

FEDERAL RESERVE SYSTEM

Huntington Bancshares Incorporated  
Columbus, Ohio

Penguin Acquisition, LLC  
Baltimore, Maryland

Order Approving the Merger of Bank Holding Companies and  
the Formation of a Bank Holding Company

Huntington Bancshares Incorporated (“Huntington”), a financial holding company within the meaning of the Bank Holding Company Act (“BHC Act”), has requested the Board’s approval under section 3 of the BHC Act<sup>1</sup> to acquire Sky Financial Group, Inc. (“Sky”), Bowling Green, and its subsidiary bank, Sky Bank, Salineville, both of Ohio.<sup>2</sup> In addition, Huntington’s wholly owned subsidiary, Penguin Acquisition, LLC, Baltimore, Maryland, has requested the Board’s approval under section 3 of the BHC Act to become a bank holding company and merge with Sky.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (72 Federal Register 6242 (2007)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in the BHC Act.<sup>3</sup>

Huntington, with total consolidated assets of approximately \$35.3 billion, is the 46<sup>th</sup> largest depository organization in the United States.<sup>4</sup>

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<sup>1</sup> 12 U.S.C. § 1842.

<sup>2</sup> In addition, Huntington proposes to acquire the nonbanking subsidiaries of Sky in accordance with section 4(k) of the BHC Act, 12 U.S.C. § 1843(k).

<sup>3</sup> Three commenters expressed concerns about various aspects of the proposal.

<sup>4</sup> Asset and ranking data are as of December 31, 2006.

Huntington controls one depository institution, The Huntington National Bank (“HNB”),<sup>5</sup> also in Columbus, that operates in six states<sup>6</sup> and engages in numerous nonbanking activities that are permissible under the BHC Act. Huntington is the fourth largest depository organization in Ohio, controlling deposits of approximately \$16.3 billion.

Sky, with total consolidated assets of approximately \$18 billion, controls Sky Bank, which operates in Ohio, Indiana, Michigan, Pennsylvania, and West Virginia.<sup>7</sup> Sky also engages in a broad range of permissible nonbanking activities. In Ohio, Sky is the seventh largest depository organization, controlling deposits of approximately \$8.6 billion.

On consummation of the proposal, Huntington would become the 34<sup>th</sup> largest depository institution in the United States, with total consolidated assets of approximately \$53 billion. Huntington would control deposits of approximately \$38.3 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. In Ohio, Huntington would become the third largest depository organization, controlling deposits of approximately \$24.9 billion, which represent approximately 11.9 percent of the total amount of deposits of insured depository institutions in the state (“state deposits”).

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<sup>5</sup> In this context, insured depository institutions include commercial banks, savings banks, and savings associations.

<sup>6</sup> Huntington operates branches in Ohio, Florida, Indiana, Kentucky, Michigan, and West Virginia.

<sup>7</sup> Sky also controls Sky Trust, National Association, Pepper Pike, Ohio (“Sky Trust”), a limited-purpose depository institution that provides only trust services.

### Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the bank holding company's home state if certain conditions are met. For purposes of the BHC Act, the home state of Huntington is Ohio,<sup>8</sup> and Sky is located in Ohio, Indiana, Michigan, Pennsylvania, and West Virginia.<sup>9</sup>

Based on a review of all the facts of record, including relevant state statutes, the Board finds that the conditions for an interstate acquisition enumerated in section 3(d) of the BHC Act are met in this case.<sup>10</sup> In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

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<sup>8</sup> See 12 U.S.C. § 1842(d). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

<sup>9</sup> For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. See 12 U.S.C. §§ 1841(o)(4)-(7) and 1842(d)(1)(A) and 1842(d)(2)(B).

<sup>10</sup> 12 U.S.C. §§ 1842(d)(1)(A)-(B) and 1842(d)(2)(A)-(B). Huntington is adequately capitalized and adequately managed, as defined by applicable law. Sky Bank has been in existence and operated for the minimum periods of time required by all applicable state laws, including Indiana state law (five years). See Burns Ind. Code Ann. § 28-2-17-20. On consummation of the proposal, Huntington would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States. Huntington also would comply with the state deposit caps in all relevant states, including Ohio and West Virginia where it will control less than 25 percent of state deposits in each state. See O.R.C. § 115.05 and West Virginia Code § 31A-2-12a. All other requirements of section 3(d) of the BHC Act would be met on consummation of the proposal.

### Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant banking market. The BHC Act also prohibits the Board from approving a bank acquisition that would substantially lessen competition in any relevant banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.<sup>11</sup>

Huntington and Sky have subsidiary depository institutions that compete directly in the following 12 banking markets: Cleveland, Columbus, Dayton, Akron, Toledo, Canton, Lima, Dover-New Philadelphia, Fremont, and Logan banking markets in Ohio; the Indianapolis banking market in Indiana; and the Cincinnati multistate banking market in Ohio, Indiana, and Kentucky. The Board has reviewed carefully the competitive effects of the proposal in each of these banking markets in light of all the facts of record. In particular, the Board has considered the number of competitors that would remain in the markets, the relative shares of total deposits in depository institutions controlled by Huntington and Sky in the markets (“market deposits”),<sup>12</sup> the concentration

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<sup>11</sup> 12 U.S.C. § 1842(c)(1).

<sup>12</sup> Deposit and market share data are as of June 30, 2006, adjusted to reflect mergers and acquisitions through February 7, 2007, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See, e.g., Midwest Financial Group*, 75 Federal Reserve Bulletin 386, 387 (1989); *National City Corporation*, 70 Federal Reserve Bulletin 743, 744 (1984). Thus, the Board regularly has included thrift

level of market deposits and the increases in those levels as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Merger Guidelines (“DOJ Guidelines”),<sup>13</sup> and other characteristics of the markets.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Guidelines in all 12 banking markets.<sup>14</sup> On consummation of the proposal, 11 markets would remain moderately concentrated and one market would remain highly concentrated, as measured by the HHI. The change in the HHI in the highly concentrated market would be small. Moreover, numerous competitors would remain in each of the 12 banking markets.

The DOJ has conducted a detailed review of the potential competitive effects of the proposal and has advised the Board that consummation of the transaction would not likely have a significantly adverse effect on competition in any relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

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deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52, 55 (1991).

<sup>13</sup> Under the DOJ Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice (“DOJ”) has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The DOJ has stated that the higher-than-normal HHI thresholds for screening bank mergers and acquisitions for anticompetitive effects implicitly recognize the competitive effects of limited-purpose and other nondepository financial entities.

<sup>14</sup> Those banking markets and the effects of the proposal on the concentration of banking resources therein are described in the appendix.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in any of the 12 banking markets where Huntington and Sky compete directly or in any other relevant banking market. Accordingly, the Board has determined that competitive considerations are consistent with approval.

#### Financial, Managerial, and Supervisory Considerations

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and depository institutions involved in the proposal and certain other supervisory factors. The Board has considered these factors in light of all the facts of record, including confidential reports of examination and other supervisory information received from the relevant federal and state supervisors of the organizations involved in the proposal, and publicly reported and other financial information, including information provided by Huntington.

In evaluating financial factors in expansion proposals by banking organizations, the Board reviews the financial condition of the organizations involved on both a parent-only and consolidated basis, as well as the financial condition of the subsidiary depository institutions and the organizations' nonbanking operations. In this evaluation, the Board considers a variety of information, including capital adequacy, asset quality, and earnings performance. In assessing financial factors, the Board consistently has considered capital adequacy to be especially important. The Board also evaluates the financial condition of the combined organization at consummation, including its capital position, asset quality, and earnings prospects, and the impact of the proposed funding of the transaction.

The Board has considered carefully the proposal under the financial factors. Huntington, Sky, and their subsidiary depository institutions are currently well capitalized and would remain so on consummation of the proposal. Based on its review of the record, the Board finds that Huntington has sufficient financial resources to effect the proposal. The proposed transaction is structured as a combination share exchange and cash purchase.<sup>15</sup>

The Board also has considered the managerial resources of the organizations involved and the proposed combined organization. The Board has reviewed the examination records of Huntington, Sky, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered its supervisory experiences and those of the other relevant bank supervisory agencies with the organizations and their records of compliance with applicable banking law, including anti-money laundering laws. Huntington, Sky, and their subsidiary depository institutions are considered to be well managed. The Board also has considered Huntington's plans for implementing the proposal, including the proposed management after consummation.

Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal are consistent with approval, as are the other supervisory factors under the BHC Act.

#### Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider the effects of the proposal on the convenience and needs of

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<sup>15</sup> Huntington will use existing resources to fund the purchase.

the communities to be served and to take into account the records of the relevant insured depository institutions under the Community Reinvestment Act (“CRA”).<sup>16</sup> The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account a relevant depository institution’s record of meeting the credit needs of its entire community, including low- and moderate-income (“LMI”) neighborhoods, in evaluating bank expansionary proposals.<sup>17</sup>

The Board has considered carefully all the facts of record, including evaluations of the CRA performance records of the subsidiary depository institutions of Huntington and Sky, data reported by Huntington and Sky under the Home Mortgage Disclosure Act (“HMDA”),<sup>18</sup> other information provided by Huntington, confidential supervisory information, and public comments received on the proposal. One commenter alleged that Huntington and Sky made an insufficient number of mortgage loans in LMI census tracts, thereby diminishing residents’ access to bank credit and encouraging predatory mortgage lending in those areas. All three commenters alleged that neither Huntington nor Sky had adequately served LMI communities due to an insufficient number of branches and services in those communities. They also asserted that this alleged insufficiency of branches had contributed to the growth of payday lending in LMI areas. Two commenters also expressed concern that the proposal would lead to closings of the combined organization’s branches in LMI areas.

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<sup>16</sup> 12 U.S.C. § 2901 et seq.; 12 U.S.C. § 1842(c)(2).

<sup>17</sup> 12 U.S.C. § 2903.

<sup>18</sup> 12 U.S.C. § 2801 et seq.

### A. CRA Performance Evaluations

As provided in the CRA, the Board has reviewed the proposal in light of the evaluations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.<sup>19</sup>

HNB received a “satisfactory” rating at its most recent CRA performance evaluation by the Office of the Comptroller of the Currency (“OCC”), as of March 31, 2003 (“2003 Evaluation”).<sup>20</sup> Sky Bank received a “satisfactory” CRA performance rating by the Federal Reserve Bank of Cleveland, as of March 13, 2006 (“2006 Evaluation”).<sup>21</sup> Huntington has represented that it would continue its CRA program in the combined institution.

*CRA Performance of HNB.* In the 2003 Evaluation, HNB received a “high satisfactory” rating on each of the lending, investment, and service tests for its CRA performance overall and in Ohio.<sup>22</sup> Examiners reported that the bank’s overall distribution of loans to borrowers of different income levels was good and

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<sup>19</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 and 36,639 (2001).

<sup>20</sup> The evaluation period for the 2003 Evaluation was January 1, 1999, through December 31, 2002, for the lending test and July 1, 1999, to December 31, 2002, for the service and investment tests.

<sup>21</sup> Sky Trust, a special-purpose bank, is not subject to the CRA. 12 CFR 228.11(3).

<sup>22</sup> HNB’s statewide rating for Ohio was based primarily on full-scope evaluations conducted in HNB’s Cleveland and Columbus assessment areas, the bank’s major markets in Ohio. Limited-scope evaluations were conducted in HNB’s 13 other Ohio assessment areas.

that its geographic distribution of loans was adequate. In addition, examiners noted that HNB provided a relatively high level of community development services and reported that its service-delivery systems were accessible to geographies and individuals of different income levels in its assessment areas.

In the bank's Cleveland and Columbus assessment areas, examiners concluded that the geographic distribution of HNB's home purchase loans and home refinance loans was adequate. Examiners characterized the bank's geographic distribution of its home improvement loans as excellent in the Cleveland assessment area and good in the Columbus assessment area. Examiners also rated HNB's distribution of loans by borrower income level for home purchase and home refinance as good in its Cleveland and Columbus assessment areas and as excellent for home improvement loans in its Cleveland assessment area. Moreover, examiners commended HNB for providing community development loans that were very responsive to community needs in the Cleveland and Columbus assessment areas, including loans totaling \$12.26 million to developers of affordable housing. In addition, examiners noted that HNB's use of flexible loan programs contributed positively to the bank's lending performance, including its participation in affordable housing programs and its Community Access Mortgage product for borrowers in LMI tracts, under which borrowers with higher debt-to-income ratios could qualify for loans.

Since the 2003 Evaluation, HNB represented that it has introduced additional mortgage products to assist LMI borrowers, including a mortgage product offering up to 100 percent financing with no mortgage insurance on owner-occupied properties in LMI census tracts and on properties purchased by LMI borrowers in census tracts of any income level. Another new product, the "Welcome Home" program, offers a fixed-rate mortgage with no down-payment requirement and reduced mortgage insurance for those with slightly impaired

credit and limited funds for closing costs. HNB has made loans totaling more than \$176 million through the “Welcome Home” program. A variation of this product is used in Cleveland’s “Help Eliminate Loans that are Predatory” program, an initiative by Fannie Mae and local banking institutions, including HNB and Sky Bank, to create a fund to refinance mortgages for borrowers who have mortgages with problematic features, such as severe prepayment policies.<sup>23</sup>

In the 2003 Evaluation, examiners characterized HNB’s performance under the investment test as good in the Cleveland and Columbus assessment areas. Examiners concluded that the investments were responsive to identified needs in those areas for affordable housing, financial assistance for small business, and revitalization of LMI areas. Huntington made investments totaling \$73.5 million from 2004 through 2006.

Examiners rated HNB’s performance under the service test in the Cleveland and Columbus assessment areas as good in the 2003 Evaluation. Although examiners noted that the percentages of branches in LMI geographies in those assessment areas were generally lower than the percentages of the population in those LMI geographies, they reported that the operational hours and services of the bank’s branches were accessible to residents in LMI areas, with many branches offering services on Saturdays and making branch personnel available for appointments outside standard service hours. Examiners also noted that telephone banking services were offered in English and Spanish. Additionally, examiners commended HNB for providing a high level of community development services to numerous organizations serving the Cleveland and Columbus assessment areas, with bank representatives serving in leadership roles in such organizations. Some of these services included establishing and supervising student banking programs

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<sup>23</sup> HNB participates in similar initiatives in Montgomery County, where Dayton is located, and Toledo.

in elementary schools with students from primarily LMI areas, participation on a committee formed by the City of Cleveland to address abusive lending practices that targeted LMI borrowers, and providing training for nonprofit organizations offering services to LMI individuals and families. HNB represents that since the 2003 Evaluation, it has provided more than 4000 community development services, including financial literacy education for children and adults in both the Cleveland and Columbus metropolitan areas.

*CRA Performance of Sky Bank.* As noted, Sky Bank received an overall “satisfactory” rating in the 2006 Evaluation.<sup>24</sup> Examiners reported that taken as a whole, Sky Bank’s distribution of lending reflected a good penetration among customers of different income levels. Furthermore, examiners noted that Sky Bank was a leader in making community development loans and qualified investments and that it provided a relatively high level of community development services. Examiners found Sky Bank’s service-delivery systems to be reasonably accessible to all portions of, and to individuals of different income levels in, its assessment areas.

In its statewide assessment area in Ohio, Sky Bank received a “high satisfactory” rating on the lending test.<sup>25</sup> Overall geographic income distribution

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<sup>24</sup> The evaluation period for the 2006 Evaluation was January 1, 2003, through December 31, 2004, for home mortgage and home improvement loans under the lending test and October 1, 2003, to March 31, 2006, for community development loans and investments under the lending and investment tests and community development services under the service test.

<sup>25</sup> This rating was based on the bank’s lending performance in its Ohio assessment areas where full-scope examinations were performed in the following areas: the Cleveland-Akron MSA, the Canton-Massillon MSA, and the Northwestern Ohio nonmetropolitan assessment areas. Examiners also reviewed the bank’s assessment areas in Ohio where limited-scope examinations were performed to ensure consistency with the overall lending activity. Sky’s assessment areas

of loans was considered adequate by examiners, while lending distribution by borrower income was considered good. Although examiners reported weaker performance in Sky Bank's Cleveland-Akron metropolitan statistical area ("MSA") assessment area, they noted that Sky Bank's presence in the Cleveland-Akron market was relatively new and that it faced significant competition from well-established financial institutions in that market. In addition, examiners stated that they considered Sky Bank's operations in that market to be consistent with the overall operations of the institution. Examiners reported that the bank had a high level of community development lending in the Cleveland-Akron MSA assessment area.

Examiners rated Sky's overall service performance in the Cleveland-Akron MSA assessment area as adequate. Examiners noted that retail office locations in LMI geographies in this assessment area were limited, but also noted that Sky Bank provided a relatively high level of community development services in that area.

#### B. Branch Closings

Two commenters expressed concern about the proposal's possible effect on branch closings. Huntington has represented that management is considering internal recommendations on branch closings, relocations, and consolidations in overlapping markets after consummation of the proposal but that no final decisions have been made. Huntington also represented that it would follow HNB's branch closing policy with respect to any of those actions that are related to the proposal.

The Board has considered carefully HNB's branch closing policy and its record of opening and closing branches. HNB's branch closing policy

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where limited-scope examinations were performed included its assessment areas in the Columbus and Toledo MSAs.

requires the bank to ensure that its products and services meet the needs and convenience of the communities in which it does business, including LMI communities. In making a decision on whether to close a branch, bank management must review and assess any factors and potential changes that, if implemented, might reasonably improve the viability of an office and reduce the need to close that office. If a potential branch closing is in an LMI community, the policy also requires that HNB's CRA experts assess the impact on the community and contact neighborhood representatives and interested community groups to discuss and evaluate ways to minimize adverse effects of the proposed closing on the community and local customers. If the bank decides to close a branch, its management must make every reasonable effort to facilitate the availability of its services and products to customers of the closed office. The Board also has considered that federal banking law provides a specific mechanism for addressing branch closings that requires an insured depository institution to provide notice to the public and to the appropriate federal supervisory agency before closing a branch.<sup>26</sup>

In the 2003 Examination, OCC examiners concluded that HNB's record of opening and closing branches had a favorable or neutral impact on LMI census tracts in its full-scope Ohio assessment areas. The Board has consulted with the OCC on the bank's record of branch openings and closings since the 2003 Evaluation. The OCC will continue to review the branch opening

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<sup>26</sup> Section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1), as implemented by the Joint Policy Statement Regarding Branch Closings (64 Federal Register 34, 844 (1999)), requires that a bank provide the public with at least 30 days' notice and the appropriate federal supervisory agency and customers of the branch with at least 90 days' notice before the date of the proposed branch closing. The bank also is required to provide reasons and other supporting data for the closing, consistent with the institution's written policy for branch closings.

and closing record of HNB in the course of conducting CRA performance evaluations.

C. HMDA and Fair Lending Record

The Board has carefully considered the fair lending records and HMDA data of Huntington and Sky in light of public comments received on the proposal. Two commenters alleged, based on 2004 and 2005 HMDA data, that Huntington had denied the home mortgage loan applications of African American borrowers more frequently than those of nonminority applicants in the Columbus metropolitan area. The Board has focused its analysis on the 2005 and preliminary 2006 HMDA data reported by HNB.<sup>27</sup>

Although the HMDA data might reflect certain disparities in the rates of loan applications, originations, and denials among members of different racial or ethnic groups in certain local areas, they provide an insufficient basis by themselves on which to conclude whether or not Huntington is excluding or imposing higher costs on any group on a prohibited basis. The Board recognizes that HMDA data alone, even with the recent addition of pricing information, provide only limited information about the covered loans.<sup>28</sup> HMDA data, therefore, have limitations that make them an inadequate basis, absent other

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<sup>27</sup> The Board reviewed HMDA data for Huntington in Ohio and in the Cleveland, Columbus, and Toledo MSAs where the bank's primary assessment areas are located. The Board notes that 2006 HMDA data are preliminary and that final data will not be available for analysis until fall 2007.

<sup>28</sup> The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. In addition, credit history problems, excessive debt levels relative to income, and high loan amounts relative to the value of the real estate collateral (reasons most frequently cited for a credit denial or higher credit cost) are not available from HMDA data.

information, for concluding that an institution has engaged in illegal lending discrimination.

The Board is nevertheless concerned when HMDA data for an institution indicate disparities in lending and believes that all lending institutions are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending but also equal access to credit by creditworthy applicants regardless of their race or ethnicity. Because of the limitations of HMDA data, the Board has considered these data carefully and taken into account other information, including examination reports that provide on-site evaluations of compliance with fair lending laws by Huntington and its subsidiaries. The Board also has consulted with the OCC, the primary federal supervisor of HNB.

The record, including confidential supervisory information, indicates that Huntington has taken steps to ensure compliance with fair lending and other consumer protection laws. Huntington has corporatewide policies and procedures to help ensure compliance with all fair lending and other consumer protection laws and regulations. Ongoing monitoring by corporate compliance management is designed to ensure compliance with policies and procedures. Huntington's compliance program also includes quarterly assessments of fair lending compliance for each line of business, routine reviews of loans, and regular testing to note areas of weakness and recommend action plans for improvement. With respect to mortgage lending, Huntington sells the majority of the mortgages that it originates on the secondary market, and its standard procedure is to submit applications through automated underwriting systems that only examine objective data concerning the loan applicant. In addition, Huntington represented that its compliance staff members frequently receive training on best compliance practices from industry and government experts. Huntington has stated that its

fair lending policies will apply to the combined institution after consummation of the proposal.

The Board also has considered the HMDA data in light of other information, including the programs described above and the overall performance record of HNB under the CRA. These established efforts and record of performance demonstrate that the institution is active in helping to meet the credit needs of its entire communities.

D. Conclusion on Convenience and Needs and CRA Performance

The Board has considered carefully all of the facts of record, including reports of examination of the CRA records of the institutions involved, information provided by Huntington, comments received on the proposal, and confidential supervisory information. Huntington states that the proposal will result in greater convenience for Huntington and Sky customers through expanded delivery channels and a broader range of products and services. Based on a review of the entire record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor and the CRA performance record of the relevant insured depository institutions are consistent with approval of the proposal.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the applications should be, and hereby are, approved.<sup>29</sup>

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<sup>29</sup> Three commenters requested that the Board hold a public meeting or hearing on the proposal. Section 3 of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a written recommendation of denial of the application. The Board has not received such a recommendation from the appropriate supervisory authorities. Under its rules, the Board also may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for

In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by Huntington with the conditions in this order and all the commitments made to the Board in connection with the proposal. For purposes of these transactions, those commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Cleveland, acting pursuant to delegated authority.

By order of the Board of Governors,<sup>30</sup> effective June 4, 2007.

*(signed)*

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Robert deV. Frierson  
Deputy Secretary of the Board

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testimony. 12 CFR 225.16(e), 262.3(i)(2), 262.25(d). The Board has considered carefully the commenters' requests in light of all the facts of record. In the Board's view, the commenters had ample opportunity to submit their views and, in fact, submitted written comments that the Board has considered carefully in acting on the proposal. The commenters' requests fail to demonstrate why written comments do not present their views adequately or why a meeting or hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the request for a public meeting or hearing on the proposal is denied.

<sup>30</sup> Voting for this action: Chairman Bernanke, Vice Chairman Kohn, and Governors Warsh, Kroszner, and Mishkin.

## Appendix

<b>Banking Markets Consistent with Board Precedent and DOJ Guidelines</b>
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Data are as of June 30, 2006. All amounts of deposits are unweighted. All rankings, market deposit shares, and HHIs are based on thrift deposits weighted at 50 percent.

### Ohio Banking Markets

**Cleveland** – Cuyahoga, Geauga, Lake, and Lorain Counties; Medina County, excluding the city of Wadsworth, the townships of Guilford, Sharon, and Wadsworth, and the village of Seville; the cities of Aurora and Streetsboro, the townships of Freedom, Hiram, Mantua, Nelson, Shalersville, and Windham, and the villages adjoining these townships in Portage County; the cities of Hudson, Macedonia, and Twinsburg, the townships of Boston, Northfield Center, Richfield, Sagamore Hills, and Twinsburg, and the villages adjoining these townships in Summit County; and the city of Vermilion in Erie County.

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	6	\$2.41 bil.	4.0	1781	+ 15	41
<i>Sky</i>	11	\$1.15 bil.	1.9			
<i>Huntington Post-Consummation</i>	4	\$3.56 bil.	5.9			

**Columbus**– Franklin, Delaware, Fairfield, Hocking, Licking, Madison, Morrow, Pickaway, and Union Counties; and Perry County, excluding Harrison township.

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	1	\$8.30 bil.	28.0	1,662	+ 60	59
<i>Sky</i>	12	\$323 mil.	1.1			
<i>Huntington Post-Consummation</i>	1	\$8.63 bil.	29.1			

**Dayton** – Montgomery, Greene, Miami, and Preble Counties

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	6	\$456 mil.	4.9	1553	+ 14	30
<i>Sky</i>	11	\$129 mil.	1.4			
<i>Huntington Post-Consummation</i>	6	\$585 mil.	6.3			

**Akron** – Summit County, excluding the cities of Hudson, Macedonia, and Twinsburg, the townships of Boston, Northfield Center, Richfield, Sagamore Hills, and Twinsburg, and the villages adjoining those townships; Portage County, excluding the cities of Aurora and Streetsboro, the townships of Freedom, Hiram, Mantua, Nelson, Shalersville, and Windham, and the villages adjoining those townships; the city of Wadsworth, the townships of Guilford, Sharon, and Wadsworth, and the village of Seville in Medina County; the townships of Lake and Lawrence and the villages of Canal, Fulton, and Hartville in Stark County; the city of Rittman, the townships of Chippewa and Milton, and the villages adjoining those townships in Wayne County.

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	7	\$396 mil.	4.6	1379	+ 23	22
<i>Sky</i>	10	\$212 mil.	2.5			
<i>Huntington Post-Consummation</i>	6	\$608 mil.	7.1			

**Toledo** – Lucas, Fulton, and Ottawa Counties and Wood County, excluding the city of Fostoria.

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	4	\$969 mil.	10.9	1666	+ 319	20
<i>Sky</i>	3	\$1.29 bil.	14.5			
<i>Huntington Post-Consummation</i>	1	\$2.26 bil.	25.5			

**Canton** – Stark County, excluding the townships of Lake and Lawrence; Carroll County; and the township of Smith and the village of Sebring in Mahoning County.

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	2	\$796 mil.	15.1	1700	+ 307	16
<i>Sky</i>	6	\$535 mil.	10.2			
<i>Huntington Post-Consummation</i>	1	\$1.33 bil.	25.3			

**Lima** – Allen and Putnam Counties; the townships of Clay, Duchouquet, Goshen, Logan, Moulton, Pusheta, Salem, Union, and Wayne in Auglaize County; the township of Liberty in Hardin County; and the township of Washington in Van Wert County.

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	2	\$317 mil.	12.7	1390	+ 276	16
<i>Sky</i>	5	\$273 mil.	10.9			
<i>Huntington Post-Consummation</i>	1	\$591 mil.	23.6			

<b>Dover-New Philadelphia</b> – Tuscarawas and Harrison Counties and the townships of Salt Creek, Paint, Berlin, Walnut Creek, and Clark in Holmes County.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	1	\$363 mil.	25.7	1377	+ 191	18
<i>Sky</i>	9	\$53 mil.	3.7			
<i>Huntington Post-Consummation</i>	1	\$415 mil.	29.4			

<b>Fremont</b> – Sandusky County.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	7	\$39 mil.	6.0	1977	+ 78	10
<i>Sky</i>	6	\$43 mil.	6.5			
<i>Huntington Post-Consummation</i>	2	\$82 mil.	12.5			

<b>Logan</b> – Logan County.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	3	\$65 mil.	11.5	1725	+ 375	11
<i>Sky</i>	2	\$92 mil.	16.2			
<i>Huntington Post-Consummation</i>	1	\$157 mil.	27.8			

<b>Banking Market in Indiana</b>						
<b>Indianapolis</b> –Indianapolis MSA, consisting of Boone, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, and Shelby Counties; and Green township in Madison County, all in Indiana.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	9	\$617 mil.	2.6	1283	+ 44	49
<i>Sky</i>	4	\$2.01 bil.	8.5			
<i>Huntington Post-Consummation</i>	3	\$2.62 bil.	11.1			

<b>Cincinnati Banking Market in Ohio, Indiana, and Kentucky</b>						
<b>Cincinnati</b> – Hamilton, Brown, Butler, Clermont, and Warren Counties in Ohio; Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton Counties in Kentucky; and Dearborn County in Indiana.						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Huntington Pre-Consummation</i>	5	\$1.53 bil.	3.9	1799	1	77
<i>Sky</i>	66	\$14 mil.	0.0			
<i>Huntington Post-Consummation</i>	5	\$1.55 bil.	4.0			