



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

February 25, 2013

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Lorain National Bank  
Charter Number 14290

457 Broadway  
Lorain, OH 44052

Office of the Comptroller of the Currency

200 Public Square, Suite 1610  
Cleveland, OH 44114-2301

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

Lorain National Bank has a satisfactory record of addressing the credit and community development needs of its assessment areas. The factors supporting the bank's rating include:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs of the assessment areas.
- A majority of loan originations are made within the bank's assessment areas.
- The distribution of loans reflects a reasonable penetration among borrowers of different incomes and businesses of different sizes.
- The geographic distribution of loans reflects a reasonable dispersion among geographies of different income levels.
- The bank's community development performance through community development loans, qualified investments, and services demonstrates adequate responsiveness to the community development needs in the assessment areas.

## **Scope of Examination**

We evaluated Lorain National Bank's (LNB) performance in relation to the Community Reinvestment Act (CRA) using CRA inter-mediate small bank (ISB) procedures. As described in the Description of Assessment Area(s) portion of this Public Evaluation, LNB has two designated assessment areas (AA). The bank's primary AA consists of a majority of Lorain County and portions Cuyahoga County as well as three census tracts located in Erie County. LNB's secondary AA consists of portions of Summit and Portage Counties. To conduct the evaluation, we used full-scope CRA ISB procedures to evaluate LNB's performance within its primary market area and limited scope procedures to evaluate its performance within the secondary market area.

The procedures used to assess LNB's performance focused on the bank's primary lending products as well as community development (CD) activities. The institution's primary lending focus is business, home mortgage and indirect consumer lending. We determined the bank's primary lending focus based on the institution's lending activities over the review period, Report of Condition and Income, and discussions with senior management. As a result of these findings, we evaluated the bank's CRA performance based on small loans to businesses as well as home mortgage loans. The bank's consumer loan portfolio is primarily comprised of indirect auto loans originated through several auto dealers in several states. In addition, LNB originates very few farm related loans. Therefore, we did not consider consumer or farm lending as part of

the evaluation as an analysis of these loan products would not provide for an accurate representation of the bank's lending within its AA.

We evaluated the bank's lending activities based on its net loan-to-deposit ratio, AA concentration, geographic distribution of loans, lending to borrowers and businesses of different sizes, and compliance with anti-discrimination laws and regulations. In addition, we evaluated the bank's CD activities relative to its qualified CD loans, investments and services. The evaluation period for assessing LNB's lending activities covered January 1, 2010 through December 31, 2011. The evaluation period for assessing LNB's CD activities covered December 1, 2009 through February 25, 2013. In addition, we utilized other supporting information while evaluating the bank's CRA performance. The information included 2000 Census Data, bank records, deposit market share data, and information from governmental web sites regarding the characteristics and economy of the bank's AA. We also conducted community contacts during the evaluation.

We tested the data of the bank's small loans to businesses reports as well as public information filed by the bank for home mortgage loans. We also reviewed community development (CD) loans, CD qualified investments, and CD services to ensure that they meet the regulatory definition of CD. Some data errors were identified and corrected. This evaluation is based on corrected data.

## **Description of Institution**

LNB is a full-service community bank headquartered in Lorain, Ohio, and is a wholly owned subsidiary of LNB Bancorp Inc., a one-bank holding company also headquartered in Lorain. North Coast Community Development Corporation (NCCDC) is a wholly owned subsidiary of LNB. NCCDC offers commercial loans to qualified community businesses on projects that meet the standards for the New Markets Tax Credit Program. According to LNB's December 31, 2012 Report of Condition and Income, LNB had total assets of \$1.178 billion. In the prior two calendar years, the bank's assets equated to \$1.168 billion and \$1.152 billion in 2010 and 2011 respectively.

LNB offers traditional loan products, which include home mortgage, consumer, and commercial loans. As of December 31, 2012, commercial real estate loans comprised 47 percent of LNB's loan portfolio. The remainder of the loan portfolio includes 12 percent home equity lines of credit, 8 percent first lien residential loans, 2 percent second lien residential loans, 7 percent commercial and industrial loans, 23 percent consumer loans, and less than 1 percent for other and farm loans. Lorain National Bank also sells first lien residential loans to the secondary market, which are not included as part of the bank's loan portfolio. Based on LNB's 2010 and 2011 Home Mortgage Disclosure Act (HMDA) loan application registrars (LAR), the bank sold \$32 million of residential loans in 2010 and \$26 million in 2011.

LNB consumer deposit related products and services include checking, savings, money market accounts, certificates of deposit, individual retirement accounts, overdraft protection, online and telephone banking. Business related products and services include checking, business money market accounts, interest only lawyer's trust accounts (IOLTA), sweep accounts, lockbox

services, treasury management services, remote deposit capture, and online banking. Other services include investment and trust services.

LNB operates 14 full-service branch offices, four banking centers at retirement communities, nine stand-alone ATM's and one stand-alone drive through facility throughout Lorain and Cuyahoga Counties. One full-service branch office is located in the main office. The banking centers located at the retirement communities are restricted to residents and employees of those communities. All 14 of the full-service branch offices and two of the banking centers as well as the drive-through facility have ATM's. In addition to the offices located throughout Lorain and Cuyahoga Counties, LNB also operates one full-service branch in Summit County. As of the review period, LNB has not opened or closed any branch offices or banking centers since the prior CRA examination. However, LNB has closed three stand-alone ATM's, which one each was located in a moderate-, middle-, or upper-income tract.

There are no legal, financial, or other factors impeding LNB's ability to help meet the credit needs of the communities it serves. LNB received a rating of "Satisfactory" at the previous CRA examination dated November 30, 2009.

## **Description of Assessment Area(S)**

LNB has two AA. When drawing conclusions regarding the bank's overall performance, we gave greater consideration to the Lorain – Cuyahoga – Erie AA, which is the bank's primary market area. The primary market contains the bank's main headquarters and majority of its branch locations. In addition, a substantial majority of the bank's lending and CD activity is conducted within this market. LNB's secondary AA includes one branch office located in Hudson, Ohio, which services portions of Summit – Portage Counties.

Each of the AA's meets the requirements of the Community Reinvestment Act. They consist of contiguous geographies, and low- and moderate-income areas are not arbitrarily excluded.

### **Lorain – Cuyahoga – Erie Assessment Area**

LNB's primary AA is comprised of a majority of Lorain County and the western portion of Cuyahoga County. The AA also includes three census tracts (CT) located in the eastern portion of Erie County. Lorain and Cuyahoga Counties are part of the Cleveland-Elyria-Mentor Metropolitan Statistical Area (MSA). Erie County is part of the Sandusky, Ohio MSA. LNB does not have a branch located Erie County. However, the three census tracts in Erie County were taken as part of the primary AA because they are contiguous to Lorain County and serviced by a LNB branch office.

Based on 2000 US Census data, the AA consists of 101 CT's, of which three are designated low-income tracts and 20 are moderate-income tracts. Forty-seven of the CTs are designated as middle-income tracts, and 31 are designated as upper-income tracts. In addition, the AA contains no designated distressed or underserved middle-income areas.

The combined population of the AA equated to 394,396 persons, comprising 106,929 families. The Department of Housing and Urban Development (HUD) estimates the median family income (MFI) for the AA at \$58,815. Based on this information, 15.59 percent of the families in the AA are low-income, 17.35 percent moderate-income, 23.63 percent middle-income, and 43.44 percent upper-income. In addition, demographics also indicate that 7.19 percent of the households are below poverty level. The 2000 US Census data further reflected that there were 158,020 housing units in the AA. Of these housing units, 114,149 were owner occupied, 35,569 were rental units, and 8,302 were vacant. The median home value was \$126,544.

A majority of businesses in the AA are small as measured by the number of employees and gross revenues. According to the 2011 D&B data, 66 percent of businesses located in the AA have less than \$1 million in gross annual revenues, and 60 percent of businesses have fewer than five employees. Only 1 percent of businesses are headquartered in the institution's AA, and 93 percent operate from a single location. The five largest employers within the AA include the Cleveland Clinic, University Hospitals Health System, Giant Eagle, Progressive Corporation, and Group Management Services.

The AA experienced weakened economic conditions and high unemployment due to the significant downturn in manufacturing. However, a slight recovery was experienced in 2010 due to early drivers in manufacturing and healthcare. Additionally, the area reliance on manufacturing is decreasing and the transition to a service-based economy has helped decrease unemployment rates from 9 percent in 2009 to 7 percent in 2011. However, according to Moody's Analytic's, the recovery has slowed as manufacturing and healthcare have stopped adding new jobs and laggards such as construction and financial services have not bottomed and remain a drag on the economy. In addition, poor demographic trends will weigh on the growth of the service industry. A lack of strong growth drivers is expected to hamper the pace of expansion.

LNB competition within the AA is high. According to FDIC deposit market share data, as of June 30, 2012 there are 44 financial institutions with 731 offices serving the AA, which does not include credit unions or other financial organizations. This data indicates that LNB is ranked thirteenth in terms of deposit market share, holding approximately 2 percent of the total deposits.

### **Summit – Portage Assessment Area**

LNB's secondary AA includes an office in Hudson, Ohio, acquired in May 2007 and fully integrated into LNB in November 2007. The AA is comprised of portions of Summit and Portage Counties. Summit and Portage Counties are part of the Akron, OH MSA. Based on 2000 US Census data, the AA consists of 16 CT's, of which none are designated as low- or moderate-income tracts. Five of the CT's are designated as middle-income tracts, and 11 are designated as upper-income tracts. In addition, the AA contains no designated distressed or underserved middle-income areas.

The population of the AA equated to 76,323 persons and 21,062 families. HUD estimates the MFI for the secondary AA is greater than that of the primary AA at \$79,226. Based on this information, 7.88 percent of the families in the AA are considered low-income, 11.30 percent

moderate-income, 18.74 percent middle-income, and 62.07 percent upper-income. In addition, demographics also indicate that 3.88 percent of the households are below poverty level. The median home value for the AA was \$171,213.

A majority of businesses in the AA are small. According to the 2011 D&B data, 62 percent of businesses located in the AA have less than \$1 million in gross annual revenues, and 56 percent of businesses have fewer than five employees. Economic conditions within this AA are similar to LNB's primary AA. Unemployment trends in the secondary AA improved during the review period. However, unemployment remains high. As of year-end 2009, unemployment was at 9.8 percent and improved to 8.4 percent as of year-end 2011. The five largest employers within the AA include Summa Health System, Akron General Health System, Kent State University, Summit County, and Akron School District.

Competition within the secondary AA is high. According to FDIC deposit market share data, as of June 30, 2012 there are 29 financial institutions with 223 offices serving the AA, which does not include credit unions or other financial organizations. This data indicates that LNB is also ranked thirteenth in terms of deposit market share, holding approximately 1 percent of the total deposits.

### **Community Contact**

We conducted five community contacts during the evaluation to determine the credit and community development needs in the bank's AA. The contacts indicated there is a need to provide financial education, in-kind assistance to help with financial literacy and tax preparation programs as well as provide low cost checking services that would prevent overdrafts. In addition, the contacts also stated there is a need to provide financial support for community organizations through subsidies and donations to general operating funds, which are used to support child enrichment and shelter and emergency services. They also felt that there are opportunities to provide low-cost construction financing for community organizations looking to expand their facilities or service areas.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

LNB's performance in meeting the credit needs of its AA based on the results of the lending test is satisfactory.

### **Loan-to-Deposit Ratio**

LNB's net loan-to-deposit (NLTD) ratio is reasonable given the bank's size, financial condition, and credit needs of the community. The bank's NLTD ratio averaged over the previous 14 quarters from September 30, 2009 through December 31, 2012 totals 82 percent. The ratio is modestly lower than the 91 percent NLTD ratio of the one similarly situated institution within the AA. This is due to a high level of deposits as compared to loans extended throughout the period of review. Despite these facts, LNB's NLTD ratio during the period of review has

improved. As of June 30, 2011, the NLTD ratio increased from 82 percent to a level of 87 percent as of December 31, 2012.

### Lending in Assessment Area

LNB originated a majority of its home mortgage and small loans to businesses within the AA. As shown in Table 1 below, the bank originated a combined total of 85 percent of both its home mortgage and small loans to businesses by number and 72 percent by dollar amount in 2010 and 2011 within the AA.

<b>Table 1 - Lending in Lorain National Bank Assessment Areas</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage	545	86	88	14	633	66,270	67	33,176	33	99,446
Small Loans to Businesses	228	84	45	16	273	52,561	81	12,709	19	65,270
Totals	773	85	133	15	906	118,831	72	45,885	28	164,716

Source: Bank generated reports; Data reported under HMDA for 2010 and 2011.

### Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans reflects a reasonable penetration among borrowers of different incomes and businesses of different sizes.

#### Lorain – Cuyahoga – Erie Assessment Area

LNB's distribution of home mortgage loans to low- and moderate-income families in the Lorain – Cuyahoga – Erie AA reflects reasonable penetration among borrowers of different income levels. As demonstrated in table 2, the bank originated a total of 10 percent and 19.44 percent of its home mortgage loans to low- and moderate-income families respectively. Though the ratio of home mortgage loans granted is less than the percentage of low-income families within the AA, our evaluation considers the percentage of households living below the poverty level and the impact it has on the bank's ability to lend to the low-income segment of the AA. Generally, families living below the poverty level do not have the financial capacity to qualify for a home mortgage loan.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Lorain - Cuyahoga - Erie</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	15.59	12.79	17.35	20.93	23.63	20.93	43.44	40.70
Home Improvement	15.59	25.58	17.35	23.26	23.63	27.91	43.44	18.60
Refinancing	15.59	7.73	17.35	18.70	23.63	29.68	43.44	39.90
<b>TOTAL</b>	<b>15.59</b>	<b>10.00</b>	<b>17.35</b>	<b>19.44</b>	<b>23.63</b>	<b>28.11</b>	<b>43.44</b>	<b>38.30</b>

Source: Data reported under HMDA; U.S. Census data. Total percentage of number of loans reported without income totaled 4.15% in 2010 and 5.26% in 2011. 7.19% of households are reported as being below poverty.

The distribution of small loans to businesses reflects a reasonable penetration among businesses of different sizes. In determining the level of penetration among businesses of different sizes, we compared the percentage of LNB small business loans originated or purchased in 2010 and 2011 to the percentage of businesses located in the AA. As evidenced in Table 3 below, LNB’s percentage of small loans to businesses, both by number and dollar amount, are below the percentage of businesses in the AA that report revenues of \$1 million or less. However, the higher percentage of loans to businesses with revenues over \$1 million is skewed. In 2010 and 2011, LNB originated several loans, both by number and dollar amount, to one business borrower with revenues exceeding \$1 million. Excluding the loans to the one business borrower, the percentage of LNB’s small loans to businesses with revenues under \$1 million by number would exceed the percentage of businesses with revenues over \$1 million. The percentage of small loans to businesses with revenues under \$1 million by dollar amount would still be slightly less than the percentage of business with revenues below \$1 million. However, the percentage would be near the percentage of small loans to businesses with revenues over \$1 million. In addition, the lower percentage of small loans to businesses by number and dollar amount is attributable to the economy and level of competition within the AA.

<b>Table 3 - Borrower Distribution of Loans to Businesses in Lorain – Cuyahoga – Erie</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	70.24	3.83	25.93	100%
% of Bank Loans in AA by #	40.58	57.49	1.93	100%
% of Bank Loans in AA by \$	30.26	68.12	1.62	100%

Source: 2010 and 2011 Lorain National Bank small business loan reports; Dun and Bradstreet data.

Summit – Portage Assessment Area

Based on our limited scope review of the Summit – Portage AA, LNB’s distribution of home mortgage loans reflects a reasonable penetration of borrowers of different income levels. As documented in table 4, the bank made no loans to low- or middle-income families in 2010 and 2011. However, the percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families within the AA. The difference in percentages loaned within the AA is attributable to LNB’s limited presence in the area as well as



high competition and the economy. In addition, the level of households within the AA below the poverty level totaled 3.88 percent, which further limits the bank’s ability to lend low-income borrowers.

<b>Table 4 - Borrower Distribution of Residential Real Estate Loans in Summit - Portage</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	7.88	0	11.30	0	18.74	0	62.07	100
Home Improvement	7.88	0	11.30	0	18.74	0	62.07	100
Refinancing	7.88	0	11.30	16.67	18.74	0	62.07	83.33
<b>TOTAL</b>	<b>7.88</b>	<b>0</b>	<b>11.30</b>	<b>13.33</b>	<b>18.74</b>	<b>0</b>	<b>62.07</b>	<b>86.67</b>

Source: Data reported under HMDA; U.S. Census data. 3.88% of households are reported as being below poverty.

As shown in Table 5, LNB’s distribution of small loans to businesses in the Summit – Portage AA shows reasonable penetration among businesses of different sizes. The percentage of small loans to businesses originated by the bank is consistent with the demographic data of the AA.

<b>Table 5 - Borrower Distribution of Loans to Businesses in Summit – Portage</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	65.97	5.18	28.85	100%
% of Bank Loans in AA by #	76.19	23.81	0	100%
% of Bank Loans in AA by \$	66.11	33.89	0	100%

Source: 2010 and 2011 Lorain National Bank small business loan report; Dun and Bradstreet data.

### **Geographic Distribution of Loans**

The geographic distribution of loans reflects a reasonable dispersion among geographies of different income levels.

#### Lorain – Cuyahoga – Erie Assessment Area

The geographic distribution of home mortgage loans in the Lorain – Cuyahoga – Erie AA shows a reasonable dispersion among geographies of different income levels. As demonstrated in Table 6, the dispersion of home mortgage loans is consistent with the demographic comparators of the AA. Though the level of lending in the low- and moderate-income CT’s are slightly below the percentage of owner occupied housing, LNB’s opportunity to lend within these areas is limited. A primary factor affecting the bank’s ability to lend in these areas beside competition include the low level of owner occupied housing units in both the low- and moderate income CT. Whereas, the higher percentage of owner occupied housing units are within the middle- and upper-income CT.

<b>Table 6 - Geographic Distribution of Residential Real Estate Loans in Lorain – Cuyahoga – Erie 2010 - 2011</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	.75	0	13.43	10.47	50.03	62.79	35.80	26.74
Home Improvement	.75	2.33	13.43	18.60	50.03	62.79	35.80	16.28
Refinancing	.75	.50	13.43	8.73	50.03	66.08	35.80	24.69
<b>TOTAL</b>	<b>.75</b>	<b>.57</b>	<b>13.43</b>	<b>9.81</b>	<b>50.03</b>	<b>65.28</b>	<b>35.80</b>	<b>24.34</b>

Source: 2010 and 2011 HMDA; 2000 U.S. Census data.

The geographic distribution of small loans to businesses shows an excellent dispersion throughout the AA. As shown in Table 7, the percentage of the bank’s small loans to businesses exceeded the percentage level of businesses located in low- and moderate-income tracts. In addition, the dispersion of small loans to businesses within the middle- and upper-income CT is consistent with the percentage levels of businesses in these tracts.

<b>Table 7 - Geographic Distribution of Loans to Businesses in Lorain – Cuyahoga – Erie 2010 - 2011</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Loans to Businesses	2.30	4.83	11.26	12.56	45.82	37.68	40.62	44.93

Source: 2010 and 2011 Lorain National Bank small business loan reports, Dun and Bradstreet data.

**Summit – Portage Assessment Area**

The Summit – Portage AA did not contain any low- or moderate-income census tracts; therefore, an analysis would not provide meaningful information.

**Responses to Complaints**

LNB has not received any written complaints during the evaluation period related to its performance in meeting the credit and deposit needs of the AA’s.

**COMMUNITY DEVELOPMENT TEST**

LNB’s performance under the CD Test is rated Satisfactory.

## Number and Amount of Community Development Loans

### Lorain – Cuyahoga – Erie AA

LNB originated four CD loans totaling \$15.8 million. During the evaluation period, the bank originated one loan totaling \$1.7 million to an individual developer for the purposes of constructing a new one-story office building to house the local office of the Social Security Administration in downtown Lorain, Ohio, a moderate-income CT within the AA. The construction of the facility will allow the City of Lorain to retain jobs as well as revitalize the downtown area. The loan qualified under the New Market Tax Credit Program and was funded utilizing the NCCDC. The bank granted another loan funded through NCCDC that qualified under the New Market Tax Credit Program totaling \$6 million. The purpose of the loan was to fund the renovation of an existing building in Lorain that will provide a non-profit health and dentistry organization expanded facilities. The organization is a Federally Qualified Health Center, which provides health services to individuals living in medically underserved areas of Lorain County.

LNB made a loan totaling \$5 million for the purpose of renovating 51 detached public housing units in Oberlin, Ohio. The project will be completed under the Low Income Tax Credit Program. The units are leased to individuals and families with incomes of 35 to 50 percent of the MFI. The bank also granted a tax anticipation loan in the amount of \$3.1 million to a local educational facility, which 88 percent of the students are either from low- or moderate-income households. The funding will be used to upgrade the building system.

LNB is an active lender of loans originated through the Small Business Administration (SBA). The bank has been recognized by the SBA as being one of the top SBA lenders within the AA. During the period of review, LNB made 11 SBA related loans totaling \$3.3 million. Originating SBA loans in the AA provides funding for businesses that may not qualify for conventional loan terms. As such, the SBA loans help support economic development and job growth throughout the AA.

### Summit – Portage AA

LNB did not make any qualified CD loans within the Summit – Portage AA. This had an adequate impact on the lending test conclusion due to the bank's limited presence within the secondary AA.

## Number and Amount of Qualified Investments

### Lorain – Cuyahoga – Erie AA

The level of qualified CD investments reflects an adequate responsiveness to the CD needs of the AA.

LNB made several qualifying CD investments in the form of donations to different non-profit organizations throughout the AA. During the evaluation period, LNB made 39 qualified CD

investments totaling \$57,242. The donations were provided to a wide-range of CD organizations involved in supporting job skills, affordable housing, economic development, and social service organizations providing services which benefited low- and moderate-income individuals and families.

#### Summit – Portage AA

LNB did not make any qualified CD investments in the Summit – Portage AA. This had an adequate impact on the investment test conclusion as the bank has a limited presence within the secondary AA.

### **Extent to Which the Bank Provides Community Development Services**

#### Lorain – Cuyahoga – Erie AA

LNB's CD services performance over the evaluation period reflects an adequate responsiveness to CD services needs.

LNB offers a full range of consumer and commercial banking products and services throughout all of its branch offices. The distribution of LNB's branches throughout AA is good, which offers accessibility to the bank's financial services to low- and moderate-income individuals as well as businesses located throughout the AA. As of the period of evaluation, LNB had two full-service branch offices and ATM's located in low-income tracts. In addition, the main office, one full-service branch, one banking center, and two of the stand-alone ATM's are located in moderate-income tracts.

LNB also offers IOLTA accounts, which the funds in these accounts are used to assist in providing legal help to low- and moderate-income individuals. As of the date of February 2013, the bank had a total of 53 IOLTA accounts totaling \$1.9 million in deposits.

During the evaluation period, bank employees were involved with organizations or programs that provide financial services or education to low- and moderate-income individuals or families. In addition, bank employees also served on the Board or finance committees of organizations that provide services to low- and moderate-income individuals or families. Some examples of community development services include the following.

One employee serves on the Board and finance committee of a local non-profit organization that offers family support, shelter and emergency, and child care services to individuals and/or families living in poverty. By serving on the Board and finance committee of this organization, the employee is providing financial guidance and business decisions that will help ensure its continued viability. In addition to the employee serving on the Board and finance committee, three other employees are involved with providing financial guidance to low- and moderate-income individuals who have sought assistance from the non-profit organization.

Bank employees serve on two Boards of non-profit organizations. One non-profit organization provides low cost health and dental care to low- and moderate-income individuals. The other non-profit organization provides services and support for families that are homeless. As

described above, the employees serving on these boards provide financial guidance and business decisions that help ensure the viability of the organization.

Bank employees provide financial education at a local school that serves a low- and moderate-income area. In addition, the student population is predominantly economically disadvantaged. The process provides students with hands-on experience that allows them the opportunity to make employment and financial choices similar to those they will make as adults.

A bank employee is involved in a program that provides basic adult education services that primarily works with low- and moderate income individuals. This service promotes increased job opportunities for low- and moderate-income individuals by improving their literacy skills and helping them attain their GED.

Employees have provided financial counseling at an annual convention where small business and minority business owners can learn how to better operate their businesses. The program helps promote economic development, job growth and retention within the AA.

#### Summit – Portage AA

LNB provides limited qualified CD services in the Summit – Portage AA. This had an adequate impact on the service test conclusion as the bank has a limited presence within the secondary AA.

### **Responsiveness to Community Development Needs**

LNB's CD performance through CD loans, qualified investments, and qualified services demonstrates an adequate responsiveness to CD needs in the AA's.

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

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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