

FRB Order No. 2016-13  
July 29, 2016

FEDERAL RESERVE SYSTEM

Huntington Bancshares Incorporated  
Columbus, Ohio

Order Approving the Merger of Bank Holding Companies

Huntington Bancshares Incorporated (“Huntington”), Columbus, Ohio, a financial holding company within the meaning of the Bank Holding Company Act of 1956 (“BHC Act”),<sup>1</sup> has requested the Board’s approval under section 3 of the BHC Act<sup>2</sup> to merge with FirstMerit Corporation (“FirstMerit”) and thereby indirectly acquire FirstMerit Bank, N.A. (“FirstMerit Bank”), both of Akron, Ohio.<sup>3</sup> Following the proposed acquisition, FirstMerit Bank would be merged into Huntington’s subsidiary bank, The Huntington National Bank (“Huntington Bank”), also of Columbus.<sup>4</sup>

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (81 Federal Register 14445 (March 17, 2016)).<sup>5</sup> The Board extended the initial period for public comment to accommodate public interest in this proposal, providing interested persons until May 16, 2016, a total of more than

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<sup>1</sup> 12 U.S.C. § 1841 et seq.

<sup>2</sup> 12 U.S.C. § 1842.

<sup>3</sup> The applicant would effect the acquisition by merging West Subsidiary Corporation, a wholly owned subsidiary of Huntington, with and into FirstMerit, with FirstMerit as the survivor. FirstMerit would then merge with and into Huntington, with Huntington as the survivor.

<sup>4</sup> The merger of FirstMerit Bank into Huntington Bank is subject to the approval of the Office of the Comptroller of the Currency (“OCC”) pursuant to section 18(c) of the Federal Deposit Insurance Act.

<sup>5</sup> 12 CFR 262.3(b).

65 days, to submit written comments (81 Federal Register 25405 (April 28, 2016)). The time for submitting comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

Huntington, with consolidated assets of approximately \$71.1 billion, is the 40th largest insured depository organization in the United States, controlling approximately \$53.9 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.<sup>6</sup> Huntington controls Huntington Bank, which operates in Florida, Indiana, Kentucky, Michigan, Ohio, Pennsylvania, and West Virginia. Huntington Bank is the third largest insured depository institution in Ohio, controlling deposits of approximately \$35.6 billion, which represent 11.9 percent of the total deposits of insured depository institutions in that state.<sup>7</sup> Huntington Bank is the sixth largest insured depository institution in Michigan, controlling deposits of approximately \$9.5 billion, which represent approximately 5 percent of the total deposits of insured depository institutions in that state. Huntington Bank is the 19th largest insured depository institution in Pennsylvania, controlling deposits of approximately \$3.2 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

FirstMerit, with consolidated assets of approximately \$25.5 billion, is the 66th largest insured depository organization in the United States, controlling approximately \$19.7 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. FirstMerit controls FirstMerit Bank, which operates in Illinois, Michigan, Ohio, Pennsylvania, and Wisconsin. FirstMerit Bank is the seventh largest insured depository institution in Ohio, controlling deposits of approximately \$10.9 billion, which represent 3.6 percent of the total deposits of insured depository institutions in that state.

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<sup>6</sup> Asset and deposit data are as of June 30, 2015, unless otherwise noted.

<sup>7</sup> In this context, insured depository institutions include commercial banks, savings and loan associations, and savings banks.

FirstMerit Bank is the ninth largest insured depository institution in Michigan, controlling deposits of approximately \$5.1 billion, which represent 2.7 percent of the total deposits of insured depository institutions in that state. In addition, FirstMerit Bank is the 127th largest insured depository institution in Pennsylvania, controlling deposits of approximately \$227 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

On consummation of this proposal, Huntington would become the 34th largest insured depository organization in the United States, with consolidated assets of approximately \$96.6 billion, which represent less than 1 percent of the total amount of assets of insured depository institutions in the United States. Huntington would control consolidated deposits of approximately \$73.6 billion, which represent less than 1 percent of the total deposits of insured depository institutions in the United States. Huntington would become the largest insured depository organization in Ohio, controlling deposits of approximately \$46.5 billion, which represent 15.5 percent of the total amount of deposits of insured depository institutions in that state. Huntington would remain the sixth largest insured depository organization in Michigan, controlling deposits of approximately \$14.6 billion, which represent 7.7 percent of the total amount of deposits of insured depository institutions in that state. In addition, Huntington would remain the 19th largest insured depository organization in Pennsylvania, controlling deposits of approximately \$3.4 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in that state.

#### Interstate and Deposit Cap Analysis

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction is prohibited under state law.<sup>8</sup> Under this section, the Board may not approve an application that would permit an out-of-state

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<sup>8</sup> 12 U.S.C. § 1842(d)(1)(A).

bank holding company to acquire a bank in a host state if the bank has not been in existence for the lesser of the state statutory minimum period of time or five years.<sup>9</sup> In addition, the Board may not approve an interstate application if the bank holding company controls or would upon consummation of the proposed transaction control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, the bank holding company would upon consummation control 30 percent or more of the total deposits of insured depository institutions in the target bank's home state or in any state in which the acquirer and target have overlapping banking operations.<sup>10</sup>

For purposes of the BHC Act, the home state of both Huntington and FirstMerit Bank is Ohio.<sup>11</sup> FirstMerit Bank also operates in Illinois, Michigan, Pennsylvania, and Wisconsin. Huntington is well capitalized and well managed under applicable law and has a satisfactory rating under the Community Reinvestment Act of 1977 ("CRA").<sup>12</sup> Illinois and Wisconsin have five-year age requirements that do not

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<sup>9</sup> 12 U.S.C. § 1842(d)(1)(B).

<sup>10</sup> 12 U.S.C. § 1842(d)(2)(A) and (B). The acquiring and target institutions have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. 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).

<sup>11</sup> See 12 U.S.C. § 1841(o)(4). 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. A national bank's home state is the state in which the main office of the bank is located.

<sup>12</sup> 12 U.S.C. § 2901 et seq.

apply to Huntington's acquisition of FirstMerit.<sup>13</sup> Michigan, Ohio, and Pennsylvania do not have minimum age requirements.<sup>14</sup>

On consummation of the proposed transaction, Huntington would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. Ohio imposes a 30 percent limit on the total amount of in-state deposits that a single banking organization may control.<sup>15</sup> The combined organization would control approximately 15.5 percent the total amount of deposits of insured depository institutions in Ohio. Accordingly, in light of all the facts of record, the Board may approve the proposal under section 3(d) of the BHC Act.

#### 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 market. The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the Board finds that 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 communities to be served.<sup>16</sup>

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<sup>13</sup> Illinois and Wisconsin law both impose minimum age requirements only on the acquisition of a bank organized under the laws of Illinois or Wisconsin or that maintains its main office in Illinois or Wisconsin. 205 Ill. Comp. Stat. 5/21.2(a); Wis. Stat. § 221.0901(8). These age requirements are not applicable to the proposed transaction because FirstMerit Bank's main office is located in Ohio.

<sup>14</sup> See Mich. Comp. Laws § 487.13702; Ohio Rev. Code Ann. § 1115.05; 7 Pa. Stat. Ann. § 1604.

<sup>15</sup> Ohio Rev. Code Ann. § 1115.05(B)(1)(a). Neither Michigan nor Pennsylvania imposes a limit on the total amount of in-state deposits that a single banking organization may control.

<sup>16</sup> 12 U.S.C. § 1842(c)(1).

Huntington and FirstMerit have subsidiary banks that compete directly in 27 banking markets in Michigan, Ohio, and Pennsylvania. The Board has considered the competitive effects of the proposal in the banking markets in which Huntington Bank and FirstMerit Bank compete. In particular, the Board has considered the number of competitors that would remain in the banking markets; the relative shares of total deposits in insured depository institutions in the markets (“market deposits”) that Huntington would control;<sup>17</sup> the concentration levels of market deposits and the increase in these levels as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Bank Merger Competitive Review guidelines (“DOJ Bank Merger Guidelines”);<sup>18</sup> other characteristics of the markets; and, as discussed below, commitments made by Huntington to divest branches in the Akron, Ashtabula County, and Canton banking markets, all in Ohio.

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<sup>17</sup> Deposit and market share data are as of June 30, 2015, and unless otherwise noted 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 to commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in market share calculations on a 50-percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

<sup>18</sup> Under the DOJ Bank Merger 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 would 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. Although the DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010, the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified. See Press Release, Department of Justice (August 19, 2010), available at [www.justice.gov/opa/pr/2010/August/10-at-938.html](http://www.justice.gov/opa/pr/2010/August/10-at-938.html).

*Banking Markets Within Established Guidelines*

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines in 22 banking markets. On consummation, one banking market would become highly concentrated; eight banking markets would remain highly concentrated; 11 banking markets would remain moderately concentrated; and two banking markets would remain unconcentrated, as measured by the HHI. The change in the HHI in these markets generally would be small, consistent with Board precedent, and within the thresholds in the DOJ Bank Merger Guidelines. In addition, numerous competitors would remain in most of these banking markets.<sup>19</sup>

*Banking Markets Warranting Special Scrutiny*

The structural effects that consummation of the proposal would have in the Akron, Ashland County, Ashtabula County, and Canton banking markets, all in Ohio, and the Cadillac, Michigan, banking market warrant a detailed review because the concentration levels on consummation would exceed the thresholds in the DOJ Bank Merger Guidelines or would result in the market deposit share of Huntington equaling or exceeding 35 percent when using initial competitive screening data.

*Markets Without Divestitures*

Cadillac, Michigan, Banking Market. Huntington Bank is the seventh largest depository institution in the Cadillac banking market, controlling approximately \$8.8 million in deposits, which represent 1.4 percent of market deposits.<sup>20</sup> FirstMerit Bank is the largest depository institution in the market, controlling approximately \$223.2 million in deposits, which represent 36.0 percent of market deposits. On consummation, Huntington Bank would be the largest depository institution

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<sup>19</sup> These banking markets and the competitive effects of the proposal in these markets are described in the appendix.

<sup>20</sup> The Cadillac banking market is defined as Missaukee and Wexford counties, and Osceola County except Richmond, Hersey, Evart, and Orient townships, all in Michigan.

in the Cadillac banking market, controlling approximately \$231.9 million in deposits, which would represent approximately 37.4 percent of market deposits. The HHI in this market would increase 102 points, from 2604 to 2706.

The Board has considered whether other factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Cadillac banking market.<sup>21</sup> In particular, three credit unions exert a competitive influence in the Cadillac banking market. Each institution offers a wide range of consumer banking products, operates street-level branches, and has broad membership criteria that include almost all of the residents in the relevant banking market.<sup>22</sup> The Board finds that these circumstances warrant including the deposits of these credit unions at a 50-percent weight in estimating market influence. This weighting takes into account the limited lending done by credit unions to small businesses relative to commercial banks' lending levels.

This adjustment suggests that the resulting market concentration in the Cadillac banking market is less significant than would appear from the initial competitive screening data, which focused on commercial-bank and thrift competitors. After consummation, and adjusting to reflect competition from credit unions in the market, the market concentration level in the Cadillac banking market as measured by the HHI would increase by 87 points, from 2259 to 2346, and the market share of Huntington would

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<sup>21</sup> The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the size of the increase in, and resulting level of, concentration in a banking market. See NationsBank Corporation, 84 Federal Reserve Bulletin 129 (1998).

<sup>22</sup> The Board previously has considered competition from certain active credit unions with these features as a mitigating factor. See, e.g., BB&T Corporation, FRB Order No. 2015-18 (July 7, 2015); Mitsubishi UFJ Financial Group, Inc., FRB Order No. 2012-12 (November 14, 2012); Old National Bancorp, FRB Order No. 2012-9 (August 30, 2012); United Bankshares, Inc., (June 20, 2011), 97 Federal Reserve Bulletin 19 (2d Quar. 2011); The PNC Financial Services Group, Inc., 94 Federal Reserve Bulletin C38 (2008); The PNC Financial Services Group, Inc., 93 Federal Reserve Bulletin C65 (2007); Regions Financial Corporation, 93 Federal Reserve Bulletin C16 (2007); Passumpsic Bancorp, 92 Federal Reserve Bulletin C175 (2006); and Wachovia Corporation, 92 Federal Reserve Bulletin C183 (2006).



increase to 34.7 percent. In addition to the three credit unions, five other insured depository institutions would remain in the market, including one insured depository institution with a market share of more than 25 percent.

Ashland County, Ohio, Banking Market. Huntington Bank is the second largest depository institution in the Ashland County banking market, controlling approximately \$103.3 million in deposits, which represent 17.1 percent of market deposits.<sup>23</sup> FirstMerit Bank is the fourth largest depository institution in the market, controlling approximately \$80.5 million in deposits, which represent 13.4 percent of market deposits. On consummation, Huntington Bank would be the largest depository institution in the Ashland County banking market, controlling approximately \$183.8 million in deposits, which would represent approximately 30.5 percent of market deposits. The HHI in this market would increase 458 points, from 1422 to 1880.

The competitive effects in this market are mitigated by several factors that indicate that the increase in concentration in the Ashland County banking market, as measured by the above HHI and market share, overstates the potential competitive effects of the proposal in the market. Two thrift institutions in the market have a commercial and industrial loan portfolio similar to those of commercial banks in the Ashland County banking market, as measured in terms of the ratios of those types of loans to total loans and assets.<sup>24</sup> The Board has concluded that deposits controlled by these institutions should be weighted at 100 percent in the market-share calculations.

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<sup>23</sup> The Ashland County banking market is defined as Ashland County, Ohio.

<sup>24</sup> The standard treatment of thrifts in the competitive analysis is to give their deposits 50-percent weighting to reflect their limited lending to small businesses relative to banks' lending levels. The Board previously has indicated, however, that it may consider the competitiveness of a thrift institution at a level greater than 50 percent of its deposits when appropriate if competition from the institution closely approximates competition from a commercial bank. See, e.g., Banknorth Group, Inc., 75 Federal Reserve Bulletin 703 (1989). Where, as here, the facts and circumstances of a banking market indicate that a particular thrift serves as a significant source of commercial loans and provides a broad range of consumer, mortgage, and other banking products, the Board has concluded that competition from such a thrift closely approximates competition from a

In addition, three credit unions exert a competitive influence in the Ashland County banking market. Each institution offers a wide range of consumer banking products, operates street-level branches, and has broad membership criteria that include almost all of the residents in the relevant banking market. The Board finds that these circumstances warrant including the deposits of these credit unions at a 50-percent weight in estimating market influence.

With the deposits of both thrifts weighted at 100 percent and the three credit unions at 50 percent, the Ashland County banking market appears to be only moderately concentrated, both before and after the transaction. Upon consummation of the merger, Huntington would control 27.3 percent of market deposits, the HHI would increase by 367 points, from 1190 to 1557, and six other insured depository institutions would remain in the market, including four insured depository institutions with market shares of approximately 10 percent or more.

*Markets with Divestitures*

Akron, Ohio, Banking Market. Huntington Bank is the fifth largest depository institution in the Akron banking market, controlling approximately \$775.8 million in deposits, which represent 6.7 percent of market deposits.<sup>25</sup> FirstMerit Bank is the largest depository institution in the market, controlling approximately \$3.9 billion in deposits, which represent 33.7 percent of market deposits. On

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commercial bank and that deposits controlled by the institution should be weighted at 100 percent in market-share calculations. See, e.g., River Valley Bancorp, FRB Order No. 2012-10 (October 17, 2012); Regions Financial Corporation, 93 Federal Reserve Bulletin C16 (2007); and Banknorth Group, Inc., *supra*.

<sup>25</sup> The Akron banking market is defined as Summit County (minus Sagamore Hills, Northfield Center, Twinsburg, Richfield, and Boston townships, the villages adjoining these townships, and the cities of Twinsburg, Macedonia, and Hudson); Franklin, Ravenna, Charlestown, Paris, Brimfield, Rootstown, Edinburg, Palmyra, Suffield, Randolph, Atwater, and Deerfield townships, and the city of Kent in Portage County; Guilford, Wadsworth, and Sharon townships, and the city of Wadsworth in Medina County; Lawrence and Lake townships in Stark County; and Milton and Chippewa townships, and the villages adjoining these townships, in Wayne County, all in Ohio.

consummation, Huntington Bank would be the largest depository institution in the Akron banking market, controlling approximately \$4.7 billion in deposits, which would represent approximately 40.4 percent of market deposits. The HHI in this market would increase 450 points, from 1691 to 2141.

To mitigate the potentially adverse competitive effects of the proposal in the Akron banking market, Huntington has committed to divest one branch, accounting for a total of approximately \$63.8 million in deposits, to a competitively suitable institution.<sup>26</sup> Other factors also mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Akron banking market. Six thrift institutions in the market have a commercial and industrial loan portfolio similar to those of commercial banks in the Akron banking market, as measured in terms of the ratios of those types of loans to total loans and assets. The Board has concluded that deposits controlled by these institutions should be weighted at 100 percent in the market-share calculations.

In addition, seven credit unions exert a competitive influence in the Akron banking market. Each institution offers a wide range of consumer banking products, operates street-level branches, and has broad membership criteria that include almost all

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<sup>26</sup> As a condition of consummation of the proposed merger, Huntington has committed that it will execute, before consummation of the proposed merger, a sales agreement with a competitively suitable banking organization. Huntington has provided a similar commitment to the DOJ. Huntington also has committed to complete the divestiture within 180 days after consummation of the proposed transaction. In addition, Huntington has committed that if the proposed divestiture is not completed within the 180-day period, Huntington would transfer the unsold branches to an independent trustee, who would be instructed to sell them to an alternate purchaser or purchasers in accordance with the terms of this order and without regard to price. Both the trustee and any alternate purchaser must be deemed acceptable to the Board. See, e.g., BankAmerica Corporation, 78 Federal Reserve Bulletin 338 (1992); United New Mexico Financial Corporation, 77 Federal Reserve Bulletin 484 (1991).

of the residents in the relevant banking market. The Board finds that these circumstances warrant including the deposits of these credit unions at a 50-percent weight in estimating market influence.

Huntington also argues that the inclusion of certain deposits that are held at FirstMerit's main office, which is located in the Akron market, distorts the measures of the competitive effect of the proposal on the Akron market because those deposits have no relation to the Akron market or cannot be used for lending or for any other purpose.<sup>27</sup> In conducting its competitive analysis in previous cases, the Board generally has not adjusted its market share calculations to exclude out-of-market deposits because all deposits are typically available to support lending and other banking activities at any location and the deposits maintained in a specific market represent a firm's ability to compete in that market. The Board, however, has adjusted market deposits held by a party to the proposal to exclude specific types of out-of-market deposits in rare situations when evidence supports a finding that the out-of-market deposits are subject to legal or other restrictions that constrain an organization's ability to use those deposits to support its general banking activities and that there are data available to make comparable adjustments to the market shares for other participants.<sup>28</sup>

FirstMerit has some out-of-market deposits that are centrally booked at its main office that are subject to legal or other restrictions that constrain the organization's ability to lend on such deposits. These deposits have been generated from various government and municipal entities located outside of the Akron market, involve escrow accounts for mortgages made outside of the Akron market, and include trust account deposits that are swept into FirstMerit's deposit accounts overnight before being swept

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<sup>27</sup> Huntington seeks to exclude \$982 million of FirstMerit's main office deposits, consisting of wholesale/brokered certificates of deposit, a master Money Market Account, collateralized public deposits, trust account deposits that are swept into FirstMerit's accounts overnight and are swept back into customers' investment accounts by day, and out-of-market mortgage escrow deposits.

<sup>28</sup> See First Security Corp., 86 Federal Reserve Bulletin 122, 125–27 (2000).

back into customer accounts located outside of the Akron market. For the deposits in each of these categories, FirstMerit is limited by law, contract, or otherwise in its ability to use these specific types of out-of-market deposits to support its general banking activities.<sup>29</sup>

To account for the possibility that other market competitors might maintain similar deposits in the Akron market, the Board excluded from the two largest branches of competitors in the Akron market the same percentage of deposits that were excluded from FirstMerit's main office deposits in Akron. After making these adjustments, accounting for the branch divestiture, and weighting the deposits of the thrifts at 100 percent and the credit unions at 50 percent, Huntington would control approximately 38.0 percent of market deposits, and the HHI would increase by 382 points to a level of 1930.

The Board also has examined other aspects of the structure of the Akron market that mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Akron banking market. After consummation of the proposal, Huntington would face competition from 27 other depository institutions in the Akron market, including two large, national depository institutions that each would control more than 12 percent of market deposits and two other large, regional competitors that each would control more than 6 percent of deposits. The presence of these viable competitors suggests that Huntington would have limited ability to unilaterally offer less attractive terms to consumers and that these competitors are able to exert competitive pressure on Huntington in the Akron market.

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<sup>29</sup> Ohio law requires depository institutions that accept Ohio government deposits to collateralize such deposits with eligible securities at an aggregate market value equal to at least 105 percent of the total amount of the public depositor's uninsured public deposits. Ohio Rev. Code Ann. § 135.18.

Moreover, recent entry and expansionary activity suggests that the market is attractive to potential competitors. One depository institution has entered the Akron market de novo since 2015, two competitors have entered the market through acquisition since 2012, and another existing competitor opened a new branch in 2015.

Canton, Ohio, Banking Market. Huntington Bank is the largest depository institution in the Canton banking market, controlling approximately \$1.6 billion in deposits, which represent 27.1 percent of market deposits.<sup>30</sup> FirstMerit Bank is the second largest depository institution in the market, controlling approximately \$1.4 billion in deposits, which represent 23.2 percent of market deposits. On consummation, Huntington Bank would remain the largest depository institution in the Canton banking market, controlling approximately \$3.0 billion in deposits, which would represent approximately 50.3 percent of market deposits. The HHI in this market would increase 1258 points, from 1660 to 2918.

To mitigate the potentially adverse competitive effects of the proposal in the Canton banking market, Huntington has committed to divest to a competitively suitable institution 10 branches, accounting for a total of at least \$613 million in deposits. Other factors also mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Canton banking market. Two thrift institutions in the market have a commercial and industrial loan portfolio similar to those of commercial banks in the Canton banking market, as measured in terms of the ratios of those types of loans to total loans and assets. The Board has concluded that deposits controlled by these institutions should be weighted at 100 percent in the market-share calculations.

In addition, 11 credit unions exert a competitive influence in the Canton banking market. Each institution offers a wide range of consumer banking products,

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<sup>30</sup> The Canton banking market is defined as Carroll County; Marlboro, Lexington, Jackson, Plain, Nimishillen, Washington, Tuscarawas, Perry, Canton, Osnaburg, Paris, Sugar Creek, Bethlehem, Pike, and Sandy townships in Stark County; and Smith township in Mahoning County, all in Ohio.

operates street-level branches, and has broad membership criteria that include almost all of the residents in the relevant banking market. The Board finds that these circumstances warrant including the deposits of these credit unions at a 50-percent weight in estimating market influence.

The Board also has considered Huntington's argument that inclusion of certain public deposits that are held at a large Huntington Bank branch in Canton would distort the measures of the competitive effect of the proposal on the Canton market. For the same reasons provided in the Akron market, the government deposits from entities and municipalities located outside of the Canton market held by Huntington have been excluded from the analysis because these deposits are subject to a legal restriction that constrains Huntington's ability to support its general banking activities. Because the largest branch of Huntington's and FirstMerit's competitors in the market is significantly smaller than Huntington's branch where these government deposits are held, no deposits were excluded from these competitors' branches in assessing their market share.<sup>31</sup> After excluding these out-of-market government deposits, accounting for the branch divestitures, and weighting the deposits of the thrifts at 100 percent and the credit unions at 50 percent, Huntington would control approximately 36.4 percent of market deposits and the HHI would increase by 351 points to a level of 1790.

The Board also has examined other aspects of the structure of the Canton market that mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Canton banking market. After consummation of the proposal, Huntington would face competition from 17 other depository institutions, including two large, national depository institutions that each would control approximately 10 percent of market deposits. The presence of these viable competitors suggests that Huntington would have limited ability to unilaterally offer less attractive terms to consumers and that the competitors are able to exert competitive pressure on Huntington in the Canton market.

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<sup>31</sup> See First Security Corp., 86 Federal Reserve Bulletin 122, 125–27 (2000).

Moreover, recent entry and expansionary activity suggests that the market is attractive to potential competitors. Two depository institutions have entered the Canton market de novo since 2011, and two other existing competitors have opened new branches since 2011.

Ashtabula County, Ohio, Banking Market. Huntington Bank is the third largest depository institution in the Ashtabula County banking market, controlling approximately \$168.4 million in deposits, which represent 17.6 percent of market deposits.<sup>32</sup> FirstMerit Bank is the fourth largest depository institution in the market, controlling approximately \$165.1 million in deposits, which represent 17.3 percent of market deposits. On consummation, Huntington Bank would be the largest depository institution in the Ashtabula County banking market, controlling approximately \$333.5 million in deposits, which would represent approximately 34.9 percent of market deposits. The HHI in this market would increase 608 points, from 1878 to 2486.

To mitigate the potentially adverse competitive effects of the proposal in the Ashtabula County banking market, Huntington has committed to divest two branches, accounting for a total of approximately \$60.7 million in deposits, to a competitively suitable institution. One thrift institution in the market has a commercial and industrial loan portfolio similar to those of commercial banks in the Ashtabula County banking market, as measured in terms of the ratios of those types of loans to total loans and assets. The Board has concluded that deposits controlled by this institution should be weighted at 100 percent in the market-share calculations.

In addition, four credit unions exert a competitive influence in the Ashtabula County banking market. Each institution offers a wide range of consumer banking products, operates street-level branches, and has broad membership criteria that include almost all of the residents in the relevant banking market. The Board finds that these circumstances warrant including the deposits of these credit unions at a 50-percent weight in estimating market influence.

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<sup>32</sup> The Ashtabula County banking market is defined as Ashtabula County, Ohio.



After accounting for the two branch divestitures and weighting the deposits of the thrift at 100 percent and the four credit unions at 50 percent, Huntington would control approximately 25.6 percent of market deposits, the HHI would increase by 198 points to a level of 1741, and six other insured depository institutions would remain, including one insured depository institution with a market share of more than 25 percent.

#### *Conclusion Regarding Competitive Effects*

The DOJ conducted a review of the potential competitive effects of the proposal and has advised the Board that consummation of the proposal with the proposed divestitures of branches in the Akron, Ashtabula County, and Canton banking markets, as discussed above, would not likely have a significantly adverse effect on competition in those markets or in any other relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all of the facts of record, including the proposed divestitures, and for the reasons explained above, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the banking markets in which Huntington and FirstMerit compete directly or in any other relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

#### Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under section 3 of the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved. In its evaluation of the financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, and earnings performance. The Board evaluates the financial condition of the combined organization,

including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete effectively the proposed integration of the operations of the institutions. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

Huntington and Huntington Bank are both well capitalized and would remain so on consummation of the proposed acquisition. The proposed transaction is a bank holding company merger that is structured as a cash and share exchange.<sup>33</sup> The asset quality, earnings, and liquidity of both Huntington Bank and FirstMerit Bank are consistent with approval, and Huntington appears to have adequate resources to absorb the costs of the proposal and to complete the integration of the institutions' operations. In addition, future prospects are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of Huntington, FirstMerit, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by Huntington, the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations, and the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws.

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<sup>33</sup> At the time of the merger, each share of FirstMerit common stock would be converted into a right to receive cash and Huntington common stock based on an exchange ratio. In addition, each share of certain noncumulative perpetual preferred FirstMerit stock would be converted into a right to receive substantially similar newly issued noncumulative perpetual preferred Huntington stock. Huntington has the financial resources to fund the transaction.

Huntington, FirstMerit, and their subsidiary depository institutions are each considered to be well managed. Huntington's directors and senior executive officers have substantial knowledge of and experience in the banking and financial services sectors, and its risk-management program appears consistent with approval of this expansionary proposal.

The Board also has considered Huntington's plans for implementing the proposal. Huntington has conducted comprehensive due diligence and is devoting sufficient financial and other resources to address all aspects of the post-integration process for this proposal. Huntington would implement its risk-management policies, procedures, and controls at the combined organization, and these are considered acceptable from a supervisory perspective. In addition, Huntington's and FirstMerit's management have the experience and resources to ensure that the combined organization operates in a safe and sound manner, and Huntington plans to integrate FirstMerit's existing management and personnel in a manner that augments Huntington's management.<sup>34</sup>

Based on all the facts of record, including Huntington's supervisory record, managerial and operational resources, and plans for operating the combined institution after consummation, the Board concludes that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal, as well as the records of effectiveness of Huntington and FirstMerit in combatting money-laundering activities, are consistent with approval.

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<sup>34</sup> Huntington will increase the size of its board by four directors, who will be appointed from FirstMerit's board. In addition, Huntington will invite the members of the board of directors of FirstMerit to serve for three years as members of Huntington's Greater Akron-Canton Region Advisory Board.

### Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.<sup>35</sup> In its evaluation of the effects of the proposal on the convenience and needs of the communities to be served, the Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve, as well as other potential effects of the proposal on the convenience and needs of the communities to be served. In this evaluation, the Board places particular emphasis on the records of the relevant depository institutions under the CRA. 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,<sup>36</sup> and requires the appropriate federal financial supervisory agency to assess a depository institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods.<sup>37</sup>

In addition, the Board considers the banks' overall compliance record and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and comments received on the proposal. The Board also may consider the institution's business model, its marketing and outreach plans, the organization's plans after consummation, and any other information the Board deems relevant.

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<sup>35</sup> 12 U.S.C. § 1842(c)(2).

<sup>36</sup> 12 U.S.C. § 2901(b).

<sup>37</sup> 12 U.S.C. § 2903.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of Huntington Bank and FirstMerit Bank, the fair lending and compliance records of both banks, the supervisory views of the OCC and the Consumer Financial Protection Bureau (“CFPB”), confidential supervisory information, information provided by Huntington, and the public comments received on the proposal.

*Summary of Public Comments on Convenience and Needs*

The Board received comments from one commenter who objected to the proposal, alleging that Huntington made a disproportionately low number of home purchase loans, home improvement loans, and refinance loans to African American and Hispanic borrowers in the Akron and Cleveland, Ohio, areas and that FirstMerit made a disproportionately low number of home purchase loans, home improvement loans, and refinance loans to African American and Hispanic borrowers in the Akron, Ohio, area, as reflected in data reported under the Home Mortgage Disclosure Act of 1975 (“HMDA”)<sup>38</sup> for 2014. The commenter also criticized the rate at which Huntington and FirstMerit denied applications by African Americans and Hispanics, compared to that for non-Hispanic whites, for home purchase loans, home improvement loans, and refinance loans in the Akron and Cleveland areas, as reported under HMDA for 2014. In addition, the commenter also expressed concerns about the closure or consolidation of branches, primarily in the Akron, Canton, and Cleveland areas, alleging that the consolidations and closures would not have a countervailing public benefit and would have a disproportionate effect on LMI neighborhoods. A second commenter objected to the proposal, alleging that the combined organization would not offer as many products and services as FirstMerit currently offers, including credit monitoring and a rewards program, and that the proposal would result in job losses in the communities that the combined organization would serve. The commenter also questioned Huntington’s commitment to serve the needs of Columbus, Ohio.

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<sup>38</sup> 12 U.S.C. § 2801 et seq.

*Business of the Involved Institutions and Response to Comments*

Huntington and Huntington Bank offer a broad range of financial products and services to individual customers and businesses. Through its branch network in Florida, Indiana, Kentucky, Michigan, Ohio, Pennsylvania, and West Virginia, Huntington Bank offers a variety of banking products and services to its customers, including retail consumer and commercial banking, consumer and commercial mortgage lending, treasury management, asset management, and trust and investment services.

FirstMerit and FirstMerit Bank also offer a wide range of financial products and services to individual customers and businesses, including consumer and commercial banking services, consumer and commercial mortgages and mortgage loan servicing, commercial lease financing, wealth management and financial consulting services, treasury management services, and insurance brokerage and agency services.

Huntington denies the commenters' allegations, arguing that its record of home mortgage lending does not disproportionately or discriminatorily affect African Americans or Hispanics. Huntington represents that its denial rates for African Americans and Hispanics in Akron and Cleveland reflect decisions based on collateral, credit history, incomplete credit applications, and debt-to-income ratios. Huntington also represents that it is firmly committed to all fair lending laws and regulations and actively engages in monitoring, testing, and maintaining internal controls to ensure compliance with fair lending laws and regulations. In addition, Huntington asserts that it offers many affordable mortgage loan programs and community development activities to increase affordable housing opportunities for LMI individuals and communities.

With respect to branch closures, Huntington represents that any closures will comply with the company's comprehensive internal branch opening, closing, relocation, and consolidation policy, which sets forth its obligations to comply with applicable laws and regulations related to branch closures and consolidations. Huntington further represents that several branches that would be closed or consolidated

are located near other branches in LMI census tracts to which customers' accounts would be transferred, and these closures or consolidations will not negatively affect the customer experience.

Huntington denies the commenter's allegations regarding FirstMerit's lending practices, arguing that FirstMerit does not engage in any discriminatory home mortgage lending practices. Huntington contends that FirstMerit's denial rates for African Americans and Hispanics in Akron reflect decisions based on collateral, credit history, and debt-to-income ratios. Huntington also represents that FirstMerit strives to serve all segments of its communities, including through home mortgage loan products designed to increase affordable housing opportunities for LMI individuals and communities.

*Records of Performance under the CRA*

In evaluating the convenience and needs factor and CRA performance, the Board considers substantial information in addition to information provided by public commenters and the response to comments by the applicant. In particular, the Board evaluates an institution's performance record in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant institutions, as well as information and views provided by the appropriate federal supervisors.<sup>39</sup> In this case, the Board considered the supervisory views of and information provided by the OCC.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.<sup>40</sup> An institution's most recent CRA performance evaluation is a particularly important

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<sup>39</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 81 Fed. Reg. 48506, 48548 (July 25, 2016).

<sup>40</sup> 12 U.S.C. § 2906.

consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply lending, investment, and service tests to evaluate the performance of a large insured depository institution in helping to meet the credit needs of the communities it serves. The lending test specifically evaluates the institution's home mortgage, small business, small farm, and community development lending to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the lending test, examiners review and analyze an institution's data reported under HMDA, in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is based on a variety of factors, including (1) the number and amount of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's assessment areas; (2) the geographic distribution of the company's lending, including the proportion and dispersion of the institution's lending in its assessment areas and the number and amount of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amount of loans to low-, moderate-, middle-, and upper-income individuals;<sup>41</sup> (4) the institution's community development lending, including the number and amount of community

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<sup>41</sup> Examiners also consider the number and amount of small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).



development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial or ethnic groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution's credit decisions is not available from HMDA data.<sup>42</sup> Consequently, HMDA data disparities must be evaluated in the context of other information regarding the lending record of an institution.

*CRA Performance of Huntington Bank*

Huntington Bank was assigned an overall "Satisfactory" rating at its most recent CRA performance evaluation by the OCC, as of January 1, 2012 ("Huntington Bank Evaluation").<sup>43</sup> Huntington Bank received an "Outstanding" rating

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<sup>42</sup> Other data relevant to credit decisions could include credit history, debt-to-income ratios, and loan-to-value ratios. Accordingly, when conducting fair lending examinations, examiners analyze such additional information before reaching a determination regarding an institution's compliance with fair lending laws.

<sup>43</sup> The Huntington Bank Evaluation was conducted using Large Bank CRA Examination Procedures. Examiners reviewed home mortgage lending data, other CRA data (small loans to businesses and farms), community development loans, qualified investments, branching activities, and community development services from January 1, 2007, through December 31, 2011. The Huntington Bank Evaluation covered Huntington Bank's 38 assessment areas located in six states and four multistate metropolitan statistical areas ("MSAs"): Florida; Indiana; Michigan; Ohio; Pennsylvania; West Virginia; the Cincinnati–Middleton, Ohio–Kentucky–Indiana, MSA; the Steubenville–Weirton, Ohio–West Virginia, MSA; the Wheeling, West Virginia–Ohio, MSA; and the Youngstown–Warren–Boardman, Ohio–Pennsylvania, MSA. The Huntington Bank Evaluation included a full-scope review of 13 of these assessment areas, including all four multistate MSAs. A limited-scope review was conducted in the remaining 25 assessment areas. The Huntington Bank Evaluation was released in March 2016.

for the Lending Test and “High Satisfactory” ratings for the Investment Test and the Service Test. The Board has consulted with the OCC regarding the Huntington Bank Evaluation.

Examiners found that Huntington Bank’s overall lending levels reflected excellent responsiveness to community credit needs. According to examiners, the bank’s geographic distribution of loans was good, including loans to LMI neighborhoods. Examiners also found that the bank’s distribution of borrowers was good, including loans to LMI borrowers and businesses of different sizes. Examiners noted that Huntington Bank’s distribution of home mortgage loans and small business loans was good or excellent in a significant number of states and multistate MSAs. Examiners also found that Huntington Bank exhibited a very strong record of community development lending that otherwise elevated good lending performance to excellent lending performance. Huntington Bank’s community development loans were made for a variety of purposes, with a particular focus on affordable housing, which reflected excellent responsiveness to local community needs.

Examiners found that Huntington Bank had a good level of qualified investment activity. Examiners noted that the investment activity of the bank and its subsidiary, Huntington Community Development Corporation, in low-income housing tax credit funds was especially responsive to the affordable housing needs of local communities. The bank extended qualified grants to local community organizations to support local community development initiatives, including affordable housing, financial education, and economic development throughout its assessment areas.

Examiners also noted that Huntington Bank’s delivery systems provided good accessibility of products and services to areas and individuals of different income levels, including LMI communities and individuals. Examiners further noted that Huntington Bank’s branches often offered extended hours, including on weekends. Examiners also found that the bank’s community development service activity was good. Examiners indicated that Huntington Bank’s officers and employees used their financial

expertise to address a wide range of community needs, including by offering credit counseling, first-time home-buyer seminars, home foreclosure prevention workshops, and other financial education programs to LMI individuals.

*Huntington Bank's Efforts Since the 2012 CRA Evaluation*

Huntington Bank represents that it has continued its overall CRA performance in all of its assessment areas since the Huntington Bank Evaluation. Huntington Bank, through the Detroit Home Mortgage Fund initiative, has committed funds to help increase home ownership, property values, and reinvestment in Detroit by providing first and second mortgage loans to borrowers to purchase and renovate properties in Detroit. Huntington Bank also represents that it has made community development loans to support affordable housing in its communities, including commitments to provide investments and loans in Michigan and Ohio.

In addition, Huntington Bank represents that it provided a high volume of small business loans throughout its assessment areas and participated in state-sponsored programs designed to help small businesses and small farms that otherwise had difficulty obtaining loans to secure funding. Huntington Bank's management and employees have continued to dedicate volunteer hours to community service projects, including with community organizations that provide affordable housing, employment services, small business opportunities, financial education for children and LMI families, and home-buyer counseling.

*CRA Performance of FirstMerit Bank*

FirstMerit Bank was assigned an overall "Satisfactory" rating at its most recent CRA performance evaluation by the OCC, as of June 17, 2013 ("FirstMerit Bank

Evaluation”).<sup>44</sup> FirstMerit Bank received “High Satisfactory” ratings for the Lending Test and Service Test and a “Low Satisfactory” rating for the Investment Test.<sup>45</sup>

Examiners noted that FirstMerit Bank’s overall lending activity and distribution of loans by borrower income was good. Examiners also found that the bank’s geographic distribution of loans both overall and in Ohio was adequate throughout the bank’s assessment areas. Examiners noted that FirstMerit Bank made an excellent level of community development loans in the Cleveland MSA and a good level of community development loans in the Akron MSA, both of which positively impacted the bank’s Lending Test rating.

Examiners observed that the bank’s overall level of community development investments was adequate. The bank’s investments supported affordable housing projects and community development financial institutions. The bank’s qualified grants and donations were used to support community development organizations that focused on affordable housing for LMI individuals, vocational training for low-income students, and first-time home-buyer and other financial literacy training.

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<sup>44</sup> The FirstMerit Bank Evaluation was conducted using Large Bank CRA Examination Procedures. The evaluation period for the Lending Test was from January 1, 2008, to December 31, 2012, except for Illinois, which the bank entered in 2010 and for which the evaluation period was from January 1, 2010, through December 31, 2012. The evaluation period for the Investment Test and the Service Test was from November 17, 2008, through June 17, 2013, for Ohio and Pennsylvania and January 1, 2010, through June 17, 2013, for Illinois.

<sup>45</sup> The FirstMerit Bank Evaluation included a full-scope assessment review of the bank’s assessment areas in the following geographies: the Akron, Ohio, MSA (“Akron MSA”); the Cleveland–Elyria, Ohio, MSA (“Cleveland MSA”); the Chicago–Naperville–Elgin, Illinois–Indiana–Wisconsin, MSA; and Lawrence County, Pennsylvania. A limited-scope review was performed in the Ashtabula County, Ohio, assessment area; the Canton–Massillon, Ohio, MSA; the Columbus, Ohio, MSA; the Mansfield, Ohio, MSA; the Sandusky, Ohio, assessment area; the Toledo, Ohio, assessment area; the Ashland County, Crawford County, Huron County, Seneca County, Holmes County, Knox County, and Wayne County, Ohio, assessment areas; and the Lake County, Illinois, assessment area.

Examiners found that the bank's delivery systems were readily accessible to all geographies and individuals of different income levels. Examiners also noted that the bank's branch distribution in the Akron MSA was excellent and that the percentage of branches in LMI census tracts exceeded the percentage of the population living in those geographies.

#### *Branch Closures*

As noted above, one commenter expressed concern that Huntington's planned branch consolidations and closures would have a negative effect on LMI communities. The federal banking supervisory agencies evaluate a bank's record of opening and closing branches, particularly branches located in LMI geographies or primarily serving LMI individuals, as part of the CRA examination process.<sup>46</sup> Specifically, examiners noted in the Huntington Bank Evaluation that Huntington's branch openings and closures did not adversely affect the accessibility of products and services to LMI individuals or in LMI geographies, and the closures were the result of reductions in branch activity. The Board also has considered the fact that federal banking law provides a specific mechanism for addressing branch closings, including the provision of notice to the public and the appropriate federal supervisory agency before the branch is closed.<sup>47</sup> In addition, for the three proposed branch closures in LMI census tracts, the receiving branches to which customers' accounts would be transferred are all within half a mile from the proposed closing branch and will remain in LMI census tracts. Specifically, for the two proposed branches to be closed in low-income tracts, the

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<sup>46</sup> See, e.g., 12 CFR 228.24(d)(2). In addition, the Board notes that the OCC, as the primary federal supervisor of the combined bank, will continue to review the bank's branch closing record in the course of conducting CRA performance evaluations.

<sup>47</sup> See 12 U.S.C. § 1831r-1, as implemented by the Joint Policy Statement Regarding Branch Closings, 64 Fed. Reg. 34844 (June 29, 1999). The Joint Policy Statement requires that a bank provide the public with at least 30 days' notice and the appropriate federal supervisory agency 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 closure, consistent with the institution's written policy for branch closings.

communities will be served by existing FirstMerit Bank branches located less than 600 yards from the closing branches. Further, the moderate-income tract branch is primarily a commercial lending facility without retail walk-in traffic.

*Views of the OCC*

In its review of the proposal, the Board consulted the OCC regarding both institutions' CRA, consumer compliance, and fair lending records. The OCC is the primary supervisor of both Huntington Bank and FirstMerit Bank and is required to review the bank merger underlying this proposal, applying the same convenience and needs factor as must be applied by the Board. The Board also consulted with the OCC regarding Huntington Bank's and FirstMerit Bank's records of compliance with fair lending laws and regulations and the banks' policies and procedures relating to fair lending and other consumer protection laws and regulations; as well as the lending records of both institutions. The OCC was provided with the comments received by the Board. The OCC is considering all of the comments, those received by the Board and those received jointly by the OCC and the Board, in connection with its review of the bank merger application.

The Board has taken these consultations with the OCC and the information discussed above into account in evaluating this proposal, including in considering whether Huntington has the experience and resources to ensure that the combined organization effectively implements policies and programs that allow the combined organization to effectively serve the credit needs of all the communities within the firm's assessment areas. The Board expects Huntington to ensure that Huntington Bank complies with any commitments or conditions that the OCC may request or impose in connection with its action on the bank merger proposal.

*Additional Convenience and Needs Considerations*

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. Huntington represents that as a result of the proposal, existing customers of FirstMerit would have access to a complement of products and services that is comparable to or more expansive than those

currently available at FirstMerit, including corporate trust and retirement plan services, securities brokerage and investment advisory services, insurance products and insurance-related consultative services, and billing and invoice services. Moreover, Huntington asserts that customers of both institutions would benefit from a more expansive branch and ATM network, particularly Huntington Bank's branches located in grocery chains that offer longer hours and are usually open seven days a week.<sup>48</sup>

In addition, following its submission of the application, Huntington adopted a Community Plan ("Plan"), under which Huntington has committed to invest \$16.1 billion in the communities that it serves, including LMI communities, over a five-year period, beginning in 2017. Huntington asserted that the Plan will provide an increase in lending to small businesses, bring jobs back to neighborhoods throughout Huntington and FirstMerit's combined footprint,<sup>49</sup> and provide more affordable housing opportunities. Under the Plan, Huntington has set targets for LMI communities and small businesses, including a plan to provide \$5.7 billion in mortgage lending in LMI communities and to LMI borrowers and \$6.6 billion for small businesses, including those in LMI communities. Huntington also intends to fund \$3.7 billion in community development lending and investments and an additional \$25 million in philanthropic

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<sup>48</sup> As noted above, one commenter expressed concern that Huntington Bank would not offer the same credit monitoring service that FirstMerit offered. Although the Board has recognized that banks can help to serve the banking needs of communities by making certain products or services available, an insured depository institution is not required to provide any specific types of products or services. See M&T Bank Corporation, FRB Order No. 2015-27 at 15 n.37 (September 30, 2015).

<sup>49</sup> One commenter alleged that the proposal would result in job losses in the communities that the combined organization would serve. This concern is outside of the limited statutory factors that the Board is authorized to consider when reviewing an application or notice under the BHC Act. See Western Bancshares, Inc. v. Board of Governors, 480 F.2d 749 (10th Cir. 1973); see, e.g., Community Bank System, Inc., FRB Order No. 2015-34 (November 18, 2015); Wells Fargo & Company, 82 Federal Reserve Bulletin 445 (1996). Huntington has represented that it will establish an operations/call center within Akron and use reasonable best efforts to maintain employment levels in Akron that are consistent with FirstMerit's existing employment levels within two years of the merger's closing date.

investments. Huntington described plans to enhance its diversity and inclusion policies, expand its community engagement and marketing efforts, and add a total of 10 branches in LMI and majority-minority census tracts in Detroit, Cleveland, Chicago, Toledo, and one additional city to be determined.<sup>50</sup>

*Conclusion on Convenience and Needs Considerations*

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, consultations with the OCC and CFPB, confidential supervisory information, information provided by Huntington, public comments on the proposal, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board concludes that the convenience and needs factor is consistent with approval. The Board expects Huntington to implement policies, programs, and activities that are commensurate with the increased size and complexity of the institution.

Financial Stability

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") amended section 3 of the BHC Act to require the Board to consider "the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system."<sup>51</sup>

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<sup>50</sup> Two community organizations asserted that the proposal should not be approved unless the Plan is included as a condition of the approval. The Board has consistently found that neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to make pledges or enter into commitments or agreements with any organization. See, e.g., CIT Group, Inc., FRB Order No. 2015-20 at 24 n.54 (July 19, 2015); Citigroup Inc., 88 Federal Reserve Bulletin 485 (2002); Fifth Third Bancorp, 80 Federal Reserve Bulletin 838, 841 (1994). In its evaluation, the Board reviews the existing CRA performance record of an applicant and the programs that the applicant has in place to serve the credit needs of its CRA assessment areas.

<sup>51</sup> Dodd-Frank Act § 604(d), Pub. L. No. 111-203, 124 Stat. 1376, 1601 (2010), codified at 12 U.S.C. § 1842(c)(7).



To assess the likely effect of a proposed transaction on the stability of the U.S. banking or financial system, the Board considers a variety of metrics that capture the systemic “footprint” of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.<sup>52</sup> These categories are not exhaustive, and additional categories could inform the Board’s decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opaqueness and complexity of an institution’s internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage to the broader economy.<sup>53</sup>

In this case, the Board has considered information relevant to risks to the stability of the U.S. banking or financial system. Both the acquirer and the target are predominately engaged in retail commercial banking activities.<sup>54</sup> The pro forma

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<sup>52</sup> Many of the metrics considered by the Board measure an institution’s activities relative to the U.S. financial system.

<sup>53</sup> For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order No. 2012-2 (February 14, 2012).

<sup>54</sup> Huntington primarily offers commercial and consumer banking services, mortgage banking services, commercial real estate lending, automobile financing, equipment leasing, community development investment, investment advisory and management services, fiduciary administration, trust services and operations, discount securities brokerage services, treasury management, capital market services (including corporate risk management and institutional sales, trading and underwriting — including municipal bond underwriting and private placement activities), as well as reinsuring credit life and disability insurance and selling other insurance and financial products and services as agent. FirstMerit offers primarily retail and commercial deposit and loan products, commercial lease financing and related services, insurance brokerage, financial consulting, trust operations, and fiduciary services. In each of its activities, Huntington

organization would have minimal cross-border activities and would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose significant risk to the financial system in the event of financial distress.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the U.S. banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

### Conclusion

Based on the foregoing and all the facts of record, the Board determines that the application should be, and hereby is, approved.<sup>55</sup> In reaching its conclusion, the

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has, and as a result of the proposal would continue to have, a small market share on a nationwide basis, and numerous competitors would remain for these services.

<sup>55</sup> A commenter requested that the Board hold public hearings or meetings on the proposal. Section 3(b) of the BHC Act does not require that the Board hold a public hearing on any application unless the appropriate supervisory authorities for the bank to be acquired make a timely written recommendation of denial of the application. 12 U.S.C. § 1842(b); 12 CFR 225.16(e). 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 hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately represent their views. The Board has considered the commenter's request in light of all the facts of record. As noted above, the Board extended the initial period for public comment to accommodate the public interest in this proposal, providing interested persons until May 16, 2016, a total period of 66 days, to submit written comments. In the Board's view, the commenter has had ample opportunity to submit comments on the proposal and, in fact, submitted written comments that the Board has considered in acting on the proposal. The commenter's request did not identify disputed issues of fact material to the Board's decision that would be clarified by a public meeting. In addition, the request did not demonstrate why written comments do not present the commenter's views adequately or why a hearing or meeting otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has

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 all the conditions imposed in this order, including receipt of all required regulatory approvals, and on the commitments made to the Board in connection with the application. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein 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 thereafter, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Cleveland, acting under delegated authority.

By order of the Board of Governors,<sup>56</sup> effective July 29, 2016.

*Margaret McCloskey Shanks (signed)*

Margaret McCloskey Shanks  
Deputy Secretary of the Board

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determined that a public hearing or meeting is not required or warranted in this case. Accordingly, the request for a public hearing or meeting on the proposal is denied.

In addition, a commenter requested a further extension of the comment period for the proposal. As noted above, the Board already provided for an extended comment period of 66 days. During this time, the commenters, including the requestor, submitted detailed comments in writing regarding the proposal. The Board's rules contemplate that the public comment period will not be extended absent a clear demonstration of hardship or other meritorious reason for seeking additional time. The commenter's request for additional time to comment does not identify circumstances that would warrant an extension of the public comment period for this proposal. Accordingly, the Board has determined not to extend further the comment period.

<sup>56</sup> Voting for this action: Chair Yellen, Vice Chairman Fischer, and Governors Tarullo, Powell, and Brainard.

Appendix

<b>Huntington/FirstMerit Banking Markets                      Consistent with Board Precedent and DOJ Bank Merger Guidelines</b>						
Data are as of June 30, 2015. All rankings, market deposit shares, and HHIs are based on thrift deposits weighted at 50 percent. The remaining number of competitors noted in each market includes thrift institutions.						
<b>Elkhart/Niles/South Bend, Indiana</b> – Elkhart, St. Joseph, Kosciusko, LaGrange, and Marshall Counties; Davis, Oregon, Washington, and North Bend (including the entire city of Bass Lake) townships in Starke County, all in Indiana; Cass County; Buchanan, Niles and Bertrand townships in Berrien County; and the southern half of St. Joseph County, (Constantine, Florence, Sherman, Burr Oak, Mottville, White Pigeon, Sturgis, and Fawn River Townships), all in Michigan.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	18	\$60.2M	0.6	1290	1	31
<i>FirstMerit</i>	17	\$69.2M	0.7			
<i>Huntington Post-Consummation</i>	13	\$129.4M	1.3			
<b>Alpena, Michigan</b> – Alpena and Presque Isle Counties; Mitchell, Caledonia, Alcona, and Haynes townships of Alcona County; and Montmorency, Hillman, Avery, Loud, and Rust townships of Montmorency County, all in Michigan.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	7	\$1.1M	0.3	1894	13	6
<i>FirstMerit</i>	2	\$95.3M	22.7			
<i>Huntington Post-Consummation</i>	2	\$96.4M	23.0			
<b>Bay City–Saginaw, Michigan</b> – Arenac County (except Mason, Turner, and Whitney townships); Bay and Saginaw Counties; and Tuscola County (except Elmwood, and Elkland townships), all in Michigan.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Huntington Pre-Consummation</i>	7	\$134.1M	3.8	1409	165	18
<i>FirstMerit</i>	1	\$766.6M	21.7			
<i>Huntington Post-Consummation</i>	1	\$900.7M	25.5			

<b>Calhoun County, Michigan</b> – Calhoun County, Michigan.						
	<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>	13	\$4.6M	0.5	1889	2	12
<i>FirstMerit</i>	8	\$24.6M	2.6			
<i>Huntington Post-Consummation</i>	7	\$29.2M	3.1			
<b>Detroit, Michigan</b> – Oakland, Macomb, Wayne, Lapeer, Genesee, Washtenaw, St. Clair, Livingston, Lenawee, and Shiawassee Counties; Monroe County (except Whiteford, Bedford, and Erie townships); and Sanilac County (except Greenleaf, Austin, Argyle, Moore, Minden, Wheatland, Delaware, and Forester townships); all in Michigan.						
	<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>	6	\$5.7B	4.5	1468	18	55
<i>FirstMerit</i>	11	\$2.5B	2.0			
<i>Huntington Post-Consummation</i>	5	\$8.2B	6.5			
<b>Gaylord, Michigan</b> – Oscoda and Otsego Counties; and Vienna, Briley, and Albert townships of Montmorency County, all in Michigan.						
	<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>	8	\$8.6M	1.8	2046	56	7
<i>FirstMerit</i>	3	\$79.3M	16.0			
<i>Huntington Post-Consummation</i>	3	\$87.9M	17.8			
<b>Gladwin–Midland, Michigan</b> – Gladwin and Midland Counties, both in Michigan.						
	<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>	8	\$21.1M	1.5	4809	5	7
<i>FirstMerit</i>	7	\$23.5M	1.7			
<i>Huntington Post-Consummation</i>	5	\$44.6M	3.2			

<b>Grand Rapids, Michigan</b> – Allegan, Barry, Ionia, and Kent Mecosta, Montcalm, Muskegon, Newaygo, Oceana, and Ottawa Counties; Newkirk, Dover, Ellsworth, Cherry Valley, Pinona, Yates, and Chase townships of Lake County; Richmond, Evart, Hersey, and Orient townships of Osceola County; all in Michigan.						
	<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>	2	\$2.7B	11.6	935	4	33
<i>FirstMerit</i>	30	\$46.1M	0.2			
<i>Huntington Post-Consummation</i>	2	\$2.7B	11.8			
<b>Jackson, Michigan</b> – Jackson County, Michigan.						
	<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>	11	\$12.3M	0.9	1861	40	12
<i>FirstMerit</i>	2	\$297.9M	22.0			
<i>Huntington Post-Consummation</i>	2	\$310.2	22.9			
<b>Kalamazoo-Battle Creek, Michigan</b> – Kalamazoo and Van Buren Counties; Flowerfield, Park, Mendo, Leonidas, Fabius, Lockport, Nottawa and Colon townships of St. Joseph County, all in Michigan.						
	<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>	11	\$98.6M	2.6	1309	3	18
<i>FirstMerit</i>	17	\$25.1M	0.6			
<i>Huntington Post-Consummation</i>	10	\$123.7M	3.2			
<b>Lansing, Michigan</b> – Clinton, Eaton, and Ingham Counties, all in Michigan.						
	<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>	18	\$37.2M	0.7	897	12	21
<i>FirstMerit</i>	6	\$475.1M	8.6			
<i>Huntington Post-Consummation</i>	5	\$512.3M	9.3			

<b>Petoskey, Michigan</b> – Banks, Central Lake, Echo, Jordan and Warner townships of Antrim County; and Charlevoix, Cheboygan, and Emmet Counties, all in Michigan.						
	<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>	8	\$119.1M	7.9	1255	75	10
<i>FirstMerit</i>	9	\$71.4M	4.7			
<i>Huntington Post-Consummation</i>	4	\$190.5M	12.6			
<b>Roscommon, Michigan</b> – Crawford and Roscommon Counties, both in Michigan.						
	<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>	6	\$19.5M	4.6	3014	94	5
<i>FirstMerit</i>	3	\$43.0M	10.1			
<i>Huntington Post-Consummation</i>	3	\$62.5M	14.7			
<b>Sault Sainte Marie, Michigan</b> – Luce, Chippewa, and Mackinac Counties, all in Michigan.						
	<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	\$43.5M	6.7	2464	34	6
<i>FirstMerit</i>	6	\$16.4M	2.5			
<i>Huntington Post-Consummation</i>	4	\$59.9M	9.2			
<b>Traverse City, Michigan</b> – Antrim County (except Banks, Central Lake, Echo, Jordan, and Warner townships); Benzie, Grand Traverse, Kalkaska, Leelanau, and Arcadia Counties; Pleasanton, Springdale, Cleon, Maple Grove, and Marilla townships of Manistee County; all in Michigan.						
	<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>	3	\$453.6M	15.1	1395	59	13
<i>FirstMerit</i>	11	\$59.1M	2.0			
<i>Huntington Post-Consummation</i>	3	\$512.7M	17.1			

<b>Cleveland, Ohio</b> – Cuyahoga, Lake, Lorain, and Geauga Counties; Sagamore Hills, Northfield Center, Twinsburg, Richfield, and Boston townships, the villages surrounding these townships, and the cities of Macedonia, Twinsburg and Hudson in Summit County; Homer, Harrisville, Westfield, Spencer, Chatham, Lafayette, Montville, Litchfield, York, Medina, Granger, Liverpool, Brunswick Hills and Hinckley townships, and the cities of Medina and Brunswick in Medina County; Mantua, Hiram, Nelson, Shalersville, Freedom, and Windham townships, and the cities of Aurora and Streetsboro in Portage County; and the city of Vermilion (not whole township) in Erie County, all in Ohio.						
	<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>	4	\$5.1B	8.4	1518	110	35
<i>FirstMerit</i>	6	\$3.9B	6.5			
<i>Huntington Post-Consummation</i>	2	\$9.0B	14.9			
<b>Columbus, Ohio</b> – Franklin, Delaware, Fairfield, Hocking, Licking, Madison, Morrow, Pickaway and Union Counties; and Perry County, (minus Harrison township), all in Ohio.						
	<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>	1	\$17.4B	31.4	1830	75	54
<i>FirstMerit</i>	10	\$657.2M	1.2			
<i>Huntington Post-Consummation</i>	1	\$18.1B	32.6			
<b>Dover–New Philadelphia, Ohio</b> – Tuscarawas and Harrison Counties; and Salt Creek, Paint, Berlin, Walnut Creek and Clark townships in Holmes County, all in Ohio.						
	<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>	1	\$378.6M	20.0	1190	9	17
<i>FirstMerit</i>	16	\$3.9M	0.2			
<i>Huntington Post-Consummation</i>	1	\$382.5M	20.2			
<b>Toledo, Ohio</b> – Lucas, Fulton and Ottawa Counties; and Wood County (minus Fostoria city), all in Ohio.						
	<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>	1	\$2.5B	24.3	1469	43	24
<i>FirstMerit</i>	13	\$91.8M	0.9			
<i>Huntington Post-Consummation</i>	1	\$2.6B	25.2			



<b>Richland County, Ohio – Richland County, Ohio.</b>						
	<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>	9	\$38.4M	2.2	1759	34	13
<i>FirstMerit</i>	5	\$134.2M	7.7			
<i>Huntington Post-Consummation</i>	5	\$172.6M	9.9			
<b>Wayne–West Holmes, Ohio – Congress, Canaan, Chester, Wayne, Green, Baughman, Plain, Wooster, East Union, Sugar Creek, Clinton, Franklin, Salt Creek and Paint townships, and the city of Wooster in Wayne County; and Washington, Ripley, Prairie, Knox, Monroe, Hardy, Richland, Killbuck and Mechanic townships in Holmes County, all in Ohio.</b>						
	<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>	12	\$27.7M	1.4	1405	43	13
<i>FirstMerit</i>	3	\$312.6M	15.6			
<i>Huntington Post-Consummation</i>	2	\$340.3M	17.0			
<b>Pittsburgh, Pennsylvania – Allegheny, Armstrong, Beaver, Butler, Greene, Lawrence, Washington and Westmoreland Counties; and Fayette County (minus Point Marion borough and Springhill township), all in Pennsylvania.</b>						
	<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	\$3.0B	2.6	2847	1	49
<i>FirstMerit</i>	27	\$227.0M	0.2			
<i>Huntington Post-Consummation</i>	5	\$3.2B	2.8			