



PUBLIC DISCLOSURE

June 06, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Liberty Bank, National Association
Charter Number 23264

2351 Edison Boulevard
Twinsburg, OH 44087-0560

Office of the Comptroller of the Currency
Cleveland Field Office
200 Public Square Suite 1610
Cleveland, OH 44114-2301

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

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

- The bank's loan-to-deposit ratio is more than reasonable and exceeds the standard for satisfactory performance.
- A majority of lending activity has occurred inside the bank's assessment areas and meets the standard for satisfactory performance.
- The distribution of loans to businesses of different sizes is reasonable and meets the standard for satisfactory performance.
- The geographic distribution of business loans reflects reasonable dispersion and meets the standard for satisfactory performance.

SCOPE OF EXAMINATION

We evaluated Liberty Bank National Association (LBNA or bank) using small bank Community Reinvestment Act (CRA) procedures. We evaluated the bank's performance in meeting the credit needs of its assessment areas (AA) based on the lending test.

The evaluation period is from August 17, 2010 through June 1, 2016. Lending data analyzed for the purpose of this evaluation is from January 1, 2012 through December 31, 2015. The procedures used to assess LBNA's performance focused on the bank's primary lending product.

Based on the bank's lending activities over the review period, and discussions with senior management, we determined the bank's primary lending focus is business loans. Our geographic and borrower analyses were based on a sample of 131 business loans from the Cleveland AA and 25 loans from the Akron AA originated during the evaluation period. While LBNA is subject to the reporting requirements of the Home Mortgage Disclosure Act (HMDA), we did not use HMDA data to evaluate the bank's lending performance since home mortgages were not a primary loan product during the evaluation period.

As of our evaluation, LBNA had two AAs, one located in the Cleveland-Elyria OH Metropolitan Statistical Area (MSA) and one in the Akron, OH MSA. We assessed the bank's performance in both AAs. When drawing overall conclusions, we placed greater emphasis on performance in the Cleveland AA as the majority of the bank's operations are in that area. The Office of Management and Budget (OMB) revised the delineations of MSAs effective January 1, 2014. We determined the OMB changes did not affect the bank's AAs. As a result, we were able to combine the lending data for all four years for analysis.

We utilized other supporting information while evaluating the bank's CRA performance, including bank records, deposit market share data, and information from governmental sources regarding the characteristics and economy of the AAs. We also considered information derived from members of the community through community contacts with local organizations, other institution's performance evaluations, and bank management.

DESCRIPTION OF INSTITUTION

LBNA is a full-service community bank managed from Beachwood, Ohio serving Cuyahoga, Summit, and the western portion of Portage Counties. The bank has two operating subsidiaries: LBNA Financial LLC, a title company; and LBNA Insurance LLC; but does not have a holding company. The subsidiaries do not significantly impact the bank's capacity for community development and no affiliate activities are included in this evaluation.

While focusing on the business community, LBNA offers a broad range of loan products including home mortgage, consumer, and commercial loans. The bank also offers a wide range of deposit products, along with online banking, telephone banking, mobile banking and remote deposit capture. Using bank-generated loan origination reports, we determined the bank's primary product is business lending. LBNA is active in meeting the credit needs of the business community, and commercial type lending makes up the majority of LNBA's lending activity.

As of December 31, 2015, the bank reported total assets of \$212 million. The bank's loan portfolio is comprised of real estate loans (69 percent), commercial loans (19 percent), and consumer loans (12 percent). The majority of real estate loans are business-related.

LBNA operates full-service branches in Beachwood, Solon and Twinsburg, with automated teller machines (ATMs) at each branch. No offices were opened or closed since the last performance evaluation.

There were no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of the communities it serves. The previous CRA examination was dated August 17, 2010 and resulted in a rating of Satisfactory.

DESCRIPTION OF ASSESSMENT AREAS

Demographic Information for Cleveland AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	446	21.30	24.89	30.04	22.87	0.90
Population by Geography	1,280,122	14.80	21.81	34.14	29.24	0.01
Owner-Occupied Housing by Geography	336,055	8.54	17.84	38.76	34.85	0.01
Business by Geography	89,258	10.16	16.11	33.80	39.35	0.58
Farms by Geography	1,412	5.59	14.87	35.69	43.77	0.07
Family Distribution by Income Level	319,049	25.43	17.76	19.36	37.45	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	137,814	26.05	29.65	30.75	13.55	0.01
MSA Median Family Income 2010		62,627	Median Housing Value		140,565	
Adjusted Median Family Income for 2015		66,100	Unemployment Rate		5%	
Households Below Poverty Level		16%	(Cuyahoga County 2015)			

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

Sources: 2010 US Census and 2015 FFIEC updated MFI; Bureau of Labor Statistics

The Cleveland AA consists of Cuyahoga County, which is part of the Cleveland-Elyria, OH Metropolitan Statistical Area (MSA). The AA has 95 low-income census tracts (CT), 111 moderate-income CT, 134 middle-income CT, 102 upper-income CT, and four CT that are not designated with income classifications. Principal cities include Cleveland, Lakewood, Beachwood and Westlake. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income CTs. This represents an expansion in size from the previous evaluation period when the bank included only portions of eastern Cuyahoga and western Geauga Counties.

Competition within the AA is strong. According to the Federal Deposit Insurance Corporation’s June 30, 2015 deposit market share report, there are 27 institutions operating a total of 425 offices within the AA. Of the 27 institutions, LBNA ranked fifteenth, with a less than one percent market share. The top five financial institutions had an aggregate total market share of approximately 75 percent within the AA.

According to the 2015 OCC economic profile of the Cleveland-Elyria OH MSA, the composition of businesses in this AA primarily support education and health services, professional and business services, federal government, manufacturing and retail trade. The OCC economic profile also noted local hospitals are ramping up capital spending and hiring to meet a rapidly expanding elderly population. Traditional auto and machinery production industries also added to the gains spurred by net job growth versus a decline in the labor force. Major employers include Cleveland Clinic,

University Hospitals, Giant Eagle Inc., Progressive Corporation and General Motors Corporation.

Unemployment levels eased during the evaluation period and are now generally comparable to the State of Ohio unemployment rate. The Cuyahoga County unemployment rate peaked at 7.8 percent in June 2013. However, the annual 2015 unemployment rates decreased to 5.0 percent, which is just above the Ohio unemployment rate of 4.9 percent.

In assessing the bank’s performance, we used OCC, bank and information from members of the community to identify the needs of the local area. Affordable housing and economic development organizations were among those contacted. The organizations noted there are ample opportunities for financial institutions to provide small business loans and working capital lines of credit, home ownership loan programs, and foreclosure counseling programs in the AA. Organizations also expressed that the area has a high concentration of older apartment buildings and owner-occupied homes in need of repairs or updating. Additionally, the AA is in need of affordable rental housing.

Demographic Information for Akron AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	150	16.00	22.00	34.00	28.00	0.00
Population by Geography	626,403	10.40	19.80	35.37	34.42	0.00
Owner-Occupied Housing by Geography	175,251	5.17	18.42	38.09	38.32	0.00
Business by Geography	42,675	8.17	15.56	32.62	43.65	0.00
Farms by Geography	1,063	1.88	11.29	41.96	44.87	0.00
Family Distribution by Income Level	162,471	20.96	17.27	21.65	40.12	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	62,109	16.16	29.93	35.33	18.59	0.00
MSA Median Family Income		62,882	Median Housing Value	146,845		
Adjusted Median Family Income for 2015		66,700	Unemployment Rate	4.9%		
Households Below Poverty Level		14%	(Summit County 2015)			

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

Sources: 2010 US Census and 2015 FFIEC updated MFI; Bureau of Labor Statistics

The bank’s Akron AA consists of Summit County and the adjacent western section of Portage County. The AA is within the Akron OH MSA. The AA has 24 low-income census tracts (CTs), 33 moderate-income CTs, 51 middle-income CTs, and 42 upper-income CTs. Principal cities include Akron, Cuyahoga Falls, and Montrose. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income CTs. The AA represents an expansion in size from the previous evaluation period when the bank included only the eastern portion of Summit County.

Competition within the AA is strong. According to the Federal Deposit Insurance Corporation’s June 30, 2015 deposit market share report, there are 27 institutions

operating a total of 209 offices within the AA. Of the 27 institutions, LBNA ranked twenty-first with a less than one percent market share. The top five financial institutions had an aggregate total market share of nearly 69 percent within the AA.

According to a 2013 Economic Profile of Akron's Economy, the composition of businesses in this AA primarily support education and health services, professional and business services, manufacturing, and retail trade. The Greater Ohio Policy Center Report issued in 2015 noted an overall decline in manufacturing jobs, with much of the local workforce moving toward retirement, creating a skills gap for the area. Major employers include Summa Health System, Akron General Health System, Akron University and Goodyear Tire and Rubber Company.

Unemployment levels eased during the evaluation period and are now comparable to the State of Ohio unemployment rate. The local unemployment rate peaked at 8.8 percent in January 2013, however, the annual 2015 unemployment rate for Summit County decreased to 4.9 percent, which equals the 2015 annual unemployment rate for Ohio.

In assessing the bank's performance, we used OCC, bank and information from members of the community to identify the needs of the local area. An affordable housing organization was contacted. The organization noted there are many opportunities for financial institutions to provide funds for home building and affordable home repair directed to the low-to-moderate income community in the AA. Additionally, financial institutions can provide general operating support to local community organizations or serve on Boards and committees.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance under the lending test is Satisfactory. This conclusion is based on performance from both AAs, with more emphasis placed on the Cleveland AA, as this is where the bank has a majority of its branches and deposits.

Loan-to-Deposit Ratio

The bank's net loan-to-deposit ratio is more than reasonable and exceeds the standard for satisfactory performance given the bank's size and financial condition, and the credit needs of the bank's AAs. The bank's average quarterly loan-to-deposit ratio over the 16 quarters ending December 31, 2015 was 91 percent. This was comparable to the 90 percent average experienced by the local peer group of seven banks during the same period.

Lending in Assessment Area

LBNA's record of lending within its AAs is reasonable and meets the standards for satisfactory performance. A majority of lending activity occurred inside the bank's AAs. As reflected in Table 1, approximately 65 percent of the loans originated during the

evaluation period were located within the bank’s AAs. We based these percentages on all business loan originated by the bank during the evaluation period.

Table 1 – Lending in LNBA’s Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business	156	65.00	84	35.00	240	90,427	71.98	35,193	28.02	125,620

Source: Bank business loan activity reports from January 2012 through December 2015.

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

The overall distribution of business loans reflects reasonable penetration among businesses of different sizes and meets the standard for satisfactory performance. This conclusion is based on samples of business loans made in the AAs during the evaluation period from each of the bank’s AAs.

Cleveland AA

Table 2 - Distribution of Loans to Businesses of Different Sizes in Cleveland AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	76.18	6.67	17.15	100%
% of Bank Loans in AA by #	65.38	34.62	0.00	100%
% of Bank Loans in AA by \$	67.37	32.63	0.00	100%

Sources: Sample of 131 loans from reports of business loans originated in the AA from January 2012 through December 2015; Dun & Bradstreet 2014 Business Data.

The overall distribution of business loans in the Cleveland AA reflects reasonable penetration among businesses of different sizes. This is based on 131 business loans originated within the AA. Approximately 65 percent of the loans were made to businesses with gross annual revenues of less than \$1 million, which is reasonable in comparison to the percentage of area businesses that have gross annual revenues less than or equal to \$1 million as reflected in Table 2 above.

Akron AA

Table 3 - Borrower Distribution of Loans to Businesses of Different Sizes in Akron AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	78.07	6.08	15.85	100%
% of Bank Loans in AA by #	64.00	36.00	0.0	100%
% of Bank Loans in AA by \$	53.71	46.29	0.0	100%

Sources: Sample of 25 loans from reports of business loans originated in the AA from January 2012 through December 2015; Dun & Bradstreet 2014 business data

The overall distribution of business loans in the Akron AA reflects reasonable penetration among businesses of different sizes. This conclusion is based on 25 business loans originated within the AA during the evaluation period. Approximately 64 percent of loans were made to businesses with gross annual revenues of less than \$1 million, which is reasonable in comparison to the percentage of area businesses that have gross annual revenues less than or equal to \$1 million, as reflected in Table 3.

Geographic Distribution of Loans

The overall geographic distribution of business loans reflects reasonable dispersion and meets the standard for satisfactory performance. This conclusion is based on samples of business loans made during the evaluation period from each of the bank’s AA.

Cleveland AA

The overall geographic distribution of business loans reflects reasonable dispersion among geographies of different income levels and reflects lending in most census tracts of the AA. The percentage of loans in low-income areas is below the percentage of business located within these geographies of the AA. The percentages of loans in moderate-income areas substantially exceed the percentages of businesses located in these geographies of the AA. Refer to Table 4 for results.

Table 4 - Geographic Distribution of Loans to Businesses in the Cleveland AA							
Low-Income		Moderate-Income		Middle-Income		Upper-Income	
% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
10.16	6.87	16.11	26.72	33.80	29.01	39.35	35.88

Sources: Sample of 131 loans from reports of business loans originated in the AA from January 2012 through December 2015; Dun & Bradstreet 2014 Business Data. NA census tracts comprise 0.58% of the AA.

Akron AA

The dispersion of business loans among census tracts of different income levels is reasonable and reflects lending in most tracts of the AA. The percentage of loans made

in low-income census tracts exceeds the number of business located within these geographies. The percentage of loans made in moderate-income census tracts is reasonable comparable to the number of businesses located within these geographies. Refer to Table 5 for results.

Table 5 - Geographic Distribution of Loans to Businesses in the Akron AA							
Low-Income		Moderate-Income		Middle-Income		Upper-Income	
% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
8.17	12.00	15.56	12.00	32.62	24.00	43.65	52.00

Sources: Sample of 25 loans from reports of business loans originated in the AA from January 2012 through December 2015; Dun & Bradstreet 2014 Business Data.

Responses to Complaints

LBNA has not received any written complaints during the evaluation period regarding its performance in meeting the credit and deposit needs of its AAs.

Fair Lending or Other Illegal Credit Practices Review

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

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