



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

March 17, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Liberty Bank, National Association
Charter Number 23264**

**2351 Edison Blvd.
P.O. Box 560
Twinsburg, OH 44087**

**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, 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 major factors that support this rating include:

- A reasonable net loan-to-deposit ratio.
- A reasonable geographic lending of loans within the assessments areas.
- An excellent level of home mortgage loans to borrowers of different income levels.
- No consumer complaints have been filed regarding the bank's performance under the Community Reinvestment Act.

The last CRA performance evaluation for this institution was as of September 30, 1997 and resulted in a satisfactory evaluation.

DESCRIPTION OF INSTITUTION

Liberty Bank, N.A. is located in Twinsburg, Ohio. As of 12/31/2002, average assets were \$45.6 million. The bank has two banking locations. In addition to the main office, the bank has an office in Solon. Both offices offer full lending and deposit services. Both offices have walk-up/drive-up ATMs that are 24-hour accessible.

The bank's primary business focus is real estate lending, which represents 72% of the banks loan portfolio. The portfolio consists of 37% consumer real estate mortgage lending, 33% commercial real estate lending, 7% loans to individuals, and 23% commercial loans. The bank has no agriculture loans. Traditional banking products are offered and the bank has tailored its services to meet community credit needs. The bank offers conventional purchase money mortgages and makes small balance loans. Net loans to total assets equal 79%.

There are no financial or legal impediments that could prevent the bank from meeting its community credit needs.

DESCRIPTION OF ASSESSMENT AREAS:

Liberty Bank has two assessment areas (AA). One contains geographies located in the Cleveland, Ohio Metropolitan Statistical Areas (MSA) #1680, and the other contains geographies within the Akron, Ohio MSA #80. Both AAs meet the requirements of the regulations and do not arbitrarily exclude any low- or moderate-income areas. The AAs are contiguous. Since the majority of the banks AA is in the Akron MSA (19 tracts), we are putting more weight on this area than the Cleveland MSA (8 tracts).

Akron MSA #80

This AA consists of nineteen census tracts. Five tracts are located in Portage County and fourteen tracts in Summit County. Within the AA, there are no low- or moderate-income geographies. In Portage County, there are three middle-income tracts (which represents 16% of the tracts) and two upper-income tracts (which represents 11% of the tracts). In Summit County, there are five middle-income tracts (which represents 26% of the tracts) and nine upper-income tracts (which represents 47% of the census tracts).

Competitors in the AA include large commercial banks, First Merit, Bank One, and National City, as well as several local community banks and savings banks.

The unemployment rate as of February 2003 for Portage County was 6.3%. This is slightly lower than the Ohio state unemployment rate of 6.6% and the national rate of 6.4%. Over the length of the evaluation period, unemployment trends have remained relatively the same with only slight fluctuations. Historically, the Portage County economy is manufacturing oriented. However, retail services are increasing every year. Manufacturing is a primary industry, closely followed by government and retail trade. General Electric is the major employer in the county. The city of Kent is the largest city of the county, closely followed by Aurora and Streetsboro.

The unemployment rate as of February 2003 for Summit County was 6.2%. This is slightly lower than the Ohio state unemployment rate of 6.6% and the national rate of 6.4%. Over the length of the evaluation period, unemployment trends have remained relatively the same with only slight fluctuations. Historically, the Summit County economy is manufacturing oriented. Manufacturing is a primary industry, closely followed by healthcare, and retail trade. Children's Hospital Medical Center and Goodyear tire are a few of the major employers in the county. The city of Akron is the largest city and the major economic area of the county.

The HUD 2002 adjusted median family income in the AA is \$49,582. The 1990 census bureau lists the assessment area population at 90,758 persons, which comprises 25,593 families. Of these families, approximately 9% in the AA are low-income, 11% of the families are moderate-income, 22% are middle-income, and 58% are upper-income. In addition, approximately 4% of the households are below poverty level with 3% relying on public assistance. Twenty percent of the household income in this assessment area is derived from social security. Housing units consist of 76% owner-occupied. The housing units are primarily one-to-four family with a median housing value of \$104,070.

We made one contact with a local government agency within the community to discuss the community's credit needs.

The following credit and non-credit related needs were identified in this AA:

- Affordable housing (i.e. single family rental, multifamily rental, homeownership) for low- and moderate-income individuals.
- Funds for rehabilitation for low- and moderate-income individuals.

- Small business working capital loans to existing and start-up businesses in amounts of \$100M and less. Technical assistance to new and existing small businesses was also identified as a need.
- Social services to low- and moderate-income families, including child care services, counseling and job training, food donation, and health care services.

Cleveland MSA #1680

This AA consists of nine census tracts in Cuyahoga County. Within the AA, there are no low- or moderate-income geographies. There is one middle-income census tract (which represents 11% of the tracts) and eight upper-income tracts (which represents 89% of the tracts).

Competitors in the AA include large commercial banks, National City, Key Bank, and Charter One, as well as several local community banks and savings banks.

The unemployment rate as of February 2003 for Cuyahoga County was 6.9%. This is slightly higher than the Ohio state unemployment rate of 6.6% and the national rate of 6.4%. Over the length of the evaluation period, unemployment trends have remained relatively the same with only slight fluctuations. Historically, the Cuyahoga County economy is manufacturing oriented. Wholesale and retail trade is also a primary industry, closely followed by health services, education, and government. American Greetings, Cleveland Clinic Health System, and Case Western Reserve University are a few of the major employers. The city of Cleveland is the economic center of the county.

The HUD 2002 adjusted median family income in the AA is \$60,570. The 1990 census bureau lists the assessment area population at 23,823 persons, which comprises 6,817 families. Of these families, approximately 6% in the AA are low-income, 9% of the families are moderate-income, 15% are middle-income, and 70% are upper-income. In addition, approximately 2% of the households are below poverty level with 1% relying on public assistance. Twenty-five percent of the household income in this assessment area is derived from social security. Housing units consist of 78% owner-occupied. The housing units are primarily one-to-four family with a median housing value is \$147,054.

We made one contact with a local government agency within the community to discuss the community's credit needs.

The following credit and non-credit related needs were identified in this AA:

- Affordable housing (i.e. single family rental, multifamily rental, homeownership) for low- and moderate-income individuals.
- Small business working capital loans to existing and start-up businesses in amounts of \$100M and less. Technical assistance to new and existing small businesses was also identified as a need.

- Social services to low- and moderate-income families, including child care services, counseling and job training, food donation, and health care services.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Liberty’s loan-to-deposit ration meets the standards for satisfactory performance. The bank’s average quarterly net loan-to-deposit ratio for the time period December 31, 1997 through December 31, 2002 is 93.18%. The banks loan to deposit ratio has remained relatively stable, increasing slightly from year-end 1997 (97.09%) to year-end 2002 (100.23%). The bank’s loan-to-deposit ratio is higher than the average performance of similar sized institutions. In comparison to its state peer group of banks of similar size 70.46%, Liberty’s loan to deposit ratio is good.

Lending in Assessment Area

Liberty’s record of lending in the assessment area is adequate. The following table details the bank real estate lending and commercial lending within the assessment area by number of loan originations and dollar volume since its last CRA evaluation. Fifty-five percent of loans sampled were made within the AA. The following table illustrates this conclusion. The Public evaluation covers the bank’s lending activity of all HMDA loans originated during the period October 1997 through December 31, 2002 as well as a sample of commercial loans from the same period. Our rating is based on the total number of loans reviewed that were made in the assessment area.

Record of Lending within Assessment Area								
	Within Assessment Area				Outside Assessment Area			
	#	%	\$	%	#	%	\$	%
Total HMDA Loans	69	54%	5555	47%	59	46%	6175	53%
Total Commercial loans Sampled	12	60%	1615	80%	8	40%	395	20%
Total Loans	81	55%	7170	52%	67	45%	6570	48%

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

Liberty’s distribution of residential real estate loans to borrowers of different income levels is excellent. The bank is providing funds for home loans, rehabilitation loans, and small business financing. These were identified as credit needs in the area. The level of loans reflects the demographics of the bank’s assessment area. Lending to low-income borrowers in the Akron MSA is slightly lower than the percentage of low-income families, but lending to the moderate-income borrowers is much higher than the percentage of moderate-income families; therefore, it is considered excellent. Residential real estate loans to low-income borrowers are higher in the Cleveland MSA, and are considered good.

Income Level	Akron MSA			Cleveland MSA		
	# of Loans	%	% of Families in AA	# of Loans	%	% of Families in AA
Low	3	5%	8%	1	25%	6%
Moderate	18	28%	11%	2	50%	9%
Middle	16	24%	20%	1	25%	15%
Upper	28	43%	61%	0	0%	70%
Totals	65	100%	100%	4	100%	100%

We sampled some of the bank's commercial and commercial real estate loans originated within both AAs since 1998. Based on the same, the banks distributions to business of different sizes reflect satisfactory penetration, and the bank is meeting the credit needs of the small business community. The bank is supplying funds to small businesses for working capital to existing and start-up businesses.

Business Size	Sample in Each Category in Akron AA		Sample in Each Category in Cleveland AA	
	#	\$	#	\$
Revenues < \$1 Million	18	1226	16	1535
Revenues > \$1 Million	2	1130	4	1628
Total Loans	20	2356	20	3163

Geographic Distribution of Loans

The census tracts in both lending areas are all either middle- or upper-income tracts, therefore, an analysis of the geographic distribution of loans would not be meaningful.

Responses to Complaints

No complaints relating to the bank's CRA Performance have been submitted during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

An analysis of recent public comments and consumer complaint information, and Home Mortgage Disclosure Act (HMDA) 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 be conducted in connection with the CRA evaluation this year.