products and services to Lawrence County, a non-metropolitan area. This is the only portion of the state where FirstMerit operates. FirstMerit entered Lawrence County through the February 1999 acquisition of Signal Corporation's First Federal Savings Bank of New Castle. The bank's activities in this AA represent a small portion of its overall operations, as 4 percent of deposits, 2 percent of branches, and 1 percent of reported loans stem from the area. FirstMerit has four banking offices and four ATMs in Lawrence County. With deposits totaling \$282 million at June 30, 1999 and a market share of 21 percent of insured deposits, FirstMerit is the second largest bank in the county. Competition is strong. In all, eight financial institutions operate 33 offices in this county with a population less than 100,000. Primary competitors are Sky Bank (formerly First Western Bank, N.A.); National City Bank Pennsylvania; ESB Bank, F.S.B.; First Commonwealth Bank; and First National Bank of Pennsylvania. Refer to the Market Profile for the State of

Pennsylvania in Appendix C for detailed demographics and other performance context information.

Scope of Evaluation in Pennsylvania

The bank has one AA in Pennsylvania. State ratings were derived from our full-scope evaluation of FirstMerit's performance in the Lawrence County AA. Please refer to Appendix A for information regarding which areas received full-scope and limited-scope reviews during this evaluation.

When drawing conclusions for the Lending Test, we weighed loan products based on FirstMerit's relative volume of each loan type, and the identified needs of the AA. In the Lawrence County AA, we weighed home purchase lending the most. The least amount of weight was placed on home improvement and home refinance lending performance due to limited loan activity with respect to these products.

We contacted two community groups in the Lawrence County AA to ascertain community credit needs. The three primary issues identified that need to be addressed are affordable housing, jobs with income above the poverty level, and addressing poor credit through credit counseling. Refer to the Market Profiles in Appendix C of this Evaluation for more information.

LENDING TEST

FirstMerit's performance under the Lending Test in Pennsylvania is rated "Low Satisfactory." Based on a full-scope review, performance in the Lawrence County AA is adequate.

Lending Activity

Refer to Table 1 in the State of Pennsylvania section of Appendix D for the facts and data used to evaluate the bank's lending activity.

FirstMerit's lending activity is adequate in the Lawrence County AA. Approximately 71 percent of the loans originated/purchased within the AA during the evaluation period were home mortgage loans and approximately 29 percent were small loans to businesses. FirstMerit reported no small farm loans within this AA during the evaluation period. Agricultural lending is not a primary business line of FirstMerit. Among home mortgage loan originations/purchases, approximately 77 percent were for home purchase, 14 percent were for home refinance and nine

percent were for home improvement purposes.

Lending activity is generally commensurate with FirstMerit's share of the Lawrence County deposit market, especially given the large number of lending competitors in the small marketplace. FirstMerit ranks second in terms of deposit market share (21 percent) among depository institutions. Based on 1999 aggregate HMDA and CRA data, FirstMerit ranks second in originations/purchases of home purchase loans (11.5 percent share), tenth for home improvement loans (3.1 percent share), seventeenth for home refinance loans (1.7 percent share), and fifth for small loans to businesses (8.6 percent share) in the AA. While the bank's market share percentages for home mortgage loans and small loans to businesses are substantially lower than its deposit market share, this performance is adequate when consideration is given that there are nearly 150 lenders within the AA. Loan volume is adequate relative to the bank's deposit presence when compared to the other depository lenders in the market. While FirstMerit's volume of home purchase loans is good compared to the other depository lenders, FirstMerit lags in home improvement, home refinance, and small business loans. In making our observations, we compared the number of loans originated/purchased to the deposit base of each primary depository institution in Lawrence County.

Distribution of Loans by Income Level of the Geography

The geographic distribution of FirstMerit's home mortgage loans and small loans to businesses is good. We did not perform an analysis of small loans to farms as no such loans were reported in the AA during the evaluation period.

Home Mortgage Loans

Refer to Tables 2, 3 and 4 in the State of Pennsylvania section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Home Purchase Loans

The geographic distribution of home purchase loans is good. The portion of loans originated/purchased in moderate-income geographies is near to the percentage of the AA's owner-occupied housing units that are located in moderate-income areas. Also, the bank's 1999 market share in moderate-income geographies slightly exceeds the bank's overall Lawrence County home purchase market share. While FirstMerit reported no loans in the AA's one low-income geography, our conclusion took into consideration that home purchase lending opportunities are limited there. Only 331 owner-occupied housing units are located in that geography, representing 1.2 percent of the housing units in the AA. Aggregate HMDA data reflects that

only six home purchase loans were originated in that geography in 1999 by all lenders.

Home Improvement Loans

The geographic distribution of home improvement loans is excellent. The portion of loans made in moderate-income geographies exceeds the portion of owner-occupied housing units that are located within those geographies. FirstMerit's 1999 market share in moderate-income geographies exceeds the bank's overall home improvement market share. While no FirstMerit lending activity occurred in the AA's one low-income geography, we considered the limited lending opportunities available in that geography. Aggregate HMDA data reflects that only five home improvement loans were originated in that geography in 1999 by all lenders.

Home Refinance Loans

The geographic distribution of home refinance loans is poor. The bank made no loans in low- or moderate-income geographies. Lending opportunity is limited in the AA's low-income geography, but 3,535 (nearly 13 percent) of the AA's owner-occupied housing units are located in moderate-income geographies. The significance of performance in this product line is minor, given that FirstMerit's home refinance loan volume in Lawrence County totaled 23 loans for the evaluation period. To achieve its overall market share in the low- and moderate-income sectors, FirstMerit would have had to make three loans in moderate-income areas and none in the low-income geography.

Small Loans to Businesses

Refer to Table 5 in the State of Pennsylvania section of 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 portion of small loans to businesses made in both low- and moderate-income geographies exceeds the portion of businesses that are within those geographies. The bank's market share for small loans to businesses in both low- and moderate-income geographies exceeds its overall market share.

Lending Gap Analysis

Summary reports detailing FirstMerit's lending activity over the evaluation period were reviewed to identify gaps in the geographic distribution of loans. No unexplained conspicuous gaps were identified. Lending activity is concentrated in

the portions of the AA where the bank's branches are located. FirstMerit had adequate penetration into the AA, having made loans in 79 percent of all geographies. Lending activity occurred in each low- and moderate-income geography, except for one moderate-income census tract. FirstMerit's penetration is adequate, especially since the bank has only had a presence in the AA since February 1999. Furthermore, there is no expectation for any bank to necessarily have lending activity in each and every geography.

Inside/Outside Ratio

As described under the State of Ohio Lending Test discussion, a substantial majority (94 percent) of the home mortgage loans, small loans to businesses and farms and CD loans originated/purchased by FirstMerit during the evaluation period are within the bank's AAs in Ohio and Pennsylvania. Ninety-four percent of the bank's home mortgage loans, 94 percent of small loans to businesses, and all CD loans are within the AAs. Affiliate lending is not included in these calculations. 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 borrower distribution of FirstMerit's home mortgage loans and small loans to businesses reflects an adequate dispersion among borrowers of different income levels. As no small loans to farms were reported for this AA during the evaluation period, we did not perform an analysis for this product line.

Home Mortgage Loans

Refer to Tables 7, 8 and 9 in the State of Pennsylvania section of 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. Refer to the Lawrence County Market Profile in Appendix C for additional information.

Home Purchase Loans

The borrower distribution of home purchase loans is adequate. The portion of loans made to moderate-income borrowers is lower than the percentage of AA families that are moderate-income. FirstMerit's 1999 market share to this segment of the community is somewhat lower than its overall market share of home purchase loans in the AA. The portion of loans made to low-income borrowers is significantly lower than the percentage of the AA's families that are low-income. When assessing performance for the low-income segment, we took into consideration the below-poverty population, as discussed above. FirstMerit's market share of the low-income segment of the community is significantly lower than the bank's overall home purchase market share in Lawrence County. In drawing our conclusion, we considered that the low percentages do not represent a significant number of loans. FirstMerit would need only four additional loans to low-income borrowers and five loans to moderate-income borrowers to achieve its overall AA home purchase market share. We also considered that while over 100 lenders made home purchase loans in the AA during 1999, only 63 loans (5.6 percent) were made to low-income borrowers by the aggregate market.

Home Improvement Loans

The borrower distribution of home improvement loans is excellent. The portion of loans originated/purchased to moderate-income borrowers exceeds the portion of AA families that are moderate-income. The portion of loans to low-income borrowers is somewhat lower than the percentage of families that are low-income. When assessing performance for the low-income segment, we took into consideration the below-poverty population, as previously discussed. Aggregate 1999 HMDA data reflects that FirstMerit's market shares to both the low- and moderate-income segments of the market exceeded its overall home improvement loan market share for the AA.

Home Refinance Loans

The borrower distribution of home refinance loans is poor. FirstMerit originated/purchased no loans to low-income borrowers and only one loan to the moderate-income segment. While the percentages of lending to these segments of the market are very low, the significance is minor, given that FirstMerit's home refinance loan volume in Lawrence County totaled 23 loans. To achieve its overall market share in the low- and moderate-income sectors, FirstMerit would have had to make three additional moderate-income loans and two to the low-income sector.

Small Loans to Businesses

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

The borrower distribution of small loans to businesses is good. The portion of loans to businesses with revenues of \$1 million or less is somewhat lower than the portion of businesses that report sales at that level. Market share performance is very good. FirstMerit's share of the overall small business market is the same as its share of the portion that is to businesses with revenues of \$1 million or less. Furthermore, as 73 percent of FirstMerit loans are for \$100 thousand or less in size, this reflects the bank's willingness to make smaller size loans.

Community Development Lending

Refer to Table 1 in the State of Pennsylvania section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

No FirstMerit CD loans have been identified for this AA. However, this is considered adequate given the short time FirstMerit has operated in this AA and the limited CD loan opportunities that are present. Therefore, CD lending has a neutral impact on the Lending Test conclusions for the Lawrence County AA.

Product Innovation and Flexibility

Product innovation and flexibility has a neutral impact on our Lending Test conclusions for the Lawrence County AA.

FirstMerit offers its First Choice Mortgage loan program bank wide. This flexible home mortgage program is designed to address the one-to-four family home mortgage needs of low- and moderate-income individuals. Underwriting and funding is performed through FirstMerit Mortgage Company. Costs are reduced as application and origination fees are waived, and mortgage insurance is not necessary. This program is considered innovative in that it extends to home refinance loans as well as home purchase loans. We did not identify other lenders that have a similar program that extends to refinance borrowers.

The First Choice loan program has been successful in Lawrence County. During 1999 and the first six months of 2000, seventeen home purchase and three home refinance loans have been originated within the AA.

INVESTMENT TEST

FirstMerit's performance under the Investment Test in Pennsylvania is rated "High Satisfactory." Based on a full-scope review, the performance in Lawrence County is good. Refer to Table 12 in the State of Pennsylvania section of Appendix D for the facts and data used to evaluate the level of qualified investments.

During the evaluation period the bank made investments totaling \$390 thousand comprised primarily of the following:

- A \$380 thousand portion of FirstMerit Corporation's investment in the FirstMerit CDC. FirstMerit is one of six banks participating with the Lawrence County Family Center in the Lawrence County Housing Starts Partnership. FirstMerit's portion of the equity contribution totals \$400 thousand. Equity contributions are being used for the construction of 19 new homes and the purchase and renovation of 25 existing homes, which will in turn, be sold to low- and moderate-income families. Grant money from the Department of Community and Economic Development, and an affordable housing grant from the Federal Home Loan Bank of Pittsburgh will be used for gap financing. Refer to the Community Development Services section under the Service Test for further discussion relative to FirstMerit's involvement in this initiative.
- Five grants and in-kind donations totaling \$4 thousand were made to local organizations to support community development initiatives.
- Six thousand dollars in allocated portions of FirstMerit's investments in the National Equity Fund and Enterprise Housing Fund representing current period funding activity. The allocations are based on the AA's pro-rata share of FirstMerit deposits.

Investments made during prior evaluation periods that are still outstanding total \$6 thousand, and consist of allocated portions of FirstMerit's investments in the National Equity Fund and Enterprise Housing Fund that were previously funded. These investments continue to have a positive impact on the community as the majority of the underlying projects are still in process. Unfunded portions of these investments total \$52 thousand.

FirstMerit investments have addressed the affordable housing needs of the AA. Refer to the Assessment Area Needs section of the Market Profile for the Lawrence County AA in Appendix C. In drawing our conclusions, we considered the bank's level of complexity and capacity, the short length of time FirstMerit has operated in the area, as well as the degree of competition relative to the limited opportunities for investment as described in the Market Profile section. Investment in the Lawrence County Housing Starts Partnership was given particular positive

consideration. This partnership, in which bank employees have taken a leadership role, directly addresses the primary needs of the AA in a manner that is innovative and unique for the area.

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 13 in the Pennsylvania section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

FirstMerit's delivery systems are accessible to geographies and individuals of different income levels within the Lawrence County AA. Accessibility is good as the distribution of FirstMerit's four offices in the AA include an office in the moderate-income segment of the community. While no offices are located in low-income segment, only 1 geography with 2,509 persons, or 2.6 percent of the AA's population, is located there. The percentage of offices in moderate-income geographies exceeds the distribution of the population living in such geographies. However, this presence represents one branch. Branch openings and closures have not affected the accessibility of delivery systems in the Lawrence County AA.

Office hours and the level of services FirstMerit offers throughout the AA are good. Hours and services (including the availability of loan officers) are comparable among all locations regardless of the income level of the geography where the offices are located. Banking hours and services provided Monday through Friday are supplemented by Saturday hours at all banking facilities.

A no minimum balance checking account allows FirstMerit customers, including those who are low- and moderate-income, to maintain accounts without fees. The bank also offers a reduced-fee checking account tailored to senior citizens on fixed incomes. Additionally, FirstMerit offers low-fee business checking products designed for businesses with minimal and moderate account activity.

FirstMerit has an ATM at each of its four offices in the AA, which allows customers to access their accounts outside of regular banking hours. As with the branch distribution, the portion of FirstMerit's ATMs in moderate-income geographies exceeds the portion of the population that resides in those

geographies.

Alternative delivery systems also include a toll-free telephone banking service and Internet banking. These services allow customers to obtain deposit and loan account information, make payments on FirstMerit loans, transfer funds, and apply for various loan products. As specific information is not available on the degree in which low- and moderate-income individuals and geographies are impacted by these services, significant weight cannot be placed on these alternative delivery systems when drawing conclusions for performance under the Service Test.

Community Development Services

FirstMerit's performance in providing CD services in the Lawrence County AA is good. The bank has specifically targeted their CD service efforts on affordable housing in response to an identified need within their assessment area. FirstMerit personnel have taken leadership roles in local organizations that provide services to various members of the community. In addition, members of FirstMerit's staff also participate in organizations that provide education and other services to the AA. Below is a sample of CD initiatives in Lawrence County:

- FirstMerit took an active role in the formation of the Lawrence County Housing Starts Partnership. Several senior FirstMerit officers serve in leadership capacities as Board members. This partnership teams local financial institutions with not-for-profit agencies and local government. The purpose is to provide affordable housing to low- and moderate-income residents of Lawrence County through the rehabilitation of existing housing stock and new single-family residential construction in targeted low- and very low- income geographies. Their main goals are to provide affordable housing and prepare low- and moderate-income individuals for home ownership through counseling families on financial matters and legal services. FirstMerit also provided a sizeable equity investment into the partnership, as described under the Investment Test.
- A bank officer provides financial guidance and serves on the board of a not-for-profit social services organization that provides childcare, job training and education, clothing and food to predominantly low- and moderate-income residents.
- A bank officer serves on the board and provides financial expertise to a not-for-profit organization that works to assist low- and moderate-income families with career placement, school lunch subsidization, family counseling and affordable housing.

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 Δ Full-Scope Δ) and those that received a less comprehensive review (designated by the term Δ Limited-Scope Δ).

| | | |
|--|---|---|
| Time Period Reviewed | <p>For All AAs Except for Toledo OH and Lawrence County PA:</p> <p>Lending Test (excluding CD Loans): 7/1/1998 to 12/31/1999 Community Development Loans: 7/1/1998 to 7/10/2000 Investment & Service Tests: 7/1/1998 to 7/10/2000</p> <p>For Toledo OH and Lawrence County PA AAs:</p> <p>Lending Test (excluding CD Loans): 2/12/1999 to 12/31/1999 Community Development Loans: 2/12/1999 to 7/10/2000 Investment & Service Tests: 2/12/1999 to 7/10/2000</p> | |
| Financial Institution | Products Reviewed | |
| FirstMerit, N.A. Akron, Ohio | Home mortgage loans, small loans to businesses, and CD loans | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| FirstMerit Mortgage Corporation FirstMerit Corporation | Bank subsidiary Parent | Home mortgage loans Qualified Investment in FirstMerit CDC |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| State of Ohio Akron MSA (0080) Canton-Massillon MSA (1320) Cleveland-Lorain-Elyria MSA (1680) Columbus MSA (1840) Mansfield (4800) Toledo MSA (8400) Non-Metropolitan Area: (Ashland, Erie, Huron, Knox, Seneca & Wayne Counties) | Full-scope Full-scope Full-scope Limited-scope Limited-scope Limited-scope Limited-scope | Entered Toledo MSA 2/12/1999 |
| State of Pennsylvania Non-metropolitan Area: (Lawrence County) | Full-scope | Entered Lawrence County 2/12/1999 |

Appendix B: Summary of State Ratings

| RATINGS FirstMerit Bank, N.A. | | | | |
|--------------------------------------|-----------------------------|-------------------------------|----------------------------|----------------------------------|
| Overall Bank: | Lending Test Rating* | Investment Test Rating | Service Test Rating | Overall Bank/State Rating |
| FirstMerit, N.A. | Outstanding | High Satisfactory | High Satisfactory | Outstanding |
| State: | | | | |
| Ohio | Outstanding | High Satisfactory | High Satisfactory | Outstanding |
| Pennsylvania | Low Satisfactory | High Satisfactory | High Satisfactory | Satisfactory |
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(*) The Lending Test is weighted more heavily than the Investment and Service Test in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Akron, Ohio MSA (0080) C-2

Canton-Massillon, Ohio MSA (1320)... C-5

Cleveland-Lorain-Elyria, Ohio MSA (1680)..... C-8

Lawrence County, Pennsylvania (non-metropolitan)..... C-12

State of Ohio Full-Scope Areas

Akron, Ohio MSA (0080)

Market Profile

| Demographic Information for the Area: Akron Assessment Area | | | | | | | | | | | |
|--|---------|----------------------|--------|--|---------|----------------------|---------|---------------------|---------|------------------|---|
| Evaluation Period: 01/01/1998 TO 12/31/1999 | | | | | | | | | | | |
| Demographic Characteristic | Total | Low Income Tracts | | Mod Income Tracts | | Middle Income Tracts | | Upper Income Tracts | | NA Income Tracts | |
| | # | % | # | % | # | % | # | % | # | % | # |
| Geographies (Census Tracts/BNAs) | 148 | 13.51 | 20 | 18.92 | 28 | 46.62 | 69 | 18.92 | 28 | 2.03 | 3 |
| Population by Geography | 657,575 | 5.71 | 37,536 | 16.78 | 110,312 | 56.72 | 372,963 | 20.80 | 136,764 | 0.00 | 0 |
| Owner-Occupied Housing by Geography | 171,949 | 3.13 | 5,384 | 14.12 | 24,284 | 58.64 | 100,839 | 24.10 | 41,442 | 0.00 | 0 |
| Business by Geography | 24,050 | 6.57 | 1,580 | 14.35 | 3,452 | 50.54 | 12,154 | 28.54 | 6,864 | 0.00 | 0 |
| Farms by Geography | 755 | 1.85 | 14 | 4.50 | 34 | 65.17 | 492 | 28.48 | 215 | 0.00 | 0 |
| Family Distribution by Income Level | 176,648 | 19.15 | 33,830 | 18.39 | 32,494 | 23.87 | 42,171 | 38.58 | 68,153 | 0.00 | 0 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 66,324 | 9.88 | 6,552 | 25.65 | 17,011 | 55.01 | 36,485 | 9.46 | 6,276 | 0.00 | 0 |
| Median Family Income | 35,193 | Median Housing Value | | 62,864 | | | | | | | |
| HUD Adjusted Median Family Income for 1999 | 49,900 | Unemployment Rate | | 4.05% (June 2000 blended county average) | | | | | | | |
| Households Below Poverty Level | 12.09% | Rate | | | | | | | | | |

FirstMerit's Akron AA consists of the entire Akron, Ohio MSA (0080). This area is comprised of Portage and Summit Counties in northeastern Ohio and is the principal market for the bank. FirstMerit operates 37 branches in this AA, which is also where the bank and holding company are headquartered. Approximately 34 percent of the bank's Ohio deposits and 25 percent of its Ohio-based reported loans stem from this AA.

According to June 30, 1999 FDIC deposit data, FirstMerit is ranked number one in size with a 28 percent share of the insured deposit market within the AA. The next largest competitors are National City Bank (13%), and Bank One, N.A. (11%). Other primary competitors operating in the area are Keybank, N.A.; Fifth Third Bank of Northwestern Ohio, N.A.; and Huntington National Bank. Competition is strong in the area as there are 27 insured institutions operating 213 offices in this two-county area. According to aggregate HMDA data, 381 lenders reported home mortgage loan originations in the AA during 1999, 68 of which originated more than 100 loans each. Aggregate small business data reflects that 12 lenders reported having originated more than 100 small loans to businesses in 1999. Competition for community development loans, investments, and services is high, with a large number of banks and holding companies operating in the market.

The economy of the Akron metropolitan area, historically associated with the rubber industry, is shifting away from rubber product manufacturing. Although the greater Akron area has lost 20 thousand manufacturing jobs during the past 20 years, the area has gained 36 thousand service-producing jobs. Available data indicates that the predominant employers in this market are in the service, wholesale, and retail industries. The individual largest employers in this AA are Goodyear, the University of Akron, Summa Health and the City of Akron.

Local unemployment levels have been low during the evaluation period. As of June 2000, the unemployment rate for Portage County was 3.9 percent and 4.2 percent for Summit County. The State of Ohio rate was 4.2 percent.

In the Akron MSA, approximately 12 percent of households are below the poverty level, with 55 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.

A portion of the City of Akron, including the downtown section, was designated as a federal Enterprise Community in 1994. The Enterprise Community program supports new business startup, business expansion, job training, and neighborhood development. Federal funds were used, in part, to establish various programs, including a revolving loan program for small to mid-size companies, an industrial incubator, a micro-loan program, and family loan targeted to low-income families.

Assessment Area Needs

The Akron, Ohio Consolidated Plan for 1995 Executive Summary (most recent available) published by the U.S. Department of Housing and Urban Development (HUD) provides, in part, information on identified housing and community development needs and market conditions for the City of Akron. Some key information is summarized below.

- Affordability and market conditions are Akron's major housing problems. The primary barriers to affordable housing are insufficient resources needed to maintain the existing housing stock, and inadequate personal income.
- Akron's housing stock is aging, with more than 60 percent of all units constructed before 1950. It is estimated that 25 percent of renter households and 27 percent of owner households live in substandard units.
- The City estimates that 69 percent of the 19,400 very-low and low-income renters need housing assistance. For households with income between 51 and 80 percent of the MFI, cost burdens are more prevalent among elderly renters.
- The City of Akron operates HUD lead-based paint abatement programs, including

neighborhood education, blood screening, and monitoring systems. The programs affect all applicants seeking rehabilitation assistance, tenants livings in units being rehabilitated, and buyers of HUD-associated housing. The plan states that the programs will continue, and includes improving the health and safety of citizens and their environment as a priority.

- The City has two major economic development needs: downtown improvement and commercial industrial development. Furthermore, the aging infrastructure requires constant repair, and public facilities need to be improved.
- A strategy for addressing the identified needs ranks priorities as follows:
 - Neighborhood rehabilitation
 - Rental assistance and rehabilitation
 - New construction for renter and owner units
 - Homebuyer assistance for first-time low-income homebuyers
- City of Akron's Department of Planning and Urban Development works directly with local banks on its Housing Rehabilitation Program. The plan is to continue to work with the institutions and increase their involvement.

Our evaluation took into consideration information derived from members of the community. The OCC held meetings with various members of the community during 1999 and 2000 representing community organizations focusing attention on economic development, housing and small business initiatives. During this evaluation, two community contacts were made with housing and economic development organizations. Needs identified are affordable single-family and multi-family housing units (owner and rental), home rehabilitation, and economic development in creating opportunity for jobs close to where the low- and moderate-income population resides. Barriers that exist include inadequate personal income and extensive consumer debt. There is a need for small business financing for businesses are start up, expanding, or lack adequate equity or collateral. Technical assistance is also a continuing need.

The opportunity to make CD loans, qualified investments, and provide CD services within the MSA is moderate. 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. Community resources and opportunities exist where banks can participate in partnerships to address the credit and community development needs. There are several community development organizations in Akron, including two housing and economic development groups that are very active, and which have the capacity to help address community needs. Furthermore, various city sponsored loan programs exist. The City of Akron and local financial institutions designed the Home Purchase Incentive Program to help lower the costs of purchasing a home located in one of the several city-designated Community Development Rehabilitation and Neighborhood Housing Petition areas.

Canton-Massillon, Ohio MSA (1320)

Market Profile

| Demographic Information for the Area: Canton-Massillon Assessment Area | | | | | | | | | | | Evaluation Period: 01/01/1998 TO 12/31/1999 | |
|--|---------|----------------------|--------|------------------------------|--------|----------------------|---------|---------------------|--------|------------------|---|--|
| Demographic Characteristic | Total | Low Income Tracts | | Mod Income Tracts | | Middle Income Tracts | | Upper Income Tracts | | NA Income Tracts | | |
| | # | % | # | % | # | % | # | % | # | % | # | |
| Geographies (Census Tracts/BNAs) | 64 | 6.25 | 4 | 18.75 | 12 | 59.38 | 38 | 15.63 | 10 | 0.00 | 0 | |
| Population by Geography | 326,198 | 4.01 | 13,066 | 14.80 | 48,277 | 57.27 | 186,808 | 23.93 | 78,047 | 0.00 | 0 | |
| Owner-Occupied Housing by Geography | 87,263 | 2.11 | 1,844 | 12.90 | 11,261 | 60.26 | 52,585 | 24.72 | 21,573 | 0.00 | 0 | |
| Business by Geography | 10,649 | 7.39 | 787 | 10.43 | 1,111 | 53.94 | 5,744 | 28.24 | 3,007 | 0.00 | 0 | |
| Farms by Geography | 487 | 0.62 | 3 | 2.67 | 13 | 77.21 | 376 | 19.51 | 95 | 0.00 | 0 | |
| Family Distribution by Income Level | 90,917 | 17.31 | 15,739 | 17.72 | 16,109 | 25.01 | 22,734 | 39.97 | 36,335 | 0.00 | 0 | |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 31,848 | 7.28 | 2,317 | 22.94 | 7,307 | 56.15 | 17,883 | 13.63 | 4,341 | 0.00 | 0 | |
| Median Family Income | 32,485 | Median Housing Value | | 56,831 | | | | | | | | |
| HUD Adjusted Median Family Income for 1999 | 46,300 | Unemployment Rate | | 4.2% (June 2000 county rate) | | | | | | | | |
| Households Below Poverty Level | 10.90% | | | | | | | | | | | |

Source: 1990 US Census and HUD update MFI

The Canton AA is a portion of the Canton-Massillon Ohio MSA (1320) located in northeast Ohio. The AA is comprised of the central and western portions of Stark County where the bank has a presence, including the City of Canton and surrounding metropolitan area. FirstMerit operates 16 branches in this AA. Bank management determined that its branch structure is not sufficient to address the needs of the entire MSA. This is the bank's third largest AA based on deposits and loans, with approximately 16 percent of the bank's Ohio deposits and reported loans stemming from this AA.

According to June 30, 1999 FDIC deposit data, FirstMerit is ranked number one in size with a 25 percent share of the insured deposit market within Stark County. The next largest competitors are United National Bank & Trust Company and Charter One Bank, F.S.B with 18 percent each. Other primary competitors operating in the area are Keybank, N.A.; Bank One, N.A.; and National City Bank. Competition is strong in the area as there are 18 insured institutions operating 114 offices in a county with an estimated population of 375,000. According to aggregate HMDA data, 294 lenders reported home mortgage loan originations in the AA during 1999, 34 of which originated more than 100 loans each. Aggregate small business data reflects that 10 lenders reported having made more than 100

small loans to businesses in Stark County during 1999. Competition for community development loans, investments and services in the MSA is high with the relatively large number of banks in the area, including multi-bank holding companies operating in the market.

The City of Canton, which once relied heavily on the steel industry for employment, has been declining in population since peaking at 116,000 in 1950. The 1998 population was estimated to be just under 80,000. Available data indicates that the predominant industries are services, trades, and manufacturing. The largest employers in this AA are Diebold, Timken Co, Mercy Medical Services and Aultman Hospital. The entire City of Canton is designated as an Enterprise Zone, and tax incentives are provided to attract industries that diversify the economy and create long-term jobs for low- and moderate-income persons.

Unemployment levels have been low for Stark County during the evaluation period, with a 4.2 percent level as of June 2000. However, the unemployment level for the City of Canton was 6.7 percent. While this is lower than the 8 percent from the prior year, it remains high compared to the State of Ohio at 4.2 percent.

In the Canton AA, approximately 11 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.

Assessment Area Needs

The Canton, Ohio Consolidated Plan for 1995 Executive Summary (most recent available) published by HUD provides, in part, information on identified housing and community development needs and market conditions for the City of Canton. Some key information is summarized below:

- There are over 2,500 extremely low- and very low-income renter households, 500 of which are elderly persons, and approximately 550 low- and moderate-income owner households. The plan states, in part, that Canton needs to assist these groups of individuals by rehabilitating 4,251 housing units and assisting over 4,000 low-income families and elderly who rent.
- Stark Metropolitan Housing Authority has a total of 2,568 public housing units and 1,401 Section 8 vouchers for assistance. The waiting list is 2,340.
- Housing priorities are to upgrade (including rehabilitation) existing housing stock, and increase the supply of affordable housing. The plan seeks to have the city, in partnership with the private sector, provide new and rehabilitated affordable housing throughout the city.

- Community development priorities include job creation, education, child care services, health services, public services, infrastructure improvements, lead-based paint hazard reduction, and fair housing counseling. The anti-poverty strategy is to provide a service system to allow for a more effective means to help families and individuals keep out of poverty.
- The plan recognizes that there are numerous non-profit agencies as well as financial institution that are expected to provide resources to carry out portions of the plan.

Our evaluation took into consideration information derived from members of the community. Two community contacts were made with housing and economic development organizations. The main community credit needs are affordable single family and multifamily housing. The City of Canton is encouraging home ownership. A continual need for small business financing exists. The opportunity to make CD loans, qualified investments, and provide CD services within the MSA is moderate. 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. Community resources and opportunities exist to partnership with city and county housing and economic programs and community nonprofit housing development and economic organizations.

Cleveland-Lorain-Elyria, Ohio MSA (1680)

Market Profile

| Demographic Information for the Area: Cleveland Assessment Area | | | | | | | | | | | |
|--|-----------|----------------------|---------|---|---------|----------------------|-----------|---------------------|---------|------------------|-------|
| Evaluation Period: 01/01/1998 TO 12/31/1999 | | | | | | | | | | | |
| Demographic Characteristic | Total | Low Income Tracts | | Mod Income Tracts | | Middle Income Tracts | | Upper Income Tracts | | NA Income Tracts | |
| | # | % | # | % | # | % | # | % | # | % | # |
| Geographies (Census Tracts/BNAs) | 719 | 15.99 | 115 | 17.11 | 123 | 41.31 | 297 | 22.67 | 163 | 2.92 | 21 |
| Population by Geography | 2,202,069 | 9.82 | 216,292 | 15.71 | 345,891 | 47.87 | 1,054,035 | 26.53 | 584,240 | 0.07 | 1,611 |
| Owner-Occupied Housing by Geography | 561,620 | 4.81 | 27,028 | 12.00 | 67,385 | 52.32 | 293,850 | 30.86 | 173,330 | 0.00 | 27 |
| Business by Geography | 79,562 | 8.47 | 6,737 | 11.21 | 8,915 | 44.90 | 35,722 | 32.40 | 25,778 | 3.03 | 2,410 |
| Farms by Geography | 2,498 | 0.88 | 22 | 7.61 | 190 | 57.73 | 1,442 | 33.63 | 840 | 0.16 | 4 |
| Family Distribution by Income Level | 590,382 | 20.09 | 118,581 | 17.34 | 102,356 | 24.07 | 142,107 | 38.51 | 227,338 | 0.00 | 0 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 220,937 | 17.95 | 39,649 | 23.74 | 52,455 | 45.16 | 99,786 | 13.15 | 29,047 | 0.00 | 0 |
| Median Family Income | 36,500 | Median Housing Value | | 71,455 | | | | | | | |
| HUD Adjusted Median Family Income for 1999 | 52,600 | Unemployment Rate | | 4.0% (June 2000 blended county average) | | | | | | | |
| Households Below Poverty Level | 11.97% | | | | | | | | | | |

Source: 1990 US Census and HUD update

FirstMerit's Cleveland AA consists of the Cleveland-Lorain-Elyria, Ohio MSA (1680), which, based on population, is the largest MSA in the state. This area is comprised of Ashtabula, Cuyahoga, Geauga, Lake, Lorain, and Medina Counties in northeastern Ohio. FirstMerit operates 81 branches in this AA. Approximately 36 percent of the bank's Ohio deposits, 41 percent of reportable home mortgage loans and 54 percent of Ohio-based reported small business loans stem from this AA.

FirstMerit's presence varies greatly among various portions of the AA, which is a result of merger and acquisition activities. According to June 30, 1999 FDIC data, FirstMerit's deposit size rankings and market shares for the MSA's individual counties are as follows: Ashtabula County - number two rank with a 31 percent share. Cuyahoga County - rank of 13 with a one percent share. Geauga County - rank of four with a 10 percent share. Lake County - rank of four with an 8 percent share. Lorain County - number one rank with a 31 percent share. Medina County - number one rank with 33 percent share.

FirstMerit's presence is particularly small within the City of Cleveland (Cuyahoga County), which is the second largest city in Ohio. While the bank has 81 offices in the AA and 21 offices within Cuyahoga County, only 4 are located in Cleveland.

The City of Cleveland is the headquarters of Keybank, N.A. and National City Bank, two much larger regional financial institutions. Cleveland is also the headquarters of Third Federal Savings and Loan Association of Cleveland and Charter One Bank, F.S.B., two large residential mortgage based institutions. Other large regional institutions with a presence in Cleveland are Bank One, N.A., Firststar Bank, N.A.; Huntington National Bank; and Fifth Third Bank of Northwestern Ohio, N.A.

Competition is strong in the AA as there are 49 insured institutions operating over 700 offices in this six-county area. According to aggregate HMDA data, 494 lenders reported home mortgage loan originations in the AA during 1999, 111 of which originated more than 100 loans each. Aggregate small business data reflects that 16 lenders reported having made more than 100 small loans to businesses in 1999. Competition for community development loans, investments and services in the MSA is particularly high with the large multi-bank holding companies operating in the market.

The City of Cleveland is an older industrial city that, beginning in the 1950s, experienced significant losses in population, housing, and jobs. While many Cleveland neighborhoods remained stable, other areas suffered from deteriorated housing, abandoned commercial strips, and concentrations of poverty. The City of Cleveland houses a disproportionate share of the area's below-poverty population. While 23 percent of the MSA's population reside in Cleveland, 69 percent of the MSA's below-poverty households are in Cleveland. Of the AA's 238 low- and moderate-income census tracts, 176 (74 percent) are located in Cleveland. A portion of the City of Cleveland is a designated Enterprise Zone with a strategy for economic development and labor force development.

Unemployment levels have been relatively low during the evaluation period, although vary between the individual counties. As of June 2000, the county unemployment rates were as follows: Ashtabula County - 5.2 percent; Cuyahoga County - 5.0 percent; Geauga County - 2.8 percent; Lake County - 3.5 percent; Medina County 3.5 percent. The unemployment rate for the City of Cleveland was high at 9.4 percent as poverty levels remain high.

In the Cleveland-Lorain-Elyria MSA, 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. In the City of Cleveland, 28 percent of households and 62 percent of low-income households are below the poverty level. In the segment of the AA that is outside of the City of Cleveland, 7 percent of households and 39 percent of low-income households are below the poverty level.

Available data indicates that the predominant employers in this market are the services, trade and manufacturing industries. Some of the individual largest employers in this AA are the Cleveland Clinic Foundation and University Hospitals.

Assessment Area Needs

The Cleveland, Ohio Consolidated Plan for 1995 Executive Summary (most recent available) published by HUD provides, in part, information on identified housing and community development needs and market conditions for the City of Cleveland. Some key information is summarized below:

- Compared to other major urban markets, housing costs in Cleveland are relatively inexpensive. However, a significant portion of the city's population cannot afford the cost of standard quality housing, even when an excessive percentage of income is devoted to housing costs. Moderate- and middle-income households also need assistance to become homeowners. They may have sufficient income to meet monthly obligations, but lack the accumulated savings for downpayments and closing costs.
- Housing vacancy rates continue to increase.
- Cleveland has an aging housing stock, with a significant portion in need of rehabilitation. The median age of single family houses is 70 years. Over 67 percent of the housing structures are one- or two-unit structures. A combination of aging structures and residents with inadequate incomes creates a situation where deferring maintenance is common.
- Because of the age and condition of the housing stock, average rehabilitation costs are high. With low market values, the cost of rehabilitation can often exceed the value of the property upon completion.
- Job creation, high-quality education and training, and fair access to development capital and credit are the community development needs to be addressed.
- There is a shortage of affordable rental housing for households with very low incomes. For moderate-income renters, there is a need to produce additional affordable units for large families.
- It is estimated that there are more than 12,000 substandard owner-occupied housing units in Cleveland. It is essential that rehabilitation funds be sought and that other resources are leveraged to address the need.
- Cleveland's housing plan focuses on affordable housing needs. Priorities include the modernization of public housing inventory, the rehabilitation of vacant units for lease and purchase by low-income families, and expanded use of low-income housing tax credits.

- Neighborhood development activities are mostly carried out by community-based non-profit organizations, including the Storefront Renovation Program and the Neighborhood Commercial Hub Program. The City will also seek opportunities for creating major new commercial developments. Cleveland's economic development efforts are focused on retaining and creating employment to help reduce poverty.

Our evaluation took into consideration information derived from members of the community. The OCC held meetings with various members of the community during 1999 and 2000 representing community organizations focusing attention on economic development, housing and small business initiatives. During this evaluation contact was made with one local organization focusing on affordable housing and economic development, and one organization providing assistance to small businesses. There is a need for affordable housing loans, including those for home improvement, and special financing for borrowers with credit problems and for those who need down payment assistance. Small business needs include financing for small businesses, especially start-up loans and micro-loans.

There is good opportunity 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 in the community to help address the opportunities presented.

State of Pennsylvania Full Scope Area

Non-Metropolitan Area of Lawrence County, Pennsylvania

Market Profile

| Demographic Information for the Area: Lawrence County Pa Area | | | | | | | | | | | Evaluation Period: 02/12/1999 TO 12/31/1999 | |
|--|--------|----------------------|-------|------------------------------|--------|----------------------|--------|---------------------|-------|------------------|---|--|
| Demographic Characteristic | Total | Low Income Tracts | | Mod Income Tracts | | Middle Income Tracts | | Upper Income Tracts | | NA Income Tracts | | |
| | # | % | # | % | # | % | # | % | # | % | # | |
| Geographies (Census Tracts/BNAs) | 28 | 3.57 | 1 | 25.00 | 7 | 64.29 | 18 | 7.14 | 2 | 0.00 | 0 | |
| Population by Geography | 96,246 | 2.61 | 2,509 | 15.39 | 14,811 | 72.90 | 70,159 | 9.11 | 8,767 | 0.00 | 0 | |
| Owner-Occupied Housing by Geography | 27,671 | 1.20 | 331 | 12.78 | 3,535 | 76.93 | 21,288 | 9.10 | 2,517 | 0.00 | 0 | |
| Business by Geography | 3,003 | 2.96 | 89 | 29.30 | 880 | 51.78 | 1,555 | 15.95 | 479 | 0.00 | 0 | |
| Farms by Geography | 160 | 0.00 | 0 | 1.88 | 3 | 90.00 | 144 | 8.13 | 13 | 0.00 | 0 | |
| Family Distribution by Income Level | 26,912 | 19.76 | 5,319 | 20.71 | 5,574 | 24.11 | 6,488 | 35.42 | 9,531 | 0.00 | 0 | |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 10,893 | 3.51 | 382 | 21.00 | 2,287 | 70.65 | 7,696 | 4.85 | 528 | 0.00 | 0 | |
| Median Family Income | 28,934 | Median Housing Value | | 49,857 | | | | | | | | |
| HUD Adjusted Median Family Income for 1999 | 36,700 | Unemployment Rate | | 5.3% (June 2000 county rate) | | | | | | | | |
| Households Below Poverty Level | 13.92% | | | | | | | | | | | |

Source: 1990 US Census and HUD update 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 a small market for the bank. Four branches serve this area, and approximately 4 percent of the bank's deposits and less than 2 percent of annualized reportable loans stem from this AA.

FirstMerit entered this AA area through the February 1999 acquisition of Signal Corporation's First Federal Savings Bank of New Castle. According to June 30, 1999 FDIC deposit data, FirstMerit is ranked number two in size with a 21 percent share of the insured deposit market within Lawrence County. The bank with the largest presence has a 28 percent market share, and three other institutions have shares between 10 percent and 13 percent. In all, 8 financial institutions operate 33 offices in this county with a population less than 100 thousand. Primary competitors are Sky Bank (formerly First Western Bank, N.A.); National City Bank Pennsylvania; ESB Bank, F.S.B.; First Commonwealth Bank; and First National Bank of Pennsylvania. According to aggregate HMDA data, 144 lenders reported home mortgage loan originations in the AA during 1999, 11 of which originated 50 loans

or more each. Aggregate small business data reflects that seven lenders reported having made more than 50 small loans to businesses in 1999. Competition for CD loans, qualified investments and CD services in the area is high, as the number of banks is large relative to the limited opportunities that are available. We determined that opportunities are limited through community contacts, observing that there are relatively few community organizations operating in the area, and the non-metropolitan nature of the county.

The focal point of the county is the City of New Castle, where approximately one-third of the county population resides. As the area's industrial base eroded, small businesses have developed. Plastic, fiberglass and specialty steel products are manufactured in the New Castle area. The major industries are service, government and hospitals. As of June 2000, the Lawrence County unemployment rate of 5.3 percent was somewhat higher than the State of Pennsylvania unemployment rate of 4.2 percent.

In Lawrence County, approximately 14 percent of households are below the poverty level, with 54 percent of the low-income households below the poverty level. It is especially difficult for this segment of the population to afford and maintain a home.

Assessment Area Needs

The Lawrence County Strategic Plan implemented in 1998 was the result of a series of public forums. More than 230 community leaders participated to identify issues related to the economy and quality of life of the county. In part, the plan identified a need to create safe, decent, affordable housing for individuals and families that would strengthen the stability of families and improve the existing housing stock. The plan outlined an affordable housing objective that included the creation of an affordable housing administrator and advisory housing committee to identify housing needs and develop a county-wide affordable housing plan. As a result, the Lawrence County Housing Starts Partnership was created.

Our evaluation took into consideration information derived from members of the community. During this evaluation we contacted two local social service organizations that provide services to low- and moderate-income persons. The three primary issues identified that need to be addressed are affordable housing, jobs with income above the poverty level, and addressing poor credit through credit counseling. We confirmed that the opportunities for making CD loans, qualified investments, and providing CD services is limited, and the number of community service organizations operating in the area is few.

Appendix D: Tables of Performance Data

Table of Contents

Content of Standardized Tables D-2

Tables of Performance Data

State of Ohio D-5

State of Pennsylvania D-18

Content of Standardized Tables

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

The following is a listing and brief description of the tables included in each set:

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

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

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

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

Table 1. Lending Volume

| LENDING VOLUME | | STATE OF OHIO | | | | | | | | | | Evaluation Period: 7/1/1998 TO 12/31/1999 ** | |
|-----------------------|----------------------------------|-------------------|------------|----------------|------------|------------|------------|-----------------------|------------|----------------------|-----------|--|--|
| MSA/Assessment Area | % of Rating Area Deposits in AA* | Home Mortgage *** | | Small Business | | Small Farm | | Community Development | | Total Reported Loans | | % of Rating Area Loans in AA (% of #) | |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$(000's) | | |
| Full Scope | | | | | | | | | | | | | |
| MSA 0080 Akron | 34.07 | 2,774 | 249,953 | 2,352 | 329,787 | 17 | 382 | 4 | 5,907 | 5,147 | 586,029 | 25.05 | |
| MSA 1320 Canton | 15.78 | 2,052 | 196,450 | 1,151 | 151,973 | 10 | 68 | 2 | 4,440 | 3,215 | 352,931 | 15.09 | |
| MSA 1680 Cleveland | 35.52 | 4,589 | 418,409 | 4,889 | 737,715 | 37 | 2,099 | 14 | 7,185 | 9,529 | 1,165,408 | 49.82 | |
| Limited Scope | | | | | | | | | | | | | |
| MSA 1840 Columbus | 1.42 | 166 | 18,863 | 126 | 18,965 | 1 | 7 | 0 | 0 | 293 | 37,835 | 1.62 | |
| MSA 4800 Mansfield | 3.36 | 297 | 21,453 | 55 | 6,653 | 1 | 30 | 0 | 0 | 353 | 28,136 | 1.20 | |
| MSA 8400 Toledo | .37 | 8 | 526 | 7 | 522 | 1 | 100 | 0 | 0 | 16 | 1,148 | .04 | |
| Non-MSA areas in Ohio | 9.48 | 1,387 | 117,344 | 422 | 50,255 | 7 | 259 | 0 | 0 | 1,816 | 167,858 | 7.18 | |
| | | | | | | | | | | | | | |

* Deposit Data as of June 30, 1999

**Home Mortgage Data is from July 1, 1998 - December 31, 1999, except for the Toledo MSA which is from February 12, 1998 through December 31, 1999.

Small Business and Small Farm data is from January 1, 1998 - December 31, 1999, except for the Toledo MSA which is from February 12, 1999 through December 31, 1999.

Community Development Loans are from July 1, 1998 - July 10, 2000.

***Home Mortgage Loans in Table 1 include Multi-family loans that are not reflected in other tables within this appendix.

Table2. Geographic Distribution of Home Purchase Loans

| Geographic Distribution: HOME PURCHASE | | STATE OF OHIO | | | | | | | | Evaluation Period: 07/01/1998 TO 12/31/1999 | | | | | | | |
|--|------------------------|---------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|---|------|------|------|------|---------------------------|--------------|--|
| MSA/Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | | Total Home Purchase Loans | | |
| | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total** | |
| Full Scope | | | | | | | | | | | | | | | | | |
| MSA 0080 Akron | 3.13 | 3.67 | 14.12 | 16.42 | 58.64 | 57.52 | 24.10 | 22.39 | 3 | 4.10 | 5.20 | 6.46 | 4.13 | 2.93 | 871 | 22 | |
| MSA 1320 Canton | 2.11 | .88 | 12.90 | 15.20 | 60.26 | 55.03 | 24.72 | 28.89 | 1 | 8.61 | 2.13 | 8.81 | 8.75 | 8.76 | 796 | 20 | |
| MSA 1680 Cleveland | 4.81 | 1.41 | 12.00 | 10.46 | 52.32 | 53.72 | 30.86 | 34.27 | 9 | 2.15 | .63 | 1.84 | 2.40 | 2.07 | 1,558 | 39 | |
| Limited Scope | | | | | | | | | | | | | | | | | |
| MSA 1840 Columbus | 0.00 | 0.00 | 4.37 | 1.75 | 40.67 | 75.44 | 54.96 | 22.81 | 54 | .49 | 0.00 | .41 | 1.33 | .18 | 57 | 1 | |
| MSA 4800 Mansfield | 1.07 | 0.00 | 14.60 | 10.45 | 58.10 | 56.72 | 26.23 | 32.84 | 5 | 4.95 | 0.00 | 4.55 | 4.72 | 5.76 | 134 | 3 | |
| MSA 8400 Toledo *** | 0.00 | 0.00 | 2.98 | 33.33 | 69.87 | 50.00 | 27.15 | 16.67 | 60 | .25 | 0.00 | 2.41 | .21 | .11 | 6 | 0 | |
| Non-MSA areas in Ohio | 0.00 | 0.00 | 5.61 | 2.17 | 69.21 | 65.58 | 25.18 | 32.25 | 1 | 8.91 | 0.00 | 3.65 | 9.11 | 9.51 | 552 | 14 | |
| | | | | | | | | | | | | | | | | | |

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

** Home purchase loans within an MSA/AA as a % of all home purchase loans in the rating area.

Table 3. Geographic Distribution of Home Improvement Loans

| Geographic Distribution: HOME IMPROVEMENT | | STATE OF OHIO | | | | | | | | Evaluation Period: 07/01/1998 TO 12/31/1999 | | | | | | | |
|---|------------------------|---------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|---|------|-------|-------|------|------------------------------|--------------|--|
| MSA/Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography | | | | | Total Home Improvement Loans | | |
| | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total** | |
| Full Scope | | | | | | | | | | | | | | | | | |
| MSA 0080 Akron | 3.13 | 4.29 | 14.12 | 29.76 | 58.64 | 57.62 | 24.10 | 8.33 | 3 | 11.04 | 6.21 | 16.81 | 10.55 | 6.23 | 420 | 30 | |
| MSA 1320 Canton | 2.11 | 1.02 | 12.90 | 16.24 | 60.26 | 67.51 | 24.72 | 15.23 | 4 | 10.53 | 2.44 | 6.31 | 12.85 | 9.33 | 197 | 14 | |
| MSA 1680 Cleveland | 4.81 | 5.21 | 12.00 | 19.94 | 52.32 | 60.71 | 30.86 | 14.14 | 8 | 4.52 | 1.90 | 4.71 | 5.30 | 3.44 | 672 | 48 | |
| Limited Scope | | | | | | | | | | | | | | | | | |
| MSA 1840 Columbus | 0.00 | 0.00 | 4.37 | 16.67 | 40.67 | 83.33 | 54.96 | 0.00 | 18 | .63 | 0.00 | 0.00 | 1.47 | 0.00 | 12 | 1 | |
| MSA 4800 Mansfield | 1.07 | 0.00 | 14.60 | 10.00 | 58.10 | 60.00 | 26.23 | 30.00 | 13 | 2.74 | 0.00 | 1.54 | 2.71 | 4.39 | 20 | 1 | |
| MSA 8400 Toledo *** | 0.00 | 0.00 | 2.98 | 0.00 | 69.87 | 100.00 | 27.15 | 0.00 | 32 | .28 | 0.00 | 0.00 | .38 | 0.00 | 1 | 0 | |
| Non-MSA areas in Ohio | 0.00 | 0.00 | 5.61 | 7.81 | 69.21 | 65.63 | 25.18 | 26.56 | 10 | 2.88 | 0.00 | 6.58 | 2.52 | 2.95 | 64 | 5 | |
| | | | | | | | | | | | | | | | | | |

* Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.
 ** Home improvement loans within an MSA/AA as a % of all home improvement loans in the rating area.
 *** FirstMerit data for the Toledo MSA is from February 12, 1999 -December 31, 1999

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

| Geographic Distribution: HOME MORTGAGE REFINANCE | | | | | | | | | | | | | | | | |
|--|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|---------------------------|------|------|------|-------|-------------------------------------|--------------|
| STATE OF OHIO | | | | | | | | | | | | | | | | |
| Evaluation Period: 07/01/1998 TO 12/31/1999 | | | | | | | | | | | | | | | | |
| MSA/Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography | | | | | Total Home Mortgage Refinance Loans | |
| | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total** |
| Full Scope | | | | | | | | | | | | | | | | |
| MSA 0080 Akron | 3.13 | 3.32 | 14.12 | 9.12 | 58.64 | 59.92 | 24.10 | 27.64 | 4 | 4.65 | 2.89 | 2.65 | 4.98 | 5.85 | 1,447 | 25 |
| MSA 1320 Canton | 2.11 | .19 | 12.90 | 6.78 | 60.26 | 54.35 | 24.72 | 38.68 | 3 | 7.03 | .62 | 3.02 | 6.88 | 11.49 | 1,047 | 18 |
| MSA 1680 Cleveland | 4.81 | 2.07 | 12.00 | 9.48 | 52.32 | 57.69 | 30.86 | 30.76 | 6 | 2.71 | .93 | 1.82 | 3.26 | 2.77 | 2,321 | 40 |
| Limited Scope | | | | | | | | | | | | | | | | |
| MSA 1840 Columbus | 0.00 | 0.00 | 4.37 | 0.00 | 40.67 | 80.41 | 54.96 | 19.59 | 29 | .80 | 0.00 | 0.00 | 1.68 | .31 | 97 | 2 |
| MSA 4800 Mansfield | 1.07 | 0.00 | 14.60 | 12.59 | 58.10 | 41.26 | 26.23 | 46.15 | 7 | 3.23 | 0.00 | 2.35 | 2.34 | 5.99 | 143 | 2 |
| MSA 8400 Toledo *** | 0.00 | 0.00 | 2.98 | 0.00 | 69.87 | 100.00 | 27.15 | 0.00 | 182 | .04 | 0.00 | 0.00 | .06 | 0.00 | 1 | 0 |
| Non-MSA areas in Ohio | 0.00 | 0.00 | 5.61 | 4.30 | 69.21 | 66.02 | 25.18 | 29.69 | 1 | 7.76 | 0.00 | 6.07 | 7.63 | 8.58 | 768 | 13 |
| | | | | | | | | | | | | | | | | |

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

** Refinance loans within an MSA/AA as a % of all refinance loans in the rating area.

*** FirstMerit data for the Toledo MSA is from February 12, 1999-December 31, 1999

Table 5. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL BUSINESS | | | | | | | | | | | | | | | | |
|---|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|-------|-------|-------|-------|----------------------------|--------------|
| STATE OF OHIO | | | | | | | | | | | | | | | | |
| Evaluation Period: 01/01/1998 TO 12/31/1999 | | | | | | | | | | | | | | | | |
| MSA/Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | | Total Small Business Loans | |
| | % of Businesses | % Bank Loans | % of Businesses | % Bank Loans | % of Businesses | % Bank Loans | % of Businesses | % Bank Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total** |
| Full Scope | | | | | | | | | | | | | | | | |
| MSA 0080 Akron | 6.96 | 8.16 | 14.32 | 18.49 | 50.19 | 45.41 | 28.53 | 27.93 | 2 | 15.85 | 21.66 | 29.20 | 13.49 | 14.05 | 2,352 | 26 |
| MSA 1320 Canton | 7.39 | 4.60 | 10.92 | 7.12 | 53.03 | 51.78 | 28.66 | 36.49 | 2 | 16.02 | 16.93 | 12.96 | 16.40 | 16.47 | 1,151 | 13 |
| MSA 1680 Cleveland | 8.82 | 4.75 | 11.69 | 8.18 | 45.96 | 48.41 | 33.53 | 37.23 | 3 | 9.54 | 8.25 | 8.77 | 10.50 | 9.09 | 4,889 | 54 |
| Limited Scope | | | | | | | | | | | | | | | | |
| MSA 1840 Columbus | 0.00 | 0.00 | 6.09 | 2.38 | 38.13 | 42.06 | 55.78 | 55.56 | 17 | 1.18 | 1.28 | .62 | 1.10 | 1.48 | 126 | 1 |
| MSA 4800 Mansfield | 4.97 | 3.64 | 19.24 | 5.45 | 56.52 | 63.64 | 19.27 | 27.27 | 8 | 2.86 | 0.00 | .69 | 4.09 | 2.71 | 55 | 1 |
| MSA 8400 Toledo *** | 0.00 | 0.00 | 2.75 | 14.29 | 66.15 | 85.71 | 31.10 | 0.00 | 18 | .64 | 0.00 | 4.55 | .76 | 0.00 | 7 | 0 |
| Non-MSA areas in Ohio | 0.00 | 0.00 | 8.23 | 2.61 | 66.31 | 61.85 | 25.46 | 35.55 | 6 | 6.02 | 0.00 | 2.08 | 5.98 | 7.14 | 422 | 5 |
| | | | | | | | | | | | | | | | | |

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

** Small Business loans within an MSA/AA as a % of all Small Business loans in the rating area.

*** FirstMerit data for the Toledo MSA is from February 12, 1999 -December 31, 1999

Table 6. Geographic Distribution of Small Loans to Farms

| Geographic Distribution: SMALL FARM | | | | | | | | | | | | | | | | |
|---|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|------|------|-------|-------|------------------------------|--------------|
| STATE OF OHIO | | | | | | | | | | | | | | | | |
| Evaluation Period: 01/01/1998 TO 12/31/1999 | | | | | | | | | | | | | | | | |
| MSA/Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | | Total Loans Small Farm Loans | |
| | % of Farms | % Bank Loans | % of Farms | % Bank Loans | % of Farms | % Bank Loans | % of Farms | % Bank Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total** |
| Full Scope | | | | | | | | | | | | | | | | |
| MSA 0080 Akron | 1.97 | 0.00 | 4.39 | 0.00 | 63.84 | 88.24 | 29.80 | 11.76 | 2 | 24.32 | 0.00 | 0.00 | 30.77 | 11.11 | 17 | 23 |
| MSA 1320 Canton | .44 | 0.00 | 2.67 | 0.00 | 78.22 | 70.00 | 18.67 | 30.00 | 1 | 27.78 | 0.00 | 0.00 | 26.67 | 50.00 | 10 | 14 |
| MSA 1680 Cleveland | .73 | 0.00 | 6.73 | 2.70 | 57.11 | 72.97 | 35.43 | 24.32 | 2 | 11.67 | 0.00 | 9.09 | 17.39 | 2.50 | 37 | 50 |
| Limited Scope | | | | | | | | | | | | | | | | |
| MSA 1840 Columbus | 0.00 | 0.00 | 2.14 | 0.00 | 72.37 | 0.00 | 25.49 | 100.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1 | 1 |
| MSA 4800 Mansfield | .15 | 0.00 | 5.19 | 0.00 | 76.80 | 100.00 | 17.86 | 0.00 | 8 | 3.33 | 0.00 | 0.00 | 5.88 | 0.00 | 1 | 1 |
| MSA 8400 Toledo *** | 0.00 | 0.00 | 2.08 | 0.00 | 90.84 | 0.00 | 7.08 | 100.00 | 8 | 1.18 | 0.00 | 0.00 | 0.00 | 33.33 | 1 | 1 |
| Non-MSA areas in Ohio | 0.00 | 0.00 | 2.08 | 0.00 | 83.55 | 57.14 | 14.37 | 42.86 | 13 | 1.44 | 0.00 | 0.00 | 1.10 | 4.55 | 7 | 9 |
| | | | | | | | | | | | | | | | | |

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

** Small Farm loans within an MSA/AA as a % of all Small Farm loans in the rating area.

*** FirstMerit data for the Toledo MSA is from February 12, 1999 -December 31, 1999

Table 7. Borrower Distribution of Home Purchase Loans

| Borrower Distribution: HMDA HOME PURCHASE | | STATE OF OHIO | | | | | | Evaluation Period: 07/01/1998 TO 12/31/1999 | | | | | Total Home Purchase Loans | | | |
|---|----------------------|----------------|---------------------------|----------------|-------------------------|----------------|------------------------|---|----------------------|----------------------------------|-------|-------|---------------------------|-------|-------|------------|
| MSA/Assessment Area | Low Income Borrowers | | Moderate Income Borrowers | | Middle Income Borrowers | | Upper Income Borrowers | | Overall Market Rank* | Market Share by Borrower Income* | | | | | # | % of Total |
| | % of Families | % Bank Loans** | % of Families | % Bank Loans** | % of Families | % Bank Loans** | % of Families | % Bank Loans** | | Overall | Low | Mod | Mid | Upp | | |
| Full Scope | | | | | | | | | | | | | | | | |
| MSA 0080 Akron | 19.15 | 13.55 | 18.39 | 28.36 | 23.87 | 21.47 | 38.58 | 35.94 | 3 | 4.10 | 9.98 | 6.87 | 3.82 | 3.69 | 871 | 22 |
| MSA 1320 Canton | 17.31 | 14.95 | 17.72 | 25.88 | 25.01 | 22.36 | 39.97 | 36.18 | 1 | 8.61 | 13.16 | 12.42 | 8.33 | 8.42 | 796 | 20 |
| MSA 1680 Cleveland | 20.09 | 13.67 | 17.34 | 26.77 | 24.07 | 21.63 | 38.51 | 36.20 | 9 | 2.15 | 3.68 | 3.02 | 1.94 | 2.67 | 1,558 | 39 |
| Limited Scope | | | | | | | | | | | | | | | | |
| MSA 1840 Columbus | 10.65 | 0.00 | 14.72 | 17.54 | 23.68 | 28.07 | 50.95 | 47.37 | 54 | .49 | 0.00 | .78 | .40 | .58 | 57 | 1 |
| MSA 4800 Mansfield | 18.40 | 14.93 | 18.63 | 26.12 | 25.20 | 21.64 | 37.77 | 35.82 | 5 | 4.95 | 8.55 | 5.47 | 3.76 | 5.44 | 134 | 3 |
| MSA 8400 Toledo *** | 14.91 | 33.33 | 17.73 | 50.00 | 25.04 | 0.00 | 42.33 | 16.67 | 60 | .25 | 1.03 | .69 | 0.00 | .11 | 6 | 0 |
| Non-MSA areas in Ohio | 15.38 | 7.25 | 17.98 | 26.63 | 24.38 | 25.18 | 42.25 | 40.22 | 1 | 8.91 | 10.88 | 12.61 | 8.28 | 11.17 | 552 | 14 |
| | | | | | | | | | | | | | | | | |

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

** As a percentage of loans with borrower income information available.

*** FirstMerit data for the Toledo MSA is from February 12, 1999 -December 31, 1999

Table 8. Borrower Distribution of Home Improvement Loans

| Borrower Distribution: HOME IMPROVEMENT | | STATE OF OHIO | | | | | | | | Evaluation Period: 07/01/1998 TO 12/31/1999 | | | | | | | |
|---|----------------------|----------------|---------------------------|----------------|-------------------------|----------------|------------------------|----------------|----------------------|---|-------|-------|-------|------|------------------------------|------------|--|
| MSA/Assessment Area | Low Income Borrowers | | Moderate Income Borrowers | | Middle Income Borrowers | | Upper Income Borrowers | | Overall Market Rank* | Market Share By Borrower Income* | | | | | Total Home Improvement Loans | | |
| | % of Families | % Bank Loans** | % of Families | % Bank Loans** | % of Families | % Bank Loans** | % of Families | % Bank Loans** | | Overall | Low | Mod | Mid | Upp | # | % of Total | |
| Full Scope | | | | | | | | | | | | | | | | | |
| MSA 0080 Akron | 19.15 | 20.95 | 18.39 | 30.48 | 23.87 | 26.19 | 38.58 | 21.43 | 3 | 11.04 | 13.35 | 14.39 | 10.33 | 8.28 | 420 | 30 | |
| MSA 1320 Canton | 17.31 | 16.24 | 17.72 | 29.44 | 25.01 | 33.50 | 39.97 | 20.81 | 4 | 10.53 | 13.16 | 11.55 | 10.85 | 8.74 | 197 | 14 | |
| MSA 1680 Cleveland | 20.09 | 17.11 | 17.34 | 26.93 | 24.07 | 29.17 | 38.51 | 26.49 | 8 | 4.52 | 4.83 | 5.06 | 4.44 | 4.25 | 672 | 48 | |
| Limited Scope | | | | | | | | | | | | | | | | | |
| MSA 1840 Columbus | 10.65 | 41.67 | 14.72 | 0.00 | 23.68 | 41.67 | 50.95 | 8.33 | 18 | .63 | 4.35 | 0.00 | .83 | 0.00 | 12 | 1 | |
| MSA 4800 Mansfield | 18.40 | 10.00 | 18.63 | 40.00 | 25.20 | 20.00 | 37.77 | 30.00 | 13 | 2.74 | 2.13 | 4.22 | 2.07 | 2.63 | 20 | 1 | |
| MSA 8400 Toledo *** | 14.91 | 0.00 | 17.73 | 100.00 | 25.04 | 0.00 | 42.33 | 0.00 | 32 | .28 | 0.00 | 1.30 | 0.00 | 0.00 | 1 | 0 | |
| Non-MSA areas in Ohio | 15.38 | 10.94 | 17.98 | 18.75 | 24.38 | 32.81 | 42.25 | 35.94 | 10 | 2.88 | 3.36 | 1.94 | 3.50 | 2.93 | 64 | 5 | |

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

** As a percentage of loans with borrower income information available.

*** FirstMerit data for the Toledo MSA is from February 12, 1999 -December 31, 1999

Table 9. Borrower Distribution of Home Mortgage Refinance Loans

| Borrower Distribution: HOME MORTGAGE REFINANCE | | | | | | | | | | | | | | | | |
|--|---------------------|----------------|--------------------------|----------------|------------------------|----------------|-----------------------|----------------|----------------------|----------------------------------|------|------|------|------|-------------|------------|
| STATE OF OHIO | | | | | | | | | | | | | | | | |
| Evaluation Period: 07/01/1998 TO 12/31/1999 | | | | | | | | | | | | | | | | |
| MSA/Assessment Area | Low Income Families | | Moderate Income Families | | Middle Income Families | | Upper Income Families | | Overall Market Rank* | Market Share by Borrower Income* | | | | | Total Loans | |
| | % of Families | % Bank Loans** | % of Families | % Bank Loans** | % of Families | % Bank Loans** | % of Families | % Bank Loans** | | Overall | Low | Mod | Mid | Upp | # | % of Total |
| Full Scope | | | | | | | | | | | | | | | | |
| MSA 0080 Akron | 19.15 | 11.06 | 18.39 | 23.98 | 23.87 | 24.40 | 38.58 | 39.88 | 4 | 4.65 | 6.23 | 5.98 | 4.63 | 5.82 | 1,447 | 25 |
| MSA 1320 Canton | 17.31 | 8.12 | 17.72 | 21.68 | 25.01 | 28.08 | 39.97 | 40.69 | 3 | 7.03 | 5.16 | 8.74 | 7.82 | 9.64 | 1,047 | 18 |
| MSA 1680 Cleveland | 20.09 | 8.88 | 17.34 | 22.10 | 24.07 | 24.34 | 38.51 | 43.04 | 6 | 2.71 | 2.11 | 3.11 | 2.70 | 4.46 | 2,321 | 40 |
| Limited Scope | | | | | | | | | | | | | | | | |
| MSA 1840 Columbus | 10.65 | 7.22 | 14.72 | 19.59 | 23.68 | 34.02 | 50.95 | 38.14 | 29 | .80 | 2.16 | 1.42 | 1.36 | .57 | 97 | 2 |
| MSA 4800 Mansfield | 18.40 | 11.19 | 18.63 | 20.28 | 25.20 | 20.28 | 37.77 | 48.25 | 7 | 3.23 | 3.81 | 2.85 | 2.54 | 5.32 | 143 | 2 |
| MSA 8400 Toledo *** | 14.91 | 0.00 | 17.23 | 0.00 | 25.04 | 100.00 | 42.33 | 0.00 | 182 | .04 | 0.00 | 0.00 | .16 | 0.00 | 1 | 0 |
| Non-MSA areas in Ohio | 15.38 | 7.16 | 17.98 | 21.88 | 24.38 | 26.95 | 42.25 | 43.62 | 1 | 7.76 | 9.20 | 9.51 | 8.30 | 9.84 | 768 | 13 |
| | | | | | | | | | | | | | | | | |

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

** As a percentage of loans with borrower income information available.

*** FirstMerit data for the Toledo MSA is from February 12, 1999-December 31, 1999

Table 10. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL BUSINESS | | | STATE OF OHIO | | | Evaluation Period: 01/01/1998 TO 12/31/1999 | | | | |
|---------------------------------------|---|-----------------|--|-------------------|--------------------------|---|-------|----------------------------|-------|------------|
| MSA/Assessment Area | Businesses With Revenues of \$1 million or less | | % Distribution of Loans by Original Amount Regardless of Business Size | | | Market Share* | | Total Small Business Loans | | |
| | % Business** | % Bank Loans*** | % Market Loans* | \$100,000 or less | > \$100,000 to \$250,000 | > \$250,000 to \$500,000 | All | Rev \$ 1 Million or Less | # | % of Total |
| Full Scope | | | | | | | | | | |
| MSA 0080 Akron | 86.83 | 59.51 | 56.56 | 65.56 | 18.20 | 16.24 | 15.85 | 14.82 | 2,352 | 26.13 |
| MSA 1320 Canton | 87.73 | 64.09 | 62.29 | 63.68 | 21.55 | 14.77 | 16.02 | 15.87 | 1,151 | 12.78 |
| MSA 1680 Cleveland | 85.98 | 67.29 | 54.92 | 59.56 | 22.62 | 17.82 | 9.54 | 11.23 | 4,889 | 54.31 |
| Limited Scope | | | | | | | | | | |
| MSA 1840 Columbus | 86.72 | 68.85 | 50.22 | 50.00 | 32.54 | 17.46 | 1.18 | 1.38 | 126 | 1.40 |
| MSA 4800 Mansfield | 89.55 | 76.92 | 64.09 | 67.27 | 20.00 | 12.73 | 2.86 | 3.32 | 55 | .61 |
| MSA 8400 Toledo # | 88.20 | 57.14 | 56.20 | 85.71 | 0.00 | 14.29 | .64 | .71 | 7 | .08 |
| Non-MSA areas in Ohio | 88.36 | 75.66 | 68.87 | 69.90 | 16.59 | 13.51 | 6.02 | 6.73 | 422 | 4.69 |
| | | | | | | | | | | |

* The market consists of all other Small Business reporters in FirstMerit's assessment area and is based on 1999 Aggregate Small Business Data only

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

*** Loans to businesses with revenues of \$1 million or less as a percentage of loans with borrower income information available.

FirstMerit data for the Toledo MSA is from February 12, 1999 -December 31, 1999

Table11. Borrower Distribution of Small Loans to Farms

| Borrower Distribution: SMALL FARM | | | | | | | | | | |
|---|---|-----------------|-----------------|---|--------------------------|----------------------------|---------------|--------------------------|------------------------|------------|
| STATE OF OHIO | | | | | | | | | | |
| Evaluation Period: 01/01/1998 TO 12/31/1999 | | | | | | | | | | |
| MSA/Assessment Area | Businesses With Revenues of \$ 1million or less | | | % Distribution Loans by Original Amount Regardless of Farm Size | | | Market Share* | | Total Small Farm Loans | |
| | % Farms** | % Bank Loans*** | % Market Loans* | \$100,000 or less | > \$100,000 to \$250,000 | > \$250,000 to \$1,000,000 | All | Rev \$ 1 Million or Less | # | % of Total |
| Full Scope | | | | | | | | | | |
| MSA 0080 Akron | 96.29 | 94.12 | 97.30 | 94.12 | 5.88 | 0.00 | 24.32 | 25.00 | 17 | 22.97 |
| MSA 1320 Canton | 97.95 | 100.00 | 83.33 | 100.00 | 0.00 | 0.00 | 27.78 | 33.33 | 10 | 13.52 |
| MSA 1680 Cleveland | 96.60 | 94.59 | 94.17 | 86.49 | 5.41 | 8.10 | 11.67 | 10.62 | 37 | 50.00 |
| Limited Scope | | | | | | | | | | |
| MSA 1840 Columbus | 98.52 | 100.00 | 94.84 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1 | 1.35 |
| MSA 4800 Mansfield | 98.59 | 100.00 | 83.33 | 100.00 | 0.00 | 0.00 | 3.33 | 4.00 | 1 | 1.35 |
| MSA 8400 Toledo # | 98.76 | 100.00 | 89.41 | 100.00 | 0.00 | 0.00 | 1.18 | 1.32 | 1 | 1.35 |
| Non-MSA areas in Ohio | 98.28 | 85.71 | 94.48 | 85.71 | 14.29 | 0.00 | 1.44 | 1.27 | 7 | 9.46 |
| | | | | | | | | | 1 | |

* The market consists of all other Small Farm reporters in FirstMerit's assessment area and is based on 1999 Aggregate Small Business Data only

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

*** Loans for farm purpose with revenues of \$1 million or less as a percentage of loans with borrower income information available.

FirstMerit data for the Toledo MSA is from February 12, 1999 -December 31, 1999

Table 12. Qualified Investments

| QUALIFIED INVESTMENTS | | | | | | | | | |
|--|---------------------------|-----------|----------------------------|-----------|------------------|-----------|------------|------------------------|-----------|
| STATE OF OHIO | | | | | | | | | |
| Evaluation Period: 7/1/1998 TO 7/10/2000 | | | | | | | | | |
| MSA/Assessment Area | Prior Period Investments* | | Current Period Investments | | Total Investment | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Scope | | | | | | | | | |
| MSA 0080 Akron | 8 | 963 | 70 | 2,062 | 78 | 3,025 | 25.73 | 10 | 1,414 |
| MSA 1320 Canton | 7 | 233 | 58 | 1,775 | 65 | 2,008 | 17.08 | 10 | 624 |
| MSA 1680 Cleveland | 10 | 2,128 | 64 | 3,258 | 74 | 5,386 | 45.81 | 10 | 1,254 |
| Limited Scope | | | | | | | | | |
| MSA 1840 Columbus | 7 | 117 | 9 | 73 | 16 | 190 | 1.62 | 10 | 137 |
| MSA 4800 Mansfield | 7 | 49 | 14 | 68 | 21 | 117 | 1.00 | 10 | 237 |
| MSA 8400 Toledo *** | 7 | 198 | 9 | 47 | 16 | 245 | 2.08 | 10 | 33 |
| Non-MSA areas in Ohio | 7 | 174 | 17 | 611 | 24 | 785 | 6.68 | 10 | 400 |

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

** "Unfunded Commitments" means legally binding commitments reported on Report of Condition Schedule L-"Off-Balance Sheet Items".

*** FirstMerit data for the Toledo MSA is from February 12, 1999-July 10, 2000

Table13. Distribution of Branch Delivery System and Branch Openings/Closings

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS | | | | | | | | | | | | | | | | | |
|---|--------------------------|--------------------|--------------------------|---|---------|---------|---------|--------------------------|----------------------|--|-----|-----|-----|--|---------|---------|---------|
| STATE OF OHIO | | | | | | | | | | | | | | | | | |
| Evaluation Period: 7/01/1998 TO 7/10/2000 | | | | | | | | | | | | | | | | | |
| MSA/Assessment Area | Deposits | Branches | | | | | | Branch Openings/Closings | | | | | | Population | | | |
| | % of Total Bank Deposits | # of Bank Branches | % of Total Bank Branches | Location of Branches by Income of Geographies (%) | | | | # of Branch Closings | # of Branch Openings | Net gain(+) / loss(-) of branches due to openings/closings | | | | % of the Population with Each Geography* | | | |
| | | | | Low (%) | Mod (%) | Mid (%) | Upp (%) | | | Low | Mod | Mid | Upp | Low (%) | Mod (%) | Mid (%) | Upp (%) |
| Full Scope Areas: | | | | | | | | | | | | | | | | | |
| MSA 0080 Akron | 34.07 | 37 | 22.42 | 8.11 | 16.22 | 62.16 | 13.51 | 2 | 1 | 0 | +1 | -1 | -1 | 5.71 | 16.78 | 56.72 | 20.80 |
| MSA 1320 Canton | 15.78 | 16 | 9.70 | 6.25 | 6.25 | 50.00 | 37.50 | 1 | 1 | 0 | 0 | 0 | 0 | 4.01 | 14.80 | 57.27 | 23.93 |
| MSA 1680 Cleveland** | 35.52 | 81 | 47.09 | 2.47 | 9.88 | 50.62 | 33.33 | 10 | 2 | 0 | -1 | -8 | +1 | 9.82 | 15.71 | 47.87 | 26.53 |
| Limited Scope Areas: | | | | | | | | | | | | | | | | | |
| MSA 1840 Columbus | 1.42 | 6 | 3.64 | 0.00 | 0.00 | 50.00 | 50.00 | 2 | 1 | 0 | 0 | -2 | +1 | 0.00 | 6.58 | 40.45 | 52.97 |
| MSA 4800 Mansfield | 3.36 | 7 | 4.24 | 14.29 | 0.00 | 71.43 | 14.29 | 0 | 0 | 0 | 0 | 0 | 0 | 1.66 | 16.97 | 57.40 | 23.97 |
| MSA 8400 Toledo *** | .37 | 2 | 1.21 | 0.00 | 0.00 | 100.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 2.84 | 65.81 | 24.41 |
| Non-MSA areas in Ohio | 9.48 | 16 | 9.70 | 0.00 | 0.00 | 62.50 | 37.50 | 0 | 1 | 0 | 0 | +1 | 0 | 0.00 | 7.24 | 69.03 | 23.72 |

*The percentage of the population in the MSA/AA that resides in these geographies.

**Three of the banks MSA 1680 Cleveland branches are located in "N/A" income category census tracts.

***Information for the Toledo MSA is from February 12, 1999 -July 10, 2000

Table 1. Lending Volume

| LENDING VOLUME | | STATE OF PENNSYLVANIA | | | | | | | | | | Evaluation Period: 2/12/1999 TO 7/10/2000 ** | |
|---------------------|----------------------------------|-----------------------|------------|----------------|------------|------------|------------|-----------------------|------------|----------------------|-----------|--|--|
| MSA/Assessment Area | % of Rating Area Deposits in AA* | Home Mortgage *** | | Small Business | | Small Farm | | Community Development | | Total Reported Loans | | % of Rating Area Loans in AA (% of #) | |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$(000's) | | |
| Full Scope | | | | | | | | | | | | | |
| Lawrence County | 0.00 | 166 | 11,620 | 66 | 7,026 | 0 | 0 | 0 | 0 | 232 | 18,646 | 100.00 | |

* Deposit Data as of June 30, 1999

**Home Mortgage Data is from February 12, 1999, - December 31, 1999.

Small Business and Small Farm data is from February 12, 1999 - December 31, 1999.

Community Development Loans are from February 12, 1999 - July 10, 2000.

***Home Mortgage Loans in Table 1 include Multi-family loans that are not reflected in other tables within this appendix.

Table2. Geographic Distribution of Home Purchase Loans

| Geographic Distribution: HOME PURCHASE | | STATE OF PENNSYLVANIA | | | | | | | | | | Evaluation Period: 2/12/1999 TO 12/31/1999 | | | | |
|--|------------------------|-----------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|------|--|-------|-------|---------------------------|--------------|
| MSA/Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | | Total Home Purchase Loans | |
| | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total** |
| Full Scope | | | | | | | | | | | | | | | | |
| Lawrence County | 1.20 | 0.00 | 12.78 | 11.72 | 76.93 | 67.19 | 9.10 | 21.09 | 2 | 11.52 | 0.00 | 11.90 | 10.60 | 16.46 | 128 | 100 |

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

** Home purchase loans within an MSA/AA as a % of all home purchase loans in the rating area.

Table 3. Geographic Distribution of Home Improvement Loans

| Geographic Distribution: HOME IMPROVEMENT | | STATE OF PENNSYLVANIA | | | | | | | | Evaluation Period: 2/12/1999 TO 12/31/1999 | | | | | | | |
|---|------------------------|-----------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|--|------|------|------|------|------------------------------|--------------|--|
| MSA/Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography | | | | | Total Home Improvement Loans | | |
| | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total** | |
| Full Scope | | | | | | | | | | | | | | | | | |
| Lawrence County | 1.20 | 0.00 | 12.78 | 21.43 | 76.93 | 64.29 | 9.10 | 14.29 | 10 | 3.10 | 0.00 | 4.11 | 2.70 | 5.13 | 14 | 100 | |

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

** Home improvement loans within an MSA/AA as a % of all home improvement loans in the rating area.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

| Geographic Distribution: HOME MORTGAGE REFINANCE | | STATE OF PENNSYLVANIA | | | | | | | | Evaluation Period: 2/12/1999 TO 12/31/1999 | | | | | | | |
|--|------------------------|-----------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|--|------|------|------|-----|-------------------------------------|--------------|--|
| MSA/Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography | | | | | Total Home Mortgage Refinance Loans | | |
| | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | % Owner Occ Units | % Bank Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total** | |
| Full Scope | | | | | | | | | | | | | | | | | |
| Lawrence County | 1.20 | 0.00 | 12.78 | 0.00 | 76.93 | 95.65 | 9.10 | 4.35 | 17 | 1.72 | 0.00 | 0.00 | 2.28 | .69 | 23 | 100 | |

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

** Refinance loans within an MSA/AA as a % of all refinance loans in the rating area.

Table 5. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL BUSINESS | | | | | | | | | | | | | | | | |
|--|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|-------|-------|------|-------|----------------------------|--------------|
| STATE OF PENNSYLVANIA | | | | | | | | | | | | | | | | |
| Evaluation Period: 2/12/1999 TO 12/31/1999 | | | | | | | | | | | | | | | | |
| MSA/Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | | Total Small Business Loans | |
| | % of Businesses | % Bank Loans | % of Businesses | % Bank Loans | % of Businesses | % Bank Loans | % of Businesses | % Bank Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total** |
| Full Scope | | | | | | | | | | | | | | | | |
| Lawrence County | 3.36 | 4.55 | 27.32 | 30.30 | 55.05 | 36.36 | 14.27 | 28.79 | 5 | 8.62 | 14.29 | 11.83 | 5.66 | 14.29 | 66 | 100 |

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

** Small Business loans within an MSA/AA as a % of all Small Business loans in the rating area.

Table 6. Geographic Distribution of Small Loans to Farms

| Geographic Distribution: SMALL FARM | | | | | | | | | | | | | | | | |
|--|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|------|------|------|------|------------------------------|--------------|
| STATE OF PENNSYLVANIA | | | | | | | | | | | | | | | | |
| Evaluation Period: 2/12/1999 TO 12/31/1999 | | | | | | | | | | | | | | | | |
| MSA/Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | | Total Loans Small Farm Loans | |
| | % of Farms | % Bank Loans | % of Farms | % Bank Loans | % of Farms | % Bank Loans | % of Farms | % Bank Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total** |
| Full Scope | | | | | | | | | | | | | | | | |
| Lawrence County | 0.00 | 0.00 | 1.36 | 0.00 | 89.80 | 0.00 | 8.84 | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 |

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

** Small Farm loans within an MSA/AA as a % of all Small Farm loans in the rating area.

Table 7. Borrower Distribution of Home Purchase Loans

| Borrower Distribution: HMDA HOME PURCHASE | | STATE OF PENNSYLVANIA | | | | | | | | Evaluation Period: 2/12/1999 TO 12/31/1999 | | | | | | | |
|---|----------------------|-----------------------|---------------------------|----------------|-------------------------|----------------|------------------------|----------------|----------------------|--|------|------|-------|-------|---------------------------|------------|--|
| MSA/Assessment Area | Low Income Borrowers | | Moderate Income Borrowers | | Middle Income Borrowers | | Upper Income Borrowers | | Overall Market Rank* | Market Share by Borrower Income* | | | | | Total Home Purchase Loans | | |
| | % of Families | % Bank Loans** | % of Families | % Bank Loans** | % of Families | % Bank Loans** | % of Families | % Bank Loans** | | Overall | Low | Mod | Mid | Upp | # | % of Total | |
| Full Scope | | | | | | | | | | | | | | | | | |
| Lawrence County | 19.76 | 2.34 | 20.71 | 14.06 | 24.11 | 26.56 | 35.42 | 54.69 | 2 | 11.52 | 4.76 | 9.18 | 11.00 | 17.95 | 128 | 100 | |

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

** As a percentage of loans with borrower income information available.

Table 8. Borrower Distribution of Home Improvement Loans

| Borrower Distribution: HOME IMPROVEMENT | | STATE OF PENNSYLVANIA | | | | | | | | Evaluation Period: 2/12/1999 TO 12/31/1999 | | | | | | | |
|---|----------------------|-----------------------|---------------------------|----------------|-------------------------|----------------|------------------------|----------------|----------------------|--|------|------|------|------|------------------------------|------------|--|
| MSA/Assessment Area | Low Income Borrowers | | Moderate Income Borrowers | | Middle Income Borrowers | | Upper Income Borrowers | | Overall Market Rank* | Market Share By Borrower Income* | | | | | Total Home Improvement Loans | | |
| | % of Families | % Bank Loans** | % of Families | % Bank Loans** | % of Families | % Bank Loans** | % of Families | % Bank Loans** | | Overall | Low | Mod | Mid | Upp | # | % of Total | |
| Full Scope | | | | | | | | | | | | | | | | | |
| Lawrence County | 19.76 | 14.29 | 20.71 | 35.71 | 24.11 | 21.43 | 35.42 | 21.43 | 10 | 3.10 | 3.85 | 4.50 | 2.36 | 1.97 | 14 | 100 | |

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

** As a percentage of loans with borrower income information available.

Table 9. Borrower Distribution of Home Mortgage Refinance Loans

| Borrower Distribution: HOME MORTGAGE REFINANCE | | STATE OF PENNSYLVANIA | | | | | | | | Evaluation Period: 2/12/1999 TO 12/31/1999 | | | | | | |
|--|---------------------|-----------------------|--------------------------|----------------|------------------------|----------------|-----------------------|----------------|----------------------|--|------|-----|------|------|-------------|------------|
| MSA/Assessment Area | Low Income Families | | Moderate Income Families | | Middle Income Families | | Upper Income Families | | Overall Market Rank* | Market Share by Borrower Income* | | | | | Total Loans | |
| | % of Families | % Bank Loans** | % of Families | % Bank Loans** | % of Families | % Bank Loans** | % of Families | % Bank Loans** | | Overall | Low | Mod | Mid | Upp | # | % of Total |
| Full Scope | | | | | | | | | | | | | | | | |
| Lawrence County | 19.76 | 0.00 | 20.71 | 4.35 | 24.11 | 30.43 | 35.42 | 56.52 | 17 | 1.72 | 0.00 | .44 | 2.19 | 2.90 | 23 | 100 |

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

** As a percentage of loans with borrower income information available.

Table 10. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL BUSINESS | | STATE OF PENNSYLVANIA | | | | | Evaluation Period: 2/12/1999 TO 12/31/1999 | | | |
|---------------------------------------|---|-----------------------|-----------------|--|--------------------------|----------------------------|--|--------------------------|----------------------------|------------|
| MSA/Assessment Area | Businesses With Revenues of \$1 million or less | | | % Distribution of Loans by Original Amount Regardless of Business Size | | | Market Share* | | Total Small Business Loans | |
| | % Business** | % Bank Loans*** | % Market Loans* | \$100,000 or less | > \$100,000 to \$250,000 | > \$250,000 to \$1,000,000 | All | Rev \$ 1 Million or Less | # | % of Total |
| Full Scope | | | | | | | | | | |
| Lawrence County | 85.68 | 65.57 | 59.34 | 72.73 | 22.73 | 4.54 | 8.83 | 8.82 | 66 | 100 |

* The market consists of all other Small Business reporters in FirstMerit's assessment area and is based on 1999 Aggregate Small Business Data only

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

*** Loans to businesses with revenues of \$1 million or less as a percentage of loans with borrower income information available.

Table 11. Borrower Distribution of Small Loans to Farms

| Borrower Distribution: SMALL FARM | | STATE OF PENNSYLVANIA | | | | | Evaluation Period: 2/12/1999 TO 12/31/1999 | | | |
|-----------------------------------|---|-----------------------|-----------------|---|--------------------------|--------------------------|--|--------------------------|------------------------|------------|
| MSA/Assessment Area | Businesses With Revenues of \$ 1million or less | | | % Distribution Loans by Original Amount Regardless of Farm Size | | | Market Share* | | Total Small Farm Loans | |
| | % Farms** | % Bank Loans*** | % Market Loans* | \$100,000 or less | > \$100,000 to \$250,000 | > \$250,000 to \$500,000 | All | Rev \$ 1 Million or Less | # | % of Total |
| Full Scope | | | | | | | | | | |
| Lawrence County | 98.13 | 0.00 | 75.00 | 0.00 | 0.00 | 0.00 | 0.0 | 0.0 | 0 | 0 |

* The market consists of all other Small Farm reporters in FirstMerit's assessment area and is based on 1999 Aggregate Small Business Data only

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

*** Loans for farm purpose with revenues of \$1 million or less as a percentage of loans with borrower income information available.

Table 12. Qualified Investments

| QUALIFIED INVESTMENTS | | STATE OF PENNSYLVANIA | | | | Evaluation Period: 02/12/1999 TO 7/10/2000 | | | |
|-----------------------|---------------------------|-----------------------|----------------------------|-----------|------------------|--|------------|------------------------|-----------|
| MSA/Assessment Area | Prior Period Investments* | | Current Period Investments | | Total Investment | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Scope | | | | | | | | | |
| Lawrence County | 2 | 6 | 14 | 390 | 16 | 396 | 100.00 | 10 | 52 |

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

** 'Unfunded Commitments' means legally binding commitments reported on Report of Condition Schedule L-"Off-Balance Sheet Items".

Table13. Distribution of Branch Delivery System and Branch Openings/Closings

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS | | | | | | | | | | | | | | | | | | STATE OF PENNSYLVANIA | | | | Evaluation Period: 2/12/1999 TO 7/10/2000 | | | |
|---|--------------------------|--------------------|--------------------------|---|---------|---------|---------|--------------------------|----------------------|--|-----|-----|-----|---|---------|---------|---------|-----------------------|--|--|--|---|--|--|--|
| MSA/Assessment Area | Deposits | Branches | | | | | | Branch Openings/Closings | | | | | | Population | | | | | | | | | | | |
| | % of Total Bank Deposits | # of Bank Branches | % of Total Bank Branches | Location of Branches by Income of Geographies (%) | | | | # of Branch Closings | # of Branch Openings | Net gain(+) / loss(-) of Branches due to openings/closings | | | | % of the Population with Each Geography * | | | | | | | | | | | |
| | | | | Low (%) | Mod (%) | Mid (%) | Upp (%) | | | Low | Mod | Mid | Upp | Low (%) | Mod (%) | Mid (%) | Upp (%) | | | | | | | | |
| Full Scope Areas: | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lawrence County | 100.00 | 4 | 100.00 | 0.00 | 25.00 | 50.00 | 25.00 | 0 | 0 | 0 | 0 | 0 | 0 | 2.61 | 15.39 | 72.90 | 9.11 | | | | | | | | |

*The percentage of the population in the MSA/AA that resides in these geographies.