



PUBLIC DISCLOSURE

July 19, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Lemont National Bank
11715

1201 State Street
Lemont, Illinois 60439

Office of the Comptroller of the Currency

Downers Grove Field Office
2001 Butterfield Road, Suite 400
Downers Grove, Illinois 60515

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.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Substantial Noncompliance**

The lending test is rated: Substantial Noncompliance

The major factors that support this rating include:

- The bank's quarterly average loan-to-deposit (LTD) ratio of 14.28 percent is unreasonable. Lemont National Bank's ratio is significantly below their peer banks.
- The bank's lending activity in its assessment area (AA) needs improvement. The majority of loans originated during the evaluation period were made within the bank's AA, but the low level of lending activity indicates a lack of commitment to address the credit needs of the community. Over the past three years, the bank only originated 11 home and two small business loans in their assessment area (AA).
- The bank's lending to low- and moderate-income borrowers shows very poor distribution.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's LTD ratio is unreasonable. The bank's quarterly average LTD ratio on a bank-wide basis from March 31, 2018 to December 31, 2020 was unreasonable at 14.28 percent. There are six peer banks in the bank's AA with assets \$100 million or less. These six banks' quarterly average LTD ratio ranged from a low of 46.01 percent to the highest at 102.57 percent during this same time frame. LNB has no financial obstacles that prevents them from lending.

Lending in Assessment Area

A majority of the bank's loans are inside its AA. To determine lending in the AA, we reviewed 100 percent of all home and commercial loan originations and purchases during the evaluation period. The bank originated and purchased 72 percent of its total loans inside the bank's AAs. This analysis is performed at the bank, rather than the AA level.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	11	69	5	31	16	1,317	50	1,330	50	2,647
Small Business	2	100	0	0	2	286	100	0	0	286
Total	13	72	5	28	18	1,603	55	1,329	45	2,933

Description of Institution

The Lemont National Bank (LNB or bank) is an intrastate \$59 million bank headquartered in Lemont, Illinois. LNB is majority owned by Lemont Bancorp, Inc., a one-bank holding company headquartered in Lemont, Illinois. The bank has five locations, four in Lemont, Illinois and one in Homer Glen, Illinois. One Lemont

location is inside a senior living center, and the Homer Glen location is also located in a senior living center. Since our last Performance Evaluation, the bank closed one branch at 12565 Renaissance Circle, Homer Glen, Illinois. The branch was closed July 2018 as the lessor chose to terminate their lease due to their need for the space.

As of year-end 2020, the bank balance sheet showed \$6.8 million in total loans or 11.5 percent of total assets. Tier one capital was \$3.6 million. The bank offers standard loan products but does not offer any affordable lending products or down payment assistance programs, a known community credit need. Instead, the bank's strategic plan is to purchase investments for earnings and capital growth. This strategy resulted in the bank extending only 18 loans in the three-year period as noted in the table below.

Type of Loan	Number Made	Percentage of Total
Home Equity Lines of credit	10	55.6
Home Refinance Loans	3	16.6
Home Purchase Loans	3	16.6
Commercial Loans	2	11.2
Total Loans 2018-2020	18	100.0

The bank's one AA includes 14 census tracts (CTs), which are contiguous and include parts of Cook, DuPage, and Will County, Illinois. Of these CTs, zero are low or moderate-income, three are middle-income, and 11 are upper income.

Competition within the AA remains high. Several larger institutions have a presence within the AA such as JPMorgan-Chase, Fifth Third, Wintrust, TCF, and U.S. Bank. According to the June 30, 2020 Federal Deposit Insurance Corporation (FDIC) deposit market share report, LNB had 0.01 percent market share. The top 10 deposit holders hold 81 percent of all deposits in the bank's AA.

In the CRA Performance Evaluation dated May 14, 2018, the bank received a "Substantial Noncompliance" rating. There are no financial constraints, legal impediments, or any other factors that would hinder the bank's ability to provide credit within the AA.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Small Bank Lending Test. The evaluation period ranged from January 1, 2018 through December 31, 2020. Due to the low loan origination volume, we reviewed 100 percent of home and commercial loan originations during this period.

Selection of Areas for Full-Scope Review

The bank has only one AA, which was used for a full-scope review.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Illinois

CRA rating for the State of Illinois¹: Substantial Noncompliance

The Lending Test is rated: Substantial Noncompliance

The major factors that support this rating include:

- The bank's average quarterly LTD ratio of 14.28 percent is unreasonable.
- LNB only originated 11 home loans in their AA, none of which were to low-income borrowers and only one to a moderate-income borrower.
- LNB only originated two commercial loans, both small business loans in their AA.

Description of Institution's Operations in Illinois

LNB only operates in Illinois. The bank's primary lending product is home equity lines of credit. The bank originated 18 loans (both in and out of its AA) during the three-year evaluation period and 10 or 56 percent of originated loans were home equity lines of credit.

The bank's AA has not changed since our prior CRA review. The AA contains 14 contiguous census tracts (CTs) that include parts of Cook, DuPage, and Will County, Illinois. While LNB has locations in three different counties, all three counties are part of the Chicago-Naperville-Elgin, IL-IN-WI MSA and will be reviewed together as one AA. The bank has five locations, two of which are in senior living centers. The three other bank locations have ATMs, but none that are deposit taking.

Based on community contacts, the needs are for affordable home loans, including down payment and closing costs assistance programs. There is also a need for small business loans, including financing for business expansion.

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

Table A – Demographic Information of the Assessment Area

Assessment Area: LNB

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.0	0.0	21.4	78.6	0.0
Population by Geography	60,422	0.0	0.0	19.3	80.7	0.0
Housing Units by Geography	22,205	0.0	0.0	19.0	81.0	0.0
Owner-Occupied Units by Geography	17,899	0.0	0.0	16.9	83.1	0.0
Occupied Rental Units by Geography	3,322	0.0	0.0	26.6	73.4	0.0
Vacant Units by Geography	984	0.0	0.0	31.7	68.3	0.0
Businesses by Geography	6,126	0.0	0.0	16.5	83.5	0.0
Farms by Geography	116	0.0	0.0	6.9	93.1	0.0
Family Distribution by Income Level	15,975	11.0	12.5	19.9	56.6	0.0
Household Distribution by Income Level	21,221	15.7	10.0	16.0	58.3	0.0
Median Family Income MSA - 16984 Chicago-Naperville-Evanston, IL		\$75,024	Median Housing Value			\$333,215
			Median Gross Rent			\$1,103
			Families Below Poverty Level			3.6%

Source: 2015 ACS and 2019 D&B Data

Due to rounding, totals may not equal 100.0%

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

Scope of Evaluation in Illinois

The bank's performance in its one AA was reviewed using full-scope procedures.

LENDING TEST

The bank's performance under the Lending Test in Illinois is rated Substantial Noncompliance.

Conclusions for Area Receiving a Full-Scope Review.

Based on a full-scope review, the bank's performance in their AA is very poor.

Distribution of Loans by Income Level of the Geography

An analysis of the geographic distribution of loans would not be meaningful as the bank does not have any low- or moderate-income CTs in their AA.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a very poor penetration of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

Home Mortgage Loans

Refer to Table P below for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. This 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 distribution of families by income level in each AA. The table also presents aggregate peer data for the years the data is available.

The borrower distribution of home mortgage loans is very poor. The AA has 15,975 families. Of these families, 11 percent are low-income. The bank made zero home loans to these families, while aggregate peer lending was 1.9 percent. Moderate-income families make up 12 percent of the bank's AA. The bank only extended one loan to these families, while aggregate peer lending was 10 percent. The remaining 10 loans were extended to moderate- and upper- income borrowers.

Opportunities for home mortgage lending in the AA were available as evidenced by peer bank activities and information from community contacts.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2018-20

		Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
AA	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
LNB	11	1,317	100.0	4,476	11.0	0.0	1.9	12.5	9.1	10.2	19.9	36.4	20.4	56.6	54.5	55.8	0.0	0.0	11.6	
Total	11	1,317	100.0	4,476	11.0	0.0	1.9	12.5	9.1	10.2	19.9	36.4	20.4	56.6	54.5	55.8	0.0	0.0	11.6	

Source: 2015 ACS Census ; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%
 OCC Loan Sample

Small Loans to Businesses

Refer to Table R below for the facts and data used to evaluate the borrower distribution of the bank’s originations and purchases of small loans to businesses. This table compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

The borrower distribution of the bank’s originations and purchases of small loans to businesses is very poor. During the evaluation period, there were over 6,100 businesses in the bank’s AA, with 3,100 loans extended to small businesses. In the three-year evaluation period, the bank only made two commercial loans, both to small businesses.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2018-20

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Lemont NB	2	286	100.0	3,149	83.7	100.0	40.0	8.1	0.0	8.2	0.0
Total	2	286	100.0	3,149	83.7	100.0	40.0	8.1	0.0	8.2	0.0

Source: 2019 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%
 OCC Loan Sample

Responses to Complaints

The bank has not received any written comments or complaints regarding efforts to meet the credit needs in Illinois during this evaluation period. The OCC has also not received any written complaints, comments, or inquiries concerning the bank and its efforts to comply with the CRA.

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 MSAs and non-MSAs 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”.

Time Period Reviewed:	01/01/2018 to 12/31/2020	
Bank Products Reviewed:	Home Mortgages and Commercial Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
MMSA(s)		
Illinois		
Chicago-Naperville-Elgin, IL-IN-WI MSA 16984	Full Scope	Parts of Cook, DuPage and Will Counties in Illinois

Appendix B: Summary of MMSA and State Ratings

RATINGS	
Overall Bank:	Lending Test Rating
The Lemont National Bank	Substantial Noncompliance
MMSA or State:	
Illinois	Substantial Noncompliance

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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 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 conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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-Scope 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan

Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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.

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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) 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.

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 1 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 at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.