



# LARGE BANK

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

Public Disclosure

**October 07, 2002**

Community Reinvestment Act  
**Performance Evaluation**

**The Lorain National Bank  
Charter Number: 14290**

**457 Broadway  
Lorain, OH 44052**

**Office of the Comptroller of the Currency**

**ADC- Northern Ohio  
3 Summit Park Drive Summit Office Park, Suite 530  
Independence, OH 44131**

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

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>2</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>3</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>7</b>
<b>SCOPE OF THE EVALUATION .....</b>	<b>8</b>
<b>FAIR LENDING REVIEW .....</b>	<b>9</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS .....</b>	<b>9</b>
LENDING TEST .....	10
INVESTMENT TEST .....	15
SERVICE TEST .....	16
<b>APPENDIX A: SCOPE OF EXAMINATION .....</b>	<b>A-1</b>
<b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-1</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>C-1</b>

## Overall CRA Rating

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

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

Performance Levels	Lorain National Bank (LNB) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- A substantial majority of small loans to businesses and HMDA loans were originated within the bank's assessment areas (AAs);
- The geographic distribution for both small loans to businesses and HMDA loans is excellent;
- The borrower distribution of small loans to businesses is adequate and it is good for HMDA loans;
- Community development lending had a positive impact on the rating for the lending test;
- The level of investment activity is considered adequate;
- The service delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA; and there is a good level of community development services.

## Definitions and Common Abbreviations

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

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

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

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

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

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

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

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

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

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

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

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

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

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

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

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

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

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

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

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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

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

## Description of Institution

The Lorain National Bank (LNB) is a full service financial institution headquartered in Lorain, Ohio. As of June 30, 2002, LNB had total assets of \$691 million and Tier 1 Capital of \$52 million.

LNB is an intrastate bank with 21 full service branches and 26 automated teller machines (ATMs) within the State of Ohio. Since the previous CRA evaluation, the bank opened one branch and closed one branch. The bank has two AAs; one includes portions of the Cleveland/Lorain/Elyria metropolitan statistical area (MSA), and the other is a non-MSA representing two geographies in Erie County. The bank's primary communities are the cities of Lorain and Elyria, both located in Lorain County. Other communities within the AA include the cities and townships of Amherst, Avon Lake, LaGrange, Oberlin, Olmsted Township, Vermillion and Westlake. The bank has not entered any new market or been involved in any mergers or acquisitions during this evaluation period.

LNB is a wholly owned subsidiary of LNB Bancorp, Inc. headquartered in Lorain, Ohio. As of December 31, 2001, LNB Bancorp's total assets were \$665 million. LNB has two affiliates within the holding company. LNB Bancorp, Inc. offers life, accident and health insurance, and fixed annuity products through its wholly owned insurance subsidiary Charleston Insurance Agency, Inc.; and traditional title services through a 49 percent owned subsidiary, Charleston Title Agency, LLC. No affiliate activities are included in the evaluation of LNB's CRA performance.

LNB's total loans represent 72% of total assets. Total loans of \$499 million consist of residential real estate (41 percent), commercial real estate (40 percent), commercial (9 percent), consumer (10 percent), and farm (less than 1 percent).

There are not any legal or financial impediments affecting the bank's ability to meet CRA needs. The bank received a "Satisfactory" rating in the last public evaluation dated August 23, 1999.



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period is August 23, 1999 through June 30, 2002. For the Lending Test, we used HMDA data, and small business data for the third and fourth quarters of 1999, calendar years 2000 and 2001, and the first two quarters of 2002. Community Development Loans, Investments, and Services were evaluated for the period from August 23, 1999 through the start date of this examination, October 7, 2002.

As part of the CRA analysis process, we evaluated market data on HMDA loans and small loans to businesses. Market data represent a compilation of the aggregate number of institutions originating and purchasing loans in the AA. To obtain market data, we used the 2000 Peer HMDA data and the 2000 FFIEC aggregate data for small loans to businesses.

We used the latest available deposit market data from June 2001, as compiled by the Federal Deposit Insurance Corporation (FDIC). Each financial institution is listed with its number of branches and dollar amount of deposits. We used information for Lorain and Cuyahoga Counties.

### Data Integrity

In the first quarter 2002 we sampled the bank's HMDA loans and small loans to businesses originated in years 1999, 2000, and 2001 for accuracy. We found the bank's reporting of HMDA loans is reliable. However, we found a significant percentage of small loans to businesses geo-coded inaccurately. The bank corrected the errors. At the onset of the CRA examination, we reviewed another sample of small loans to businesses originated during 2002. We found that the data were reliable. The data used in this evaluation are correct and reflect the bank's revised data.

We reviewed the bank's lists of qualified investments, community development (CD) loans, and CD services. We determined that some items did not meet the definition of a qualified investment, CD loan or CD service. For examination purposes, we included only those activities that met the CD definition.

### Selection of Areas for Full-Scope Review

From the bank's two AAs, we selected the Cleveland/Lorain/Elyria MSA (1680) AA to receive a full-scope review. This AA contains all of the bank's deposits and branches, and the vast majority of its loans. Refer to Appendix A for additional information regarding full-scope reviews.

A limited-scope review was performed on the bank's non-MSA AA in Erie County. It contains two geographies. The bank has no deposits or branches in this AA, but it does include a deposit-taking ATM.

### Ratings

The bank's overall rating is based primarily on performance in the full-scope AA of Cleveland/Lorain/Elyria AA. When determining conclusions for the Lending Test, small loans to businesses were weighed more heavily than HMDA loans due to their volume. Within HMDA loans, home purchase and refinance loans had significant volume and were given the most consideration.

### Other

We performed three community contacts during the evaluation. Identified community credit needs are affordable housing, including new construction, and home rehabilitation. Business credit needs include micro loans and working capital financing. Community needs for business include retaining and increasing small businesses.

### Fair Lending Review

An analysis of the most recent public comments and consumer complaint information, HMDA, and small business lending was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed as of October 31, 1994.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the lending test is rated "High Satisfactory." Based on the full-scope review, the bank's performance in the Cleveland/Lorain/Elyria MSA AA is good.

#### Lending Activity

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

LNB's lending activity is adequate.

During the review period, 61 percent of LNB's loan originations consisted of small loans to businesses. The bank did not originate any small loans to farms. Thirty-nine percent of the bank's originations were home mortgages, including a minimal number, six, of multi-family loans.

Within the Cleveland/Lorain/Elyria AA, LNB is the financial institution with the second highest deposit market share, 11.41%. The leader in deposit market share (19.59%) is a large regional multi-billion dollar financial institution headquartered in Akron, Ohio.

LNB's small loan to business market share is not commensurate with its deposit market share. However, LNB is the only local community bank in the top 15 small business lenders with assets less than \$1 billion. According to the 2000 Small Business Reporter, LNB is the 13th largest originator of small loans to businesses with a market share of 2.23 percent. The financial institutions with higher small business market share than LNB have multi-billion dollar assets; and half of those institutions have a branch in the AA and the other half are out-of-area lenders. The three top financial institutions have market shares of 23.35 percent, 16.52 percent, and 10.34 percent, respectively.

The 2000 HMDA Peer Data evidences that LNB is not a leader in mortgage loan originations. LNB is the eighth largest originator of home improvement loans (market share 4.16 percent), the 18<sup>th</sup> largest originator of refinance loans (market share 1.50 percent) and the 24<sup>th</sup> largest originator of home purchase loans (market share 1.43 percent). LNB's deposit market share is not comparable to its lending market shares due to heavy competition. Competitors that lead the market are large multi-billion financial institutions, not all with a branch presence in the AA. Also, competition includes two local savings and loan financial institutions with assets approximately \$200MM below or above with deposit market shares in the 5% range with home purchase and refinance market shares in the 2% range. The fact that LNB did not offer

fixed-rate mortgages until recently could be part of the reason for a lack of higher volume.

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

### **Home Mortgage Loans**

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

LNB's geographic distribution of HMDA loans within the Cleveland/Lorain/Elyria MSA AA is excellent.

LNB's geographic distribution of home purchase originations is excellent. LNB's origination of home purchase loans in both low- and moderate-income geographies significantly exceeds the percentage of owner-occupied housing units in low- and moderate-income geographies. Also, LNB's market share for home purchase loans in low- and moderate-income geographies exceed its overall market share for home purchase loans.

LNB's geographic distribution of home improvement originations is excellent. LNB's origination of home-improvement loans in low- and moderate-income geographies significantly exceeds the percentage of owner-occupied housing units in low- and moderate-income geographies. Also, LNB's market share for home-improvement loans in low- and moderate-income geographies exceeds its overall market share for home-improvement loans.

LNB's geographic distribution of refinance originations is excellent. LNB's origination of refinance loans in low-income geographies significantly exceeds the percentage of owner-occupied housing units in low-income geographies. LNB's origination of refinance loans in moderate-income geographies exceeds the percentage of owner-occupied housing units in moderate-income geographies. However, LNB's market share for refinance loans in low- and moderate-income geographies is less than its overall market share for refinance loans.

We did not perform a geographic analysis of LNB's multi-family loans. The number of originations was minimal so a geographic analysis would not be meaningful.

### **Small Loans to Businesses**

Refer to Table 6 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

LNB's geographic distribution of small loans to businesses within the Cleveland/Lorain/Elyria MSA AA is excellent.

LNB's origination of small loans in low-income geographies significantly exceeds the percentage of businesses in those geographies. LNB's market share for small loans to businesses in low-income geographies is near to its overall market share for small loans to businesses.

LNB's origination of small loans to businesses in moderate-income geographies exceeds the percentage of businesses in those geographies. Its market share for small loans to businesses in moderate-income geographies exceeds its overall market share for small loans to businesses.

### **Lending Gap Analysis**

LNB's lending activity of HMDA loans and small loans to businesses was reviewed to identify any gaps in the geographic distribution of those loans. In HMDA loans, we identified a lending gap in the city of Elyria.

LNB originated HMDA loans in all but 14 percent of the geographies in the AA, including low- and moderate-income geographies. However, they did not make any HMDA loans in the one low-income geography in the City of Elyria. The bank does have a branch in that geography. Discussion with the bank indicated that penetrating that market has been difficult. Other financial institutions originated a limited number of HMDA loans in that geography. According to 2000 HMDA Peer Data, 26 financial institutions originated 36 HMDA loans. Lending in that low-income geography is hampered by a high percentage (79%) of rental housing. In addition, a significant percentage (45%) of the households are below poverty level.

LNB originated small loans to businesses in all but 7 percent of the geographies in the AA, none of which were low- or moderate-income geographies.

### **Inside/Outside Ratio**

This analysis was performed at the bank level as opposed to the AA level. LNB originated a substantial majority of its loans within its AAs. Approximately 92 percent of the number and 91 percent of the dollars of home mortgage loans and 89 percent of the number and 85 percent of the dollars of small loans to businesses were made in the bank's AAs. This performance had a positive impact on the bank's geographic distribution of lending.

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

### **Home Mortgage Loans**

Refer to Tables 7, 8, and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

LNB's borrower distribution of HMDA loans is good in the Cleveland/Lorain/Elyria MSA AA.

LNB's borrower distribution of home purchase originations is good. LNB's origination of home purchase loans to low-income borrowers is somewhat below the percentage of low-income families in the AA. However, LNB's origination of home purchase loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA. LNB's market shares for home purchase loans to low- and moderate-income borrowers exceed its overall market share for home purchase loans.

LNB's borrower distribution of home improvement originations is excellent. LNB's origination of home-improvement loans to low- and moderate-income borrowers exceeds the percentage of low- and moderate-income families. LNB's market shares for home-improvement loans to low- and moderate-income borrowers exceed its overall market share for home-improvement loans.

LNB's borrower distribution of refinance originations is good. LNB's origination of refinance loans to low-income borrowers is somewhat below the percentage of low-income families in the AA. However, LNB's origination of refinance loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families. LNB's market shares for refinance loans to low- and moderate-income families are near to its overall market share for refinance loans.

### **Small Loans to Businesses**

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

LNB's borrower distribution of small loans to businesses in the Cleveland/Lorain/Elyria MSA AA is adequate.

LNB's origination of small loans to small businesses with revenues of \$1 million or less is below the percentage of small businesses in the AA. However, LNB's market share for small loans to small businesses exceeded its overall market share for small loans to businesses. Competition for small business loans is strong. Most of the lenders in this AA are large financial companies offering businesses credit cards to meet small business lending needs. LNB was the only local lender among the larger competitors.

### **Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development (CD) lending.

CD lending had a positive impact on the Lending Test conclusions. LNB's community development lending was centered on various entities that provide social services to low- and moderate-income families. However, approximately \$2 million was used to refinance the construction of a commercial building in downtown Lorain. The construction of this building was part of the City of Lorain's plan to improve the area and help attract and retain businesses. This building houses various government and state

entities, but the major occupant was the Headstart Program, a daycare for low-income families.

### Product Innovation and Flexibility

Product innovation and flexibility had a neutral impact on the Lending Test conclusions. LNB offers affordable home loans and participated in Lorain County's micro-loan program.

LNB offers 'Local Lender Loan' Programs, detailed below. These programs are for low- and moderate-income customers and for properties in low- and moderate-income geographies. During the review period, the bank originated 20 such loans totaling \$1,223,700.

- (1) The 'First-Mortgage' Program is a five year fixed-rate loan with a down-payment as low as 5 percent, no private mortgage insurance, reduced fees and closing costs for properties valued at \$100,000 or less.
- (2) The 'Home Improvement Loan' Program is a fixed rate loan in amounts from \$500 to \$7,500, at an annual percentage rate that is 1 ½ percent below LNB's regular home improvement loan rate with no fees or service charges.

Since 2000, LNB is one of two banks in the AA that participates with the Lorain County Area Wide Micro Enterprise Loan Program. The other bank is a large regional bank headquartered in Akron. Recipients of these loans are small businesses that seek funding to start new operations or that lack adequate capital or experience for conventional financing. Lorain County approves the loans, and the bank provides the funding. These loans are not guaranteed by Lorain County; however, the County administers the loans and receives the loan payments. Recipients must undergo small business training. The bank committed \$100 thousand to this program; so far approximately \$53 thousand has been disbursed.

### Conclusions for Areas Receiving Limited-Scope Reviews

Refer to Tables 1 through 10 in Appendix C for the facts and data that support these conclusions.

Based on limited-scope reviews, the bank's performance under the lending test in the non-MSA Vermillion AA is weaker than the bank's overall "High Satisfactory" performance under the lending test.

The bank's representation in the non-MSA AA is very limited; it has no branches and only one ATM located there. This was considered in the overall conclusions, and did not negatively impact the rating.

## **INVESTMENT TEST**

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

Refer to Table 11 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank's performance under the Investment Test is rated "Low Satisfactory." Based on the full scope review, LNB's performance in the Cleveland/Lorain/Elyria MSA AA is adequate.

LNB's level of investments are not consistent with the asset size and capacity of the bank. We based our review on the volume and types of investments made by the bank relative to the community development opportunities of the AA. Community development investment opportunities consist primarily of donations to community development organizations. We determined only one large low-income housing tax credit, however, the bank competes with larger multi-billion financial institutions that have a greater capacity for this type of investment.

LNB made 46 donations totaling \$101 thousand to community development organizations in this AA. None of the investments made by the bank are considered innovative or complex.

Some of the notable qualifying grants and donations were given to:

- The United Way which provides educational, health and other social services to low- and moderate-income families;
- The Second Harvest Food Bank which provides groceries to low- and moderate-income families;
- Main Street Lorain which promotes economic development through the revitalization of downtown Lorain (a low-income area); and
- The Salvation Army that provides food, clothing and shelter to low-and moderate-income individuals.

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

Refer to Table 11 in Appendix C for the facts and data that support these conclusions.

Based on limited-scope review, the bank's performance under the investment test in the non- MSA Vermillion AA is weaker than the bank's overall Low Satisfactory performance under the Investment Test.

The bank's representation in the non-MSA AA is very limited; it has no branches and only one ATM located there. The bank had no investments in this AA, but opportunities are also limited. This was considered in the overall conclusions, and did not negatively impact the rating.



## **SERVICE TEST**

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

Refer to Table 12 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The bank's performance under the Service Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Cleveland/Lorain/Elyria MSA AA is good.

### **Retail Banking Services**

The bank's delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA. Financial services are offered at each branch and business hours do not vary in a manner that inconveniences any portion of the assessment area, particularly low- and moderate- income geographies and individuals. The bank has a good level of community development services. The bank is the financial institution with the second highest number of branches (18) within Lorain County, the main area in the bank's AA.

The bank has 21 full service branches located throughout its AA. One of those branches is a drive-up facility that performs all banking services, except loan origination and opening and closing of deposit accounts. Most of the branches are in middle-income geographies, and secondarily in low-income and upper-income geographies that have similar distributions.

The bank's distribution of branches in low-income geographies significantly exceeds the percentage of the population residing in low-income geographies. LNB has its main office and a branch in the two low-income geographies in the City of Lorain. LNB has a branch in the City of Elyria's sole low-income geography.

The bank's distribution of branches in moderate-income geographies is significantly below the percentage of the population residing in moderate-income geographies. All moderate-income geographies are located in the Cities of Lorain and Elyria. The bank has one limited access branch in a moderate-income geography in Elyria that was opened since our last review. The lack of additional physical LNB branches in moderate-income geographies is offset by the close proximity of branches and density of census tracts within the AA. LNB has branches in surrounding middle-income geographies that adequately service the moderate-income geographies.

All branch facilities, with the exception of four, are open normal business hours Monday thru Friday and from 9AM-12PM on Saturdays. Four branches are housed in retirement or nursing home communities that have limited access to residents and visitors of the facilities. These include offices located at Kendall in Oberlin, The Renaissance in Olmsted Township, Westlake Village, and Elyria Methodist Village.

The bank's opening and closing of branches had a neutral impact on the bank's branch network, including low- and moderate-income geographies. The bank opened a branch in a retirement home in a moderate-income geography in Elyria. The bank closed one branch in a middle-income geography due to its proximity to other full service branches.

LNB's alternate delivery systems are not specifically targeted to low-income and moderate-income families or geographies. Data on how these systems affect low-and moderate-income individuals and low- and moderate-income geographies are unavailable. Therefore, significant weight could not be placed on this area when drawing conclusions on the bank's CRA performance.

LNB has 26 ATMs distributed throughout the bank's assessment area, 19.23 percent in low-income geographies and 3.85 percent in moderate-income geographies. The bank also maintains a mobile ATM used at community events. LNB has an ATM at each branch location, except the main office inside location, is accessible 24 hours a day, seven days a week.

LNB also offers several other products and services accessible to all bank customers. Tele-Banker and Computer-Banker on-line services provide customer access to regular and business accounts. LNB provides the Tele-Pay bill payment system, allowing customers to make bill payments directly from their deposit accounts. LNB recently initiated an inquiry-only website in which customers can access accounts, check balances, view statements and cancelled checks, and transfer funds between accounts. LNB offers free checking to all its customers.

### **Community Development Services**

LNB provides a good level of community development services. LNB is represented on the major community groups active in meeting housing, service and economic needs of the low- and moderate-income individuals and areas. Community development services include the following:

Lorain County Area-Wide Micro Enterprise Loan Program – Provides low- and moderate-income entrepreneurs with funding from non-traditional lending sources to facilitate economic revitalization and development in NE Ohio. Bank officers serve as board members, conduct financial planning presentations to prospective business owners, offer technical assistance, and assist with small business loan applications.

Lorain County Community Action Agency – Provides home ownership training to low- and moderate-income individuals. Bank officers serve as board members or trustees. Presentations are conducted by bank employees annually, and as needed, at the Lorain County Housing Fair.

Main Street Lorain Development Corporation – Focuses on the economic revitalization of downtown Lorain’s low- and moderate-income areas to retain or bring in more small businesses. Bank officers serve as board members or trustees, assisting with the planning and implementation of community projects. The bank has conducted small business seminars and is a major funding sponsor.

Women’s Development Center – Supports entrepreneurial education and advocacy primarily for the economically disadvantaged women and families. LNB supports this organization through investments, loans, and classroom training on budgeting and saving. LNB’s CRA Officer was the acting director in the summer of 2001.

Lorain Metropolitan Housing Authority – Provides numerous housing services for low- and moderate-income families. LNB’s CRA Officer is a board member and provides technical expertise for the Section 8 Tenant-Based Homeownership Option Voucher Program.

Lorain County Urban League - Promotes housing, education, employment, and health services for low- and moderate-income households. The League also serves as the fair housing advocate for the county. LNB has provided funding and technical expertise on various projects.

South Lorain Community Development Corporation (SLCDC) – Develops affordable housing for low- and moderate-income households by either repairing older homes for resale or building new ones to revitalize the neighborhood. It also operates a down payment assistance program. A bank officer serves on the board and participates in numerous projects and training sessions including financial training, bank lending and the mortgage application process. The bank financed homes for two clients purchased through the SLCDC redevelopment program.

Second Harvest Food Bank – Provides emergency food supplies to low- and moderate-income households. A Bank employee serves on the board and organized a funding-raising campaign.

Lorain County Chamber of Commerce – Promotes efforts to attract and retain businesses in Lorain County. A bank officer serves on the board and several officers serve on various committees. The bank’s commercial loan department provides financial expertise to its Small Business Development Center.

During the review period, LNB employees made presentations to new homebuyers or small business education classes as noted below:

Welfare to Work Program – This program targets current recipients attempting to re-enter the workforce sponsored by the Lorain YWCA. Bank employees provide attendees with instruction of financial planning, goal setting, budgeting and credit/debt management.

Mt. Zion Missionary Baptist Church – Conducted a seminar titled “How to Better Handle Your Personal Finances” for low- and moderate-income households. Bank employees spoke on topics ranging from budgeting, how to obtain a loan, how to avoid predatory

lenders, building and repairing credit, savings and investments, and the differences between a bank, finance company and mortgage banker/broker when financing a home. Also, employees conducted a “First-Time Homebuyer” training session.

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

Based on limited-scope reviews, the bank’s performance under the Service Test in the non-MSA Vermillion AA is not inconsistent with the bank’s overall “High Satisfactory” performance under the Service Test. This AA has no low- or moderate-income geographies.

Refer to Table 12 in Appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/00 to 06/30/02) Investment and Service Tests and CD Loans: (08/23/99 to 10/07/02)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
LNB, Lorain, Ohio	HMDA and small loans to businesses, CD loans, investments, and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	NA	NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Cleveland/Lorain/Elyria #1680 Vermillion-non-metropolitan Area	Full-Scope  Limited-Scope	

# Appendix B: Market Profiles for Full-Scope Areas

---

## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

Cleveland/Lorain/Elyria MSA 1680.....	B-2
---------------------------------------	-----

## Cleveland/Lorain/Elyria MSA 1680

Demographic Information for Full Scope Area: LNB - MSA 1680 CLEVE/LORAIN/Elyria						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	87	3.45	18.39	45.98	32.18	0.00
Population by Geography	336,639	1.86	16.08	47.47	34.58	0.00
Owner-Occupied Housing by Geography	89,742	0.79	12.20	48.95	38.05	0.00
Business by Geography	12,696	5.52	9.53	45.09	39.86	0.00
Farms by Geography	513	0.19	3.90	54.78	41.13	0.00
Family Distribution by Income Level	92,105	16.47	16.55	24.51	42.47	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	30,415	3.10	27.79	49.99	19.13	0.00
Median Family Income		36,500	Median Housing Value		77,890	
HUD Adjusted Median Family Income for 2002		57,000	Unemployment Rate (1990 US Census)		2.8%	
Households Below Poverty Level		9.19%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census and 2002 HUD updated MFI

The Cleveland/Lorain/Elyria (MSA 1680) consists of 719 geographies spread throughout six counties. LNB chose 87 of the geographies in Lorain and Cuyahoga counties as its AA. Seventy-seven percent of the AA geographies are located in Lorain County with the remaining geographies located in Cuyahoga County. In Lorain County, the bank's AA includes the cities of Lorain and Elyria. All the low- and moderate-income geographies within the bank's AA are located in these cities. In Cuyahoga County the bank's AA includes the cities and townships of Bay Village, Olmsted Falls, North Olmsted, and Westlake. Of the 87 tracts in the AA, three are low-income, 16 are moderate-income, 40 are middle-income, and 28 are upper-income. The bank has not arbitrarily excluded any low- or moderate-income areas from its AA.

The bank's main office and majority of its branches are located in the cities of Lorain and Elyria, Ohio. LNB has 21 full-service branches and 26 ATMs in this AA. All of the bank's deposits are located in this AA.

According to the 1990 Census Data, the percentage of low-income families and moderate-income families in the AA are very similar. Each averages approximately 16 percent of the total families in the AA, based on income-level.

Lorain, Ohio is approximately 25 miles east of downtown Cleveland, Ohio. Lorain has experienced major layoffs over the years in the steel and automobile industries. Particularly, increasing and high unemployment rates are noted for the cities of Lorain and Elyria, at 10.1 percent and 7.5 percent respectively. The State of Ohio unemployment rate for the same period is 5.8 percent. Due to Lorain's high unemployment, the city must find

new and effective ways of broadening and diversifying its economic base. It places high priority on economic development activities such as commercial and industrial rehabilitation. Manufacturing remains the major industry. Current efforts by Lorain County are to build up the service industry.

Major employers include Ford Motors, Nordson Corp., Republic Technologies, Invacare Corp., and Emerson Electric/Ridge Tool. As of June 2002 the unemployment rate at 6.6 percent for the MSA is higher than the national average.

The bank is a major local lender that competes with large regional banks and mortgage companies. There are three other banks chartered in Lorain County. LNB is the largest of these locally chartered institutions. Out of area competitors include Fifth Third Mortgage Company, First Federal Savings of Lorain, and Union National Mortgage Company. GE Capital Corp., American Express Centurion, and National City Bank are major small business competitors.

Credit needs of the communities were ascertained through discussion with community groups. We contacted two organizations that provide housing services to low- and moderate-income persons and one organization that provides services to small businesses. The credit needs identified by the housing groups include, constructing affordable housing and housing rehabilitation. Business credit needs include micro loans and working capital financing. Needs for small businesses include additional ways to attract and maintain businesses.

The number of entities that provide community development services targeted to low- and moderate-income persons are considered to be at a moderate level. However, community development within the low- and moderate-income areas has been limited. There has been no significant construction or rehabilitation of affordable housing for low- and moderate-income persons or in low- and moderate-income areas. Recent construction that has occurred in low-income communities has not been targeted to low- or moderate-income persons. Lorain County has two community development corporations, the City of Lorain and South Lorain CDC that are active and assists in providing affordable housing. The City of Lorain's CDC offers home buyers' down payment assistance through the Community Action Agency, however, funds are depleted.

Main Street Lorain and the Women's Development Center are active organizations in downtown Lorain. The AA has a variety of other social and civic organizations that provide services to low- and moderate-income persons.



## Appendix C: Tables of Performance Data

---

### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and

upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-,

and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area.

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

Table 1. Lending Volume

LENDING VOLUME												Geography: OHIO		Evaluation Period: JULY 1, 1999 TO JUNE 30, 2002	
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA <sup>*</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>**</sup>		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>***</sup>			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)				
<b>Full Review:</b>															
Portions- MSA 1680-Cleveland/Lorain/Elyria	93.54	873	80,671	1,415	167,900	0	0	14	2,910	2,302	251,481	100.00			
<b>Limited Review:</b>															
NON-MSA Vermillion	6.46	75	8,425	84	5,503	0	0	0	0	159	13,928	0.00			

<sup>\*</sup> Loan Data as of June 30, 2002. Rated area refers to either the state or multi-state MA rating area.

<sup>\*\*</sup> The evaluation period for Community Development Loans is From August 23, 1999 to October 07, 2002.

<sup>\*\*\*</sup> Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: OHIO					Evaluation Period: JULY 1, 1999 TO JUNE 30, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Portions- MSA 1680-Cleveland/Lorain/Elyria	367	93.15	0.79	2.18	12.20	15.26	48.95	67.03	38.05	15.53	1.43	5.36	1.85	2.29	0.49	
<b>Limited Review:</b>																
NON-MSA Vermillion	27	6.85	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	4.86	0.00	0.00	0.00	4.86	

\* Based on 2000 Peer Mortgage Data: Central Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: OHIO						Evaluation Period: JULY 1, 1999 TO JUNE 30, 2002							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Portions- MSA 1680-Cle Lorain/Elyria	124	93.94	0.79	6.45	12.20	22.58	48.95	57.26	38.05	13.71	4.16	23.53	6.80	4.47	1.32
<b>Limited Review:</b>															
NON-MSA Vermillion	8	6.06	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	2.33	0.00	0.00	0.00	2.33

\* Based on 2000 Peer Mortgage Data: Central Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: OHIO						Evaluation Period: JULY 1, 1999 TO JUNE 30, 2002						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Portions- MSA 1680-Cle Lorain/Elyria	376	90.38	0.79	1.86	12.20	12.77	48.95	71.28	38.05	14.10	1.50	1.20	1.21	2.16	0.64
<b>Limited Review:</b>															
NON-MSA Vermillion	40	9.62	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	5.97	0.00	0.00	0.00	5.97

\* Based on 2000 Peer Mortgage Data: Central Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: OHIO					Evaluation Period: JULY 1, 1999 TO JUNE 30, 2002					Market Share (%) by Geography <sup>*</sup>				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total <sup>**</sup>	% of MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Portions- MSA 1680-Cle Lorain/Elyria	6	100.00	4.20	0.00	17.18	16.67	51.50	83.33	27.12	0.00	14.29	0.00	0.00	27.27	0.00	
<b>Limited Review:</b>																
NON-MSA Vermillion	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> Based on 2000 Peer Mortgage Data: Central Region.

<sup>\*\*</sup> Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.



Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: OHIO						Evaluation Period: JULY 1, 1999 TO JUNE 30, 2002						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Portions- MSA 1680-Cle Lorain/Elyria	1,415	94.40	5.52	7.70	9.53	10.25	45.09	56.82	39.86	25.23	2.23	2.09	2.61	2.98	1.59
<b>Limited Review:</b>															
NON-MSA Vermillion	84	5.60	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	2.97	0.00	0.00	0.40	4.16

\* Based on 2000 Peer Small Business Data: US&PR.

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

\*\*\* Source Data - Dun and Bradstreet (2001).

Table 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: OHIO					Evaluation Period: JULY 1, 1999 TO JUNE 30, 2002					Market Share <sup>*</sup>				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Portions- MSA 1680-Cle Lorain/Elyria	367	93.15	16.47	10.40	16.55	22.25	24.51	28.32	42.47	39.02	1.71	1.78	1.85	1.52	1.75	
<b>Limited Review:</b>																
NON-MSA Vermillion	27	6.85	8.90	4.00	12.24	24.00	20.77	16.00	58.09	56.00	6.19	0.00	2.94	7.02	7.14	

<sup>\*</sup> Based on 2000 Peer Mortgage Data: Central Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 5.84% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

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

Table 8. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: OHIO				Evaluation Period: JULY 1, 1999 TO JUNE 30, 2002					Market Share*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****						
<b>Full Review:</b>																
Portions- MSA 1680-Cle Lorain/Elyria	124	93.94	16.47	28.33	16.55	28.33	24.51	16.67	42.47	26.67	4.22	9.62	4.39	2.81	3.24	
<b>Limited Review:</b>																
NON-MSA Vermillion	8	6.06	8.90	0.00	12.24	0.00	20.77	50.00	58.09	50.00	2.44	0.00	0.00	8.33	0.00	

\* Based on 2000 Peer Mortgage Data: Central Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.03% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

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

Table 9. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: OHIO				Evaluation Period: JULY 1, 1999 TO JUNE 30, 2002					Market Share				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****						
<b>Full Review:</b>																
Portions- MSA 1680-Cle Lorain/Elyria	376	90.38	16.47	13.10	16.55	21.43	24.51	25.00	42.47	40.48	1.50	1.30	1.32	1.08	2.19	
<b>Limited Review:</b>																
NON-MSA Vermillion	40	9.62	8.90	0.00	12.24	19.44	20.77	22.22	58.09	58.33	7.02	0.00	4.55	7.50	8.70	

\* Based on 2000 Peer Mortgage Data: Central Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 10.58% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

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

Table10. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES				Geography: OHIO		Evaluation Period: JULY 1, 1999 TO JUNE 30, 2002			
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Portions-MSA 1680-Clev Lorain/Elyria	1,415	94.40	86.55	50.88	69.12	16.68	14.20	2.23	2.89
<b>Limited Review:</b>									
NON-MSA Vermillion	84	5.60	88.27	53.57	82.14	13.10	4.76	2.97	4.52

\* Based on 2000 Peer Small Business Data: US&PR.

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 25.82% of small loans to businesses originated and purchased by the bank.

Table 11. Qualified Investments

QUALIFIED INVESTMENTS		Geography: OHIO				Evaluation Period: JULY 1, 1999 TO JUNE 30, 2002			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Portions- MSA 1680-Cle Lorain/Elyria	0	0	46	101	46	101	100.00	0	0
<b>Limited Review:</b>									
NON-MSA Vermillion	0	0	0	0	0	0	0.00	0	0

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

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

Table 12. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JUNE 30, 2002								Geography: OHIO				Evaluation Period: JULY 1, 1999 TO					
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Portions-MSA 1680-Clev Lorain/Elyria	100.00	21	100	19.05	4.76	57.14	19.05	1	1	0	1	- 1	0	1.86	16.08	47.47	34.58
<b>Limited Review:</b>																	
NON-MSA Vermillion	0.00	0	0	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.00	0.00	0.00	100.00