



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

LNB Bancorp, Inc.

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| Person to be contacted regarding this report: | Gary Elek | RSSD: (For Bank Holding Companies) | |
| UST Sequence Number: | 0091 | Holding Company Docket Number: (For Thrift Holding Companies) | |
| CPP Funds Received: | 25,223,000 | FDIC Certificate Number: (For Depository Institutions) | |
| CPP Funds Repaid to Date: | 0 | City: | Lorain |
| Date Funded (first funding): | Dec 12, 2008 | State: | Ohio |
| Date Repaid ¹ : | N/A | | |

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

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| <input checked="" type="checkbox"/> | Increase lending or reduce lending less than otherwise would have occurred. | Overall average total loans outstanding grew from \$779,569,000 to \$812,692,000 or 4.25%. |
| <input checked="" type="checkbox"/> | To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.). | Home equity loans grew 18.04% or \$89,847 to \$106,055; installment loans 9.81% or \$153,481 to \$168,545; commercial loans 2.94% or \$437,844 to \$450,730; while mortgage loans declined 11.21% the Company originated and sold \$46,123,000 during 2009. |
| <input checked="" type="checkbox"/> | Increase securities purchased (ABS, MBS, etc.). | In December of 2008, when the funding occurred, the Company purchased \$28,927,000 of federal agency mortgage-backed securities. |

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| <input type="checkbox"/> | Make other investments | |
| <input checked="" type="checkbox"/> | Increase reserves for non-performing assets | During 2009 the reserves for non-performing assets increased from \$4,894,000 to \$12,218,000 or \$7,324,000. |
| <input checked="" type="checkbox"/> | Reduce borrowings | Average borrowing for 2009 totaled \$69,514,000, a reduction of 20,527,000 when compared against 2008's average outstanding of \$90,041,000. A decline of 23%. |
| <input checked="" type="checkbox"/> | Increase charge-offs | Total charge-offs for 2009 totaled \$12,477,000 compared to \$4,168,000 in 2008; \$3,332,000 in 2007; and \$2,028,000 in 2006. As a percent of average loans net charge-offs equaled 1.46% in 2009 compared to .37% in 2008. |
| <input type="checkbox"/> | Purchase another financial institution or purchase assets from another financial institution | |
| <input type="checkbox"/> | Held as non-leveraged increase to total capital | |

What actions were you able to avoid because of the capital infusion of CPP funds?

Due to the size of LNB Bancorp, Inc., approximately \$1.1 billion in assets and a market capitalization of \$38,302,000, the Company was able to avoid having to access the capital market to acquire capital in order to maintain levels it considers prudent.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

During 2009, the Company was able to execute its business plan which included growing the balance sheet which in turn allowed the Company to grow its pre-provision pre-tax core earning. The growth in core earnings which enabled the Company to provide most of its provision for possible loan losses out of core earnings while incurring a modest net loss for the year.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.