

Public Disclosure

June 30, 1998

Community Reinvestment Act

Performance Evaluation

FirstMerit Bank, N.A.
Charter Number: 14579
Akron, Ohio

Office of the Comptroller of the Currency
One Financial Place, Suite 2700
440 S. LaSalle Street
Chicago, Illinois

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

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

This document is an evaluation of the CRA performance of **FirstMerit Bank, N.A.** prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of **June 30, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated **satisfactory** record of meeting credit needs. The factors supporting the bank's overall rating include:

- ▶ good responsiveness to the home mortgage needs within the assessment areas;
- ▶ adequate geographic distribution of all loans within the assessment areas with the exception of low-income areas;
- ▶ good distribution of loans among borrowers of different income levels; adequate distribution of loans to businesses of different sizes;
- ▶ strong level of community development lending activity;
- ▶ good level of investments throughout its assessment areas;
- ▶ reasonable access to delivery systems for most segments of the assessment areas with the exception of low-income areas; and
- ▶ adequate level of community development services provided.

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

Performance Levels	FirstMerit Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	X	X	
Low satisfactory			X
Needs to improve			
Substantial noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests in the overall rating.

Description of Institution

FirstMerit Bank, N.A. (FMB) is a full service commercial bank headquartered in Akron, Ohio. With average assets of \$6 billion during the second quarter of 1998, FMB serves all or portions of 11 counties in northern Ohio through 170 offices and 194 Automated Teller Machines (ATMs). The bank operated six separately chartered national banks until March 1998, when all charters were combined. All data has been combined in this Public Evaluation. FMB's loan-to-deposit ratio of 88.8% is comparable to national peer banks at 89.1%.

FMB is a wholly-owned subsidiary of FirstMerit Corporation, a \$6.2 billion bank holding company based in Akron, Ohio. As a subsidiary of FMB, FirstMerit Mortgage Corporation originates and services mortgage loans.

FMB provides a full range of retail and commercial banking products. This includes a variety of residential mortgage, commercial, and consumer loans. The bank's primary lending focus is consumer lending. The bank's loan portfolio as of June 30, 1998 is summarized in Table 1.

Table 1: Types of Loans Outstanding June 30, 1998 (000's)		
Residential Mortgage	\$1,456,045	34%
Commercial	\$ 995,649	23%
Commercial Real Estate	\$ 794,866	19%
Farm Loans	\$ 3,378	<1%
Consumer	\$ 859,949	20%
Other	\$ 169,633*	4%
Total Loans Outstanding 6/30/98	\$4,279,520	100%

Source: FMB 6/30/98 Report of Condition

* includes lease finance receivables

There are no impediments that adversely affect FMB's ability to address the credit needs of its community.

Description of Assessment Areas

The bank has identified five assessment areas which are described in detail below. During the examination, FMB acquired Premier Bank. Premier's branches were primarily located in Lorain County, where FMB already had a strong presence. As a result of the limited time of ownership, and the existence of a current Public Evaluation for Premier Bank, its CRA activity was not considered as a part of this review. The assessment areas are consistent with CRA regulatory requirements. Low- and moderate-income areas are not arbitrarily excluded, and no evidence of illegal discrimination was noted in the compilation of the assessment area.

The *Akron Area* consists of 133 census tracts in the Akron, Ohio Metropolitan Statistical Area (MSA 0080). This area includes all of Summit and portions of Portage counties. FMB includes the portions of Portage county where it has branches, as well as areas in close proximity to its branches. Of the 133 tracts, 20 are low-income, 27 are moderate-income, 56 are middle-income, and 27 are upper-income (3 are N/A). FMB has 39 full service branches and 49 ATM's in this assessment area. The Akron Area is primarily urban interspersed with small rural areas like Copley, Norton and Stow. The 1990 Census Bureau lists the population as 585,051. According to Dun and Bradstreet, during 1998, there were 21,721 businesses, including 459 agricultural-related entities, located within this assessment area. Prominent industries are health services, finance, manufacturing, rubber and polymers, and government. Major employers include Goodyear Tire & Chemical Company, University of Akron, Akron City Schools and Summa Health Systems. As of July 1998, the 3.4% unemployment rate area was lower than the State of Ohio unemployment rate of 4.6%.

The *Cleveland Area* consists of 719 census tracts in the Cleveland/Lorain Metropolitan Statistical Area (MSA 1680). This area includes all of Ashtabula, Cuyahoga, Geauga, Lake, Lorain and Medina counties. Of the 719 tracts, 115 are low-income, 123 are moderate-income, 297 are middle-income, and 163 are upper-income (21 tracts are N/A). FMB has 63 full service branches and 70 ATM's in this assessment area. The Northeast Ohio Area is primarily urban interspersed with small rural areas like Madison, Oberlin, and Chardon. The 1990 Census Bureau lists the population as 2,202,069. According to Business Demographic Data by Dun and Bradstreet, during 1998, there were 78,473 businesses, including 1,704 agricultural-related entities, located within this assessment area. Prominent industries are manufacturing, automotive, steel and health care. Major employers include MTD Products, Ford Motor Company, LTV Steel, and Cleveland Clinic Hospitals. As of July 1998, the average area area unemployment rate of 4.2% was lower than the State of Ohio unemployment rate of 4.6%.

The *Canton Area* consists of 64 census tracts in the Canton/Massillon Ohio Metropolitan Statistical Area (MSA 1320). This area includes most of Stark County. FMB has excluded the city of Alliance, Ohio from this assessment area because the bank has no branch or ATM in that area. Of the 64 tracts, four are low-income, 12 are moderate-income, 38 are middle-income, and 10 are upper-income. FMB has 19 full service branches and 20 ATM's in this assessment area. The Canton/Massillon Area is primarily urban interspersed with small rural areas like Hartville, Canal Fulton, and Nimishillen Township. The 1990 Census Bureau lists the population as 326,198. According to Dun and Bradstreet, during 1998, there were 10,694 businesses, including 272 agricultural-related entities, located within this assessment area. Prominent industries are steel, consumer goods, manufacturing and health services. Major employers include Timken Industries, Diebold, Hoover Industries, and Aultman Hospital. As of July 1998, the 3.5% area unemployment rate was lower than the State of Ohio unemployment rate of 4.6%.

The *Erie County Non-MSA Area* consists of 18 census tracts in this Non-Metropolitan Statistical Area (MSA 9999). This area includes all of Erie County. Of the 18 tracts, none are low-income, two are moderate-income, four are middle-income, and 12 are upper-income. FMB has two full service branches and two ATM's in this assessment area. The Erie Area is primarily rural interspersed with small urban areas like Milan, Vermilion & Huron. The 1990 Census Bureau lists the population as 76,779. According to Dun and Bradstreet, during 1998, there were 3,037 businesses, including 76 agricultural-related entities, located within this assessment area. As of first quarter 1998, the 6.4% area unemployment rate was higher than the State of Ohio unemployment rate of 4.6%.

The *Wayne County Non-MSA Area* consists of 32 census tracts in the Metropolitan Statistical Area (MSA 9999). This area includes all of Wayne County. Of the 32 tracts, none are low-income, one is moderate-income, 23 are middle-income, and eight are upper-income. FMB has five full service branches and six ATM's in this assessment area. The Wayne Area is primarily rural interspersed with urban areas like Wooster and Orrville. The 1990 Census Bureau lists the population as 101,461. According to Dun and Bradstreet, during 1998, there were 3,345 businesses including 155 agricultural-related entities, located within this assessment area. Prominent industries are agricultural, light manufacturing, and oil and gas industries. Major employers include Rubbermaid Inc., The Wooster Brush Company, and J.M. Smucker Company. As of July 1998, the 2.7% area unemployment rate was lower than the State of Ohio unemployment rate of 4.6%.

Table 2 provides a description of the bank's various demographic variables. For instance, the Cleveland MSA contains about 78% of FMB's low- or moderate-income census tracts and 67% of its low- or moderate-income families. The Cleveland and Akron MSAs represent the substantial majority of the bank's community.

Table 2: Assessment Area Breakdown				
Assessment Area	Low/Moderate Tracts %	Low/Moderate Families %	Population %	Owner-Occ. Housing %
Cleveland MSA	78.29	67.74	66.90	66.29
Akron MSA	15.46	18.00	17.78	17.98
Canton MSA	5.26	9.76	9.91	10.30
Erie Non-MSA	0.66	1.87	2.33	2.44
Wayne Non-MSA	0.33	2.63	3.08	2.99
Total	100%	100%	100%	100%

Source: 1990 U.S. Census Bureau

It is important to note that the city of Cleveland, located in Cuyahoga county contains 103 of the 139 low-income census tracts in the bank's assessment areas. These tracts have very low owner-occupancy rates and high poverty rates. Further, FMB has a very small presence in the city of Cleveland. It has only two branches within the city, both of which are located on the East side. In addition, within the city of Cleveland, FMB competes with several of the largest banks in the nation.

FMB entered the Cleveland market via a merger. FMB obtained all existing branches of the acquired bank. However, only one of the branches was located inside the city of Cleveland. This facility is located in downtown Cleveland in a moderate-income tract.

Deposit Share Information for FMB

The following table shows a distribution of FMB's deposits during 1997. The data shows market share and the bank's rank by county. For instance, the table shows that within the Cleveland MSA, FMB has a strong presence in Ashtabula, Lorain and Medina counties, but a limited presence in Cuyahoga county.

Table 3: Market Share Distribution (1997)			
County Name	Market Share of Deposits	Deposits in \$ (000's)	Rank in County
MSA 1680			
Ashtabula	17.5%	\$158,003	2nd
Cuyahoga	1.0%	\$340,565	14th
Geauga	4.0%	\$36,885	10th
Lake	4.2%	\$113,039	9th
Lorain	14.4%	\$383,883	2nd
Medina	22.8%	\$303,416	1st
MSA 0080			
Portage	1.3%	\$12,910	13th
Summit	28.1%	\$1,848,008	1st
MSA 1320			
Stark	26.2%	\$1,069,392	1st
Non-MSA Areas			
Wayne	7.4%	\$94,050	3rd
Erie	4.8%	\$38,665	9th

Source: 1997 Sheshunoff Market Penetration Reports

Table 4 provides demographic data relative to FMB's assessment areas.

Table 4: FMB Community Demographic Data						
TOTAL POPULATION (1990 Census Data)	3,291,558					
AREA INCOME Cleveland MSA HUD Median Family Income Akron MSA HUD Median Family Income Canton MSA HUD Median Family Income Ohio 1997 NonMSA HUD Median Family Income	\$36,500 \$35,193 \$32,485 \$30,563					
AREA CHARACTERISTICS (Based on HUD median family income)	Tracts		Families		Small Businesses	
	<u>Count</u>	<u>%</u>	<u>Count</u>	<u>%</u>	<u>Count</u>	<u>%</u>
Low (below 50% of median)	139	14	62,849	7	6,784	8
Moderate (50-80% of median)	165	17	130,289	15	10,223	12
Middle (80-120% of median)	418	43	448,794	52	37,765	46
Upper (over 120% of median)	220	23	224,365	26	26,613	32
NA	<u>24</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>1,451</u>	<u>2</u>
Total	966	100	886,297	100	82,836	100
HOUSING INFORMATION (1990 Census data)	Total Units		Units in Low- Income Areas		Units in Mod- Income Areas	
	<u>Count</u>	<u>%</u>	<u>Count</u>	<u>%</u>	<u>Count</u>	<u>%</u>
Owner Occupied Units	847,210	63	34,894	2.6	104,531	7.8
Rental Occupied Units	410,363	31	69,013	5.1	92,487	6.9
Vacant Housing Units	<u>79,345</u>	<u>6</u>	<u>17,859</u>	<u>1.3</u>	<u>19,500</u>	<u>1.5</u>
Total	1,336,918	100	121,128	9.0	216,518	16.2

Sources: U.S. Census data and Dun & Bradstreet, Inc. Business data; Unemployment data according to Ohio Bureau of Employment Services

The northern Ohio financial market is highly competitive. FMB competes with a large number of other financial institutions. Some of the larger financial institutions operating in FMB's community are: KeyBank, N.A.; Fifth Third Bank of NorthWestern Ohio, N.A.; National City Bank; Huntington National Bank; Charter One Bank, F.S.B.; Bank One, N.A.; and Lorain National Bank. Several small financial institutions also compete directly with FMB.

Our evaluation took into consideration information derived from members of the community. Four contacts were made with representatives from groups that included affordable housing advocacy, local realty, social service, and economic development. These needs were fairly consistent throughout the area. Needs expressed by these groups included affordable housing and rehabilitation loans, inexpensive checking accounts for government check deposits, credit education (specifically with regard to credit card use), and small business financing.

CONCLUSIONS WITH RESPECT TO OVERALL PERFORMANCE TESTS

SCOPE OF REVIEW

This review covered the time period from January 1, 1996 to June 30, 1998 for all Home Mortgage Disclosure Act (HMDA) reportable loans, community development loans, investments, and services. This time period was chosen because it reflects the time elapsed since our last CRA evaluation. Small business loans reviewed in our evaluation covered the time period from January 1, 1996 to December 31, 1997. Reportable information on 1998 small business activity was not available.

LENDING TEST

Lending Activity

Table 5 shows FMB's home mortgage, and consumer loans during the review period within the bank's assessment areas. Aggregate small business loans are not included here because of errors noted in small business data during the course of this review. The table shows that FMB's home mortgage and consumer loan originations reflect good responsiveness to the credit needs of the assessment areas. Housing related loans (purchase and rehabilitation) were noted as strong credit needs. With 5,799 originations, HMDA market share data for 1997 shows that FMB was the fourth (4.42%) largest lender in its assessment areas.

Table 5: Distribution of Loan Originations within Assessment Area						
Loan Type	1996		1997		1998 through June	
	Count	\$('000's)	Count	\$('000's)	Count	\$('000's)
Residential Mortgages (HMDA)	4,552	\$289,631	5,799	\$420,807	1,929	\$172,841
Consumer Loans	38,216	\$394,365	39,679	\$464,527	18,991	\$231,073
Total Loans	42,768	\$683,996	45,478	\$885,334	20,920	\$403,914

Source: HMDA Disclosure Report

During the review period, FMB originated 138,879 home mortgage and consumer loans. Of that total, 79% or 109,166 (as detailed above) were made within its assessment areas.

Geographic Distribution of Loans

With the exception of loans in low-income census tracts, the geographic distribution of home mortgage, small business, and consumer loans is adequate. The lack of lending in low-income census tracts is mitigated by good community development lending in low-income census tracts, and a leadership position in lending to low-income persons.

Home Mortgage Loans

The distribution of home mortgage loans is adequate with the exception of lending in low-income census tracts. During our analysis, we placed the greatest emphasis on the number of loans originated. Within low-income tracts, loan originations are not consistent with the demographics of the area. While 14% of FMB's geographies are low-income, the bank originated only 3% of its loans within these tracts during the review period.

Market share data for 1997 shows that within middle- and upper-income tracts, FMB was a significant lender in its assessment areas. Specifically, the bank's loan volume ranked #4 (4.2%) in upper-income tracts, #3 (4.9%) in middle-income tracts, #5 (3.8%) in moderate-income tracts, and #11 (2.5%) in low-income tracts.

We reviewed FMB's penetration of low-income tracts with home mortgage loans. This analysis identifies low-income census tracts in which FMB had no home mortgage originations. The data showed that FMB had no such originations in 78 or 56% of its low-income census tracts. Of this total, 68 tracts were located in the city of Cleveland.

FMB's ability to make home mortgage loans within its low-income census tracts is adversely affected by low-owner occupancy rates, and high below-poverty rates (greater than 40%). In addition, FMB has no branch locations within low-income census tracts in the city of Cleveland where most (76%) of its low-income tracts are located. As described earlier, FMB does not have a strong presence, and faces strong competition in Cuyahoga county, which includes the city of Cleveland, Ohio.

FMB has been successful in making community development loans within low-income census tracts. During the review period, the bank made 12 community development loans within the city of Cleveland's low-income tracts. These loans totaled \$10 million, and were primarily for affordable housing.

Table 6 shows FMB's distribution of home mortgage loans during the review period.

Table 6: Total HMDA Loan Originations - Geographic Distribution							
CENSUS TRACTS		1996		1997		YTD 6/30/98	
Type	# %	#Loans %Total	\$(000's) %Total	#Loans %Total	\$(000's) %Total	# Loans %Total	\$ (000's) %Total
Low	139 14%	181 3.9%	\$2,974 1.0%	195 3.4%	\$5,937 1.4%	27 1.4%	\$5,054 2.9%
Mod	165 17%	611 13.4%	\$23,976 8.3%	763 13.2%	\$29,479 7.0%	178 9.2%	\$12,811 7.4%
Middle	418 43%	2,589 56.9%	\$153,108 52.9%	3,289 56.7%	\$224,314 53.3%	1,074 55.7%	\$82,286 47.6%
Upper	220 23%	1,169 25.8%	\$109,481 37.8%	1,551 26.7%	\$160,932 38.3%	650 33.7%	\$72,690 42.1%
NA	24 3%	2 <.1%	\$92 <.1%	1 <.1%	\$146 <.1%	--	--
Total	966 100%	4,552 100%	\$289,631 100%	5,799 100%	\$420,808 100%	1,929 100%	\$172,841 100%

Source: HMDA Disclosure Report

Small Business Lending

We based our conclusions on an analysis of 88 small business loans reviewed as part of our small business data integrity evaluation. The sample files include a majority of loans to businesses with gross annual revenues of \$1 million or less.

Seventy-eight percent of small businesses in FMB's assessment areas are located in middle- and upper-income census tracts where FMB originated 89% of the number of its small business loans during the evaluation period. In addition, FMB originated 11% of its small business loans in low- and moderate-income tracts, where approximately 21% of small businesses are located. Based on this data, the bank's distribution of small business loans in low- and moderate-income tracts is lower than the small business demographics of the assessment areas.

Table 7 shows the distribution of our sample of 88 small business loans. Small business loans are defined as loans of less than \$1 million dollars made to commercial entities.

Table 7: Small Business Loan Originations Geographic Distribution						
CENSUS TRACTS		% of Small Businesses (a)	1996**		1997**	
Type	# %		#Loans %Total	\$ (000's) %Total	#Loans %Total	\$ (000's) %Total
Low	139 14%	8.2%	0 0%	0 0%	3 8%	\$351 10%
Mod	165 17%	12.3%	5 10%	\$1,600 25%	2 5%	\$310 9%
Middle	418 43%	45.6%	14 28%	\$861 14%	19 50%	\$1,843 51%
Upper	220 23%	32.1%	29 58%	\$3,604 57%	14 37%	\$1,096 30%
N/A	24 3%	1.8%	2 4%	\$224 4%	0 0%	0 0%
Total	966 100%	100%	50 100%	\$6,289 100%	38 100%	\$3,600 100%

**Sample file includes 28 loans (1996) and 12 loans (1997) that were made to businesses with revenues of more than \$1 million

Consumer Loans

With the exception of loans originated within low-income tracts, the distribution of consumer loans is acceptable.

Table 8 shows that although 14% of the bank's census tracts are low income, only 3.5% of FMB's consumer loans were made within the tracts during the review period. The high level of poverty in the low-income tracts, coupled with a lack of branch facilities in low-income areas within Cuyahoga county has adversely impacted the banks ability to loan in low-income tracts. In addition, FMB's distribution of loans within low- and moderate-income tracts declined during the review period while loans within middle- and upper-income tracts increased.

Table 8: Total Consumer Loan Originations - Geographic Distribution							
CENSUS TRACTS		1996		1997		YTD 6/30/98	
Type	# %	#Loans %Total	\$(000's) %Total	#Loans %Total	\$(000's) %Total	# Loans %Total	\$ (000's) %Total
Low	139 14%	1,522 4.0%	\$10,900 2.8%	1,292 3.3%	\$9,201 2.0%	535 2.8%	\$4,215 1.8%
Mod	165 17%	5,770 15.1%	\$43,608 11.0%	5,302 13.4%	\$42,925 9.3%	2,373 12.5%	\$19,573 8.5%
Middle	418 43%	21,335 55.8%	\$209,250 53.1%	22,571 56.9%	\$245,367 52.9%	11,038 58.1%	\$130,095 56.3%
Upper	220 23%	9,557 25.0%	\$130,395 33.1%	10,487 26.4%	\$166,368 35.8%	5,029 26.5%	\$77,122 33.4%
NA	24 3%	32 <.1%	\$212 <.1%	27 <.1%	\$666 <.1%	16 <.1%	\$68 <.1%
Total	966 100%	38,216 100%	\$394,365 100%	39,679 100%	\$464,527 100%	18,991 100%	\$231,073 100%

Source: HMDA Disclosure Report

Borrowers' Profile

FMB's origination of HMDA loans among retail customers of different income levels is good. The distribution of small business loans among business customers of different sizes is adequate. The bank's distribution of consumer loans based on borrower's income contained numerous errors and was deemed not reliable. These numbers have been excluded from this evaluation.

HMDA Loans

Table 9 shows FMB's HMDA loan distribution among various borrowers. The table shows that FMB's level of lending to low-income borrowers is lower than the percentage of these families living in its assessment areas. Although nearly 19% of the families in the areas are low-income, only 12% of HMDA loans were made to these borrowers during the review period. It is important to note; however, that a review of 1997 market share data showed that FMB was the market leader in loans to low-income persons, and was the second largest lender to moderate-income borrowers. Specifically, the bank's loan volume ranked #3 (5.2%) to upper-income borrowers, #4 (4.8%) to middle-income borrowers, #2 (5.0%) to moderate-income borrowers, and #1 (5.9%) to low-income borrowers.

Table 9: Total HMDA Loan Originations - Borrowers' Profile							
Family Income		1996		1997		YTD 1998	
Distribution of Families	%	#Loans %Total	\$ (000's) %Total	#Loans %Total	\$(000's) %Total	# Loans %Total	\$(000's) %Total
Low	19.3	522 11.5%	\$11,046 3.8%	733 12.6%	\$18,939 4.5%	169 8.8%	\$11,042 6.4%
Moderate	17.5	983 21.6%	\$37,827 13.1%	1,305 22.5%	\$54,129 12.9%	427 22.1%	\$22,961 13.3%
Middle	24.0	1,324 29.1%	\$70,155 24.2%	1,589 27.5%	\$97,690 23.2%	518 26.9%	\$42,721 24.7%
Upper	39.2	1,657 36.4%	\$155,745 53.8%	2,118 36.5%	\$231,269 54.9%	810 41.9%	\$95,305 55.1%
N/A	0	66 1.4%	\$14,858 5.1%	54 0.9%	\$18,781 4.5%	5 0.3%	\$812 0.5%
Total	100	4,552 100%	\$289,631 100%	5,799 100%	\$420,808 100%	1,929 100%	\$172,841 100%

Source: HMDA Disclosure Report

Small Business Lending

The distribution of small business loans to all businesses is adequate. We based our conclusions on an analysis of 88 loans reviewed as part of our small business data integrity evaluation. Numerous errors were noted in the small business loan data supplied by the bank. As a result, we did not consider these internal reports reliable. However, the identified errors from our sample were corrected during this examination, and the corrected sample files were then used for this analysis.

Table 10 shows that the substantial majority (55%) of the bank's small business loans were made to businesses with revenues of less than \$1 million. This is consistent with the identified credit needs of FMB's assessment areas for small business loans.

Table 10: Small Business Loan Originations to all Businesses (1996-1997)				
REVENUE SIZE	# Loans	% Total	\$ Loaned (000s)	% Total
less than or equal to \$1 million	48	55%	\$3,206	32%
greater than \$1 million	40	45%	\$6,682	68%

Source: CRA Small Business Sample

The origination of micro loans represents a majority of the loans to businesses with gross annual revenues of less than \$1 million. This represents adequate responsiveness to an identified need for small loans to small businesses. Table 11 shows that 59% of the number and 16% of the dollar amount of such loans were for less than \$100 thousand. A majority of the number of loans and a majority of the dollar amount of originations were made for loans under \$250 thousand. This demonstrates good responsiveness in meeting the smaller loan requests of small businesses.

Table 11: Small Business Loan Originations to Small Businesses (1996-1997)				
LOAN SIZE (000s)	# Loans	% Total	\$ Loaned (000s)	% Total
Less than \$100	52	59%	\$1,582	16%
\$100-\$250	25	28%	\$3,771	38%
\$250-\$1,000	11	13%	\$4,535	46%
Total	88	100%	\$9,888	100%

Source: CRA Small Business Sample

Community Development Lending Activities

FMB's origination of community development loans shows strong responsiveness to the credit needs of its community. The bank's community development loans were extended primarily to fund construction/renovation of multi-family housing projects for low- or moderate-income families. These types of loans were identified by community contacts as a primary credit need. From January 1, 1997 to the close of this examination, FMB originated 76 community development loans totaling \$42 million.

Examples of FMB's community development lending include:

- FMB provided \$3.4 million to an affordable housing partnership to renovate two multi-family housing projects, and to fund small dollar home repair loan pool. The projects are located in low-income census tracts in Cleveland, Ohio.
- FMB provided \$2.8 million to a housing partnership for the construction of 30 single family homes in Canton, Ohio. These homes were constructed to accommodate the housing needs of low- and moderate-income persons.
- FMB provided \$3.8 million to a nonprofit organization for the construction and permanent financing costs of a low-income housing apartment complex in Painesville, Ohio. The project is a 62-unit housing facility for senior citizens.
- FMB provided \$10.4 million in construction and permanent financing costs to two Akron non-profit partnership projects. The projects consist of 72 new single family homes in the southeast and west Akron areas.

In addition to community development loans made within the assessment areas, the bank made four loans, totaling \$11 million, outside its assessment areas. Examples of these types of loans include:

- FMB provided an investment group \$2.4 million to construct a 51-unit affordable housing project. The bank also provided the permanent financing of \$1.2 million. The apartment complex is located in Salem, Ohio.
- FMB provided \$8.6 million for three affordable housing projects in Salem, East Liverpool and Newton Falls, all in Ohio. These projects consist of 50-60 apartment complexes for low- and moderate-income persons. The bank provided construction financing and committed to provide permanent financing costs.

Product Flexibility

FMB offers an adequate number of flexible lending products.

The BEST Mortgage Program - there are three options under this affordable mortgage program:

- BEST I - Available in designated tracts. Up to \$1,000 contributed by the bank towards closing costs or downpayment. Minimum downpayment of 5% and 3% must be buyer's funds. No maximum income or home purchase price.
- BEST II - Available in all markets. Up to \$500 contributed by the bank towards closing costs or downpayment. Minimum downpayment of 5% and 3% must be buyer's funds. Maximum income limits apply.
- BEST III - Available in designated tracts. Up to \$1,000 contributed by bank towards closing costs. Minimum downpayment of 3% required. Maximum income limits apply.

Table 12 shows FMB's BEST loan originations for 1997 and 1998. The number of BEST loans improved significantly from 1997 to the first half of 1998. As a result of increased marketing efforts in targeted areas.

Table 12: BEST Loan Originations - 1997 and 1998		
Name & Description of Product	# of Loans	\$ of Loans
1997 BEST Loans	71	\$3,719,850
YTD 6/30/98 BEST Loans	165	\$9,702,146
Total BEST Loans	236	\$13,421,996

Source: Internal Bank Reports

INVESTMENT TEST

The bank has a good level of qualified investments given its size and capacity. Total qualified investments made during the review period were \$7.2 million. Of this amount, \$3.7 million consists of loan commitments. FMB's investments were primarily for affordable housing. Several investment opportunities exist in the assessment areas; however, FMB competes against some of the largest banks in the nation for these projects. Some of the larger institutions have the capacity to offer more attractive terms than FMB.

Table 13: Qualified Investments for FirstMerit Bank, N.A. - (dollars in thousands)		
Type of Investment	# of Qualified Investments	\$ of Qualified Investments (000's)
Affordable housing	9	\$ 6,078
Small business development	6	\$ 904
Donations	93	\$ 236
Total	108	\$ 7,218

Source: Internal Bank Reports

FMB'S largest Qualified Investments are described below:

- Ohio Equity Fund II - A low-income housing tax credit formed to construct a 24-unit townhouse apartment development, the Washington Square/Barberton Apartments. Also, the bank provided the construction and permanent financing (\$794 thousand).
- Ohio Equity Fund III - A low-income housing tax credit program formed to provide financing for the construction of Wooster Properties in Wooster, Ohio. (\$218 thousand).
- First Cuyahoga Housing - A low-income housing tax credit program formed to acquire, rehabilitate, and manage two separate apartment projects comprised of 20 three-story buildings over a 15 block area in the Glenville section of Cleveland (\$526 thousand).

FMB's CDC made eligible investments totaling \$904 thousand primarily to the Ohio Mezzanine Fund. The Fund provides equity-type investments in small businesses in Northeast Ohio, including minority-owned, which do not meet conventional lending criteria.

SERVICE TEST

FMB's delivery systems are accessible to most portions of its community. As described earlier, the bank has only two branches within the city of Cleveland. Both branches are located in moderate-income census tracts. The bank's record of opening offices has positively affected the accessibility to bank services within moderate-, middle- and upper-income census tracts. No branches were opened in low-income census tracts. The existing branch network is located primarily in middle-income areas. Branch hours are reasonable and convenient to FMB's customers. FMB's entire community, including newly acquired branches, are included in these totals. A detailed listing of the disposition of all branch offices is included under each MSA conclusion. These conclusions are located in the back of this Public Evaluation.

As reflected in the following table, 16% of FMB’s offices and 19% of its ATM’s are located in low- or moderate-income census tracts. This distribution is not consistent with the demographics of the area, where 31% of the tracts are low- or moderate-income. This distribution is negatively impacted by the lack of branches in the low-income census tracts within the city of Cleveland, which is not a significant market area for the bank. However, it is important to note that one of the bank’s facilities is located in downtown Cleveland near several retail centers, and near a major utility company. Individuals of all income groups, including low-income persons frequent the area to work, shop, and make direct utility payments.

Most ATM’s are attached to branches. There are some at stand-alone locations such as a McDonald’s restaurant, a hospital, a convenient store, and a college.

Table 14: Distribution of Delivery Systems (Branch and ATM Facilities)						
All Census Tracts	Branches		Branch ATM Facilities		Census Tracts in the Assessment Area	
	#	%	#	%	#	%
Low	5	4%	7	5%	139	14%
Moderate	15	12%	20	14%	165	17%
Middle	66	51%	75	51%	418	43%
Upper	40	31%	43	29%	220	23%
N/A	2	2%	2	1%	24	3%
Total	128	100%	147	100%	966	100%

Source: Internal Bank Reports

The bank offers Saturday hours at all offices. Wednesday hours are also available at all branches except Lorain and Erie Counties. In these counties, auto teller windows are open for business although the lobbies are closed. Specific hours for branches are tailored to the needs of the particular location. A list of hours is available in the CRA public file. The bank offers a common set of financial services to all of its customers. Most of the bank’s small business loans are made through the branch system, as are loans for traditional housing products.

Alternative delivery systems are reasonable, but not considered innovative. FirstLine, a 24-hour number, enables customers to access their personal or business accounts by either local or toll-free numbers. Information regarding account balance, deposits, withdrawals, and electronic transactions can be obtained on checking, check & cash cards, ATM cards, and savings account products. FMB has low cost/no cost checking accounts available. Internet advertising is available as well as bank at work ATM’s, and government check cashing. These products are

used by all income groups, including low- and moderate-income persons.

Community Development Services

FMB provides an adequate level of community development services; however, they are not for the most part, innovative. Primary services include providing financial expertise to a variety of community service and development organizations through board membership, credit counseling, and the provision of technical financial assistance for consumers and small businesses.

The following list includes some of the community development services provided in FMB's community. A more detailed list of services is included under the individual MSA conclusion sections of this Public Evaluation:

- FirstMerit Akron Unity Partnership
- Home Buyer's Assistant Program of Ashtabula
- FirstMerit Citizen's National Bank Hornet School Savings Program

FAIR LENDING EXAMINATION

A concurrent fair lending review did not identify any violations of the various anti-discrimination laws and regulations.

CONCLUSIONS WITH RESPECT TO AKRON AREA (MSA 0080)

This area includes 47 census tracts or 16% of FMB's low and moderate-income geographies. FMB's performance in this MSA was given strong consideration in the overall rating of the bank. Approximately 33% of FMB's home mortgage and consumer loans are made in this area. A limited number of loans were made in low-income census tracts. However, within this MSA FMB was the strongest lender to low- and moderate-income persons. Investments in the area are good. Services are adequate.

LENDING TEST

Lending Activity

Table 15 shows FMB's home mortgage and consumer loans during the review period within MSA 0080. FMB's home mortgage loan originations reflect strong responsiveness to the credit needs of the assessment area. With 1475 originations, HMDA market share data for 1997 shows that FMB was the second (5.7%) largest lender in the MSA.

Table 15: Distribution of Loan Originations within MSA 0800						
Loan Type	1996		1997		1998 through June	
	Count	\$ (000's)	Count	\$ (000's)	Count	\$ (000's)
Residential Mortgages (HMDA)	1,273	\$ 67,355	1,475	\$ 96,478	454	\$43,895
Consumer Loans	12,823	\$135,276	13,271	\$158,707	6,287	\$79,744
Total Loans	14,096	\$202,631	14,746	\$255,185	6,741	\$123,639

Sources: HMDA Disclosure Report

Geographic Distribution of Loans

The distribution of HMDA and small business loans is adequate. With the exception of loans within low-income census tracts, the geographic distribution of consumer loans is also adequate.

HMDA Loans

We used 1997 as a benchmark period because market data is available for this period. The market consisted of all HMDA reporters in the assessment area. Table 16 shows that with the exception of low-income tracts, FMB's distribution of lending throughout the area is consistent with the demographics of the area. At the same time, market share data for 1997 shows that FMB was a significant lender within this market. Specifically, the bank's loan volume ranked #4 (4.5%) in upper-income tracts, #1 (6.2%) in middle-income tracts, #2 (6.1%) in moderate-income tracts and #3 (4.7%) in low-income tracts.

CENSUS TRACTS		1996		1997		6/30/98	
Type	# %	#Loans %Total	\$(000's) %Total	#Loans %Total	\$(000's) %Total	#Loans %Total	\$(000's) %Total
Low	20 15.0%	59 4.6%	\$1,325 2.0%	60 3.8%	\$3,877 4.0%	14 1.8%	\$469 1.1%
Mod	27 20.3%	231 18.1%	\$7,712 11.4%	270 17.7%	\$8,919 9.2%	52 13.9%	\$7,143 16.2%
Middle	56 42.1%	738 58.0%	\$37,360 55.5%	847 58.0%	\$51,775 53.7%	274 60.6%	\$23,648 53.9%
Upper	27 20.3%	245 19.3%	\$20,958 31.1%	298 20.5%	\$31,907 33.1%	114 23.7%	\$12,635 28.8%
NA	3 2.3%	--	--	--	--	--	--
Total	133 100%	1273 100%	\$67,355 100%	1475 100%	\$96,478 100%	454 100%	\$43,895 100%

Source: HMDA Disclosure Report

Small Business Lending

We based our conclusions on an analysis of 88 small business loans reviewed as part of our small business data integrity evaluation. The sample include 19 loans within the Akron MSA. Table 17 shows the loan distribution to businesses with gross annual revenues of \$1 million or less in this MSA.

Seventy-seven percent of these businesses are located in the middle- and upper-income census tracts where FMB originated 79% of the number and 41% of the dollar amount of its small business loans, during the evaluation period. FMB originated the remaining 21% of its small business loans in low- and moderate-income tracts, where 24% of small businesses are located. Fifty-nine percent of the dollar amount of loans was originated in the low- and moderate-income tracts, which only represent 35% of the total census tracts in the area. Though a majority of the number of loans are located in middle- and upper-income tracts, a higher proportion of the dollar amount is originated in the low- and moderate-income tracts.

Table 17: Small Business Loan Originations Geographic Distribution						
CENSUS TRACTS		% of Small Businesses (a)	1996**		1997**	
Type	# %		#Loans %Total	\$ (000's) %Total	#Loans %Total	\$ (000's) %Total
Low	20 15%	8.0%	0 0%	0 0%	1 8%	\$200 19%
Mod	27 20%	15.5%	2 29%	\$700 77%	1 8%	\$250 24%
Middle	56 42%	47.1%	1 14%	\$100 11%	8 67%	\$426 40%
Upper	27 20%	29.4%	4 57%	\$106 12%	2 17%	\$176 17%
N/A	3 3%	0 0%	0 0%	0 0%	0 0%	0 0%
Total	133 100%	100%	7 100%	\$906 100%	12 100%	\$1,052 100%

* Includes 5 loans (1996) and 3 loans (1997) made to businesses with revenues of more than \$1 million.

Consumer Loans

Table 18 shows FMB's distribution of consumer loan originations in this assessment area. With the exception of lending in low-income census tracts, the distribution of consumer loans is similar or better than the demographics of the area.

Table 18: Total Consumer Loan Originations - Geographic Distribution							
CENSUS TRACTS		1996		1997		YTD 6/30/98	
Type	# %	#Loans %Total	\$(000's) %Total	#Loans %Total	\$(000's) %Total	# Loans %Total	\$(000's) %Total
Low	20 15%	724 5.6%	\$4,726 3.5%	649 4.9%	\$4,003 2.5%	282 4.5%	\$2,355 2.9%
Mod	27 20.3%	2,434 19.0%	\$18,178 13.4%	2,176 16.4%	\$17,863 11.3%	899 14.3%	\$8,049 10.1%
Middle	56 42.1%	7,126 55.6%	\$70,878 52.4%	7,599 57.3%	\$82,245 51.8%	3,751 59.7%	\$45,274 56.8%
Upper	27 20.3%	2,539 19.8%	\$41,494 30.7%	2,847 21.4%	\$54,596 34.4%	1,355 21.5%	\$24,066 30.2%
NA	3 2.3%	--	--	--	--	--	--
Total	133 100%	12,823 100%	\$135,276 100%	13,271 100%	\$158,707 100%	6,287 100%	\$79,744 100%

Source: HMDA Disclosure Report

Borrowers' Profile

HMDA loans originated during the review period were well distributed among retail customers of different income levels. The distribution of small business loans among business customers of different sizes is good.

HMDA Loans

Table 19 shows FMB's HMDA loan distribution among various borrowers. FMB's level of lending to low-income borrowers was slightly lower than the percentage of these families living in the MSA during 1996. However, the distribution improved during 1997. Although nearly 19% of the families in the MSA are low-income, only 12% of HMDA loans were made to these borrowers during the review period. It is important to note, that within this assessment area, FMB was the strongest lender to low- and moderate-income families during 1997.

Market share data for 1997 shows that FMB was a strong market lender in the number of HMDA reportable loans made to middle- and upper-income borrowers. Specifically, the bank's loan volume ranked #4 (5.6%) to upper-income borrowers, #2 (5.8%) to middle-income borrowers, #1 (7.7%) to moderate-income borrowers, and #1 (9.8%) to low-income borrowers.

Table 19: Total HMDA Loan Originations - Borrowers' Profile							
Family Income		1996		1997		YTD 1998	
Distribution of Families	%	#Loans %Total	\$(000's) %Total	#Loans %Total	\$(000's) %Total	#Loans %Total	\$(000's) %Total
Low	19.3	199 15.6%	\$3,898 5.8%	232 15.7%	\$5,159 5.3%	55 12.1%	\$2,191 5.0%
Moderate	18.1	315 24.7%	\$10,977 16.3%	357 24.2%	\$12,904 13.4%	119 26.2%	\$5,876 13.4%
Middle	23.4	345 27.1%	\$15,524 23.0%	359 24.3%	\$19,152 19.9%	111 24.5%	\$12,979 29.6%
Upper	39.2	396 31.1%	\$33,540 49.8%	501 34.0%	\$50,926 52.8%	169 37.2%	\$22,849 52.0%
N/A	--	18 1.4%	\$3,416 5.1%	26 1.8%	\$8,337 8.6%	--	--
Total	100	1,273 100%	\$67,355 100%	1,475 100%	\$96,478 100%	454 100%	\$43,895 100%

Source: HMDA Disclosure Report

Small Business Lending

The distribution of small business loans to all businesses is good. A substantial number of the bank's loans were made to businesses with revenues of less than \$1 million. We based our conclusions on an analysis of 19 small business loans reviewed as part of our small business data integrity evaluation. Numerous errors were noted in the small business loan data supplied by the bank. As a result, we did not consider these internal reports reliable. However, the identified errors were corrected during this examination, and the corrected files were used for this analysis.

Table 20: Small Business Loan Originations to all Businesses (1996-1997)				
REVENUE SIZE	# Loans	% Total	\$ Loaned (000s)	% Total
less than or equal to \$1 million	11	58%	\$718	37%
greater than \$1 million	8	42%	\$1,240	63%

Source: CRA Small Business Sample

The origination of micro loans represents a majority of loans to businesses with gross annual revenues of less than \$1 million. This represents adequate responsiveness to an identified need for small loans to small businesses. The table below shows that 58% of the number and 16% of the dollar amount of such loans were for less than \$100 thousand. A majority of the number of loans and a majority of the dollar amount of originations was made for under \$250 thousand.

Table 21: Small Business Loan Originations to Small Businesses (1996-1997)				
LOAN SIZE (000s)	#Loans	% Total	\$Loaned (000s)	%Total
Less than \$100	11	58%	\$307	16%
\$100-\$250	6	32%	\$901	46%
\$250-\$1,000	2	10%	\$750	38%
Total	19	100%	\$1,958	100%

Source: CRA Small Business Sample

Community Development Lending Activities

The bank's origination of community development loans in the Akron MSA is very good. FMB originated 23 loans for \$22.8 million during the review period. One of these projects, which totaled \$10.4 million was detailed in the *Conclusions with Respect to Overall Performance Test* section of this evaluation.

Product Flexibility

FMB offers identical products throughout its assessment areas. The flexibility of FMB's lending products was described earlier in this Evaluation under the *Conclusions with Respect to Overall Performance Test* section of this evaluation.

Table 22 shows FMB's BEST loan originations for 1997 and 1998. The number of BEST loans improved significantly from 1997 to the first half of 1998.

Table 22: BEST Loan Originations		
Name & Description of Product	Akron MSA 0080 # of loans	Akron MSA 0080 \$ of loans
1997 BEST Loans	25	\$1,171,487
6/30/98 BEST Loans	41	\$2,247,352
Total BEST Loans	66	\$3,418,839

Source: Internal Bank Reports

INVESTMENT TEST

The bank has a good level of qualified investments. Most of these investments cover a large area that includes all the bank's assessment areas. Some of the largest investments were detailed in the Investment Test under the *Conclusions with Respect to Overall Performance Test* section of this evaluation. In addition, FMB donated \$109 thousand to a variety of community development groups in the Akron area during the review period.

SERVICE TEST

FMB's delivery systems are accessible to all portions of its community. FirstLine, a 24-hour number, enables customers to access their personal or business accounts by either local or toll-free numbers. Information regarding account balance, deposits, withdrawals, and electronic transactions can be obtained on checking, check & cash cards, ATM cards, and savings account products. FMB has low cost/no cost checking accounts available.

No branches were opened in this area during the review period. Branch hours are reasonable and convenient to FMB's customers. As reflected in the following table, 23% of FMB's offices and 28% of its ATM's are located in low- or moderate-income census tracts. This distribution is slightly lower than the demographics of the area where 35% of the geographies are low- or moderate-income. Most ATM's are attached to branches, though some are at stand-alone locations such as McDonald's or St. Thomas Hospital.

Table 23: Distribution of Delivery Systems (Branch and ATM Facilities)						
MSA 0080	Branches		Branch ATM Facilities		Census Tracts in the Assessment Area	
	#	%	#	%	#	%
Low	3	8%	5	10%	20	15%
Moderate	6	15%	9	18%	27	20%
Middle	22	56%	25	51%	56	42%
Upper	8	21%	10	21%	27	20%
N/A	0	0%	0	0%	3	3%
Total	39	100%	49	100%	133	100%

Source: Internal Bank Reports

The bank offers Saturday hours all offices except those in downtown Akron. Wednesday hours are also available at all branches. Specific hours for branches are tailored to the needs of the particular location. A list of hours is available in the CRA public file. The bank offers a common set of financial services to all of its customers. Most of the bank's small business loans are made through the branch system, as are loans for traditional housing products.

Alternative delivery systems are reasonable. These services were described in detailed under the *Conclusions with Respect to Overall Performance Test* of this evaluation.

Disposition of Branch Facilities

Table 24 shows FMB's disposition of branch facilities during the review period. Included are all branch closures, and consolidations. There were no openings in this MSA. Branch closings complied with FMB's branch closing policy.

Table 24: Disposition of Branches		
Branch Name	Type of Tract	Disposition
West Barberton	Middle-income	Closed. Accounts moved to Norton branch.
Copley Circle	Middle-income	Closed. Accounts moved to Copley Road branch.
Hudson Village	Upper-income	Closed. Subsequently sold to Republic Savings Bank.
University	Low-income	Closed. Accounts moved to Opportunity Park.
Streetsboro	Middle-income	Closed. Relocated to new Streetsboro branch.
Arlington	Low-income	Consolidated into new Arlington Plaza branch.
Tallmadge	Middle-income	Consolidated into new Tallmadge branch.

Source: Internal Bank Reports

FMB closed five branches and consolidated two branches during the review period. The bank has closed mostly middle-income branches. These customers traditionally have multiple opportunities to do their banking at other locations in the existing branch network. Branch closings affected most income levels. Accounts were moved to branches within the immediate vicinity which contained the same income tract characteristics. One low-income branch (Arlington) was consolidated into a new branch across the street while accounts of the other were moved approximately three-quarter mile from the former office.

Community Development Services

FMB provides an adequate level of community development services; however, they are not, for the most part, innovative. Primary services include providing financial expertise to a variety of community service and development organizations through board membership, credit counseling, and the provision of technical financial assistance for consumers and small businesses.

Some of the community development related organizations in the Akron region in which bank management is actively involved are detailed below:

- FirstMerit Akron Unity Banking Partnership - This program is the alliance of eleven area churches that have come together to marshal public and private resources in the interest of economic development, community revitalization and education initiatives. The purpose of the partnership is: 1) to make banking services more accessible to low-to-moderate-income consumers, and 2) to conduct a series of seminars addressing topics regarding personal finances, including budgeting, home ownership, small business loans and community wealth building. To accomplish this task, the partnership provides the participating churches with a community banking partner and access to a full line of banking services.
- Senior management periodically gives presentations, or technical expertise through membership, concerning its financial services and loans to local realtors and to a variety of community groups. Some include:
 - Community Support Services of Summit County;
 - Akron/Summit Community Action, Inc.;
 - Community Improvement Corporation of Summit, Medina and Portage Counties;
 - Barberton Community Development Corporation; and,
 - Cascade Community Development Corporation.
- The bank has sponsored several classroom programs for both elementary and high school students. The programs teach the basics of opening and maintaining a savings accounts, the importance of good credit, and how bank products can meet a customer's deposit and credit needs. These programs for the Akron, Ohio area include:
 - Summit Education Initiative;
 - Junior Achievement Programs throughout the region; and,
 - North Kingsville School.

CONCLUSIONS WITH RESPECT TO CLEVELAND/ELYRIA/LORAIN METROPOLITAN AREA (MSA 1680)

This area includes 238 census tracts or 78% of FMB's low and moderate-income geographies. FMB's performance in this MSA was given strong consideration in the overall rating of the bank. Approximately 42% of FMB's home mortgage and consumer loans are made in this area. A limited number of loans were made in the low-income geographies in this area. Investments in the area are adequate. Services are adequate.

LENDING TEST

Lending Activity

Table 25 shows FMB's home mortgage and small business loans during the review period within MSA 1680. The table shows that FMB's home mortgage loan originations reflect strong responsiveness to the credit needs of the assessment area. With 2,520 originations, HMDA market share data for 1997 shows that FMB was the seventh (2.9%) largest lender in the MSA.

Table 25: Distribution of Loan Originations within MSA 1680						
Loan Type	1996		1997		1998 through June	
	Count	\$ (000's)	Count	\$ (000's)	Count	\$ (000's)
Residential Mortgages (HMDA)	1,885	\$110,211	2,520	\$181,946	806	\$74,519
Consumer Loans	16,269	\$165,409	16,174	\$186,550	7,885	\$91,563
Total Loans	18,154	\$275,620	18,694	\$368,496	8,691	\$166,082

Sources: HMDA Disclosure Report

Geographic Distribution of Loans

With the exception of low-income census tracts, the distribution of HMDA and consumer loans is adequate. The distribution of small business loans is not consistent with the demographics in low- or moderate-income areas.

HMDA Loans

Table 26 shows that the distribution of loans in low-income census tracts was not consistent with the demographics of the area. The disproportionate lending patterns in this area were described in detail under the *Conclusions with Respect to Overall Performance Test* section of this evaluation.

Market share data for 1997 shows that FMB was a significant lender within this market. Specifically, the bank's loan volume ranked #7 (2.6%) in upper-income tracts, #6 (3.2%) in middle-income tracts, #9 (2.6%) in moderate-income tracts and #18 (1.9%) in low-income tracts.

Table 26: Total HMDA Loan Originations - Geographic Distribution							
CENSUS TRACTS		1996		1997		YTD 6/30/98	
Type	# %	#Loans %Total	\$(000's) %Total	#Loans %Total	\$(000's) %Total	# Loans %Total	\$ (000's) %Total
Low	115 16.0%	116 6.2%	\$1,511 1.4%	119 4.7%	\$1409 0.8%	8 1%	\$4,310 5.8%
Mod	123 17.1%	287 15.2%	\$12,890 11.7%	350 13.9%	\$16,453 9.0%	89 11%	\$4,176 5.6%
Middle	297 41.3%	1044 55.4%	\$58,039 52.6%	1399 55.5%	\$96,939 53.4%	416 51.6%	\$32,010 43%
Upper	163 22.7%	436 23.1%	\$37,679 34.2%	651 25.8%	\$66,999 36.8%	293 36.4%	\$34,023 45.6%
NA	21 2.9%	2 0.1%	92 <.1%	1 <.1%	\$146 <.1%	--	--
Total	719 100%	1,885 100%	\$110,211 100%	2,520 100%	\$181,946 100%	806 100%	\$74,519 100%

Source: HMDA Disclosure Report

Small Business Lending

Small business loans originated during the evaluation period are reasonably distributed throughout the assessment areas. We based our conclusions on an analysis of 54 small business loans reviewed as part of our small business data integrity evaluation. The number of loans made in low- or moderate-income tracts is lower than the small business demographics in those areas. However, the dollar volume of loan originations exceeds those demographics.

Table 27 shows that seventy-seven percent of these businesses are located in the middle- and upper-income census tracts where FMB originated 89% of the number and 66% of the dollar amount of its small business loans, during the evaluation period. FMB originated 9% of the number and 29% of the dollar of its small business loans in low- and moderate-income tracts, where 21% percent of small businesses are located.

Table 27: Small Business Loan Originations Geographic Distribution						
CENSUS TRACTS		% of Small Businesses (a)	1996**		1997**	
Type	# %		#Loans %Total	\$ (000's) %Total	#Loans %Total	\$ (000's) %Total
Low	115 16%	9.1%	0% 0%	0 0%	2 13%	\$151 9%
Mod	123 17%	11.8%	3 8%	\$900 48%	0 0%	0 0%
Middle	297 41%	43.8%	13 34%	\$761 41%	8 50%	\$1,259 70%
Upper	163 23%	32.7%	21 55%	0 0%	6 37%	\$379 21%
N/A	21 3%	2.6%	1 3%	\$200 11%	0 0%	0 0%
Total	719 100%	100%	38 100%	\$1,861 100%	16 100%	\$1,789 100%

**Includes 21 loans (1996) and 9 loans (1997) made to businesses with revenues of more than \$1 million.

Consumer Loans

Table 28 shows FMB's distribution of consumer loan originations in this assessment area. With the exception of lending in low-income census tracts, the distribution of consumer loans is similar or better than the demographics of the area.

Table 28: Total Consumer Loan Originations - Geographic Distribution							
CENSUS TRACTS		1996		1997		YTD 6/30/98	
Type	# %	#Loans %Total	\$(000's) %Total	#Loans %Total	\$(000's) %Total	# Loans %Total	\$ (000's) %Total
Low	115 16.0%	673 4.1%	\$5,297 3.2%	513 3.2%	\$4,032 2.2%	210 2.7%	\$1,588 1.7%
Mod	123 17.1%	2,383 14.7%	\$18,148 11.0%	2,128 13.2%	\$17,670 9.5%	1,025 13.0%	\$7,683 8.4%
Middle	297 41.3%	8,847 54.4%	\$87,005 52.6%	8,934 55.3%	\$100,287 53.7%	4,481 56.8%	\$52,006 56.8%
Upper	163 22.7%	4,334 26.6%	\$54,747 33.1%	4,572 28.3%	\$63,895 34.2%	2,153 27.3%	\$30,218 33.0%
NA	21 2.9%	32 0.2%	\$212 0.1%	27 <0.1%	\$666 0.4%	16 0.2%	\$68 <1%
Total	719 100%	16,269 100%	\$165,409 100%	16,174 100%	\$186,550 100%	7885 100%	\$91,563 100%

Source: HMDA Disclosure Report

Borrowers' Profile

The distribution of HMDA originations among retail customers of different income levels is adequate. The distribution of small business loans among business customers of different sizes is acceptable.

HMDA Loans

Table 29 shows FMB's HMDA loan distribution among various borrowers. FMB's level of lending to low-income borrowers is lower than the percentage of these families living in the MSA. Although nearly 20% of the families in the area are low-income, only 13% of the number of HMDA loans were made to these borrowers during the review period. Lending levels to low-income families increased during the review period.

Market share data for 1997 showed that FMB's share of lending to low- and moderate-income borrowers was consistent with its lending share to middle- and upper-income borrowers. Specifically, the bank's loan volume ranked #6 (3.3%) to upper-income borrowers, #7 (3.2%) to middle-income borrowers, #6 (3.3%) to moderate-income borrowers, and #6 (4.1%) to low-income borrowers.

Table 29: Total HMDA Loan Originations - Borrowers' Profile							
Family Income		1996		1997		YTD 1998	
Distribution of Families	%	#Loans %Total	\$ (000's) %Total	#Loans %Total	\$(000's) %Total	# Loans %Total	\$(000's) %Total
Low	20.1	239 12.7%	\$4,659 4.2%	351 13.9%	\$9,042 5%	77 9.5%	\$7,386 9.9%
Moderate	17.3	421 22.3%	\$15,244 13.8%	597 23.7%	\$25,467 14%	183 22.7%	\$10,742 14.4%
Middle	24.1	590 31.3%	\$30,243 27.5%	699 27.7%	\$45,277 24.9%	219 27.2%	\$16,737 22.5%
Upper	38.5	609 32.3%	\$55,091 50%	856 33.9%	\$94,804 52.1%	324 40.2%	\$39,444 52.9%
N/A	--	26 1.4%	\$4,974 4.5%	17 0.7%	\$7,356 4%	3 0.4%	\$210 0.3%
Total	100	1,885 100%	\$110,211 100%	2,520 100%	\$181,946 100%	806 100%	\$74,519 100%

Source: HMDA Disclosure Report

Small Business Lending

The distribution of small business loans to all businesses is acceptable. The majority of loans were made to businesses with annual revenues greater than \$1million. Most of these loans were made for \$250 thousand or less.

We based our conclusions on an analysis of 53 loans reviewed as part of our small business data integrity evaluation. Numerous errors were noted in the small business loan data supplied by the bank. As a result, we did not consider these internal reports reliable. However, the identified errors were corrected during this examination, and the data from these corrected files was used for this analysis.

Table 30: Small Business Loan Originations to all Businesses (1996-1997)				
REVENUE SIZE	# Loans	% Total	\$ Loaned (000s)	% Total
less than or equal to \$1 million	23	43%	\$1,632	24%
greater than \$1 million	30	57%	\$5,219	76%

Source: CRA Small Business Sample

The origination of micro loans represents an even distribution of loans to businesses with gross annual revenues of less than \$1 million and to those with over \$1 million in revenues. This represents adequate responsiveness to an identified need for small loans to small businesses. Table 31 shows that 55% of the number and 12 % of the dollar amount of such loans were for less than \$100 thousand, accommodating the needs of small businesses. A majority of the number of loans (83%) were made for less than \$250 thousand.

Table 31: Small Business Loan Originations to Small Businesses (1996-1997)				
LOAN SIZE (000s)	#Loans	% Total	\$Loaned (000s)	%Total
Less than \$100	29	55%	\$772	12%
\$100-\$250	15	28%	\$2,293	33%
\$250-\$1,000	9	17%	\$3,786	55%
Total	53	100%	\$6,851	100%

Source: CRA Small Business Sample

Community Development Lending Activities

The bank's origination of community development loans in the Cleveland MSA is very good given the bank's size and capacity. FMB competes against some of the largest banks in the nation for community development opportunities within this MSA. FMB originated 47 loans for \$17 million during the review period. Two of these projects, one totaling \$3.4 million, and the other totaling \$3.8 million were detailed in the *Conclusions with Respect to Overall Performance Test* section of this evaluation.

Product Flexibility

FMB offers identical products throughout its assessment areas. The flexibility of FMB's lending products was described earlier in this Evaluation under the *Conclusions with Respect to Overall Performance Test* section of this evaluation.

Table 32 shows FMB's BEST loan originations for 1997 and 1998. The number of BEST loans improved significantly from 1997 to 1998.

Table 32: BEST Loan Originations		
Name & Description of Product	Cleveland MSA 1680 # of loans	Cleveland MSA 1680 \$ of loans
1997 BEST Loans	15	\$921,350
YTD 6/30/98 BEST Loans	67	\$4,159,150
Total BEST Loans	82	\$5,080,500

Source: Internal Bank Reports

INVESTMENT TEST

The bank has made an adequate level of qualified investments. Most of these investments cover a large area that includes all the bank's assessment areas. Some of the largest investments were detailed in the Investment Test under the *Conclusions with Respect to Overall Performance Test* section of this evaluation. FMB's donations in this MSA were very limited at \$14 thousand.

SERVICE TEST

FMB's delivery systems are accessible to most portions of its community. The bank's record of opening offices has positively affected the accessibility to bank services. Branch hours are reasonable and convenient to FMB's customers.

As reflected in the following table, 2% of FMB's offices and 1% of its ATM's are located in low-income census tracts. This distribution is significantly lower than the level of low-income tracts (16%) that exist in the MSA. Most of these low-income tracts are located in the city of Cleveland, and FMB has no branches in these tracts.

MSA 1680	Branches		Branch ATM Facilities		Census Tracts in the Assessment Area	
	#	%	#	%	#	%
Low	1	2%	1	1%	115	16%
Moderate	8	13%	10	14%	123	17%
Middle	30	47%	34	49%	297	41%
Upper	22	35%	23	33%	163	23%
N/A	2	3%	2	3%	21	3%
Total	63	100%	70	100%	719	100%

Source: Internal Bank Reports

The bank offers Saturday hours at all offices except in downtown Cleveland. Wednesday hours are also available at all branches except in Lorain County. Although only the Court Street Office has Wednesday lobby hours, the auto tellers at all other offices are open during regular branch hours. Auto teller hours are generally the same as lobby hours. Specific hours for branches are tailored to the needs of the particular location. A list of hours is available in the CRA public file. The bank offers a common set of financial services to all of its customers. Most of the bank's small business loans are made through the branch system, as are loans for traditional housing products.

Alternative delivery systems are reasonable. These services were described in detail under the *Conclusions with Respect to Overall Performance Test* section of this evaluation.

Disposition of Branch Facilities

Table 34 shows FMB's disposition of branch facilities during the review period. Included are all closures, consolidations, and branch openings. Branch closings complied with FMB branch closing policy.

Table 34: Disposition of Branch Facilities		
Branch Name	Type of Tract	Disposition
Richmond Hts.	Middle-income	Closed. Accounts moved to Highland Heights branch.
Parma East	Middle-income	Closed. Accounts moved to Parmatown branch.
South Euclid	Middle-income	Closed. Accounts moved to Cedar Center branch.
Firehouse	Moderate-income	Closed. Accounts moved to Lorain branch.
Mills Creek	Upper-income	Closed. Accounts moved to North Ridgeville branch.
Shaker Hts.	Upper-income	Closed. Subsequently sold to Republic Savings Bank.
Middleburg Hts.	Upper-income	Closed. Subsequently sold to Republic Savings Bank.
Eastgate/Mayfield Hts.	Middle-income	New Branch opened.
Westlake	Upper-income	New Branch opened.
Harvard/E. 64th.	Low-income	Closed. Relocated branch to Harvard/E. 71st. Street.
Concord	Upper-income	New Branch opened.

Source: Internal Bank Reports

Table 34 shows the bank closed seven branches and opened four branches during the review period. The bank has closed mostly middle-income branches. These customers traditionally have multiple opportunities to do their banking at other locations in the existing branch network. Branch openings and closings affected all income levels. Accounts were moved to branches within the immediate vicinity which contained the same income tract characteristics.

FMB constructed a branch at Harvard/E. 71st. Street during the review period. The branch is located in a moderate-income tract, and is adjacent to a low-income tract.

Community Development Services

FMB provides an adequate level of community development services; however, they are not, for the most part, innovative. Primary services include providing financial expertise to a variety of community service and development organizations through board membership, credit counseling, and the provision of technical financial assistance for consumers and small businesses.

A list of some of the community development related organizations in the northeast Ohio region in which bank management is actively involved are detailed below:

- Home Buyer's Assistance Program of Ashtabula - This program works in conjunction with the local government to help subsidize downpayment and closing costs for homebuyers that are at < 80% of the area's median income level.
- Senior management periodically gives presentations, or technical expertise through memberships, concerning its financial services and loans to local realtors and to a variety of community groups. Some include:
 - Lorain County Economic Development Board;
 - Cleveland Area Development Finance Corporation;
 - Medina Chamber of Commerce;
 - Brunswick Chamber of Commerce; and,
 - Cleveland Action to Support Housing.
- The bank has sponsored several classroom programs for both elementary and high school students. The programs teach the basics of opening and maintaining a savings accounts, the importance of good credit, and how bank products can meet a customer's deposit and credit needs. These programs for the northeast Ohio area include:
 - Advisory Board of the Ashtabula County Credit Counseling Service;
 - Painesville City Schools;
 - North Kingsville School;
 - Kidder Elementary "Boost Program" of Medina; and
 - Junior Achievement Programs.
- Painesville Area Habitat for Humanity Nurturing Committee - This organization works with families that are interested in obtaining a house through the Habitat program to teach budgeting and finance management skills.

CONCLUSIONS WITH RESPECT TO CANTON/MASSILLON METROPOLITAN AREA (MSA 1320)

This area includes 16 census tracts or 5% of FMB's low- and moderate-income geographies. FMB's performance in this MSA was given some consideration in the overall rating of the bank. Approximately 21% of FMB's home mortgage and consumer loans are made in this area. Few loans were made in low-income geographies. A significant percentage of loans were made to low-income families. Investments in the area are adequate. Services are adequate.

LENDING TEST

Lending Activity

Table 35 shows FMB's home mortgage and consumer loans during the review period within MSA 1320. FMB's home mortgage loan originations reflect good responsiveness to the credit needs of the assessment area. With 1,418 originations, HMDA market share data for 1997 shows that FMB was the largest lender in Stark County with 10.86% of the market.

Table 35: Distribution of Loan Originations within MSA 1320						
Loan Type	1996		1997		1998 through June	
	Count	\$ (000's)	Count	\$ (000's)	Count	\$ (000's)
Residential Mortgages (HMDA)	1,053	\$87,494	1,418	\$111,252	537	\$44,361
Consumer Loans	7,116	\$70,931	8,328	\$96,658	3,942	\$48,144
Total Loans	8,169	\$158,425	9,746	\$207,910	4,479	\$92,505

Sources: HMDA Disclosure Report

Geographic Distribution of Loans

The distribution of HMDA, small business, and consumer loans in low-income tracts is not strong. The distribution is not consistent with the demographics of the area.

HMDA Loans

The 1997 market consisted of all HMDA reporters in Stark County. Table 36 shows that with the exception of lending within middle-income census tracts, FMB’s distribution of lending throughout Stark County is inconsistent with the demographics of the area. Lending within low- and moderate-income tracts is lower than the level of tracts that exist within this MSA, while lending within upper-income tracts exceeds the level of these types of tracts.

It is important to note that FMB was the largest lender within moderate-income census tracts during 1997. Market share data for 1997 shows that FMB was a significant lender within this market. Specifically, the bank’s loan volume ranked #1 (14.2%) in upper-income tracts, #1 (11.1%) in middle-income tracts, #1 (6.70%) in moderate-income tracts and #5 (3.6%) in low-income tracts.

FMB’s efforts to lend in the low-income tracts are hampered by low owner occupancy rates and high below-poverty rates (42%).

Table 36: Total HMDA Loan Originations - Geographic Distribution							
CENSUS TRACTS		1996		1997		YTD 6/30/98	
Type	# %	#Loans %Total	\$(000's) %Total	#Loans %Total	\$(000's) %Total	# Loans %Total	\$(000's) %Total
Low	4 6.3%	6 0.5%	\$138 0.2%	16 1.1%	\$651 0.6%	5 0.9%	\$275 0.6%
Mod	12 18.7%	86 8.2%	\$3,114 3.5%	142 10%	\$4,051 3.6%	36 6.7%	\$1,342 3.0%
Middle	38 59.4%	615 58.4%	\$45,037 51.5%	808 57%	\$58,701 52.8%	302 56.3%	\$20,986 47.3%
Upper	10 15.6%	346 32.9%	\$39,205 44.8%	452 31.9%	\$47,849 43%	194 36.1%	\$21,758 49.1%
NA	--	--	--	--	--	--	--

Table 36: Total HMDA Loan Originations - Geographic Distribution							
Total	64 100%	1,053 100%	\$87,494 100%	1,418 100%	\$111,252 100%	537 100%	\$44,361 100%

Source: HMDA Disclosure Report

Small Business Lending

Small business loans originated during the evaluation period are not reasonably distributed throughout the assessment areas. We based our conclusions on an analysis of eight small business loans reviewed as part of our small business data integrity evaluation. As explained earlier in this evaluation, we were unable to rely on small business data provided by the bank.

Eighty-one percent of these businesses are located in the middle- and upper-income census tracts where FMB originated 100% of the number of its small business loans during the evaluation period. Seventy-five percent of the census tracts in this area are designated as middle or upper income tracts. No loans in our sample were originated in low-or moderate-income census tracts.

Table 37: Small Business Loan Originations to Small Businesses* Geographic Distribution						
CENSUS TRACTS		% of Small Businesses (a)	1996		1997**	
Type	# %		#Loans %Total	\$ (000's) %Total	#Loans %Total	\$ (000's) %Total
Low	4 6%	7.0%	0 0%	0 0%	0 0%	0 0%
Mod	12 19%	11.6%	0 0%	0 0%	0 0%	0 0%
Middle	38 59%	52.8%	0 0%	0 0%	3 43%	\$158 32%
Upper	10 16%	28.6%	1 100%	\$200 100%	4 57%	\$335 68%
N/A	0 0%	0%	0 0%	0 0%	0 0%	0 0%
Total	64 100%	100%	1 100%	\$200 100%	7 100%	\$493 100%

* Small business establishments with revenues of \$1 million or less.

**Includes one loan made to businesses with revenues of more than \$1 million.

Consumer Loans

The level of loans originated within low-income census tracts is not consistent with the demographics of the area. Table 38 details the bank's distribution of consumer loans during the review period.

Table 38: Total Consumer Loan Originations - Geographic Distribution							
CENSUS TRACTS		1996		1997		YTD 6/30/98	
Type	# %	#Loans %Total	\$(000's) %Total	#Loans %Total	\$(000's) %Total	# Loans %Total	\$ (000's) %Total
Low	4 6.3%	156 1.9%	\$2,615 1.5%	130 1.5%	\$1,166 1.2%	43 1.1%	\$272 0.6%
Mod	12 18.7%	1,070 12.7%	\$11,498 6.7%	972 11.7%	\$7,119 7.4%	431 10.9%	\$3,612 7.5%
Middle	38 59.4%	5,014 59.6%	\$69,454 40.4%	4,977 59.8%	\$50,748 52.5%	2,337 59.3%	\$26,759 55.6%
Upper	10 15.6%	2,168 25.8%	\$88,290 51.4%	2,249 27.0%	\$37,625 38.9%	1,131 28.7%	\$17,501 36.3%
NA	--	--	--	--	--	--	--
Total	64 100%	8,408 100%	\$171,857 100%	8,328 100%	\$96,658 100%	3,942 100%	\$48,144 100%

Source: HMDA Disclosure Report

Borrowers' Profile

With the exception of low-income borrowers, HMDA loans originated during the review period are distributed adequately among retail customers of different income levels. The distribution of small business loans among business customers of different sizes is very good.

HMDA Loans

Table 39 shows FMB's HMDA loan distribution among various borrowers. FMB's level of lending to low-income borrowers is significantly lower than the percentage of these families living in this MSA. However, the ratios did improve from 1996 to 1997. The bank's lending to moderate-income borrowers exceeded the percentage of these families living in the MSA, and increased significantly during the review period.

Market share data for 1997 showed that FMB was a strong market lender to middle- and upper-income borrowers. Specifically, the bank's loan volume ranked #2 (9.2%) to upper-income borrowers, #3 (5.1%) to middle-income borrowers, #7 (3.2%) to moderate-income borrowers, and #10 (2.3%) to low-income borrowers.

Table 39: Total HMDA Loan Originations - Borrowers' Profile							
Family Income		1996		1997		YTD 1998	
Distribution of Families	%	#Loans %Total	\$ (000's) %Total	#Loans %Total	\$(000's) %Total	# Loans %Total	\$(000's) %Total
Low	17.3	74 7.0%	\$2,351 2.7%	130 9.2%	\$3,752 3.4%	30 5.6%	\$1,123 2.5%
Moderate	17.7	196 18.6%	\$9,547 10.9%	273 19.3%	\$11,582 10.4%	106 19.7%	\$5,335 12%
Middle	25.0	303 28.8%	\$19,108 21.8%	414 29.2%	\$24,981 22.5%	148 27.6%	\$10,489 23.6%
Upper	40.0	463 44%	\$50,447 57.7%	592 41.7%	\$67,940 61%	251 46.7%	\$26,812 60.4%
N/A	--	17 1.6%	\$6,041 6.9%	9 0.6%	\$2,997 2.7%	2 0.4%	\$602 1.4%
Total	100	1,053 100%	\$87,494 100%	1,418 100%	\$111,252 100%	537 100%	\$44,361 100%

Source: HMDA Disclosure Report

Small Business Lending

The distribution of small business loans to all businesses is good. We based our conclusions on an analysis of eight small business loans reviewed as part of our small business data integrity evaluation. Numerous errors were noted in the small business loan data supplied by the bank. As a result, we did not consider these internal reports reliable. However, the identified errors were corrected during this examination, and the corrected data was used for this analysis.

Table 40: Small Business Loan Originations to all Businesses (1996-1997)				
REVENUE SIZE	# Loans	% Total	\$ Loaned (000s)	% Total
less than or equal to \$1 million	7	87%	\$493	71%
greater than \$1 million	1	13%	\$200	29%

Source: CRA Small Business Sample

The origination of micro loans represents a majority of loans to businesses with gross annual revenues of less than \$1 million. The table below shows that 63% of the number and 38% of the dollar amount of such loans were for less than \$100 thousand. In addition, 100% of the loans were for amounts less than \$250 thousand. This shows very good responsiveness to an identified need for small business loans.

Table 41: Small Business Loan Originations to Small Businesses (1996-1997)				
LOAN SIZE (000s)	#Loans	% Total	\$Loaned (000s)	%Total
Less than \$100	5	63%	\$266	38%
\$100-\$250	3	37%	\$427	62%
\$250-\$1,000	0	0	0	0
Total	8	100%	\$693	100%

Source: CRA Small Business Sample

Community Development Lending Activities

The bank's origination of community development loans in the Canton MSA is adequate, given the bank's size and capacity. FMB originated 10 loans for \$6 million during the review period. One of these projects, which totaled \$2.8 million was detailed in the *Conclusions with Respect to Overall Performance Test* section of this evaluation.

Product Flexibility

FMB offers identical products throughout its assessment areas. The flexibility of FMB's lending products was described earlier in this Evaluation under the *Conclusions with Respect to Overall Performance Test* section of this evaluation.

Table 42 shows FMB's BEST loan originations for 1997 and 1998. The number of BEST loans improved significantly from 1997 to the first half of 1998.

Table 42: Best Loan Originations		
Name & Description of Product	Canton MSA 1320 # of loans	Canton MSA 1320 \$ of loans
1997 BEST Loans	29	\$1,532,013
6/30/98 BEST Loans	50	\$2,843,044
Total BEST Loans	79	\$4,375,057

Source: Internal Bank Reports

INVESTMENT TEST

The bank has made a good level of qualified investments. Most of these investments cover a large area that includes all the bank's assessment areas. Some of the largest investments were detailed in the Investment Test under the *Conclusions with Respect to Overall Performance Test* section of this evaluation. FMB's donations in this MSA totaled \$114 thousand.

SERVICE TEST

FMB's delivery systems are accessible to all portions of its community. The bank did not open any branches in this MSA during the review period. Branch hours are reasonable and convenient to FMB's customers.

As reflected in the following table, 10% of FMB's offices and 10% of its ATM's are located in low- and moderate-income census tracts. This distribution is generally consistent with the level of geographies in the community except for moderate-income tracts. Moderate-income tracts account for 19% of the geographies in the MSA, but only 5% of the branches and 5% of the ATMs. Most ATM's are attached to branches, though there are two at stand-alone locations at Canton Center and Massillon Community Hospital.

Table 43: Distribution of Delivery Systems (Branch and ATM Facilities)						
MSA 1320	Branches		Branch ATM Facilities		Census Tracts in the Assessment Area	
	#	%	#	%	#	%
Low	1	5%	1	5%	4	6%
Moderate	1	5%	1	5%	12	19%
Middle	11	58%	12	60%	38	59%
Upper	6	32%	6	30%	10	16%
Total	19	100%	20	100%	64	100%

Source: Internal Bank Reports

The bank offers Saturday hours at all offices except downtown Canton. Banking hours for both the lobby and auto tellers are generally the same. Specific hours for branches are tailored to the needs of the particular location. A list of hours is available in the CRA public file. The bank offers a common set of financial services to all of its customers. Most of the bank's small business loans are made through the branch system, as are loans for traditional housing products.

Alternative delivery systems are reasonable. These services were described in detailed under the *Conclusions with Respect to Overall Performance Test* section of this evaluation.

Disposition of Branch Facilities

Table 44 shows FMB's disposition of branch facilities during the review period, which were all closures. Branch closings complied with FMB branch closing policy.

Table 44: Disposition of Branch Facilities		
Branch Name	Type of Tract	Disposition
Canal Fulton	Middle-income	Closed. Accounts moved to Locust Street branch.
Amherst Lake	Upper-income	Closed. Accounts moved to Amherst Road branch.
Canton Center	Middle-income	Closed. Accounts moved to County Fair branch.

Source: Internal Bank Reports

The closings affected middle- and upper-income customers who traditionally have multiple opportunities and choices for banking. Accounts were moved to branches in the immediate vicinity which contained the same income tract characteristics.

Community Development Services

FMB provides an adequate level of community development services; however, they are not, for the most part, innovative. Primary services include providing financial expertise to a variety of community service and development organizations through board membership, credit counseling, and the provision of technical financial assistance for consumers and small businesses.

A list of some of the community development related organizations in the Canton region in which bank management is actively involved are detailed below:

- Senior management periodically gives presentations, or technical expertise through memberships, concerning its financial services and loans to local realtors and to a variety of community groups. Some include:
 - Stark Development Board Loan Committee;
 - Stark County Housing Task Force;
 - Neighborhood Housing Service of Massillon; and,
 - Barberton Community Development Corporation.

- The bank has sponsored several classroom programs for both elementary and high school students that teach the basics of opening and maintaining a savings accounts, the importance of good credit and how a bank products can meet a customer's deposit and credit needs. These programs for the Canton area include:
 - Pfiefer Middle School;
 - First Merit Citizen's National Bank Hornet School Savings Bank Project;
 - Crenshaw Middle School; and,
 - Canton City Schools.

- The bank has sponsored and participated in several educational seminars directed toward low-to-moderate income and first time home buyers. These include:
 - Visible House;
 - Family Life Resource Center; and,
 - Consumer Credit Counseling

CONCLUSIONS WITH RESPECT TO NON MSA AREAS (ERIE AND WAYNE COUNTIES)

This area includes 3 or 2% of FMB's moderate-income geographies. FMB's performance in this MSA was given very limited consideration in the overall rating of the bank. Approximately 5% of FMB's home mortgage and consumer loans were made in this area during the review period. Review of this area was limited to an analysis of aggregate HMDA and consumer lending, investments, and services.

Based on the findings of our limited scope review, FMB's performance in this area is consistent with the overall performance of the bank.

LENDING TEST

Lending Activity

Tables 45 and 46 show FMB's home mortgage and consumer loans during the review period within Erie and Wayne county.

Table 45 shows that FMB's home mortgage loan originations reflect adequate responsiveness to the credit needs of Erie county. With 75 originations, HMDA market share data for 1997 shows that FMB was the sixth largest lender in Erie County.

Table 45: Distribution of Loan Originations within Erie County						
Loan Type	1996		1997		1998 through June	
	Count	\$(000's)	Count	\$(000's)	Count	\$(000's)
Residential Mortgages (HMDA)	96	\$7,401	75	\$7,367	23	\$1,688
Consumer Loans	770	\$16,705	584	\$7,054	277	\$3,739
Total Loans	866	\$24,106	659	\$14,421	300	\$5,427

Source: HMDA Disclosure Report

Table 46 shows that FMB's home mortgage loan originations reflect very good responsiveness to the credit needs of Wayne county. With 311 originations, HMDA market share data for 1997 shows that FMB was the #1 lender (10.9%) in Wayne county.

Table 46: Distribution of Loan Originations within Wayne County						
Loan Type	1996		1997		1998 through June	
	Count	\$(000's)	Count	\$(000's)	Count	\$(000's)
Residential Mortgages (HMDA)	245	\$17,170	311	\$23,765	109	\$8,378
Consumer Loans	1,505	\$19,943	1,322	\$15,558	600	\$7,883
Total Loans	1,750	\$37,113	1,633	\$39,323	709	\$16,261

Source: HMDA Disclosure Report

INVESTMENT TEST

The bank has made an acceptable level of qualified investments in this area. Most of these investments cover a large area that includes all the bank's assessment areas. Some of the largest investments were detailed in the Investment Test under the *Conclusions with Respect to Overall Performance Test* section of this evaluation. FMB had no donations in this area that met the community development definition.

SERVICE TEST

FMB's delivery systems are accessible to all portions of its community. Branch hours are reasonable and convenient to FMB's customers.

The following tables show the bank's distribution of branches and ATMs in Erie and Wayne counties.

Table 47 shows the distribution of delivery systems in Erie county where FMB has only two branches. Both branches are located in upper-income tracts, in the urban areas of Vermillion and Huron. These areas are considered high traffic, as they attract families of all income levels. All ATM's are attached to branches.

Table 47: Distribution of Delivery Systems (Branch and ATM Facilities)						
Erie County	Branches		Branch ATM Facilities		Census Tracts in the Assessment Area	
	#	%	#		#	%
Low	0	0%	0	0%	0	0%
Moderate	0	0%	0	0%	2	11%
Middle	0	0%	0	0%	4	22%
Upper	2	100%	2	100%	12	67%
Total	2	100%	2	100%	18	100%

Source: Internal Bank Reports

The bank offers Saturday hours at both offices. Although Wednesday hours are not available in the lobby, both branches have auto tellers which are open normal hours on Wednesday. Specific hours for branches are tailored to the needs of the particular location.

Table 48 shows FMB's distribution of branches in Wayne county. FMB has five offices and six ATM's, none are located in the bank's moderate-income tract. All ATM's are attached to branches except one on the College of Wooster campus.

Table 48: Distribution of Delivery Systems (Branch and ATM Facilities)						
Wayne County	Branches		Branch ATM Facilities		Census Tracts in the Assessment Area	
	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%
Moderate	0	0%	0	0%	1	3%
Middle	3	60%	4	67%	23	72%
Upper	2	40%	2	33%	8	25%
Total	5	100%	6	100%	32	100%

Source: Internal Bank Reports

The bank offers Saturday hours at all offices. Specific hours for branches are tailored to the needs of the particular location. A list of hours is available in the CRApublic file. The bank offers a common set of financial services to all its customers.

Alternative delivery systems are reasonable. These services were described in detail under the *Conclusions with Respect to Overall Performance Test* section of this evaluation.

Disposition of Branch Facilities

Tables 49 and 50 detail FMB’s disposition of branch facilities over the reporting period. No branches were opened or acquired during the same period. Branch closings complied with FMB branch closing policy.

Table 49 shows that within Erie county, the bank closed two branches during the review period. Both closed branches were located in upper-income areas.

Table 49 Disposition of Branch Facilities in Erie county		
Branch Name	Type of Tract	Disposition
Berlin Hts.	Upper-income	Closed. Subsequently sold to First Citizens Bank Corporation.
Sandusky	Upper-income	Closed. Subsequently sold to First Citizens Bank Corporation.

Source: Internal Bank Reports

Table 50 shows that within Wayne county, the bank closed nine branches during the review period. During December, 1996 the former Peoples National Bank of Wooster (a bank affiliate that has since been merger into FMB) divested itself of all branches located in Richland County. These branches were acquired in an earlier merger. All branches were sold to other financial institutions as detailed below. The Clinton branch is located near Canal Fulton in southern Stark County where a FMB branch already exists. Doylestown was acquired in an earlier merger and subsequently sold. The Mt. Vernon, Mansfield and Shelby properties were sold as the bank chose to exit the Knox and Richland County areas. The bank closed only middle-income tract branches. This primarily affected customers with multiple opportunities to do their banking at other locations in the existing branch network.

Table 50: Disposition of Branch Facilities in Wayne county		
Clinton	Middle-income	Closed. Subsequently sold to Chippewa Valley Bank.
Doylestown	Middle-income	Closed. Subsequently sold to Chippewa Valley Bank.
Mt. Vernon	Moderate-income	Closed. Subsequently sold to Signal Bank, NA
Mansfield Downtown	Low-income	Closed. Subsequently sold to Richland Trust Company.
Mansfield/ West Park	Middle-income	Closed. Subsequently sold to Richland Trust Company.
Mansfield/ Ashland Ave.	Moderate-income	Closed. Subsequently sold to Richland Trust Company.
Shelby/ Mansfield Ave.	Upper-income	Closed. Subsequently sold to Richland Trust Company.
Shelby/ Downtown	Middle-income	Closed. Subsequently sold to Richland Trust Company.

Source: Internal Bank Reports

Community Development Services

FMB provides an adequate level of community development services; however, they are not, for the most part, innovative. Primary services include providing financial expertise to a variety of community service and development organizations through board membership, credit counseling, and the provision of technical financial assistance for consumers and small businesses.

Most of FMB's community development services are described in a previous section of this evaluation. However, the list of some of the community development related organizations in Erie and Wayne counties are detailed below:

- Erie Student Bank Program - This program is training for fourth and fifth grade student to open accounts, receive deposits and prepare funds for deposit. The training is provided by branch staff who are available for support each banking day and visit the school twice a month to accept deposits.
- Senior management periodically gives presentations, or technical expertise through memberships, concerning its financial services and loans to local realtors and to a variety of community groups in Wayne county. Some include:
 - Main Street Redevelopment;
 - Housing Coalition of Wooster; and,
 - Wayne County Development Council.