



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

January 3, 2011

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Merchants Bank, National Association  
Charter Number: 2234

200 East Jackson Street  
Muncie, IN 47305

Office of the Comptroller of the Currency

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**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## Table of Contents

<b>OVERALL CRA RATING</b> .....	<b>2</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS</b> .....	<b>3</b>
<b>DESCRIPTION OF INSTITUTION</b> .....	<b>7</b>
<b>SCOPE OF THE EVALUATION</b> .....	<b>8</b>
<b>FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW</b> .....	<b>9</b>
<b>STATE RATING</b> .....	<b>10</b>
STATE OF INDIANA .....	10
STATE OF OHIO .....	35
<b>APPENDIX A: SCOPE OF EXAMINATION</b> .....	<b>A-1</b>
<b>APPENDIX B: SUMMARY OF STATE RATINGS</b> .....	<b>B-1</b>
<b>APPENDIX C: MARKET PROFILES FOR FULL-SCOPE AREAS</b> .....	<b>C-1</b>
STATE OF INDIANA .....	C-1
STATE OF OHIO .....	C-8
<b>APPENDIX D: TABLES OF PERFORMANCE DATA</b> .....	<b>D-1</b>
STATE OF INDIANA .....	D-5
STATE OF OHIO .....	D-20

## Overall CRA Rating

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

The following table indicates the performance level of **First Merchants Bank, National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	X	X
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:

- First Merchants Bank achieved adequate lending performance in the state of Indiana. A substantial majority of the bank’s loans are originated within the state of Indiana; therefore, performance within Indiana was significant to the overall performance. Lending performance within the state of Ohio was poor. However, only three percent of the bank’s loan originations was in the state of Ohio. First Merchants Bank had a low level of community development lending activity in Indiana and no activity in Ohio.
- First Merchants Bank provided an adequate level of qualified investments throughout both states. Current period investments included investments to help provide community services and affordable housing to low- and moderate-income individuals. Charitable contributions made by the bank provided funding for a variety of community development organizations.
- The bank’s delivery systems are accessible to individuals and geographies of different income levels. Branch distribution in the state of Indiana is good, while the branch distribution in the state of Ohio is adequate. Services are generally the same among branch locations. While hours do vary, they do not inconvenience low- and moderate-income individuals or geographies. Branch openings and closings during the evaluation period has had little impact on branch distribution. Bank personnel provided an adequate level of community development services in Indiana and a poor level of community development services in Ohio.

## Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

First Merchants Bank (FMB) is a \$4.3 billion interstate institution headquartered in Muncie, Indiana. FMB is wholly owned by First Merchants Corporation (FMC) which is also headquartered in Muncie, Indiana. In addition to FMB, FMC also owns and operates an insurance company (First Merchants Insurance Group, Inc.), a title company (Indiana Title Insurance Co.), and a trust company (First Merchants Trust Co.).

FMB is a full-service banking institution which includes 84 banking locations in 23 Indiana and two Ohio counties. In addition to its branch network, FMB's delivery channels include ATMs, check cards, interactive voice response systems, Internet banking, and a loan production office located in Ohio. FMB offers a wide range of products and services for individuals and businesses, including various deposit, loan, trust, and brokerage services. FMB's strategic goals include: customer retention through relationship banking, expanding market shares, and a geographic expansion.

As of September 30, 2010, the total loan portfolio totaled \$2.9 billion and was comprised of 53 percent commercial and commercial real estate, 33 percent residential real estate, nine percent agricultural and farm real estate, and five percent consumer and other credits. Net loans represent 86 percent of total deposits and 69 percent of the bank's asset base. Tier 1 capital totaled \$405 million.

FMB has 13 assessment areas (AAs) within the two states. A substantial majority of the bank's operations are located within Indiana. The AAs in Indiana are located within six metropolitan statistical areas (MSAs) in Muncie, Indianapolis-Carmel, Lafayette, Anderson, Gary, and Kokomo. There are two AAs in the Indianapolis-Carmel AA. There are also four non-MSA AAs in Indiana. There are two assessment areas located in the state of Ohio. These AAs are located in the Columbus MSA and Cincinnati-Middleton OH-IN-KY MSA.

On April 1, 2007, Decatur Bank and Trust Company, First National Bank of Portland, Frances Slocum Bank & Trust Company, and United Communities National Bank were merged into FMB. Then on September 25, 2009, First Merchants Bank of Central Indiana, N.A., Lafayette Bank and Trust Company, N.A., and Commerce National Bank were merged into FMB.

During the evaluation period, FMB's financial condition did not impact their ability to meet the identified needs of the community.



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the lending test is July 1, 2006 through September 30, 2010. The period began with July 1, 2006, as the last examination ended on June 30, 2006. Products reviewed in the lending test include home mortgage, small business, and small farm loans. We utilized Home Mortgage Disclosure Act (HMDA) data, along with Small Business and Small Farm data the bank collected and reported. It is important to note that the bank only began collecting and reporting Small Business and Small Farm data in 2009. We used 2009 peer lending data, the most recent data available, for home mortgage, small business, and small farms to compare FMBs lending performance to other reporting lenders in the assessment areas (AAs). Loan products are weighted based on the distribution of reported loans by number (i.e. home mortgages, small business, and small farm loans).

The evaluation period for community development loans, the investment test, and the service test is January 4, 2007 through January 3, 2011. This is the period since the last CRA examination ended to the beginning of this examination.

We used deposit information, reported to the Federal Deposit Insurance Corporation annually, to determine the bank's deposit market share and market presence within its assessment areas. The most recent deposit information available is as of June 30, 2010.

### Data Integrity

To assess the accuracy of the data, we conducted an independent test of data for home mortgage, small business, and small farm loan products. We determined the loan data to be substantially accurate and it is used without exception in this evaluation.

### Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of assessment areas (AAs) within that state was selected for full-scope reviews. Refer to the Scope section under each State Rating details regarding how the areas were selected.

### Ratings

The bank's overall rating is a blend of the state ratings. However, the performance within the State of Indiana had the largest impact on the overall ratings. Ninety-eight percent of the bank's branches are within the state of Indiana. Eighty-eight percent of the bank's total deposits and 83 percent of the reported loans are from AAs in the state of Indiana.

The AAs in the state of Ohio have only two percent of the branches, 12 percent of total deposits, and three percent of the reported loans.

State ratings are based primarily on those areas that received full-scope reviews. Refer to the Scope section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

### **Inside/Outside Ratio**

For the geographic distribution analysis under the Lending Test, we performed an inside/outside ratio analysis at the bank level. A substantial majority of the bank's loans, 86 percent, are inside its assessment areas. By product type, 87 percent of home mortgage loans, 83 percent of small business loans, and 86 percent of small farm loans are originated to borrowers inside the bank's assessment areas. We viewed this as a positive characteristic in our analysis of lending performance.

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

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

## State Rating

### State of Indiana

#### **CRA Rating for Indiana: Satisfactory**

**The lending test is rated: Low Satisfactory**

**The investment test is rated: Low Satisfactory**

**The service test is rated: Low Satisfactory**

The major factors that support this rating include:

- The volume of lending in the state of Indiana is good. The overall geographic distribution of loans is adequate and the borrower distribution of loans is good.
- Community development lending is at a low level and is not responsive to area credit needs.
- The level of qualified investments is adequate based upon the level of investments and the responsiveness to identified community needs.
- FMB's delivery systems in the state of Indiana are accessible to geographies and individuals of different income levels. FMB provided an adequate level of community development services in their AAs within the state of Indiana.

### **Description of Institution's Operations in Indiana**

First Merchant's Bank (FMB) operates 82 branches and 86 ATMs within 11 assessment areas in the state of Indiana. The Indiana assessment areas includes seven AAs within MSAs: Muncie (Delaware County), Indianapolis - Carmel (Hendricks, Morgan, Johnson, and Brown Counties), Lafayette (Tippecanoe and Carrol Counties), Kokomo (Howard County), Anderson (Madison County), Gary (Jasper County), Indianapolis - Carmel (Hamilton County). There are also four non-MSA AAs: Indiana North West (White County); Indiana North West (Montgomery and Clinton Counties); Indiana North (Miami and Wabash Counties); and Indiana East (Adams, Jay, Randolph, Wayne, Fayette, Union, and Henry Counties).

For our analysis, we combined the four non-MSA AAs. We also combined the two Indianapolis-Carmel MSA AAs.

FMB ranks first in deposit market share among all financial institutions operating in its Indiana assessment areas. As of June 30, 2009, deposits in the Indiana AAs totaled \$2.9 billion and represented approximately 14 percent of the market. Major competitors and their share of the market include: JP Morgan Chase Bank NA (nine percent); PNC Bank National Association (eight percent); Fifth Third Bank (five percent); Regions Bank (four percent); Huntington National Bank (four percent); Old National Bank (three percent); Star Financial Bank (three percent); Harris National Association (three percent); MutualBank (three percent), and M & I Bank (three percent).

Refer to the market profiles for the state of Indiana in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Indiana**

We evaluated the bank's performance in the state of Indiana by performing full-scope reviews in the combined non-MSA AAs, Muncie MSA AA, Indianapolis-Carmel MSA AAs, and Lafayette MSA AA. Limited-scope reviews were performed on the Kokomo MSA AA, Anderson MSA AA, and Gary MSA AA.

For the lending test, each AA was weighted based upon the percentage of loans originated within their AA. Performance in the combined non-MSA AAs significantly impacted the state of Indiana lending test. Forty-five percent of the loans within the state's AAs were located within the non-MSA AAs.

The investment test was weighted based upon the percent of deposits within the AAs. Twenty-eight percent of the AA deposits within the state were from the combined non-MSA AAs. Twenty-one percent and 20 percent of the Indiana AA deposits are from the Muncie MSA AA and Indianapolis-Carmel AAs, respectively.

The service test was weighted by branch location. The combined non-MSA AAs have the largest bank operations presence with 34 percent of the bank's offices. The Indianapolis – Carmel MSA AAs follow with 21 percent of the bank's branches.

Due to the timing of mergers and the requirement of reporting data, there are AAs with limited data. Market share data for small business loans in the Indianapolis/Carmel AA was limited to only data for Hamilton County. Branches in the second Indianapolis/Carmel AA were acquired in late 2009 and their data was not reportable until 2010. Market share data for small business and small farms was not utilized in the Lafayette MSA AA. This data would not be useful, as locations in this AA were not required to report data until 2010.

Refer to performance tables in Appendix A for additional information.

### ***Community Contacts***

We contacted several community contacts throughout the full-scope AAs. Information on needs and opportunities are discussed below.

### **Combined Non-MSA AAs**

During the examination, we conducted several community contacts in the non-MSA AAs. The group of contacts included entities engaged in community services and economic development. Community contacts indicated credit needs for small businesses, including relaxed underwriting and gap financing. Other community development needs identified included financial literacy education, including homeownership counseling; funding for transitional housing; general operating support and board involvement for community development organizations; and capitalization for revolving loan funds for small businesses.

Two of these contacts specifically noted that FMB is active on their boards and have provided support to their organizations by providing funding for their programs and/or by sponsoring their events. One contact noted that FMB is very visible in their community.

### **Muncie MSA AA**

During the examination, we conducted a community contact in the Muncie MSA AA. The contact entity is engaged in economic development. This community contact cited the continuing need for a revolving loan fund and gap financing for small businesses. The contact stated that the bank has a representative on their board who is actively involved in providing financial expertise, guidance, and due diligence when considering projects.

### **Indianapolis-Carmel MSA AAs**

During the examination, we reviewed two community contacts that were conducted in the Indianapolis-Carmel MSA AAs. The contacts included entities engaged in affordable housing programs. These community contacts cited funds for rehabbing housing, financial literacy programs, construction financing, general operating support, and board involvement as continuing needs.

### **Lafayette MSA AA**

During the examination, we conducted a community contact in the Lafayette MSA AA. The contact is engaged in providing community services. This contact cited funding for financial education, general operating funds and board involvement in community development organization, and capitalization for loan funds for moderate-income small business borrowers as continuing needs. This contact stated that FMB had been a partner with their organization in the past, but is currently not involved.

Refer to the performance tables in Appendix A for additional information on the AAs.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Indiana is rated Low Satisfactory. Based on our review of the full-scope AAs, we determined the bank's performance related to lending to borrowers of different incomes was good. The bank's geographical distribution was adequate. The overall volume of lending in the full-scope AAs was good. The level of community development lending was low.

### ***Lending Activity***

The overall volume of lending in the full-scope Indiana AAs is good. The volume of lending in the combined non-MSA AAs and Muncie MSA AA was good, while the volume of lending in the Lafayette MSA AA was adequate. The volume within the Indianapolis-Carmel MSA AAs was poor.

### **Combined Non-MSA AAs**

The volume of lending in the combined non-MSA AAs is good. Lending levels reflect good responsiveness in relation to area credit needs and the bank's deposit market share. The bank ranks first in deposit market share with 14 percent of the market. In home mortgage lending, the bank ranks fourth with five percent of the market. The bank also ranks seventh in small business and first in small farm lending with five percent and 26 percent of the market, respectively. In the combined non-MSA AAs, home mortgage loans account for 59 percent of total reported loans and, therefore, received the greatest weight in the analysis. Small loans to businesses account for 20 percent, and small loans to farms account for 21 percent of total loans reported. Additionally, home mortgage refinances account for 60 percent of the total home mortgage loans reported and, therefore, received the greatest weight in the analysis of home mortgage products.

### **Muncie MSA AA**

The volume of lending in the Muncie MSA AA is good. Lending levels reflect good responsiveness in relation to area credit needs and the bank's deposit market share. The bank ranks first in deposit market share with 37 percent of the market. In home mortgage lending, the bank ranks second with seven percent of the market. The bank also ranks second in small business and second in small farm lending with nine percent and 21 percent of the market. In the Muncie MSA AA, home mortgage loans account for 68 percent of total reported loans and, therefore, received the greatest weight in the analysis. Small loans to businesses account for 29 percent, and small loans to farms account for only three percent of total loans reported. Additionally, home mortgage refinances account for 57 percent of the total home mortgage loans reported and, therefore, received the greatest weight in the analysis of home mortgage products.

### **Indianapolis-Carmel MSA AAs**

The volume of lending in the Indianapolis-Carmel MSA AAs is poor. Lending levels reflect poor responsiveness in relation to area credit needs and the bank's deposit market share. The bank ranks fourth in deposit market share with eight percent of the market. In home mortgage lending, the bank ranks twenty-sixth with one percent of the market. In the Indianapolis-Carmel MSA AAs, home mortgage loans account for 73 percent of total reported loans and, therefore, received the greatest weight in the analysis.

To analyze the volume of small loans to businesses and farms for this AA, we focused on Hamilton County's market share information. FMB reported small business and small farm data from branches in Hamilton County throughout 2009. The other branches in this AA were acquired in late 2009 and they were not required to report data for 2009. The bank ranks eleventh in deposit market share in Hamilton County with four percent of the market. The bank ranks twentieth in small business and tenth in small farm lending with one percent and three percent of the market.

Small loans to businesses account for 24 percent, and small loans to farms account for only three percent of total loans reported. Additionally, home mortgage refinances account for 70

percent of the total home mortgage loans reported and, therefore, received the greatest weight in the analysis of home mortgage products.

### **Lafayette MSA AA**

The volume of lending in the Lafayette MSA AA is adequate. Lending levels reflect adequate responsiveness in relation to area credit needs and the bank's deposit market share. The bank ranks first in deposit market share with 22 percent of the market. In home mortgage lending, the bank ranks fifth with five percent of the market. In the Lafayette MSA AA, home mortgage loans account for 73 percent of total reported loans and, therefore, received the greatest weight in the analysis. Small loans to businesses account for 14 percent, and small loans to farms account for 13 percent of total loans reported. It is noted that these numbers do not totally represent the area's origination distribution as small business and small farm loans were not reported in 2009.

Additionally, home mortgage refinances account for 60 percent of the total home mortgage loans reported and, therefore, received the greatest weight in the analysis of home mortgage products.

Refer to Table 1, Lending Volume, in the state of Indiana section of appendix D for the facts and data used to evaluate the bank's lending activity.

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

The overall geographic distribution of loans in low- and moderate-income geographies is adequate. A majority of the bank's loans originated in these full-scope AAs were home mortgage loans. Therefore, this loan type carried more weight in forming our conclusions.

### **Home Mortgage Loans**

The overall geographic distribution of home mortgage loans in low- and moderate-income geographies is adequate. We weighted the combined non-MSA AAs findings heavier than the other full-scope AAs, as 46 percent of the home mortgage loans were originated in these AAs.

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

### **Combined Non-MSA AAs**

The geographic distribution for home mortgages in the combined non-MSA AA is good. Home refinances were weighted heavier than the other mortgage products, as they represented 60 percent of the home mortgages made in this AA.

### **Home Refinance Loans**

The geographic distribution of home refinance loans is good. The penetration within the moderate-income geographies was an important factor in this analysis, as nine percent of the

owner-occupied housing units are located in moderate-income geographies. Only one percent of the units are located in low-income geographies.

The percentage of loans made in moderate-income geographies (five percent) is lower than the percentage of owner occupied units in the moderate-income geographies (eight percent). The bank's market share in moderate-income geographies meets the bank's overall market share. The bank was ranked third in overall market share and first and second for low-income and moderate-income geographies, respectively. This represents good penetration in moderate-income geographies.

The percentage of loans made in low-income geographies is equal to the percentage of owner occupied units in those geographies. The bank's market share for low-income geographies (17 percent) is significantly higher than the overall home refinance market share (five percent). This demonstrates excellent dispersion in low-income geographies.

#### Home Purchase Loans

The geographic distribution of home purchase loans in the low- and moderate-income geographies is excellent. The percentage of home purchase loans in low-income geographies meets the percentage of owner occupied units in those geographies. The percentage of home purchase loans in moderate-income geographies (11 percent) is higher than the percentage of owner occupied units in those geographies (nine percent). The bank ranks tenth in overall market share for home purchase loans with three percent of the market. The bank ranks tenth in market share for home purchase loans in low-income geographies with seven percent of the market and third in market share for home purchase loans in moderate-income geographies with six percent of the market. Market share in low- and moderate-income geographies significantly exceeds the overall market share for home purchase loans.

#### Home Improvement Loans

The geographic distribution of home improvement loans in low- and moderate-income geographies is good. The percentage of loans made in low-income geographies meets the percentage of owner occupied units in the low-income geographies. The percentage of loans made in moderate-income geographies (six percent) is lower than the percentage of owner occupied units in the moderate-income geographies (nine percent). The bank ranks first in overall market share for home improvement loans with 16 percent of the market. The bank has zero percent of the market share for 2009 in low-income geographies. The bank ranks first with 18 percent of the market in moderate-income geographies, which exceeds the bank's overall market share.

#### Multifamily Housing Loans

The geographic distribution of multifamily housing loans is adequate. Twelve percent of the multi-family units are located in moderate-income geographies, while five percent of the units are located within low-income census tracts. Therefore more weight is placed on penetration in moderate-income areas.

The bank made no multifamily loans in moderate-income geographies as compared to the percentage of multi-family units in those geographies of 12 percent. This represents very poor distribution to moderate-income geographies. The percentage of loans made in low-income geographies (eight percent) exceeds the percentage of owner occupied units in those geographies (five percent). Distribution of multifamily housing loans to low-income



geographies is excellent. The bank ranks first in overall market share for multifamily housing loans with 31 percent of the market. The bank also ranks first in market share for multifamily housing loans in low-income geographies with 100 percent of the market, which significantly exceeds the bank's overall market share.

### **Muncie MSA AA**

The geographic distribution of home mortgages in the Muncie MSA AA is adequate. Home refinances were given more weight because they made up 57 percent of the home mortgages made in this AA.

#### **Home Refinance Loans**

The geographic distribution of home refinance loans in low- and moderate-income geographies is adequate. The bank made no home refinance loans in low-income geographies. This is adequate, due to limited opportunity. The percentage of owner-occupied units in low-income geographies is less than one percent (.11%), and there are only 35 owner-occupied housing units in the low-income census tracts. The percentage of loans made in moderate-income geographies (17 percent) is lower than the percentage of owner occupied units in those geographies (26 percent). The bank ranks second in overall market share for home refinance loans with seven percent of the market. The bank also ranks second in market share for home refinance loans in moderate-income geographies with seven percent of the market.

#### **Home Purchase Loans**

The geographic distribution of home purchase loans in the low- and moderate-income geographies is adequate. The bank did not make any loans in low-income geographies. However, with the limited opportunities, this is adequate. The percentage of home purchase loans in moderate-income geographies (16 percent) is lower than the percentage of owner occupied units (26 percent) in those geographies. The bank ranks eighth in overall market share for home purchase loans with four percent of the market. The bank ranks seventh in market share for home purchase loans in moderate-income geographies with four percent of the market.

#### **Home Improvement Loans**

The geographic distribution of home improvement loans is good. The percentage of loans made in moderate-income geographies (24 percent) is slightly lower than the percent of owner occupied units in moderate-income geographies (26 percent). The bank ranks first in overall market share for home improvement loans with twenty-seven percent of the market. The bank also ranks first in market share for home improvement loans in moderate-income geographies with 42 percent of the market, which significantly exceeds the overall market share.

The bank made no home improvement loans in low-income geographies. With limited opportunities, this is adequate.

#### **Multi-family Loans**

Multi-family loans were not reviewed for this AA. The bank made only seven multi-family loans in the AA during the evaluation period. With the limited number, a geographic distribution analysis is not meaningful.

## **Indianapolis/Carmel MSA AAs**

The geographic distribution of home mortgage loans in the Indianapolis/Carmel MSA AAs is adequate. Home refinance loans played a significant factor in arriving at this conclusion, as these represented 70 percent of the home mortgage loans in these AAs. There are no low-income geographies within these AAs.

### **Home Refinance Loans**

The geographic distribution of home refinance loans in moderate-income geographies is adequate. The percentage of loans made in moderate-income geographies (two percent) is lower than the percent of owner occupied units in those geographies (four percent). The bank ranks twenty-fourth in overall market share for home refinance loans with one percent of the market. The bank ranks sixteenth in market share for home refinance loans in moderate-income geographies with two percent of the market, which exceeds the bank's overall market share.

### **Home Purchase Loans**

The geographic distribution of home purchase loans in the moderate-income geographies is good. The percentage of home purchase loans in moderate-income geographies is near the percentage of owner occupied units in those geographies. The bank ranks thirty-third in overall market share for home purchase loans with one percent of the market. The bank ranks nineteenth in market share for home purchase loans in moderate-income geographies with two percent of the market, which slightly exceeds the bank's overall market share.

### **Home Improvement Loans**

The geographic distribution of home improvement loans in moderate-income geographies is excellent. The percentage of loans made in moderate-income geographies (five percent) exceeds the percent of owner occupied units in moderate-income geographies (four percent). The bank ranks tenth in overall market share for home improvement loans with three percent of the market. The bank ranks fifth in market share for home improvement loans in moderate-income geographies with five percent of the market, which exceeds the bank's overall market share.

### **Multifamily Housing Loans**

A geographic distribution of multifamily housing loans was not performed, as the bank made no loans in these geographies during our evaluation period. Market data indicates that in 2009, 16 multifamily loans were originated by other reporting institutions in the AA.

## **Lafayette MSA AA**

The geographic distribution of home mortgage loans in the Lafayette MSA AA is adequate. Home refinance loans played a significant factor in arriving at this conclusion, as they represented 60 percent of the home mortgage loans in this AA. However, the strong performances among the other products did play a factor in this AA's conclusion.

### **Home Refinance Loans**

The geographic distribution of home refinance loans in low- and moderate-income geographies is poor. The bank made no loans in low-income geographies during this evaluation period. The percentage of owner occupied units in the low-income geographies is less than one

percent (.21 percent). Due to the limited opportunities to make home loans in low-income geographies, the bank's performance in low-income geographies is adequate. The percentage of loans made in moderate-income geographies (three percent) is lower than the percent of owner occupied units in those geographies (eight percent). Distribution to moderate-income geographies is poor. The bank ranks sixth in overall market share for home refinance loans with four percent of the market. The bank ranks fourteenth in market share for home refinance loans in moderate-income geographies with two percent of the market, which is lower than the bank's overall market share.

#### Home Purchase Loans

The geographic distribution of home purchase loans in the low- and moderate-income geographies is excellent. The percentage of home purchase loans in low-income geographies (0.59 percent) is higher than the percent of owner occupied units in those geographies (0.21 percent). The percentage of home purchase loans in moderate-income geographies (nine percent) is also higher than the percentage of owner occupied units in those geographies (eight percent). The bank ranks sixth in overall market share for home purchase loans with four percent of the market. The bank ranks third in market share for home purchase loans in low- and moderate-income geographies with 11 percent and six percent of the market. Market share in low- and moderate-income geographies significantly exceeds the overall market share for home purchase loans.

#### Home Improvement Loans

The geographic distribution of home improvement loans in low- and moderate-income geographies is excellent. The bank made no loans in low-income geographies during this evaluation period. However, this is adequate due to the limited number of owner occupied units. The percentage of loans made in moderate-income geographies (nine percent) exceeds the percent of owner occupied units in moderate-income geographies (eight percent). The bank ranks second in overall market share for home improvement loans with 16 percent of the market. The bank ranks first in market share for home improvement loans in moderate-income geographies with 40 percent of the market, which significantly exceeds the bank's overall market share.

#### Multifamily Housing Loans

The geographic distribution of multifamily housing loans is good. The percentage of loans made in low-income geographies (18 percent) is less than the percent of multi-family units in those geographies (28 percent). While the number of loans made in low-income geographies is lower than demographic data, the market share for low-income geographies is slightly better than the overall market share. The bank ranks fourth in overall market share for multifamily housing loans with 13 percent of the market. The bank also ranks fourth in market share for multifamily housing loans in low-income geographies with 14 percent of the market. Penetration in low-income geographies is adequate.

The percentage of loans in moderate-income geographies (45 percent) significantly exceeds the percent of multi-family units in the moderate-income geographies (24 percent). No market share data for 2009 was available for the moderate-income geographies. Penetration in moderate-income geographies is excellent.

## **Small Loans to Businesses**

The geographic distribution of small loans to business in low- and moderate-income geographies is good. The AAs were weighted according to the percent of reported loans originated within each AA.

Refer to Table 6 in the state of Indiana 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.

### **Combined Non-MSA AAs**

The geographic distribution of small loans to businesses is adequate. Penetration in both the low-income and moderate-income geographies is adequate. The percent of small loans to businesses in low-income geographies (one percent) is lower than the percentage of businesses in those geographies (two percent). The percent of small loans to businesses in moderate-income geographies (six percent) is also lower than the percentage of businesses in those geographies (nine percent). The bank ranks seventh in overall market share for small loans to businesses with five percent of the market in the combined Indiana non-MSA AAs.

### **Muncie MSA AA**

The geographic distribution of small loans to businesses is excellent. The performance within the moderate-income geographies significantly influenced this conclusion. Thirty-one percent of the AA businesses are located in moderate-income geographies.

The percent of small loans to businesses in moderate-income geographies (38 percent) exceeds the percentage of businesses in those geographies (31 percent) and is excellent. The percent of small loans to businesses in low- income geographies meets the percentage of AA businesses located in these census tracts. Penetration in low-income geographies is good. The bank ranks second in overall market share for small loans to businesses with nine percent of the market.

### **Indianapolis - Carmel MSA AAs**

The geographic distribution of small loans to businesses in moderate-income geographies is excellent. The percent of small loans to businesses in moderate-income geographies (seven percent) is greater than the percentage of businesses in those geographies (four percent). The bank ranks twenty-fifth in overall market share for small loans to businesses with only 0.45 percent of the market in the Indianapolis - Carmel MSA AAs.

### **Lafayette MSA**

The geographic distribution of small loans to businesses in different geographies is good. The penetration in moderate-income census tracts was a major factor in arriving at this conclusion. Twenty-four percent of the AA businesses are located in moderate-income areas, as compared to only five percent in low-income geographies.

The percent of small loans to businesses in moderate-income geographies (30 percent) significantly exceeds the percentage of businesses in those geographies (24 percent). This represents excellent geographic distribution for moderate-income geographies. The percent of small loans to businesses in low-income geographies (one percent) is significantly lower than the percentage of businesses in those geographies (five percent). This represents poor geographical distribution for low-income geographies.

### **Small Loans to Farms**

The geographic distribution of small loans to farms in low- and moderate-income geographies is adequate. Loans originated in the combined non-MSA AA made up 80 percent of the total farm loans originated in full-scope AAs in the state of Indiana. Therefore, this AA was given significant weight in arriving at our conclusions.

Refer to Table 7 in the state of Indiana 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 farms.

### **Combined Non-MSA AAs**

The geographic distribution of small loans to farms in low- and moderate-income geographies is adequate. The bank made no small loans to farms in low-income geographies during this evaluation period. However, there are only 21 farms in total located in the low-income geographies. Therefore, opportunity is limited. The percentage of bank loans in moderate-income geographies (0.43 percent) is lower than the percent of farms in moderate-income geographies (two percent). The opportunity for farm loans in moderate-income geographies within these AAs was also limited, as only 67 farms are located within these census tracts. The bank ranks first in overall market share for farms loans with 26 percent of the market.

### **Muncie MSA AA**

The bank made no loans in low- or moderate-income geographies; however, the opportunity was limited. There are only 28 farms located in moderate-income geographies and no farms within low-income geographies. The bank ranks second in small farm lending among all reporting lenders in the Muncie MSA with 21 percent of the market.

### **Indianapolis - Carmel MSA AAs**

The geographic distribution of small loans to farms in moderate-income geographies is excellent. The percent of small loans to farms in moderate-income geographies (three percent) exceeds the percentage of farms in those geographies (two percent). The bank ranks fifteenth in small farm lending among all reporting lenders in the Indianapolis - Carmel MSA AAs with one percent of the market.

### **Lafayette MSA AA**

The bank made no small loans to farms in the low- or moderate-income geographies during this evaluation period. However, there are only 23 farms in total located in these geographies; therefore, opportunities are limited.

## **Lending Gap Analysis**

Our geographic distribution analysis included a review for lending gaps in low- and moderate-income geographies. We did not identify any conspicuous lending gaps in our Indiana full-scope AAs.

## **Inside/Outside Ratio**

We performed an analysis of the inside/outside ratio at the bank level. A substantial majority of the loans are inside the bank's assessment areas. Refer to the Scope of the Evaluation section for additional details.

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

The overall distribution of loans by income level of the borrower is good. A majority of the bank's loans originated in these full-scope AAs were Home Mortgage Loans. Therefore, this loan product carried more weight in forming our conclusions.

## **Home Mortgage Loans**

The borrower distribution of home mortgage loans to low- and moderate-income borrowers is good. We weighed the combined non-MSA AAs findings heavier than the other full-scope AAs, as 46 percent of the home mortgage loans were originated in this AA. Only loans with income information were utilized for the borrower distribution analysis.

Refer to Tables 8, 9, and 10 in the state of Indiana 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.

## **Combined Non-MSA AAs**

The borrower distribution for home mortgages in the combined non-MSA AAs is good. Home refinances were weighed more because they made up 60 percent of the home mortgages made in these AAs.

## **Home Refinance Loans**

The distribution of home refinance loans to borrowers of different income levels is good. The percent of bank loans to low-income borrowers (12 percent) is less than the percentage of low-income families in the AA (17 percent). Penetration among low income families is adequate. The percent of bank loans to moderate-income borrowers (23 percent) exceeds the percentage of moderate-income families in the AA (20 percent). Penetration with moderate-income families is excellent.

The bank ranks second in overall market share for home refinance loans in the combined Indiana non-MSA AAs with six percent of the market. The bank also ranks second in market share for home refinance loans to low-income borrowers with eight percent of the market and third in market share for home refinance loans to moderate-income borrowers with six percent of the market.

Home Purchase Loans

The distribution of home purchase loans to borrowers of different income levels is excellent. The percent of bank loans to low-income borrowers (14 percent) is less than the percentage of low-income families in these AAs (17 percent). When you consider that seven percent of the AAs' families live below poverty levels, penetration among low-income families is good. The bank ranks ninth in overall market share for home purchase loans in the combined Indiana non-MSA AAs with four percent of the market. The bank ranks twelfth in market share for home purchase loans to low-income borrowers with three percent of the market. Penetration to moderate-income families is excellent. The percent of bank loans to moderate-income borrowers (24 percent) is greater than the percentage of moderate-income families in these AAs (20 percent). Market share for loans made to moderate-income borrowers is three percent, with the bank ranking eleventh.

Home Improvement Loans

The distribution of home improvement loans to borrowers of different income levels is excellent. The percent of bank loans to low-income borrowers (17 percent) meets the percentage of low-income families. The bank's market share to low-income borrowers for home improvement loans (19 percent) exceeds the overall market share of sixteen percent. The bank is ranked first in both market shares. Penetration to low-income borrowers is good. The percent of bank loans to moderate-income borrowers (22 percent) exceeds the percentage of moderate-income families in these AAs (20 percent). The bank also ranks first with a market share of 13 percent.

**Muncie MSA AA**

The borrower distribution of home mortgage loans to borrowers of different income levels is adequate. A majority of the bank's loans originated in this AA were home refinances. Therefore, this product received the most weight when arriving at our conclusions.

Home Refinance Loans

The distribution of home refinance loans to low- and moderate-income borrowers is adequate. The percent of bank loans to low-income borrowers (ten percent) is significantly less than the percentage of low-income families in the AA (20 percent); however, the market share to low-income borrowers meets the overall market share for home refinance loans. Distribution to low-income borrowers is adequate. The percent of bank loans to moderate-income borrowers (17 percent) is slightly lower than the percentage of moderate-income families in the AA (19 percent) and represents adequate distribution. The market share to moderate-income borrowers is lower than the overall market share. The bank ranks second in overall market share for home refinance loans in the Muncie MSA with nine percent of the market. The bank ranks third in market share (nine percent) for home refinance loans to low-income borrowers and moderate-income borrowers (six percent).

Home Purchase Loans

The distribution of home purchase loans to low- and moderate-income borrowers is adequate. The percent of bank loans to low-income borrowers (11 percent) is significantly less than the percentage of low-income families in the AA (20 percent). Market share to low-income borrowers (five percent) exceeds the bank's overall home purchase market share (four percent.) The bank ranked ninth in both. It is also important to note that nine percent of the

families in this AA are below poverty level, making it difficult for these individuals to qualify for home purchase loans. Penetration to low-income borrowers is adequate.

The percent of bank loans to moderate-income borrowers (17 percent) is slightly lower than the percentage of moderate-income families in the AA (19 percent). The bank's market share to moderate-income borrowers in the AA is only one percent. The bank ranked nineteenth. Penetration among moderate-income borrowers is adequate.

### Home Improvement Loans

The distribution of home improvement loans to low- and moderate-income borrowers is adequate. The percent of bank loans to low-income borrowers (14 percent) is lower than the percentage of low-income families in the AA (20 percent). The percent of bank loans to moderate-income borrowers meets demographic data. The bank ranks first in overall market share for home improvement loans in the Muncie MSA with 23 percent of the market. The bank also ranks second in market share for home improvement loans to low-income borrowers and third for home improvement loans to moderate-income borrowers. Market share to low-income borrowers (27 percent) exceeds the bank's overall market share, while the market share to moderate-income borrowers (13 percent) is significantly lower than the bank's overall market share.

### Indianapolis-Carmel MSA AAs

The borrower distribution of home mortgage loans to low- and moderate-income borrowers is good. Seventy percent of the bank's home loans originated in these AAs were home refinances. Therefore, this product received a significant amount of weight when arriving at our conclusions.

### Home Refinance Loans

The distribution of home refinance loans to borrowers of different income levels is adequate. The percent of bank loans to low-income borrowers (eight percent) is lower than the percentage of low-income families in the AAs (12 percent). The percent of bank loans to moderate-income borrowers is equal to the percentage of moderate-income families in the AAs. The bank ranks twentieth in overall market share for home refinance loans in the Indianapolis-Carmel MSA AAs with one percent of the market. The bank ranks sixteenth in market share for home refinance loans to low-income borrowers with two percent of the market and twentieth in market share for home refinance loans to moderate-income borrowers with one percent of the market. Market share to low- and moderate-income borrowers exceeds the bank's overall market share.

### Home Purchase Loans

The distribution of home purchase loans to borrowers of different incomes is excellent. The percent of bank loans to low-income borrowers (ten percent) is less than the percentage of low-income families in the AAs (12 percent). This is considered adequate, as it should also be noted that three percent of the families in the AAs are below poverty level, making it difficult for them to qualify for a home purchase loans. The percent of bank loans to moderate-income borrowers (25 percent) is significantly greater than the percentage of moderate-income families in the AAs (15 percent). This demonstrates excellent distribution. This level of performance for home purchase loans to moderate-income borrowers is significant. The bank ranks twenty-ninth in overall market share for home purchase loans in the Indianapolis-Carmel



MSA AAs with one percent of the market. The bank ranks thirtieth in market share for home purchase loans to low-income borrowers and twenty-seventh for home purchase loans to moderate-income borrowers with one percent of the market in both categories.

### Home Improvement Loans

The distribution of home improvement loans to low- and moderate-income borrowers is excellent. The percent of bank loans to low-income borrowers (19 percent) is significantly higher than the percentage of low-income families in the AA (12 percent). The percent of bank loans to moderate-income borrowers (30 percent) is also significantly higher than the percent of moderate-income families in the AA (15 percent). The bank ranks ninth in overall market share for home improvement loans in the Indianapolis-Carmel MSA AAs with three percent of the market. The bank ranks third in market share for home improvement loans to low- and moderate-income borrowers with nine percent and seven percent of the market. Market share to low- and moderate-income borrowers significantly exceeds the bank's overall market share.

### Lafayette MSA AA

The borrower distribution of home mortgage loans to borrowers of different income levels is good. A majority of the bank's loans originated in this AA were home refinances. Therefore, this product received the most weight when arriving at our conclusions.

### Home Refinance Loans

The distribution of home refinance loans to borrowers of different incomes is adequate. The distribution to low-income borrowers is poor. The percent of bank loans to low-income borrowers (six percent) is significantly less than the percentage of low-income families in the AA (18 percent). The distribution to moderate-income borrowers is excellent. The percent of bank loans to moderate-income borrowers (22 percent) exceeds the percentage of moderate-income families in the AA (19 percent). The bank ranks fourth in overall market share for home refinance loans in the Lafayette MSA with six percent of the market. The bank ranks sixth in market share for home refinance loans to low-income borrowers with five percent of the market and second in market share for home refinance loans to moderate-income borrowers with seven percent of the market. Market share to low- income borrowers is only slightly less than the bank's overall market share, while market share to moderate-income borrowers exceeds the bank's overall market share.

### Home Purchase Loans

The distribution of home purchase loans to borrowers of different income levels is excellent. The distribution to low-income borrowers is good. The percent of bank loans to low-income borrowers (17 percent) is slightly less than the percentage of low-income families in the AA (18 percent). The distribution to moderate-income borrowers is excellent. The percent of bank loans to moderate-income borrowers (28 percent) is significantly greater than the percentage of moderate-income families in the AA (19 percent). The bank ranks sixth in overall market share for home purchase loans in the Lafayette MSA with five percent of the market. The bank ranks fifth in market share for home purchase loans to low-income borrowers with six percent of the market and seventh for home purchase loans to moderate-income borrowers with four percent of the market. Market share to low-income borrowers exceeds the bank's overall market share, while the market share to moderate-income borrowers is lower than the bank's overall market share for 2009.

**Home Improvement Loans**

The distribution of home improvement loans to low- and moderate-income borrowers is excellent. The percent of bank loans to low-income borrowers (17 percent) is slightly lower than the percentage of low-income families in the AA (18 percent). The percent of bank loans to moderate-income borrowers (25 percent) is significantly higher than the percentage of moderate-income families in the AA (19 percent). The bank ranks second in overall market share for home improvement loans in the Lafayette MSA AA with 17 percent of the market. The bank ranks first in market share for home improvement loans to low-income borrowers with 35 percent of the market and third in market share for moderate-income borrowers with 16 percent of the market. Market share to low-income borrowers significantly exceeds the bank's overall market share. Market share to moderate-income borrowers is only slightly less than the bank's overall market share.

**Small Loans to Businesses**

The borrower distribution of small loans to businesses is adequate. The AAs were weighted according to the percent of reported loans originated within each AA.

Refer to Table 11 in the state of Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

**Combined Non-MSA AAs**

The borrower distribution of small loans to businesses is good. The percent of loans to businesses with revenues of \$1 million or less (76 percent) is slightly lower than the percentage of businesses with revenues of \$1 million or less in the combined Indiana non-MSA AAs (77 percent). The bank ranks seventh in the overall market share for small loans to businesses with five percent of the market and third in market share to businesses with revenues of \$1 million or less with 11 percent of the market. Market share to small businesses is significantly greater than the bank's overall market share.

**Muncie MSA AA**

The borrower distribution of small loans to businesses is adequate. The percent of loans to businesses with revenues of \$1 million or less (59 percent) is lower than the percent of businesses with revenues of \$1 million or less (76 percent) in the Muncie MSA. The bank ranks second in the overall market share for small loans to businesses with nine percent of the market and second in market share to businesses with revenues of \$1 million or less with 16 percent of the market. Market share to small businesses is significantly greater than the bank's overall market share.

**Indianapolis/Carmel MSA AAs**

The borrower distribution of small loans to businesses is adequate. The percent of loans to businesses with revenues of \$1 million or less (67 percent) is lower than the percentage of businesses with revenues of \$1 million or less in the Indianapolis/Carmel MSA AAs (80 percent). The bank ranks twentieth in the overall market share for small loans to businesses in

Hamilton County with one percent of the market and fourteenth in market share to small businesses in Hamilton County with two percent of the market. Market share to businesses with revenues of \$1 million or less is greater than the bank's overall market share.

### **Lafayette MSA AA**

The borrower distribution of small loans to businesses is adequate. The percent of loans to businesses with revenues of \$1 million or less (67 percent) is lower than the percentage of businesses with revenues of \$1 million or less in the Lafayette MSA (75 percent).

### **Small Loans to Farms**

The borrower distribution of small loans to farms is good. Loans originated in the combined non-MSA AA made up 80 percent of the total loans originated in full-scope AAs in the state of Indiana. Therefore, this AA was given more weight in arriving at our conclusion.

Refer to Table 12 in the state of Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

### **Combined Non-MSA AAs**

The borrower distribution of small loans to farms is good. The percent of loans to farms with revenues of \$1 million or less (92 percent) is lower than the percentage of farms with revenues of \$1 million or less (99 percent) in the combined Indiana non-MSA AAs. The bank ranks first in the overall market share for small loans to farms with 26 percent of the market and first in market share to small farms with 30 percent of the market. Market share to small farms is significantly greater than the bank's overall market share.

### **Muncie MSA AA**

The borrower distribution of small loans to farms is good. The percent of loans to farms with revenues of \$1 million or less (98 percent) is slightly higher than the percentage of farms with revenues of \$1 million or less (97 percent) in the Muncie AA. The bank ranks second in the overall market share for small loans to farms with 21 percent of the market and second in market share to small farms with 24 percent of the market. Market share to small farms is greater than the bank's overall market share.

### **Indianapolis/Carmel MSA AAs**

The borrower distribution of small loans to farms is adequate. The percent of loans to farms with revenues of \$1 million or less (90 percent) is lower than the percentage of farms with revenues of \$1 million or less (97 percent) in the Indianapolis/Carmel AAs. The bank ranks fifteenth in the overall market share for small loans to farms with one percent of the market. The bank has zero percent of the market share in 2009 to small farms.

**Lafayette MSA AA**

The borrower distribution of small loans to farms is adequate. The percent of loans to farms with revenues of \$1 million or less (75 percent) is lower than the percentage of farms with revenues of \$1 million or less (95 percent) in the Lafayette MSA.

***Community Development Lending***

The bank has a low level of community development lending. We did note that the bank made several additional loans that have community development characteristics. However, these loans are secured with real estate and; therefore, included in the mortgage loan totals. FNB was not very responsive to community needs through community development lending.

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

**Combined Non-MSA AAs**

FNB had a very low level of community development loans in the combined non-MSA AAs. The bank originated one community development loan totaling \$10 thousand to an organization that provides affordable housing to low- and moderate-income individuals/families.

**Muncie MSA AA**

The bank had a low level of community development lending within the Muncie MSA AA. A total of three loans totaling \$128,100 were made to two different community development organizations. The bank originated two loans totaling \$48,100 to an organization that provides affordable housing to low- and moderate-income individuals/families and one loan totaling \$80 thousand to an organization that provides child care services to low- and moderate-income families.

**Indianapolis/Carmel MSA AA**

FNB had a low level of community development loans in the Indianapolis/Carmel MSA AA. The bank originated one community development loan totaling \$100 thousand to an organization that provides services to low- and moderate-income individuals with developmental disabilities.

**Lafayette MSA AA**

The bank made no community development loans in the Lafayette MSA AA.

## ***Product Innovation and Flexibility***

The bank offers various home mortgage loan programs with flexible features to address the credit needs of low- or moderate-income individuals. These include Federal Housing Authority (FHA) mortgage loans and USDA Rural Development Single Family Housing Guaranteed Rural Loans. The bank also participates in the Federal Home Loan Bank's Neighborhood Impact Program (NIP) and the Homeownership Opportunities Program (HOP). Additionally, the bank participates in First Home, First Home/PLUS, and the Homeownership Program for Veterans through the Indiana Housing and Community Development Authority. These loan products and programs are targeted to low- and moderate-income borrowers and feature low down payment, closing cost assistance, and other flexible underwriting features. The number and dollar amount of loans originated under these programs is included in the totals for home mortgage loans. The bank also offers in-house loans that mirror the Federal government's Making Home Affordable Program; however, they do not participate in this program.

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

Our limited-scope reviews findings have little impact on our overall conclusions for the lending test. A majority of the bank's lending is within the AAs that received a full-scope review. Refer to the Tables 1 through 13 in the state of Indiana section of appendix D for the facts and data that support these conclusions.

### **Kokomo MSA AA**

The bank's performance under the lending test in the Kokomo MSA AA is stronger than the full-scope performance rated low satisfactory under the lending test in the state of Indiana. Performance is stronger in both the geographic and borrower distributions. Home mortgage products played a significant part in arriving at this conclusion, as seventy percent of the loans originated were home mortgages. There were no community development loans in this AA.

### **Gary MSA AA**

In the Gary MSA AA, performance is not inconsistent with the bank's overall performance in the state.

### **Anderson MSA AA**

The bank's performance under the lending test in the Anderson MSA AA is weaker than the full-scope performance rated low satisfactory under the lending test in the state of Indiana. Performance is weaker in geographic distribution. The geographic distribution of home refinance and small business loans was poor. These loan products made up a majority of the loans made in this AA. There were no community development loans in this AA.

## **INVESTMENT TEST**

FMB is rated Low Satisfactory under the lending test.

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

The bank's performance under the Investment Test in the state of Indiana is rated Low Satisfactory. Based on the full-scope review, the bank's performance in the combined non-MSA AAs is excellent. The bank's performance in the Muncie MSA and Lafayette MSA is very poor, while the bank's performance in the Indianapolis/Carmel MSA AAs is good.

The number and dollar volume of FMB's qualified investments is adequate based on the opportunities to make investments in the bank's full-scope AAs. The bank provided five qualified investments totaling approximately \$4.4 million and 22 grants and in-kind contributions totaling approximately \$39 thousand. The bank also invested in two GNMA mortgage-backed securities that provided \$1.9 million in home loans to low-and moderate-income families within the AAs in the state of Indiana. The total amount of qualified investments for the state of Indiana is approximately \$6.4 million. This equates to 1.57 percent of the bank's Tier 1 Capital as of September 30, 2010.

There were two grants provided in the State of Indiana that benefited multiple assessment areas. These grants totaling \$10 thousand benefited two organizations that provided community services to low- and moderate- income individuals.

Refer to the attached spreadsheets for the facts and data used to evaluate the bank's level of qualified investments. The performance within the full-scope AAs are discussed below. Please note that the dollar amounts of the GNMA securities were assigned to the specific AA that benefitted from the investment. However, these two securities are not included when discussing the number of investments in the AAs.

### **Combined Non-MSA AAs**

The bank's performance under the Investment Test in the state of Indiana for the combined non-MSA Assessment Areas is excellent. The bank has \$4.6 million in qualified investments in these AAs. The branches in these AAs make up 25 percent of the bank's total deposits. When allocating 25 percent of Tier 1 capital to these AAs, qualified investments represent approximately 4.60 percent of Tier 1 Capital. Additional weight is given to the combined non-MSA AA, considering the limited opportunities that may be present in the less densely populated areas of the state.

FMB purchased bonds to the Wayne County Department of Family and Children acquired in 2009, and North White School Corporation Tax Anticipation Bonds acquired in 2009. Both of these organizations provide community services that primarily benefit low- and moderate-income individuals. The GNMA securities provided \$192 thousand of home loans to low- and moderate-income families in these AAs. Four grants, totaling \$2 thousand, benefited three organizations in these AAs. These organizations provided community services to low- and moderate-income families.

### **Muncie MSA AA**

The bank's performance under the Investment Test in the state of Indiana for the Muncie MSA AA is very poor. Qualified investments total only \$7 thousand during this evaluation, which equates to 0.01 percent of the bank's allocated Tier 1 Capital. The Muncie MSA AA is the second largest concentration of the bank's deposits at 19 percent. There are opportunities within this AA for further investment.

Four grants benefited three organizations providing community development services. The largest grant was for affordable housing for low-income families. The other grants benefited organizations providing community services to the homeless and low-income youths.

### **Indianapolis-Carmel MSA AAs**

The bank's performance under the Investment Test in the state of Indiana for the Indianapolis/Carmel MSA AAs is good. Qualified investments total approximately \$1.63 million or 2.25 percent of allocated Tier 1 Capital. The deposits from the locations in these AAs account for eighteen percent of the bank's total deposits.

These investments are primarily from the GNMA mortgage-backed securities. Additionally, six grants, totaling \$19 thousand, benefited five organizations. A majority of the grants benefited food pantries and organizations providing services to low- and moderate-income individuals. Grant money was also given to an organization providing emergency housing and services to low- and moderate-income battered women and dependent children; an organization providing services to low- and moderate-income youth; and an organization providing affordable housing to low- and moderate-income individuals.

### **Lafayette MSA AA**

The bank's performance under the Investment Test in the state of Indiana for the Lafayette MSA AA is rated very poor. Qualified investments total approximately \$121 thousand, which represents 0.21 percent of allocated Tier 1 Capital. The Lafayette AA has 14 percent of the bank's total deposits. The majority of these investments are centered in GNMA bond funds that provided housing loans to low- and moderate-income in this AA. Three grants totaling \$7 thousand were provided to three organizations in this AA. A majority of the funds went to an organization providing affordable housing to low-income families. The remainder of the grants went to organizations providing community services to low- and moderate-income individuals.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the Kokomo MSA, Anderson MSA, and Gary MSA is weaker than the bank's overall performance in the rest of the state. These areas each had in-kind contributions of less than \$1 thousand, representing zero percent of the representative allocated Tier 1 Capital levels.

Refer to the attached spreadsheets for the facts and data used to evaluate the bank's level of qualified investments.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Indiana is rated Low Satisfactory. FMB's delivery systems in the state of Indiana are accessible to geographies and individuals of different income levels. FMB provided an adequate level of community development services in their AAs within the state of Indiana.

#### ***Retail Banking Services***

FMB's delivery systems in the state of Indiana are accessible to geographies and individuals of different income levels. FMB's distribution of branch locations is good. Forty percent of the branches located in the full-scope AAs in Indiana are located within the Combined non-MSA AAs. These AAs had a significant impact upon the branch distribution analysis.

The bank's record of openings and closings has little impact on low- or moderate-income geographies and individuals. When the openings and closings are compared, the bank has one additional branch in a middle-income geography within the Muncie MSA AA. Most of the branches are full-service offices with no material differences in services. Branch hours vary; however, they do not specifically inconvenience low- or moderate-income geographies or individuals.

FMB offers a variety of alternative delivery systems including telephone banking, online banking, bill pay services, and banking by mail. However, the bank does not currently monitor the use of these systems by low- and moderate-income individuals. The level of community development services provided by bank staff is adequate. There are no material differences in services offered at branch locations. Branch hours offer reasonable access and convenience.

Refer to Table 15 in the state of Indiana 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.

#### **Combined Non-MSA AAs**

FMB's delivery systems are accessible to geographies and individuals of different income levels within these AAs. FMB's branch distribution in these AAs is excellent. Distribution of branches in moderate-income geographies is excellent. Eleven percent of FMB branches (three) located in these AAs are in moderate-income geographies. This is greater than the nine percent of the population living within these geographies. FMB's distribution of branches in low-income geographies is adequate. While FMB does not have a branch located within the one low-income geography located within these AAs, they do have a branch located in an adjacent census tract. Additionally, only one percent of the population resides within the low-income census tract.

Twenty-six ATMs are disbursed throughout the assessment area, including moderate-income census tracts. These machines help with access to consumer accounts. Only two ATMs in these AAs accept deposits. Both of these machines are located in middle-income census



tracts. The bank opened a branch and closed a branch, both in middle-income census tracts, during this evaluation period.

Generally, there is no material difference in services offered at branch locations. However, two branches within these AAs are limited service. One branch in Decatur is a branch in a retirement community, within a middle-income geography, that is open only four hours a week. The other limited service branch is a drive thru branch in Portland, which is in a middle-income census tract. All branches in moderate-income census tracts are full service branches.

Banking hours vary among the branches within the AAs. However, these variances do not specifically inconvenience low-or moderate-income geographies or individuals. Over half of the full service branches in these AAs do not offer lobby services on Saturdays. Those locations without Saturday lobby hours include the only branch in an upper-income geography, 11 branches in middle-income geographies, and two branches in moderate-income geographies. Only 25 drive- thru operations are closed on Saturday. Additionally, the branch in Moorland (middle-income census tract) is open only on Tuesday, Thursday, and Saturday. The branch in Sulphur Springs (also middle-income geography) is open only on Monday, Wednesday, and Friday. The alternative delivery systems mentioned earlier help extend services and hours to the AAs.

### **Muncie MSA AA**

FMB's delivery systems are accessible to geographies and individuals of different income levels within the Muncie MSA AA. FMB's branch distribution in this AA is good. Distribution of branches in moderate-income geographies is excellent. Thirty-one percent of FMB branches are located in moderate-income geographies. This is favorable, as 28 percent of the AA's population resides in these geographies. FMB's distribution of branches in low-income geographies is poor. FMB does not have a branch located within the two low-income geographies located within this AA. Five percent of the AA's population resides within these census tracts. The bank does offer some services to these areas through branches located in adjacent middle-income census tracts.

Banking hours do not vary in a way that inconveniences its AA, specifically the low- or moderate-income geographies or individuals. All branches in this AA are full-service branches, with the exception of the Westminster Village branch which offers services to a senior living community for three and a half hours on Mondays, Wednesdays, and Fridays. This branch is located in a middle-income census tract. Drive-up facilities offer slightly extended hours throughout the week. ATMs are disbursed throughout the AA, including moderate-income geographies. These ATMs are cash dispensing machines that offer 24-hour service. The alternative delivery systems mentioned earlier help extend services and hours to the AA.

The bank has opened two branches in this AA during the evaluation period. One is located in a middle-income census tract, while the other is in an upper-income geography. FMC closed only one branch in this AA which was located in an upper-income census tract. These changes within the branch distribution did not have a negative impact on low-or moderate-income geographies or individuals.

### **Indianapolis-Carmel MSA AAs**

FMB's delivery systems are accessible to geographies and individuals of different income levels within these AAs. FMB's branch distribution within these AAs is adequate. While FMB has no branches located within the moderate-income geographies, only five percent of the AA's population reside within these areas. Additionally, there are branch locations in adjacent census tracts to three of the six moderate-income geographies. There are no low-income geographies located within these AAs.

The bank relocated one branch in these AAs. Both census tracts involved in the relocation are in the upper-income geographies.

Banking hours do not vary in a way that inconveniences these assessment areas, particularly the moderate-income geographies or low- to moderate-income individuals. Drive-up facilities are available at all locations with the exception of one, and offer extended hours throughout the week, as well as on Saturdays. Twenty-four hour cash dispensing ATMs are offered throughout the AAs. However, none of these machines are located within the moderate-income census tracts. The alternative delivery systems mentioned earlier help extend services and hours to the AAs.

### **Lafayette MSA AA**

FMB's delivery systems are accessible to geographies and individuals of different income levels within the Lafayette MSA AA. FMB's branch distribution within the AA is adequate. FMB's distribution of branch locations in moderate-income census tracts is excellent. Twenty-five percent of FMB's branches in this AA are located in moderate-income geographies. This is significantly higher than the demographic data showing 12 percent of the AA population is located within these geographies. Branch distribution to low-income geographies is poor. The bank does not have any branches located in the four low-income census tracts, while ten percent of the population resides in these geographies. Low-income census tracts make up nine percent of the AA. However, branches are located in adjacent census tracts to two of the low-income geographies.

Banking hours do not vary in a way that inconveniences these assessment areas, particularly the low- or moderate-income geographies and individuals. The hours for the Tippecanoe Court branch, located in a moderate-income census tract, has favorable hours on Saturday and Sunday. Generally, the services offered at the branches are identical. However, three of the branches in this AA are limited service locations serving senior living communities. The bank has not opened or closed any branches in this AA during the evaluation period.

The bank does offer ATMs throughout the AA, including in low- and moderate-income geographies. Only one of these ATMs accepts deposits. This machine is located within a moderate-income census tract. The alternative delivery system help extend services and hours to the AA.

## ***Community Development Services***

Overall, FMB provided an adequate level of community development services in their AAs within the state of Indiana. Twelve bank employees provided financial expertise to twelve organizations that promote community development. FMB provided an adequate level of community development services within the Combined non-MSA AAs and Muncie MSA AAs. FMB provided a poor level of community development services within Indianapolis-Carmel MSA AAs and Lafayette MSA AA.

Four of the organizations that benefited from these services were state-wide and had the potential to benefit all of the AAs within this state. Three bank representatives provided financial advice serving on loan committees and boards for Indiana Community Business Credit Corporation and Indiana Statewide Certified Development Corporation. Both organizations provide financing for small businesses to promote economic development. The direct impact this service has had on the bank's AAs is unknown. However, small business lending was a credit need throughout the bank's AAs.

A Regional Director of the bank provided financial training, counseling, and mediation to the Indiana Foreclosure Prevention Network. During the past two years, this organization has provided counseling to 900 residents in the state of Indiana that are facing foreclosure. The direct impact on the AAs is unknown. Financial education is an identified need in the Indianapolis-Carmel MSA AAs, Combined non-MSA AAs, and the Lafayette MSA AA.

A board member serves on the Investment and Audit Committees for Goodwill of Central Indiana. This organization provides community services to low-and moderate-income individuals throughout 29 counties in central Indiana. Fifteen of the bank's AA counties are included. The Muncie MSA AA, Kokomo MSA AA, Lafayette MSA AA, Anderson MSA AA, Indianapolis-Carmel MSA AAs, and portions of the Combined non-MSA AAs benefit from the organization.

### **Combined Non-MSA AAs**

FMB provided an adequate level of community development services in the combined non-MSA AA. In addition to the state-wide services discussed, four bank employees provide financial expertise to five organizations that promote community development initiatives in these AAs. An employee provides financial provisions to Decatur Housing Authority. A bank officer serves on the board and provides financial advice to Jay County Development Corporation. A regional director represents FMB as a Board member for two community development organizations. The first provides shelter to abused and neglected children and other community services to low-and moderate-income individuals. The second organization manages a revolving loan fund for the city of Portland. This loan fund provides for economic development in the distressed geographies in Jay County. This corporation is working to revitalize the distressed middle-income areas of Jay County. A bank officer serves as treasurer for Energize East Central Indiana Economic Development Board. While this board serves nine counties, one of the goals is to encourage economic development and to revitalize the distressed areas in Jay and Fayette counties. These counties are distressed due to population loss and high unemployment. There are a limited number of community development organizations within rural areas.

**Muncie MSA AA**

FMB provided an adequate level of community development services in the Muncie MSA AA. In addition to the state-wide services discussed, three bank employees provided their financial expertise to three organizations that promote community development initiatives in the AA. Services included providing financial information to low-and moderate-income individuals receiving services from Muncie Mission; serving on a financing subcommittee for a revolving loan fund finances small businesses that promote economic development within the AA; and an employee reviewing and making financial decisions as a Board member for Motivate Our Minds, Inc. Muncie Mission provides community services to low-and moderate-income individuals and the homeless. Motivate Our Minds, Inc. provides tutoring and after-school programs for low-income children. There are an adequate number of community development organizations within the AA.

**Indianapolis/Carmel MSA AAs**

Other than the state-wide services discussed, FMB did not provide any community development services within these AAs. There are numerous opportunities to work with community development organizations within the MSA. However, a large number of these organizations are centered within Marion County which is outside the bank's AAs. Nevertheless, there are still opportunities for community development services within the AAs.

**Lafayette MSA AA**

Other than the state-wide services discussed, FMB did not provide any community development services within this AA. There are an adequate number of community development organizations within the AA.

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

Based on a limited-scope review, the bank's performance under the service test in the Anderson MSA AA and Gary MSA AA are weaker. This is primarily based upon branch distribution. The bank does not have any branch locations in low-or moderate-income geographies within these AAs. Also, the bank has not provided any community development services that benefit these AAs, other than the state-wide services already discussed. The performance in the Kokomo MSA AA is stronger than the full-scope conclusions. The bank's only branch location in this AA is located within a moderate-income census tract. Thirty-one percent of the AA population resides in moderate-income geographies. The bank did not provide any additional community development services within this AA. Due to FMB's limited presence within these AAs, the limited-scope conclusions are given very little weight and do not detract from its overall adequate performance under the service test.

Refer to Table 15 in the state of Indiana section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Ohio

#### CRA Rating for Ohio: Needs to Improve

**The lending test is rated: Needs to Improve**

**The investment test is rated: Low Satisfactory**

**The service test is rated: Low Satisfactory**

The major factors that support this rating include:

- FMB's volume of lending in the state of Ohio is adequate. In the Columbus MSA AA, the geographic distribution is adequate, while the borrower distribution is poor.
- FMB had no community development loans within the state of Ohio.
- FMB's level of qualified investments is adequate. Current period investments include mortgage backed securities that provided affordable housing for low-and moderate-income families and charitable contributions to community development organizations.
- FMB's delivery systems are generally accessible to geographies and individuals of different income levels within the AA. FMB's level of community development services is poor.

### Description of Institution's Operations in Ohio

The bank's operations in the state of Ohio consist of two assessment areas (AAs) containing portions of two MSAs: Columbus and Cincinnati-Middleton. The Cincinnati-Middleton area is a multi-state MSA; however, the bank's AA includes only Hamilton and Butler counties in Ohio. The Columbus MSA AA includes only Franklin County. As of June 30, 2010, the bank had an overall deposit market share of 0.48 percent within the AAs of Ohio, which represents approximately \$391 million in total deposits. FMB operates one branch and one ATM within each of their two assessment areas. The bank's major competitors within these AAs include larger institutions, such as Huntington Bank, PNC Bank and JPMorgan Chase with deposit market shares of 22 percent, 21 percent and 17 percent, respectively.

In home mortgage lending, FMB ranks 150<sup>th</sup> with a market share of 0.05 percent within the AAs of Ohio, which represents approximately \$11.2 million dollars. Market share data for small loans to businesses and small farm loans is not meaningful, as the bank has only been in these markets since the merger on September 25, 2009.

Refer to the market profiles for the state of Ohio in appendix D for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## Scope of the Evaluation in Ohio

The scope for the bank's performance in the state of Ohio was assessed by performing a full-scope review of the Columbus MSA AA, and a limited-scope review of the Cincinnati MSA. The Columbus MSA AA has a larger percentage of deposits. Over 11 percent of the bank's total deposits are from the branch in Columbus. Deposits from the Columbus AA represent 94 percent of the bank's deposits in Ohio. The CRA rating for Ohio is primarily based on the bank's performance on the full-scope review of the Columbus MSA AA. The primary line of business in this assessment area is to provide services to small and medium sized businesses.

### ***Community Contacts***

We interviewed two community contacts for the Columbus MSA AA. The primary needs identified were affordable housing, EQ2 investments, and job creation.

Refer to the performance tables in Appendix A for additional information.

## LENDING TEST

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

The bank's performance under the Lending Test in Ohio is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Columbus MSA is poor. While the lending volume and geographic distribution is adequate, the borrower distribution is poor. Additionally, the bank made no community development loans within the state.

### ***Lending Activity***

The volume of lending in the Columbus MSA AA is adequate. It is important to note that the lending reported for this AA includes only home mortgage loans originated in 2009 and 2010. Also, small business and small farm loans for this AA were reported only in 2010. Commerce National Bank was merged into FMB on September 25, 2009.

Lending levels reflect adequate responsiveness in relation to area credit needs and the bank's deposit market share. FMB was ranked eleventh in deposit market share for the AA. In home mortgage lending, the bank ranks 115<sup>th</sup> with 0.06 percent of the market for 2009. An analysis of multi-family property lending found the bank's 2009 market share to be one percent, with a ranking of twenty-fifth. This represents a poor level of home mortgage volume with an adequate multi-family volume. However, business loans are the primary product in this AA.

In the Columbus MSA AA, small loans to businesses make up sixty-five percent of total reported loans, thus, receiving the greatest weight in the analysis. However, this percentage is actually higher than it appears as the data contains two years of home mortgage data and only one year of small business loans. Based upon the information available, FMB's level of business lending is adequate.

Refer to Table 1, Lending Volume and Table 5, Geographic Distribution of Multifamily Loans in the state of Ohio section of appendix D for the facts and data used to evaluate the bank's lending activity.

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

The overall geographic distribution of all loans in low- and moderate-income geographies is adequate. Small loans to businesses are the primary product in this AA; therefore, this loan type carried more weight in our conclusions.

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

The geographic distribution of small loans to businesses in low- and moderate-income geographies is adequate. The percentage of small loans to businesses in low-income geographies (seven percent) is lower than the percentage of businesses in those geographies (nine percent). The percentage of small loans to businesses in moderate-income geographies (13 percent) is also lower than the percentage of businesses in those geographies (20 percent). Market share data for small loans to businesses is not meaningful for this AA due to the late 2009 merger.

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

#### **Home Mortgage Loans**

The geographic distribution of home mortgage loans in low- and moderate-income geographies is poor. This analysis is primarily based on the bank's performance in the home refinance loans.

Refer to Tables 2, 3, 4, and 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 home mortgage originations and purchases.

#### **Home Refinance Loans**

The geographic distribution of home refinance loans is poor. The bank made two percent of home refinance loans in low-income geographies, which is lower than the five percent of owner-occupied units in those geographies. The bank's market share of 0.16 percent to low-income geographies exceeded their overall home refinance market share of 0.09 percent. The bank has adequate dispersion in low-income geographies. The percentage of home refinance loans to moderate-income geographies was significantly lower at two percent compared to 20 percent of owner-occupied units in those geographies. The market share in moderate-income census tracts (0.04 percent) is lower than the overall market share. The bank has very poor dispersion in moderate-income geographies. The bank ranks eighty-eighth in overall market share for home refinance loans, eighty-ninth and 135<sup>th</sup> in low- and moderate-income geographies.

### Home Purchase Loans

The geographic distribution of home purchase loans in low- and moderate-income geographies is adequate. However, this geographic analysis has little significance. FMB made only eleven home purchase loans in this AA. The percentage of home purchase loans in low-income geographies (nine percent) is significantly higher than the percent of owner occupied units in those geographies (five percent). This represents excellent penetration in low-income geographies. However, FMC had very poor penetration among moderate-income geographies. The bank did not make any home purchase loans within moderate-income geographies, although the percentage of owner occupied units in those geographies is 20 percent. The bank ranks 130<sup>th</sup> in overall market share for home purchase loans with 0.03 percent of the market. FMC did not have any market share in low- or moderate-income census tracts in 2009.

### Home Improvement Loans

A geographic distribution analysis was not performed for home improvement loans as FMC did not originate any home improvement loans in the AA.

### Multifamily Housing Loans

A geographic distribution of multifamily housing loans was not performed during this assessment period. The bank originated only three multifamily housing loans in this AA. Therefore an analysis would not be meaningful. The bank ranks twenty-fifth in overall market share for multifamily loans with one percent of the market.

### **Small Loans to Farms**

An analysis of geographic distribution for small loans to farms was not performed. The bank is reporting only one farm loan in the AA. Therefore, an analysis would not be meaningful.

Refer to Table 7 in the state of Ohio section of appendix D for the facts and data of the bank's originations and purchases of small loans to farms.

### **Lending Gap Analysis**

Our geographic distribution analysis included a review for lending gaps in all income areas. We did not identify any conspicuous lending gaps in the Ohio MSA.

### **Inside/Outside Ratio**

We performed an analysis of the inside/outside ratio at the bank level. A substantial majority of the loans are inside the bank's assessment areas. Refer to the Scope of the Evaluation section for additional details.

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

The overall distribution of loans by income level of the borrower is poor. Small business loans are the primary product within this AA. Therefore, this loan type carries more weight in our conclusions.



## Small Loans to Businesses

The borrower distribution of small loans to businesses is poor. The percentage of small loans to businesses with revenues of one million or less (40 percent) is lower than the percentage of businesses with revenues of one million or less in the Columbus MSA AA (74 percent). Market share data for small loans to businesses is not meaningful because of the merger that occurred on September 25, 2009.

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

## Home Mortgage Loans

The borrower distribution of home mortgage loans to low- and moderate-income borrowers is adequate. A substantial majority of the bank's home loans originated in this AA were home refinances. Therefore, this analysis primarily reflects the bank's performance in home refinance loans. Only loans with income information were utilized in this analysis.

Refer to Tables 8, 9, and 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 home mortgage loan originations and purchases.

### Home Refinance Loans

The distribution of home refinance loans to borrowers of different income levels is adequate. The percentage of home refinance loans to low-income borrowers (four percent) is significantly less than the percentage of low-income borrowers in the AA (twenty-one percent). This represents poor dispersion to low-income borrowers. The percentage of home refinance loans to moderate-income borrowers (22 percent) is higher than the percentage of moderate-income families in the AA (18 percent). This represents excellent dispersion to moderate-income borrowers. The bank ranks eighty-eighth in overall market share for home refinance loans in the Columbus MSA with 0.06% percent of the market. The bank ranks 111<sup>th</sup> in market share for home refinance loans to low-income borrowers with 0.06 percent of the market and 119<sup>th</sup> in market share for home refinance loans to moderate-income borrowers with 0.05 percent of the market. Market share to low- and moderate-income borrowers is similar to the bank's overall market share.

### Home Purchase Loans

The distribution of home purchase loans to low- and moderate-income borrowers is very poor. However, this analysis carries very little meaning as only 11 purchase loans were made in the AA. The bank did not make any home purchase loans to low- and moderate-income borrowers during our evaluation period. Demographic data shows that 21 percent and 18 percent of the AA are low- and moderate-income families, respectively. Eight percent of the families in the AA are below poverty level, making it difficult for these individuals to qualify for a home purchase loan. Overall market share data for home purchase loans ranks the bank 130<sup>th</sup> with 0.03 percent of the market.

### Home Improvement Loans

A borrower distribution analysis was not performed for home improvement loans. FMC did not originate any home improvement loans in the AA.

### **Small Loans to Farms**

An analysis of borrower distribution for small loans to farms was not performed. The bank is reporting only one farm loan in the AA. Therefore, an analysis would not be meaningful.

Refer to Table 12 in the state of Ohio section of appendix D for the facts and data of the bank's originations and purchases of small loans to farms.

### ***Community Development Lending***

FMB did not originate any community development loans in this AA. There are opportunities for community development lending within this AA.

### ***Product Innovation and Flexibility***

The bank offers various home mortgage loan programs with flexible features to help meet the needs of the assessment area. These products are described in the state of Indiana section of this evaluation. These products are also offered to consumers in Ohio.

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

Based on our limited-scope review, the bank's performance under the Lending Test in the Cincinnati - Middleton MSA AA is stronger than the bank's overall low satisfactory performance under the Lending Test in the state of Ohio. In the Cincinnati - Middleton MSA AA, the percentage of home mortgage refinance loans is substantially higher than the percentage of owner-occupied units in moderate-income geographies. In addition, percentage of small loans to businesses is higher than the percentage of businesses in moderate-income geographies.

Refer to Tables 1 through 13 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 the state of Ohio is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Columbus MSA AA is adequate.

Qualified investments in the Columbus MSA AA total \$900 thousand, which represents approximately two percent of allocated Tier 1 capital. Qualified investments consist of two Government National Mortgage Association ("GNMA") mortgage-backed securities totaling \$881 thousand. The remaining investments include eight grants and in-kind donations for four

organizations serving the AA. A majority of the funds went to food pantries, homeless shelters, and support services for low- and moderate-income individuals. The rest of the funds went to an organization financing start-up businesses for economic development.

The two GNMA mortgage-backed securities discussed under the state of Indiana test also benefitted the AAs within the state of Ohio. Please note that the dollar amounts of the GNMA securities were assigned to the specific AA that benefitted from the investment. However, these two securities are not included when discussing the number of investments in the AAs.

In addition to the investments and grants discussed within the AAs, the bank made two contributions to an organization that serves both AAs in the state of Ohio. This organization provides financing to start-up businesses to promote economic development.

Refer to the Table 14 in the state of Ohio section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the Cincinnati-Middletown MSA AA is stronger than its overall performance in the state. Qualified investments include \$272 thousand from the GNMA securities, which represents ten percent of the bank's allocated Tier 1 capital.

## **SERVICE TEST**

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

The bank's performance under the Service Test in Ohio is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Columbus MSA AA is adequate. FMB's delivery systems are generally accessible to geographies and individuals of different income levels within the AA. FMB's level of community development services is poor.

### ***Retail Banking Services***

FMB's delivery systems are generally accessible to geographies and individuals of different income levels in the Columbus MSA AA. FMB has only one branch in this AA. While this branch is located within an upper-income AA, the branch is adjacent to a moderate-income census tract and within two miles of a low-income census tract. Twenty-six percent of the AA population lives within moderate-income census tracts and an additional ten percent of the population resides within low-income census tracts. The only ATM offered within the AA is located at the branch. Hours at this branch are limited to 8:30-5:00 on Monday through Friday, with no drive-up services offered. The bank did not open or close any branches within the AA during the evaluation period. This AA was acquired by the bank due to an affiliate merger during the third quarter of 2009.

FMB offers a variety of alternative delivery systems including telephone banking, online banking, and bill pay services. However, the bank does not currently monitor the use of these

systems by low-and moderate-income individuals. Therefore, we could not place significant weight on these systems when formulating our conclusions.

### ***Community Development Services***

FMB provided a poor level of community development services in the Columbus MSA AA. One bank employee provided financial expertise to an organization that promotes community development initiatives in the assessment area. This includes affordable housing and service programs for low-and moderate-income individuals.

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

Based on a limited-scope review, the bank's Service Test performance in the Cincinnati - Middleton MSA AA is stronger than the bank's full-scope AA performance in the state of Ohio. The bank's only branch in this AA is located in a moderate-income tract. Twenty percent of the AA population resides within moderate-income geographies. Nine percent of the population resides within low-income census tracts. This branch's hours are favorable to the full-scope AA branch as Saturday morning hours are offered. Additionally, drive-up services are available at this location. However, bank employees have not provided any community services that promote community development initiatives within the AA. While ninety-four percent of FMB's deposits from the state of Ohio are in the full-scope AA, this limited scope review is given very little weight.

Refer to Table 15 in the state of Ohio section of appendix D for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	<b>Lending Test (excludes CD loans): (07/01/06 to 09/30/10)</b> <b>Investment and Service Tests and CD Loans: (01/04/07 to 01/03/11)</b>	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First Merchant’s Bank, Muncie, IN	Home Mortgage Loans Small Business Loans Small Farm Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NA		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Indiana Combined Non-MSA Muncie MSA #34620 Indianapolis/Carmel MSA #26900 Lafayette MSA #29140 Kokomo MSA #29010 Anderson MSA #11300 Gary MSA #23844  Ohio Columbus MSA #18140 Cincinnati-Middletown MSA#17140	Full-scope Full-scope Full-scope Limited-scope Limited-scope Limited-scope  Full-scope Limited-scope	

## Appendix B: Summary of State Ratings

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RATINGS		BANK NAME		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State Rating
First Merchants Bank	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
State:				
Indiana	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
Ohio	Needs to Improve	Low Satisfactory	Low Satisfactory	Needs to Improve

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

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

### State of Indiana

#### Combined Non-MSA AAs

Demographic Information for Full-Scope Area:						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	104	0.96	10.58	85.58	2.88	0.00
Population by Geography	403,178	1.12	9.33	85.79	3.76	0.00
Owner-Occupied Housing by Geography	115,687	0.51	8.50	87.00	3.99	0.00
Businesses by Geography	22,463	2.32	8.50	84.92	4.26	0.00
Farms by Geography	3,082	0.10	2.17	94.03	3.70	0.00
Family Distribution by Income Level	110,970	16.89	19.99	25.69	37.43	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	40,920	1.86	13.29	81.92	2.93	0.00
Median Family Income	45,666	Median Housing Value				80,309
HUD Adjusted Median Family Income for 2010	55,300	Unemployment Rate (November 2010)				10.25%
Households Below the Poverty Level	9%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2010 HUD updated MFI.

The combined Indiana Non-MSA AAs is the combination of four AAs in the state of Indiana that are all located in non-MSA areas. The counties included are White, Montgomery, Clinton, Miami, Wabash, Adams, Jay, Randolph, Wayne, Fayette, Union, and Henry IN. These assessment areas comply with the regulation and do not arbitrarily exclude any LMI areas.

Economic conditions within the AAs are stable. The November 2010 unemployment rates for the assessment area range from eight percent to 13 percent with an average of ten percent, which is higher than the state and national rates of nine percent. The average unemployment rates for the AAs in November 2009 were similar.

Services and retail trade are the major employment industries in the assessment area. The assessment area also includes various manufacturing companies. Some of the major employers include: Ball Corporation (Beverage Can Mfg), Easton Tru Flight (Arrow Mfg), Vanguard National Trailers, Bio Town Seeds, Con Agra Snack Foods, Frito Lay, Zachary Confections, Armour Eckrich Meats, American Stationery Company, Ford Meter Box Co, Fleetwood RV, Alphabet Auto (Mfg of Wire Harnesses), FCC Auto, St. Gopain Glass, Tyson Foods, Union City Body Co., Anchor Glass Containers, and Workhorse Custom Chassis. Other major employers include various local hospitals (St. Vincent Frankfort Hospital, Dukes

Memorial Hospital, Adams County Memorial Hospital, Reid Hospital, Richmond State Hospital, Wabash County Hospital, Henry County Hospital, and Fayette Memorial Hospital). Large retail employers include Wal-Mart and Meijers. Other large employers include: Manchester College, New Castle Correctional Facility, and various city/public works departments.

Community contact and contextual research identified affordable housing, home ownership counseling programs, relaxed underwriting for small business loans, small business technical assistance, revolving loan funds for businesses of all sizes, general operating support for various community development groups, and organizational board involvement as primary needs for this area. Opportunities to participate in community development activities are available in this assessment area; however, the opportunities are more limited in the non-MSA areas compared to MSA areas.



**Muncie MSA AA**

Demographic Information for Full-Scope Area:						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	31	6.45	38.71	32.26	22.58	0.00
Population by Geography	118,769	5.12	28.04	34.40	32.44	0.00
Owner-Occupied Housing by Geography	31,692	0.11	26.38	34.99	38.52	0.00
Businesses by Geography	6,325	1.66	31.10	32.27	34.97	0.00
Farms by Geography	332	0.00	8.43	59.04	32.53	0.00
Family Distribution by Income Level	29,939	20.00	18.73	21.12	40.15	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	11,595	1.94	44.40	32.65	21.01	0.00
Median Family Income	45,400	Median Housing Value		72,176		
HUD Adjusted Median Family Income for 2010	53,300	Unemployment Rate (November 2010)		10.50%		
Households Below the Poverty Level	15%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2010 HUD updated MFI.

The Muncie MSA AA consists of the entire county of Delaware, IN, which is MSA #34620. The assessment area complies with the regulation and does not arbitrarily exclude any LMI areas.

Economic conditions in the assessment area are declining. The November 2010 unemployment rate in the Muncie MSA of 11 percent is higher than the state and national rates of nine percent. Since 2000, the assessment area has seen a loss in major manufacturing. Muncie, the largest city in the assessment area, which was once a factory town with a small teacher's college, is now considered to be a college-town with a manufacturing past. The area's economy is reliant on health care, education, retail, and other service industries.

Some of the major employers in the assessment area include: Muncie Community Schools, Lifetouch Prestige Portraits, Sallie Mae, Marsh Supermarket, Delaware County Government Offices, First Merchants Bank, Wal-Mart Stores, Delaware Community Schools, Youth Operating Center, Ivy Tech College, IBM Call Center, Saint Gobain Containers, Meridian Services, Jarden Home Brands, Ontario Systems, Meijer, LabCorp, City of Muncie, Westminster Village, DIY Group, Inc., R & L Carriers, McDonalds Corp, Maxon Honeywell Corp, Medical Consultants P.C., and Mutual Bank.

Delaware County is home to three colleges (Ball State University, Harrison College, and Ivy Tech) as well as a large hospital (Ball Memorial Hospital). The universities and hospital are major sources of economic activity through their purchases of goods and services from regional suppliers and the salaries they pay to the local workforce. Ball State University and

Ball Memorial Hospital (Cardinal Health Care System) are the largest employers in the assessment area.

Community contact and contextual research identified revolving loan funds for businesses as a primary need for this area. Opportunities to participate in community development activities are available in this assessment area.

## Indianapolis/Carmel MSA AAs

Demographic Information for Full-Scope Area:						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	68	0.00	8.82	60.30	30.88	0.00
Population by Geography	483,688	0.00	4.96	55.50	39.54	0.00
Owner-Occupied Housing by Geography	141,210	0.00	4.22	55.27	40.51	0.00
Businesses by Geography	41,894	0.00	4.24	49.81	45.95	0.00
Farms by Geography	1,698	0.00	2.00	69.49	28.51	0.00
Family Distribution by Income Level	135,618	12.26	15.12	23.59	49.03	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	37,135	0.00	9.75	68.72	21.53	0.00
Median Family Income	55,425	Median Housing Value		138,707		
HUD Adjusted Median Family Income for 2010	68,700	Unemployment Rate (November 2010)		7.80%		
Households Below the Poverty Level	5%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2010 HUD updated MFI.

The Indianapolis/Carmel MSA AAs consists of two AAs within the #26900 MSA. Counties included are Hendricks, Morgan, Johnson, Brown, and Hamilton Counties in Indiana. The assessment areas comply with the regulation and do not arbitrarily exclude any LMI areas.

Economic conditions in the AAs are stable. The November 2010 unemployment rates for the assessment area range from seven percent to ten percent with an average of eight percent, which is lower than the state and national rates of nine percent for the same period. The average rate for November 2009 was eight percent.

Services, retail trade, finance, insurance, real estate, and construction are the major employment industries in the assessment area. Some of the major employers include: Duke Energy of Indiana, Inc., Q Edge Corporation, Home Goods Distribution Center, O'Reilly Auto Parts Distribution Center, Ryder, Plainfield Correctional Facility, Wal-Mart, Meijers, UPS Stores, Conseco Life Insurance, Sallie Mae Loans, CNO Financial Group, Atteburry Reserve Training, Morgan County Sheriff's Department, Brown County Historical, Brown County Inn and Resorts, various local schools, and various hospitals/medical centers (Morgan County Hospital, St. Francis Hospital, Johnson Memorial Hospital, Clarian West Medical, and Brown County Health).

Community contact and contextual research identified affordable housing, construction financing, and funding for small business loans as credit needs. Other community development needs in the AAs include home rehabilitation funding, financial literacy education, investors in low income housing tax credit project in Hamilton County, funding for transitional

housing and employment training center for low-and moderate-income, general operating support for various community development groups, and organizational board involvement. Opportunities to participate in community development activities are available in this assessment area.

## Lafayette MSA AA

Demographic Information for Full-Scope Area:						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	44	9.09	13.64	52.27	22.73	2.27
Population by Geography	169,120	10.27	11.80	48.69	25.20	4.04
Owner-Occupied Housing by Geography	37,034	0.20	7.90	62.11	29.79	0.00
Businesses by Geography	9,416	4.62	24.39	44.92	25.90	0.17
Farms by Geography	786	0.13	2.80	75.57	21.50	0.00
Family Distribution by Income Level	38,292	18.19	18.87	24.65	38.29	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	14,190	6.13	17.73	59.55	16.59	0.00
Median Family Income	51,029	Median Housing Value Unemployment Rate (November 2010)				110,895
HUD Adjusted Median Family Income for 2010	60,700					8.00%
Households Below the Poverty Level	14%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2010 HUD updated MFI.

The Lafayette MSA AA consists of the two counties of Tippecanoe and Carroll within MSA #29140. The assessment area complies with the regulation and does not arbitrarily exclude any LMI areas.

Economic conditions in the assessment area are improving. The November 2010 unemployment rates for the assessment area were eight percent, when rounded in both counties. This is lower than state and national rates and an improvement from the nine percent average in November 2009.

Services and retail trade are the major employment industries in the assessment area. Some of the major employers include: Purdue University, Subaru of Indiana, Caterpillar, Home Hospital Rehab, Fairfield Manufacturing, St. Elizabeth Medical Center, Eli Lilly, Indiana Packers Corporation, Gerber Plumbing Fixtures, Delphi Community Schools, Hillcrest Elementary Schools, and Carroll County Emergency Medical.

Community contact and contextual research identified various opportunities to participate and needs in community development activities in this assessment area. They include small business financing, financial literacy education, general operating funds for community development organizations, and participating as a board member providing financial expertise.

# State of Ohio

## Columbus MSA AA

Demographic Information for Full-Scope Area:						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	264	12.88	29.92	33.71	23.49	0.00
Population by Geography	1,068,978	9.67	25.64	35.40	29.29	0.00
Owner-Occupied Housing by Geography	249,613	4.58	19.51	39.42	36.49	0.00
Businesses by Geography	72,593	9.30	19.86	35.90	34.94	0.00
Farms by Geography	1,171	3.50	16.99	39.71	39.80	0.00
Family Distribution by Income Level	265,229	20.99	18.26	22.70	38.05	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	104,090	16.01	36.46	33.86	13.67	0.00
Median Family Income	54,708	Median Housing Value				115,701
HUD Adjusted Median Family Income for 2010	68,600	Unemployment Rate (November 2010)				8.00%
Households Below the Poverty Level	11%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2010 HUD updated MFI.

The Columbus OH MSA AA consists of the entire county of Franklin, OH, which is the center part of the MSA #18140. The assessment area complies with the regulation and does not arbitrarily exclude any LMI areas.

Economic conditions in the assessment area have been declining, but the rate of decline has slowed. In November 2010, the unemployment rate in the Columbus MSA was eight percent, which is lower than the state of Ohio rate of ten percent, and the national unemployment rate of nine percent. Since 2000, the assessment area has experienced declines in manufacturing and retail sectors, but has seen gains in educational/health services and professional/business services sectors. The largest city in the assessment area is Columbus, OH. Columbus is primarily a white-collar city and home to the largest university in the state, Ohio State University.

The major sectors of employment in the Columbus MSA are government, professional/business services, educational/health services, and retail trade. The assessment area's largest employers include: State of Ohio, Ohio State University, JPMorgan Chase, Nationwide, and U.S. Government. Franklin County contains several universities, which includes Ohio State University, Columbus State University, Franklin University, and DeVry University – Ohio. These universities combined with local and federal government are major sources of economic activity through salaries they pay the local workforce and the use of local and regional suppliers.

Community contact and contextual research identified affordable housing, job creation, and equity equivalent investments as primary needs for the area. Other needs identified in the area include foreclosure prevention programs and post-foreclosure services, and general operating support for community development organizations. Opportunities to participate in community development activities are available in this assessment area.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

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



- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated

and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

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

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

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

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

**Tables of Performance Data**

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**State of Indiana**

D- 5 to D-18

**State of Ohio**

D-20 to D-33

**MERCHANTS BANK NA (1000002234)**

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: STATE OF INDIANA												
Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010												
Assessment Area (2009):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Combined Non-MSA AAs	45.20	1,975	150,086	673	76,899	691	74,796	1	10	3,340	301,791	27.93
Indianapolis – Carmel MSA AA	14.47	786	124,578	253	48,488	30	4,830	1	100	1,070	177,996	20.25
Lafayette MSA AA	10.97	588	66,436	117	20,746	105	15,525	0	0	810	102,707	16.92
Muncie MSA AA	18.11	908	76,861	387	62,090	43	5,592	2	128	1,340	144,671	21.34
<b>Limited Review:</b>												
Anderson MSA AA	7.73	452	50,736	111	21,299	8	1,196	0	0	571	73,231	7.72
Gary MSA AA	2.30	74	6,132	35	2,677	61	8,094	0	0	170	16,903	5.62
Kokomo MSA AA	1.22	63	3,422	14	1,794	13	1,451	0	0	90	6,667	.22

\* Loan Data as of September 30, 2010. HMDA data from 7/1/06 – 09/30/10. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 03, 2007 to January 3, 2011.

\*\*\* Deposit Data as of June 30, 2010. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: FIRST MERCHANTS BANK NA (10000002234)

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

Geographic Distribution: HOME PURCHASE		Geography: STATE OF INDIANA					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share (%) by Geography*				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upper	
	#	% of Total **	% Owner Occ Units ***	% BANK Loans ****	% Owner Occ Units ***	% BANK Loans	% Owner Occ Units ***	% BANK Loans	% Owner Occ Units ***	% BANK Loans						
<b>Full Review:</b>																
Combined Non-MSA AAs	444	37.50	0.51	0.68	8.50	11.04	87.00	85.81	3.99	2.47	3.07	7.14	5.74	2.93	2.06	
Indianapolis – Carmel MSA AA	194	16.39	0.00	0.00	4.22	3.61	55.27	60.82	40.51	35.57	0.63	0.00	1.56	0.87	0.38	
Lafayette MSA AA	170	14.36	0.20	0.59	7.90	8.82	62.11	42.35	29.79	48.24	3.98	11.11	6.45	3.41	4.23	
Muncie MSA AA	214	18.07	0.11	0.00	26.38	16.36	34.99	31.78	38.52	51.86	3.60	0.00	4.00	4.16	3.19	
<b>Limited Review:</b>																
Anderson MSA AA	140	11.82	2.46	1.43	13.30	2.14	52.79	57.86	31.45	38.57	4.91	22.22	1.61	5.04	4.80	
Gary MSA AA	9	0.76	0.00	0.00	5.75	0.00	94.25	100.00	0.00	0.00	1.07	0.00	0.00	1.12	0.00	
Kokomo MSA AA	13	1.10	0.00	0.00	26.57	30.77	52.14	30.77	21.29	38.46	0.19	0.00	0.38	0.00	0.42	

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area. HMDA data 7/1/06 – 9/30/10.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Institution ID: FIRST MERCHANTS BANK NA (10000002234)

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

Geographic Distribution: HOME IMPROVEMENT		Geography: STATE OF INDIANA					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share (%) by Geography*				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upper	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Combined Non-MSA AAs	333	50.76	0.51	0.60	8.50	5.71	87.00	91.59	3.99	2.10	16.06	0.00	18.18	16.14	11.11	
Indianapolis – Carmel MSA AA	37	5.64	0.00	0.00	4.22	5.41	55.27	54.05	40.51	40.54	3.17	0.00	5.41	3.77	1.89	
Lafayette MSA AA	55	8.38	0.20	0.00	7.90	9.09	62.11	72.73	29.79	18.18	16.43	0.00	40.00	18.94	7.69	
Muncie MSA AA	169	25.76	0.11	0.00	26.38	23.67	34.99	32.54	38.52	43.79	26.57	0.00	42.11	30.00	20.27	
<b>Limited Review:</b>																
Anderson MSA AA	30	4.57	2.46	0.00	13.30	13.33	52.79	46.67	31.45	40.00	9.03	0.00	7.69	6.98	12.73	
Gary MSA AA	14	2.13	0.00	0.00	5.75	0.00	94.25	100.00	0.00	0.00	14.08	0.00	0.00	14.29	0.00	
Kokomo MSA AA	18	2.74	0.00	0.00	26.57	27.78	52.14	55.55	21.29	16.67	5.56	0.00	0.00	6.25	11.76	

\* Based on 2009 Peer Mortgage Data (USPR) and HMDA data 7/1/06 – 9/30/10.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Institution ID: FIRST MERCHANTS BANK NA (10000002234)

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

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: STATE OF INDIANA					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total **	% Owner Occ Units ***	% BANK Loans ****	% Owner Occ Units ***	% BANK Loans	% Owner Occ Units ***	% BANK Loans	% Owner Occ Units ***	% BANK Loans	Overall	Low	Mod	Mid	Upper									
<b>Full Review:</b>																								
Combined Non-MSA AAs	1,186	39.91	0.51	0.51	8.50	5.06	87.00	91.65	3.99	2.78	5.13	16.67	5.26	5.19	3.62									
Indianapolis – Carmel MSA AAs	555	18.67	0.00	0.00	4.22	2.16	55.27	63.06	40.51	34.78	0.93	0.00	1.77	1.46	0.51									
Lafayette MSA AA	352	11.84	0.20	0.00	7.90	3.41	62.11	48.30	29.79	48.30	4.32	0.00	2.43	3.91	4.94									
Muncie MSA AA	518	17.43	0.11	0.00	26.38	16.80	34.99	36.87	38.52	46.33	7.26	0.00	7.34	6.84	7.52									
<b>Limited Review:</b>																								
Anderson MSA AA	279	9.39	2.46	0.35	13.30	1.08	52.79	38.35	31.45	60.22	5.52	0.00	2.01	4.10	7.48									
Gary MSA AA	51	1.72	0.00	0.00	5.75	0.00	94.25	100.00	0.00	0.00	2.55	0.00	0.00	2.64	0.00									
Kokomo MSA AA	31	1.04	0.00	0.00	26.57	19.35	52.14	38.71	21.29	41.94	0.76	0.00	0.36	0.56	1.26									

\* Based on 2009 Peer Mortgage Data (USPR) and HMDA data 7/1/06 – 9/30/10.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Institution ID: FIRST MERCHANTS BANK NA (10000002234)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: STATE OF INDIANA					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share (%) by Geography*				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upper	
	#	% of Total **	% of MF Units ***	% BANK Loans ****	% MF Units ***	% BANK Loans	% MF Units ***	% BANK Loans	% MF Units ***	% BANK Loans						
<b>Full Review:</b>																
Combined Non-MSA AAs	12	35.29	5.30	8.33	11.75	0.00	74.45	91.67	8.50	0.00	30.77	100.00	0.00	28.00	0.00	
Indianapolis – Carmel MSA AA	0	0.00	0.00	0.00	6.83	0.00	56.70	0.00	36.47	0.00	0.00	0.00	0.00	0.00	0.00	
Lafayette MSA AA	11	32.35	27.82	18.18	23.71	45.46	20.98	27.27	27.49	9.09	12.90	14.29	0.00	22.22	0.00	
Muncie MSA AA	7	20.59	9.02	0.00	26.64	0.00	33.28	0.00	31.06	100.00	40.00	0.00	0.00	0.00	100.00	
<b>Limited Review:</b>																
Anderson MSA AA	3	8.82	1.95	0.00	13.44	0.00	76.21	100.00	8.40	0.00	100.00	0.00	0.00	100.00	0.00	
Gary MSA AA	0	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Kokomo MSA AA	1	2.94	0.00	0.00	41.20	0.00	50.84	100.00	7.96	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2009 Peer Mortgage Data (USPR). HMDA data 7/1/06 – 9/30/10.

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

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

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



Institution ID: FIRST MERCHANTS BANK NA (10000002234)

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

Geographic Distribution: SMALL LOANS TO BUSINESSES															Geography: STATE OF INDIANA		Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010		
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*								
	#	% of Total **	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upper				
<b>Full Review:</b>																			
Combined Non-MSA AAs	673	42.33	2.32	0.74	8.50	6.39	84.92	91.68	4.26	1.19	4.66	0.00	3.77	5.29	0.71				
Indianapolis – Carmel MSA AAs	253	15.91	0.00	0.00	4.24	6.72	49.81	42.69	45.95	50.59	0.45	0.00	0.66	0.20	0.69				
Lafayette MSA AA****	117	7.36	4.62	0.86	24.39	29.91	44.92	40.17	25.90	29.06	0.06	0.00	0.00	0.00	0.24				
Muncie MSA AA	387	24.34	1.66	1.81	31.10	38.24	32.27	22.48	34.97	37.47	8.85	17.65	11.54	6.35	8.87				
<b>Limited Review:</b>																			
Anderson MSA AA	111	6.98	1.87	0.00	16.36	8.11	53.64	63.96	28.13	27.93	0.57	0.00	0.00	0.80	0.55				
Gary MSA AA	35	2.20	0.00	0.00	2.04	0.00	97.96	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
Kokomo MSA AA	14	0.88	0.00	0.00	36.38	42.86	46.94	35.71	16.68	21.43	0.35	0.00	0.19	0.50	0.38				

\* Based on 2009 Peer Small Business Data -- US and PR CRA data from 1/1/09 – 9/30/10.

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

\*\*\* Source Data - Dun and Bradstreet (2010).

\*\*\*\* 0.17% of businesses within Lafayette MSA AA are in census tracts titled NA

Institution ID: FIRST MERCHANTS BANK NA (10000002234)

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

Geographic Distribution: SMALL LOANS TO FARMS															Geography: STATE OF INDIANA					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total **	% of Farms ***	% BANK Loans	% of Farms ***	% BANK Loans	% of Farms ***	% BANK Loans	% of Farms ***	% BANK Loans	% of Farms ***	% BANK Loans	Overall	Low	Mod	Mid	Upper							
<b>Full Review:</b>																								
Combined Non-MSA AAs	691	72.66	0.10	0.00	2.17	0.43	94.03	98.70	3.70	0.87	25.99	0.00	8.33	27.17	5.26									
Indianapolis – Carmel MSA AAs	30	3.15	0.00	0.00	2.00	3.33	69.49	96.67	28.51	0.00	1.19	0.00	0.00	1.59	0.00									
Lafayette MSA AA	105	11.04	0.13	0.00	2.80	0.00	75.57	93.33	21.50	6.67	0.00	0.00	0.00	0.00	0.00									
Muncie MSA AA	43	4.52	0.00	0.00	8.43	0.00	59.04	51.16	32.53	48.84	21.21	0.00	0.00	15.63	29.03									
<b>Limited Review:</b>																								
Anderson MSA AA	8	0.84	0.21	0.00	2.28	0.00	51.96	37.50	45.55	62.50	0.00	0.00	0.00	0.00	0.00									
Gary MSA AA	61	6.41	0.00	0.00	0.61	0.00	99.39	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00									
Kokomo MSA AA	13	1.37	0.00	0.00	5.23	0.00	52.94	0.00	41.83	100.00	0.00	0.00	0.00	0.00	0.00									

\* Based on 2009 Peer Small Business Data -- US and PR CRA data from 1/1/09 – 9/30/10.

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

\*\*\* Source Data - Dun and Bradstreet (2010).

Institution ID: FIRST MERCHANTS BANK NA (10000002234)

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

Borrower Distribution: HOME PURCHASE		Geography: STATE OF INDIANA					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share*				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upper	
	#	% of Total**	% Families***	% BANK Loans****	% Families 1	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Combined Non-MSA AAs	444	37.50	16.89	13.65	19.99	23.53	25.69	26.12	37.43	36.70	3.68	2.56	2.85	3.56	5.78	
Indianapolis – Carmel MSA AA	194	16.39	12.26	9.95	15.12	25.13	23.59	19.89	49.03	45.03	0.72	0.73	0.71	0.54	0.87	
Lafayette MSA AA	170	14.36	18.19	17.47	18.87	27.71	24.65	24.10	38.29	30.72	4.71	6.18	3.86	4.35	5.08	
Muncie MSA AA	214	18.07	20.00	10.89	18.73	16.83	21.12	20.79	40.15	51.49	3.96	4.52	1.03	3.81	6.60	
<b>Limited Review:</b>																
Anderson MSA AA	140	11.82	18.05	16.91	19.37	33.82	23.21	20.59	39.37	28.68	5.91	7.29	6.58	3.62	6.37	
Gary MSA AA	9	0.76	17.37	11.11	21.59	11.11	26.66	44.45	34.38	33.33	1.26	0.00	0.00	2.78	1.45	
Kokomo MSA AA	13	1.10	19.85	23.08	18.87	30.77	22.99	23.08	38.29	23.07	0.23	0.00	0.00	0.50	0.71	

\* Based on 2009 Peer Mortgage Data (USPR) HMDA data 7/1/06 – 9/30/10.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 3.5% of loans originated and purchased by bank.

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

Institution ID: FIRST MERCHANTS BANK NA (10000002234)

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

Borrower Distribution: HOME IMPROVEMENT		Geography: STATE OF INDIANA					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share*				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upper	
	#	% of Total **	% Families ***	% BANK Loans ****	% Families 2	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****						
<b>Full Review:</b>																
Combined Non-MSA AAs	333	50.76	16.89	16.93	19.99	21.63	25.69	27.59	37.43	33.85	16.24	18.95	12.50	20.48	14.35	
Indianapolis – Carmel MSA AA	37	5.64	12.26	18.92	15.12	29.73	23.59	16.22	49.03	35.13	3.31	8.64	7.14	1.10	1.63	
Lafayette MSA AA	55	8.38	18.19	17.31	18.87	25.00	24.65	21.15	38.29	36.54	16.67	34.78	16.22	9.09	15.96	
Muncie MSA AA	169	25.76	20.00	14.38	18.73	18.95	21.12	18.95	40.15	47.72	23.88	26.67	12.90	27.27	27.27	
<b>Limited Review:</b>																
Anderson MSA AA	30	4.57	18.05	7.41	19.37	25.93	23.21	22.22	39.37	44.44	8.61	8.70	11.11	6.82	8.33	
Gary MSA AA	14	2.13	17.37	25.00	21.59	16.67	26.66	33.33	34.38	25.00	12.12	12.50	9.09	18.75	10.00	
Kokomo MSA AA	18	2.74	19.85	27.78	18.87	22.22	22.99	27.78	38.29	22.22	5.88	16.67	0.00	0.00	7.14	

\* Based on 2009 Peer Mortgage Data (USPR) HMDA data 7/1/06 – 9/30/10

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 5.8% of loans originated and purchased by bank.

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

Institution ID: FIRST MERCHANTS BANK NA (10000002234)

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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF INDIANA				Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share*				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upper
	#	% of Total**	% Families***	% BANK Loans****	% Families3	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****					
<b>Full Review:</b>															
Combined Non-MSA AAs	1,185	39.89	16.89	11.99	19.99	23.36	25.69	27.00	37.43	37.65	6.11	8.15	6.00	5.39	6.16
Indianapolis – Carmel MSA AAs	555	18.68	12.26	8.30	15.12	14.87	23.59	29.34	49.03	47.49	1.13	1.73	1.26	1.31	0.94
Lafayette MSA AA	352	11.85	18.19	6.21	18.87	22.19	24.65	31.36	38.29	40.24	5.58	5.25	6.52	5.72	5.21
Muncie MSA AA	518	17.44	20.00	10.21	18.73	16.87	21.12	22.71	40.15	50.21	8.88	8.94	6.38	6.55	11.28
<b>Limited Review:</b>															
Anderson MSA AA	279	9.39	18.05	9.40	19.37	20.30	23.21	23.68	39.37	46.62	7.51	5.50	6.26	6.34	9.62
Gary MSA AA	51	1.72	17.37	23.91	21.59	26.09	26.66	39.13	34.38	10.87	3.06	10.14	2.73	3.82	0.72
Kokomo MSA AA	31	1.04	19.85	20.00	18.87	20.00	22.99	32.00	38.29	28.00	0.83	2.00	0.26	0.66	1.04

\* Based on 2009 Peer Mortgage Data (USPR) and HMDA data 7/1/06 – 9/30/10

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 5.8% of loans originated and purchased by bank.

Institution ID: FIRST MERCHANTS BANK NA (10000002234)

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF INDIANA			Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total **	% of Businesses ***	% BANK Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$ 1 Million or Less
<b>Full Review:</b>									
Combined Non-MSA AAs	673	42.33	77.42	76.23	69.99	16.94	13.07	4.66	10.75
Indianapolis – Carmel MSA AA	253	15.91	80.49	66.80	52.57	18.58	28.85	0.45	1.37
Lafayette MSA AA	117	7.36	74.66	66.67	55.56	23.08	21.36	0.06	0.19
Muncie MSA AA	387	24.34	75.56	59.43	66.93	15.50	17.57	8.85	16.01
<b>Limited Review:</b>									
Anderson MSA AA	111	6.98	78.65	61.26	51.35	26.13	22.52	0.57	1.73
Gary MSA AA	35	2.20	77.85	77.14	85.71	5.71	8.58	0.00	0.00
Kokomo MSA AA	14	0.88	75.07	78.57	71.43	7.14	21.43	0.35	1.55

\* Based on 2009 Peer Small Business Data -- US and PR and CRA data from 1/1/09 – 9/30/10.

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2010).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 5.28% of small loans to businesses originated and purchased by the bank.

Institution ID: FIRST MERCHANTS BANK NA (10000002234)

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

Borrower Distribution: SMALL LOANS TO FARMS		Geography: STATE OF INDIANA			Evaluation Period: JULY 1, 2007 TO SEPTEMBER 30, 2010				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total **	% of Farms ***	% BANK Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Combined Non-MSA AAs	691	72.66	98.70	92.19	64.54	23.88	11.58	25.99	30.40
Indianapolis – Carmel MSA AA	30	3.15	97.41	90.00	50.00	26.67	23.33	1.19	0.00
Lafayette MSA AA	105	11.04	97.46	75.24	54.28	22.86	22.86	0.00	0.00
Muncie MSA AA	43	4.52	96.69	97.67	65.12	20.93	13.95	21.21	24.07
<b>Limited Review:</b>									
Anderson MSA AA	8	0.84	99.17	75.00	37.50	50.00	12.50	0.00	0.00
Gary MSA AA	61	6.41	96.64	83.61	67.21	19.67	13.12	0.00	0.00
Kokomo MSA AA	13	1.37	99.35	53.85	61.54	30.77	7.69	0.00	0.00

\* Based on 2009 Peer Small Business Data -- US and PR and CRA data 1/1/09 – 9/30/10

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2010).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 1.05% of small loans to farms originated and purchased by the bank.

Institution ID: FIRST MERCHANTS BANK NA (10000002234)

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: STATE OF INDIANA									
Evaluation Period: JANUARY 3, 2007 TO JANUARY 3, 2011									
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Combined Non-MSA AAs	0	0	9	4,613	9	4,613	61.10	0	0
Indianapolis – Carmel MSA A	0	0	6	1,627	6	1,627	21.55	0	0
Lafayette MSA AA	0	0	3	121	3	121	1.60	0	0
Muncie MSA AA	0	0	4	7	4	7	.10	0	0
<b>Limited Review:</b>									
Anderson MSA AA	0	0	8	900	8	900	11.92	0	0
Gary MSA AA	0	0	0	272	0	272	3.60	0	0
Kokomo MSA AA	0	0	1	10	2	10	.13	0	0

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

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

! Dollar amount includes portion of GNMA securities



Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS		Geography: STATE OF INDIANA						Evaluation Period: JANUARY 3, 2007 TO JANUARY 3, 2011									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper
<b>Full Review:</b>																	
Combined Non-MSA AAs	27.93	28	34.15	0.00	10.72	85.71	3.57	1	1	0	0	0	0	1.12	9.33	85.79	3.76
Indianapolis – Carmel MSA AA	20.25	17	20.73	0.00	0.00	72.22	27.78	1	1	0	0	0	0	0.00	4.96	55.50	39.54
Lafayette MSA AA**	16.92	12	14.63	0.00	25.00	41.67	33.33	0	0	0	0	0	0	10.27	11.80	48.69	25.20
Muncie MSA AA	21.34	13	15.85	0.00	30.77	38.46	30.77	2	1	0	0	+1	0	5.12	28.04	34.40	32.44
<b>Limited Review:</b>																	
Anderson MSA AA	7.72	8	9.76	0.00	0.00	62.50	37.50	0	0	0	0	0	0	2.80	16.94	52.62	27.64
Gary MSA AA	5.62	3	3.66	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	4.98	95.02	0.00
Kokomo MSA AA	.22	1	1.22	0.00	100.00	0.00	0.00	0	0	0	0	0	0	0.00	31.30	49.52	19.18

\*\* 4.04% of the Lafayette MSA AA population reside in census tracts labeled NA.

Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

**Distribution of Branch and ATM Delivery System**

Distribution of Branch and ATM Delivery System		Geography: STATE OF INDIANA						Evaluation Period: JULY 1, 2007 TO SEPTEMBER 30, 2010									
MA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper
<b>Full Review:</b>																	
Combined Non-MSA AAs	27.93	28	34.15	0.00	10.72	85.71	3.57	26	30.23	0	11.54	84.61	3.85	1.12	9.33	85.79	3.76
Indianapolis – Carmel MSA AAs	20.25	17	20.73	0.00	0.00	72.22	27.78	18	20.93	0	0	72.22	27.78	0.00	4.96	55.50	39.54
Lafayette MSA AA**	16.92	12	14.63	0.00	25.00	41.67	33.33	14	16.28	7.14	35.71	35.72	21.43	10.27	11.80	48.69	25.20
Muncie MSA AA	21.34	13	15.85	0.00	30.77	38.46	30.77	14	16.28	0	28.57	35.71	35.72	5.12	28.04	34.40	32.44
<b>Limited Review:</b>																	
Anderson MSA AA	7.72	8	9.76	0.00	0.00	62.50	37.50	9	10.47	0	0	66.67	33.33	2.80	16.94	52.62	27.64
Gary MSA AA	5.62	3	3.66	0.00	0.00	100.00	0.00	4	4.65	0	0	100.00	0	0.00	4.98	95.02	0.00
Kokomo MSA AA	.22	1	1.22	0.00	100.00	0.00	0.00	1	1.16	0	100.00	0	0	0.00	31.30	49.52	19.18

\*\* 4.04% of the Lafayette MSA AA population reside in census tracts labeled NA.

Institution ID: FIRST MERCHANTS BANK NA (1000002234) (Included)

**Table 1. Lending Volume**

LENDING VOLUME		Geography: STATE OF OHIO						Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010				
Assessment Area (2009):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:												
Columbus MSA AA	67.64	72	15,120	136	30,853	1	465	0	0	209	46,438	94.32
Limited Review:												
Cincinnati – Middleton MSA AA	32.36	66	13,962	33	5,569	1	35	0	0	100	19,566	5.68

\* Loan Data as of September 30, 2010. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2010 to December 31, 2010.

\*\*\* Deposit Data as of February 08, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: FIRST MERCHANTS BANK NA

Institution ID: FIRST MERCHANTS BANK NA (1000002234) (Included)

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

Geographic Distribution: HOME PURCHASE		Geography: STATE OF OHIO					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share (%) by Geography*				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upper	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Columbus MSA AA	11	42.31	4.58	9.09	19.51	0.00	39.42	54.55	36.49	36.36	0.03	0.00	0.00	0.04	0.03	
<b>Limited Review:</b>																
Cincinnati- Middletown MSA AA	15	57.69	3.30	0.00	15.37	13.33	48.82	46.67	32.51	40.00	0.02	0.00	0.04	0.01	0.04	

\* Based on 2009 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

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

Geographic Distribution: HOME IMPROVEMENT		Geography: STATE OF OHIO					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share (%) by Geography*				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upper	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Columbus MSA AA	0	0.00	4.58	0.00	19.51	0.00	39.42	0.00	36.49	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Cincinnati – Middleton MSA AA	3	100.00	3.30	0.00	15.37	0.00	48.82	66.67	32.51	33.33	0.00	0.00	0.00	0.00	0.00	

\* Based on 2009 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

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

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF OHIO					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share (%) by Geography*				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upper	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Columbus MSA AA	58	56.86	4.58	1.72	19.51	1.72	39.42	24.14	36.49	72.42	0.09	0.17	0.04	0.06	0.11	
<b>Limited Review:</b>																
Cincinnati – Middleton MSA AA	44	43.14	3.30	2.27	15.37	20.45	48.82	56.82	32.51	20.46	0.03	0.00	0.03	0.06	0.01	

\* Based on 2009 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: STATE OF OHIO					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share (%) by Geography*				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upper	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Columbus MSA AA	3	42.86	13.71	0.00	32.59	33.33	33.24	33.33	20.46	33.34	1.00	0.00	0.00	0.00	4.76	
<b>Limited Review:</b>																
Cincinnati – Middleton MSA AA*****	4	57.14	21.90	0.00	25.30	100.00	36.76	0.00	15.95	0.00	1.00	0.00	3.13	0.00	0.00	

\* Based on 2009 Peer Mortgage Data (USPR)

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

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

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

\*\*\*\*\* 0.10% of multi-family units are in census tracts labeled as NA within the Cincinnati- Middleton MSA AA.

Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF OHIO					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share (%) by Geography*				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upper	
	#	% of Total **	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans						
<b>Full Review:</b>																
Columbus MSA AA	136	80.47	9.30	7.35	19.86	13.24	35.90	28.68	34.94	50.73	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Cincinnati – Middleton MSA AA****	33	19.53	7.06	3.03	17.99	18.18	43.85	15.15	29.82	63.64	0.01	0.00	0.03	0.00	0.02	

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2010).

\*\*\*\* 1.27% of the Cincinnati-Middleton MSA AA businesses are in census tracts labeled NA.



Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

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

Geographic Distribution: SMALL LOANS TO FARMS		Geography: STATE OF OHIO					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share (%) by Geography*				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upper	
	#	% of Total **	% of Farms ***	% BANK Loans	% of Farms ***	% BANK Loans	% of Farms ***	% BANK Loans	% of Farms ***	% BANK Loans						
<b>Full Review:</b>																
Columbus MSA AA	1	50.00	3.50	0.00	16.99	0.00	39.71	0.00	39.80	100.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Cincinnati – Middleton MSA AA****	1	50.00	2.08	0.00	12.29	0.00	55.54	100.00	29.89	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2010).

\*\*\*\*0.20% of the farms within Cincinnati-Middleton MSA AA are in census tracts labeled NA.

Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

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

Borrower Distribution: HOME PURCHASE		Geography: STATE OF OHIO					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010									
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>3</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upper	
<b>Full Review:</b>																
Columbus MSA AA	11	42.31	20.99	0.00	18.26	0.00	22.70	16.67	38.05	83.33	0.02	0.00	0.00	0.02	0.05	
<b>Limited Review:</b>																
Cincinnati – Middleton MSA AA	15	57.69	20.35	6.67	18.31	13.33	22.16	13.33	39.18	66.67	0.03	0.04	0.00	0.03	0.05	

\* Based on 2009 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 19.2% of loans originated and purchased by bank.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

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

Borrower Distribution: HOME IMPROVEMENT		Geography: STATE OF OHIO					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share*				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upper	
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>4</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Columbus MSA AA	0	0.00	20.99	0.00	18.26	0.00	22.70	0.00	38.05	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Cincinnati – Middleton MSA AA	3	100.00	20.35	0.00	18.31	0.00	22.16	33.33	39.18	66.67	0.00	0.00	0.00	0.00	0.00	

\* Based on 2009 Peer Mortgage Data (USPR)

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

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

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

<sup>4</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF OHIO					Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010					Market Share*				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upper	
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>5</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Columbus MSA AA	58	56.86	20.99	4.35	18.26	21.74	22.70	21.74	38.05	52.17	0.06	0.06	0.05	0.05	0.06	
<b>Limited Review:</b>																
Cincinnati – Middleton MSA AA	44	43.14	20.35	4.76	18.31	11.90	22.16	19.05	39.18	64.29	0.04	0.05	0.05	0.04	0.03	

\* Based on 2009 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 36.3% of loans originated and purchased by bank.

<sup>5</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF OHIO			Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Columbus MSA AA	136	80.47	73.77	40.44	50.00	19.85	30.15	0.00	0.00
<b>Limited Review:</b>									
Cincinnati – Middleton MSA AA	33	19.53	72.52	66.67	72.73	9.09	18.18	0.01	0.03

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2010).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 6.51% of small loans to businesses originated and purchased by the bank.

Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

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

Borrower Distribution: SMALL LOANS TO FARMS		Geography: STATE OF OHIO			Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Columbus MSA AA	1	50.00	94.19	0.00	0.00	0.00	100.00	0.00	0.00
<b>Limited Review:</b>									
Cincinnati – Middleton MSA AA	1	50.00	96.31	0.00	100.00	0.00	0.00	0.00	0.00

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2010).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: STATE OF OHIO				Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Columbus MSA AA	0	0	10	899	10	899	76.77	0	0
<b>Limited Review:</b>									
Cincinnati – Middleton MSA AA	0	0	1	272	1	272	23.23	0	0

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

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

! Dollar amount includes portion of GNMA securities

Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS		Geography: STATE OF OHIO						Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Lo w	Mod	Mid	Upper	Low	Mod	Mid	Upper
<b>Full Review:</b>																	
Columbus MSA AA	94.32	1	50.00	0.00	0.00	0.00	100.00	0	0	0	0	0	0	9.67	25.64	35.40	29.29
<b>Limited Review:</b>																	
Cincinnati – Middleton MSA AA*	5.68	1	50.00	0.00	100.00	0.00	0.00	0	1	0	0	-1	0	9.47	19.67	43.37	27.34

\*0.15% of the population in the Cincinnati-Middleton MSA AA reside within NA geographies.



Institution ID: FIRST MERCHANTS BANK NA (10000002234) (Included)

**Distribution of Branch and ATM Delivery System**

Distribution of Branch and ATM Delivery System																	
Geography: STATE OF OHIO																	
Evaluation Period: JULY 1, 2006 TO SEPTEMBER 30, 2010																	
MA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				#of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper
<b>Full Review:</b>																	
Columbus MSA AA	94.32	1	50.00	0	0	0	100.00	1	50.00	0	0	0	100.00	9.67	25.64	35.40	29.29
<b>Limited Review:</b>																	
Cincinnati – Middleton MSA AA*	05.68	1	0.00	0	100.00	0	0	1	50.00	0	100.00	0	0	9.47	19.67	43.37	27.34

\*0.15% of the population in the Cincinnati-Middleton MSA AA reside within NA geographies.