



**STATE OF CONNECTICUT
DEPARTMENT OF BANKING**

**COMMUNITY REINVESTMENT
PERFORMANCE EVALUATION**

LIBERTY BANK

Certificate Number: 17943

315 Main Street
Middletown, CT 06457

Date of Examination: January 25, 2021

Examiner-in-Charge: Terralyn Cooper

THIS CRA EVALUATION IS AVAILABLE FOR PUBLIC REVIEW AND COMMENT

This evaluation reflects the Banking Commissioner's assessment pursuant to Connecticut General Statutes §36a-30 of the performance of this bank in helping to meet the credit needs of its local communities, 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 herein does not represent an analysis, conclusion, or opinion of the State of Connecticut Department of Banking concerning the safety and soundness of this financial institution.

**JORGE L. PEREZ
BANKING COMMISSIONER**

TABLE OF CONTENTS

GENERAL INFORMATION	1
INSTITUTION RATING	2
SCOPE OF EVALUATION.....	4
DESCRIPTION OF INSTITUTION.....	6
DESCRIPTION OF THE COMBINED ASSESSMENT AREA.....	8
CONCLUSIONS ON PERFORMANCE CRITERIA COMBINED ASSESSMENT AREA..	14
DISCRIMINATORY OR ILLEGAL CREDIT PRACTICES REVIEW	27
HARTFORD-EAST HARTFORD-MIDDLETOWN, CT MSA – Full Scope Review	28
NEW HAVEN-MILFORD, CT MSA – Full Scope Review	43
NORWICH-NEW LONDON, CT MSA – Full Scope Review	59
BRIDGEPORT-STAMFORD-NORWALK, CT MSA – Limited Scope Review	76
WORCESTER, MA-CT MSA – Limited Scope Review	86
APPENDIX A	101
GLOSSARY.....	103

GENERAL INFORMATION

Connecticut General Statutes (C.G.S.) Section 36a-30(3)(b) Connecticut Community Reinvestment (CRA) requires the Banking Commissioner to assess the record of each bank in satisfying its continuing and affirmative obligations to help meet the credit needs of its local communities, including low- and moderate-income neighborhoods, consistent with safe and sound operations of such banks. Upon conclusion of such assessment, the Commissioner shall prepare a written evaluation of the bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods.

This document reflects an evaluation of the CRA performance of Liberty Bank (Liberty) prepared by the Connecticut Department of Banking as of January 25, 2021. This agency rates CRA performance of state-chartered banks, under its supervision, consistent with the provisions set forth in subsection (a) of section 36a-32 of the C.G.S.

This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Connecticut Department of Banking concerning the safety and soundness of this financial institution.

INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Outstanding**. An institution in this group has an excellent record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following table indicates the performance level of Liberty Bank with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Satisfactory			
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 Lending Test is rated Outstanding.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- A substantial majority of loans by number were made in the bank’s assessment area.
- The geographic distribution of credit reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels and businesses of different sizes.
- The bank makes extensive use of innovative and/or flexible lending programs and practices in an effort to help serve the credit needs of the assessment area.
- The institution is a leader in making community development loans.

The Investment Test is rated Outstanding.

- The bank has an excellent level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The bank exhibits excellent responsiveness to credit and community development needs of the assessment area.

- The bank occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated Outstanding.

- Delivery systems are readily accessible to all portions of the institution's assessment area.
- Changes to branches have not adversely affected accessibility to low- and moderate-income geographies or individuals.
- Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals.
- The institution provided a high level of community development services.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior FDIC evaluation dated October 16, 2017 to the current evaluation dated January 25, 2021. An offsite evaluation of Liberty Bank's compliance with Section 36a-32 of the Connecticut General Statutes *Connecticut Community Reinvestment Statute* was conducted concurrently with the FDIC, utilizing the Federal Financial Institution Examination Council's (FFIEC) Interagency Large Institution CRA Examination Procedures. These procedures include an evaluation of the bank's performance under three tests: the Lending Test, Investment Test, and Service Test (*Refer to Appendix A for a description of the performance criteria used to assess the bank's performance under each test.*)

Section 36a-32 of the C.G.S. also require examiners to evaluate the following:

- Bank's record of offering escrow accounts for purposes of compliance with subsection (h) of C.G.S. 47a-21 (Rental Security Deposits)
- Efforts of the bank to work with delinquent residential mortgage customers who are unemployed or underemployed to facilitate a resolution of the delinquency,
- Written CRA complaints received by the Banking Commissioner.

In conducting this evaluation, examiners relied on records provided by the bank, public loan and financial information including home mortgage lending data reported pursuant to the Home Mortgage Disclosure Act (HMDA), and small business lending data reported pursuant to the Community Reinvestment Act (CRA). Examiners obtained demographic and economic data from the 2015 American Community Survey (ACS), United States Bureau of Labor Statistics (U.S. BLS), and Dun and Bradstreet (D&B). The bank's financial data was obtained from the December 31, 2020 Report of Condition and Income (Call Report).

An institution's performance under the CRA regulations is evaluated in the context of information about the institution, its community, and its competitors. Examiners reviewed demographic data and economic conditions, the institution's major product lines and strategies and its financial condition, capacity, and ability to lend and/or invest in its communities. The bank's performance is assessed in the context of community credit needs and its ability to respond to those needs within safe and sound banking practices.

No large bank may receive an overall rating of "Satisfactory" unless it receives at least a "Low Satisfactory" rating under the Lending Test, and no large bank may receive an overall rating of "Outstanding" unless it receives at least a "High Satisfactory" rating under the Lending Test.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan type such as consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented. The bank did not originate or purchase any small farm loans during the review period.

Examiners considered all originated or purchased home mortgage loans reported on the bank's 2017, 2018, and 2019 HMDA Loan Application Registers (LARs) and CRA Loan Registers (LRs). During this review period, the bank reported originating or purchasing 4,740 home mortgage loans totaling approximately \$1.6 billion and 1,403 small business loans totaling approximately \$164.9 million.

The following table shows the total number and dollar volume of home mortgage loans and small business loans originated and/or purchased by year.

Home Mortgage and Small Business Loans Combined Assessment Area				
	Home Mortgage Loans		Small Business Loans	
	#	\$	#	\$
2017	954	437,364	349	40,600
2018	1,723	571,037	451	51,272
2019	2,063	582,887	603	73,003
Total	4,740	1,591,288	1,403	164,875

Source: 2017, 2018, and 2019 HMDA LARs and 2017, 2018, and 2019 CRA LRs

For the Lending Test, examiners considered the number and dollar volume of home mortgage loans and small business loans. While this evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans, because the number of loans is a better indicator of the number of individuals and businesses served.

Liberty’s lending performance was compared to home mortgage and small business aggregate market data for the applicable year. Aggregate market performance is used as an indication of the demand for a particular type of credit. Examiners also considered changes in lending levels in relation to demographic data for the assessment area.

This evaluation also included a review of the bank’s community development loans and innovative and flexible lending activities, qualified investments, and community development services provided since October 16, 2017 through the current review period. Qualified investments include new investments and grants, as well as investments made in prior periods remaining on the bank’s books. Examiners used the book value as of the current evaluation date for all prior period qualified investments.

Assessment Area Review

In addition to reviewing the bank’s combined assessment area performance, the CRA requires separate discussions of CRA performance in each Metropolitan Statistical Area (MSA) where the bank maintains branches. Liberty maintains branches in the following five Connecticut MSAs: Hartford-East Hartford-Middletown, CT (#25540), New Haven-Milford, CT (#35300), Norwich-New London, CT (#35980), Worcester MA-CT (#49340), and Bridgeport-Stamford-Norwalk, CT (#14860). The following table shows the distribution of bank branches, deposits, home mortgage loans, and small business loans by MSA.

Assessment Area Breakdown of Branches, Deposits, and Loans								
Assessment Area	Branches		Deposits		Home Mortgage Loans		Small Business Loans	
	#	%	\$(000s)	%	#	%	#	%
MSA 25540	33	55.0	3,475,700	65.5	2,618	62.3	720	53.9
MSA 35300	16	26.7	995,366	18.8	962	22.9	483	36.2
MSA35980	8	13.3	614,323	11.6	531	12.6	100	7.5
MSA 49340	2	3.3	166,285	3.1	70	1.7	20	1.5
MSA 14860	1	1.7	51,914	1.0	22	0.5	13	1.0
Total	60	100.0	5,303,588	100.0	4,203	100.0	1,336	100.1

Source: Bank Records; FDIC Summary of Deposits as of June 30, 2020; Due to rounding, totals may not equal 100.0

Examiners conducted full scope reviews of the bank's performance in the Hartford-East Hartford-Middletown, CT MSA (Hartford MSA), the New Haven-Milford, CT MSA (New Haven MSA), and the Norwich-New London, CT MSA (New London MSA), as these areas are where a substantial majority of the bank's deposits are taken, loans originated, and branches are located.

Examiners evaluate a bank's deposit activity, lending volume, and branch structure to determine which assessment areas will receive the most weight in arriving at the overall rating. Performance in the Hartford MSA assessment area received significantly more weight in determining the overall conclusions and ratings because the bank's main office, most of its branches, and a majority of deposits and lending activities occur in this assessment area.

Examiners conducted a limited-scope review of the bank's performance in the Bridgeport-Stamford-Norwalk, CT MSA (Bridgeport MSA) and the Worcester, MA-CT MSA (Worcester MSA). The bank's branch network, deposit, and lending activities are nominal in these areas in relation to the other assessment areas.

DESCRIPTION OF INSTITUTION

Background

Liberty is a Connecticut-chartered mutual savings bank headquartered in Middletown, Connecticut. Liberty is neither owned nor controlled by any one individual or interest. Liberty operates six wholly owned subsidiaries and a charitable foundation, as follows:

- Liberty Bank Mortgage Corporation, a passive investment company
- Community Realty Inc., a real estate holding company
- Liberty Commercial Mortgage Corp., a commercial mortgage company
- Liberty Bank Housing LLC, an affordable housing development partnership (inactive)
- Church St Oreo One, LLC, a real estate holding company
- Long Hill Road Associates, LLC, a real estate holding company

None of these subsidiaries provides retail services to the public. The bank also maintains an affiliate relationship with the Liberty Bank Foundation, Inc. The Liberty Bank Foundation, Inc. provides grants to organizations that provide services to low- and moderate-income individuals or families or support the creation and/or retention of affordable housing units throughout the combined assessment area.

The institution received an "*Outstanding*" rating on its previous FDIC CRA Performance Evaluation dated October 16, 2017. The previous evaluation was also based on the FFIEC Interagency CRA Large Institution Examination Procedures.

Operations

Liberty Bank's main office is located at 315 Main Street, Middletown, Connecticut. Including the main office, the bank operates 60 full-service branches in Fairfield, Hartford, Middlesex, New Haven, New London, Tolland, and Windham Counties. Liberty also operates two commercial loan production offices, a limited branch primarily focused on residential lending, three remote full-service automated teller machines (ATMs), and one cash-dispensing ATM.

In 2019, Liberty acquired SBT Bancorp, Inc. (SBT), and its subsidiary, The Simsbury Bank & Trust Company, Inc. This transaction included the acquisition of five full-service offices located in Avon, Bloomfield, Granby, Simsbury, and West Hartford further expanding the bank's footprint in Hartford County. The bank also established two commercial loan production offices in Hartford

and New Haven on November 9, 2020 and a limited branch in Hartford on February 22, 2021. Liberty closed the Shelton branch on February 26, 2021. This office was located at 504 Bridgeport Avenue, Shelton, Connecticut in a middle-income census tract. This branch closing ended the bank's operation in Fairfield County. Given that this branch closing occurred late in the evaluation period, examiners reviewed the bank's performance in the Bridgeport MSA assessment area.

Liberty offers a variety of credit and deposit products and services to serve the needs of consumers and businesses. Residential mortgage products include fixed and adjustable rate mortgages, home equity loans and lines of credit, land loans, and residential construction loans. To assist in increasing access to homeownership, the bank offers a wide variety of proprietary and government sponsored loan programs. All programs offer flexible underwriting features to increase access to credit for low- and moderate-income individuals and families, in low and moderate-income neighborhoods, and majority minority geographies within the bank's assessment area. Consumer loans include a credit rebuilder product which allows individuals with poor credit or no credit to establish a satisfactory credit history. Refer to the Innovative or Flexible Lending Practices section under the Lending Test for additional details of each of the bank's products and programs.

Business credit products include commercial real estate loans, commercial construction loans, commercial term loans, and commercial lines of credit including commercial letters of credit. Liberty participates in multiple Small Business Administration (SBA) Loan Programs to increase access to credit for small businesses in the area. These programs help small businesses obtain credit for those who might not otherwise qualify for traditional loans. Liberty also offers the Small Business Academy Loan Program to serve the credit needs of area's smallest businesses including startups. Credit cards are offered for both consumers and businesses through Elan Financial Services.

The bank offers a full array of deposit services for both retail and commercial deposit accounts including personal and business checking, savings, money market deposit accounts, certificates of deposit, and individual retirement accounts. Commercial customers also have access to cash management services. Additionally, the bank offers life insurance, wealth management, and financial planning products and services through Raymond James Financial, Inc.

Ability and Capacity

Liberty's assets totaled approximately \$7.0 billion as of December 31, 2020 and included total loans of \$4.6 billion and total securities of \$1.2 billion. Since the previous evaluation, total assets increased 47.5%, including loan growth of 26.9% and securities growth of 37.4%. The acquisition of SBT with total assets of \$531.9 million partially contributed to the bank's asset growth. Total deposits increased 56.5% over the same period.

Collectively, loans secured by commercial real estate and commercial and industrial loans represent 50.5% of the loan portfolio. Residential loans, including multifamily loans, account for the second largest portion of the portfolio at 46.3%. Consumer loans are nominal, making up just 0.2% of total loans.

The table on the following page reflects the composition of the loan portfolio as of December 31, 2020.

Composition of the Loan Portfolio 12/31/2020		
Loan Category	\$(000s)	%
Construction and Land Development	104,977	2.3
Secured by 1-4 Family Residential Properties	1,265,494	27.8
Secured by Multifamily (5 or more units) Residential Properties	840,897	18.5
Secured by Nonfarm Nonresidential Properties	1,265,344	27.8
Total Real Estate Loans	3,476,712	76.4
Commercial and Industrial Loans	1,033,189	22.7
Consumer Loans	8,856	0.2
Other Loans	32,961	0.7
Total Loans	4,551,718	100.0
<i>Source: Bank's 12/31/2020 CALL Report</i>		

The bank also sells mortgage loans in the secondary market. During the review period, the bank sold 3,723 home loans totaling \$718.6 million. Selling loans in the secondary market enables the bank to manage interest rate risk and originate a larger volume of loans than would otherwise be possible.

No legal or financial restrictions exist that limit the bank's ability to meet the needs of the assessment area.

DESCRIPTION OF THE COMBINED ASSESSMENT AREA

Section 36a-30(3)(c) of the Connecticut General Statutes requires each Connecticut bank to, in accordance with the provisions of the Federal CRA and without excluding low- and moderate-income neighborhoods, delineate one or more assessment areas in which it intends to focus its lending efforts. The Banking Commissioner uses these areas when evaluating the bank's CRA performance.

Liberty Bank delineated five assessment areas consisting of whole or partial MSAs located throughout Connecticut. Within this evaluation, examiners first present the bank's five assessment areas combined (Combined Assessment Area) and assign an overall rating based on the bank's combined performance. Examiners then present the bank's performance within each MSA assessment area.

The following table shows the bank's assessment areas by MSA and county, including census tracts, and branches within each area.

Description of the Assessment Areas			
Assessment Area	Counties in Assessment Area	# of Census Tracts	# of Branches
Hartford-East Hartford-Middletown, CT MSA	Hartford, Middlesex, Tolland	272	33
New Haven-Milford, CT MSA	New Haven	190	16
Norwich-New London, CT MSA	New London	57	8
Worcester, MA-CT MSA	Windham	5	2
Bridgeport-Stamford-Norwalk, CT MSA	Fairfield	8	1
Totals		532	60
<i>Source: Bank Records and 2015 ACS</i>			

Economic and Demographic Data

The Combined Assessment Area includes 85 municipalities located throughout Fairfield, Hartford, Middlesex, New Haven, New London, Tolland, and Windham Counties. According to the 2015 ACS, the Combined Assessment Area contains 532 census tracts with the following income designations:

- 86 (16.2%) low-income
- 91 (17.1%) moderate-income
- 182 (34.2%) middle-income
- 164 (30.8%) upper-income
- 9 (1.7%) census tracts with no income designation

Although the bank did not change delineation of the assessment area since the previous evaluation, data based on the 2015 ACS changed the income designation of several census tracts within the Combined Assessment Area. The number of low-income tracts increased by 9, moderate-income tracts decreased by 5, middle-income tracts decreased by 23, upper-income tracts increased by 18, and non-classified income tracts increased by 4.

The area's low- and moderate-income census tracts are primarily concentrated in the Hartford and New Haven MSAs. The Norwich and Worcester MSAs also contain low- and moderate-income geographies at a lower volume. Cities such as Hartford, New Haven, New Britain, Meriden, Waterbury, New London, and Windham contain higher concentrations of low- and moderate-income geographies. The Bridgeport MSA portion of the assessment area contains just one moderate-income tract. Please refer to the individual assessment areas for additional demographic information. The Combined Assessment Area, as defined, complies with the technical requirements of the CRA and does not arbitrarily exclude low- and moderate-income geographies.

Examiners evaluated the bank's lending performance considering applicable demographic data. The table on the following page includes select demographic characteristics of the Combined Assessment Area.

Demographic Information of the Combined Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	532	16.2	17.1	34.2	30.8	1.7
Population by Geography	2,278,385	13.5	17.2	34.9	33.6	0.9
Housing Units by Geography	960,240	13.9	17.7	36.0	32.3	0.0
Owner-Occupied Units by Geography	567,314	4.4	13.0	40.1	42.5	0.0
Occupied Rental Units by Geography	302,874	29.1	25.9	29.7	15.3	0.1
Vacant Units by Geography	90,052	22.8	20.1	31.9	25.1	0.1
Businesses by Geography	195,758	10.5	13.4	37.8	38.0	0.4
Farms by Geography	5,520	3.9	9.8	36.6	49.7	0.0
Family Distribution by Income Level	563,669	23.1	16.7	19.9	40.3	0.0
Household Distribution by Income Level	870,188	26.0	15.0	17.1	41.9	0.0
Median Family Income MSA - 14860 Bridgeport-Stamford-Norwalk, CT MSA		\$105,628	Median Housing Value			\$240,447
Median Family Income MSA - 25540 Hartford-East Hartford-Middletown, CT MSA		\$88,016	Median Gross Rent			\$1,034
Median Family Income MSA - 35300 New Haven-Milford, CT MSA		\$80,739	Families Below Poverty Level			8.6%
Median Family Income MSA - 35980 Norwich-New London, CT MSA		\$82,349				
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137				
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Median Family Income

The FFIEC annually adjusts the MFIs for MSAs and MDs and statewide MFIs for Non-MSAs within a state. The FFIEC adjusts these MFI levels based on changing economic conditions and other relevant factors.

The FFIEC adjusted MFI income levels for 2017, 2018, and 2019 were used to analyze the distribution of home mortgage loans by borrower income level under the Borrower Profile criterion. Borrowers were categorized as low-, moderate-, middle-, or upper-income using the FFIEC adjusted income levels. The table on the following page reflects the adjusted MFIs and the corresponding income categories and ranges for each MSA in Liberty's assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Bridgeport-Stamford-Norwalk, CT MSA Median Family Income (14860)				
2017 (\$108,300)	<\$54,150	\$54,150 to <\$86,640	\$86,640 to <\$129,960	≥\$129,960
2018 (\$111,200)	<\$55,600	\$55,600 to <\$88,960	\$88,960 to <\$133,440	≥\$133,440
2019 (\$119,000)	<\$59,500	\$59,500 to <\$95,200	\$95,200 to <\$142,800	≥\$142,800
Hartford-West Hartford-East Hartford, CT MSA Median Family Income (25540)				
2017 (\$90,200)	<\$45,100	\$45,100 to <\$72,160	\$72,160 to <\$108,240	≥\$108,240
2018 (\$96,700)	<\$48,350	\$48,350 to <\$77,360	\$77,360 to <\$116,040	≥\$116,040
Hartford-East Hartford-Middletown, CT MSA Median Family Income (25540)				
2019 (\$98,400)	<\$49,200	\$49,200 to <\$78,720	\$78,720 to <\$118,080	≥\$118,080
New Haven-Milford, CT MSA Median Family Income (35300)				
2017 (\$84,100)	<\$42,050	\$42,050 to <\$67,280	\$67,280 to <\$100,920	≥\$100,920
2018 (\$86,200)	<\$43,100	\$43,100 to <\$68,960	\$68,960 to <\$103,440	≥\$103,440
2019 (\$90,700)	<\$45,350	\$45,350 to <\$72,560	\$72,560 to <\$108,840	≥\$108,840
Norwich-New London, CT MSA Median Family Income (35980)				
2017 (\$84,900)	<\$42,450	\$42,450 to <\$67,920	\$67,920 to <\$101,880	≥\$101,880
2018 (\$86,500)	<\$43,250	\$43,250 to <\$69,200	\$69,200 to <\$103,800	≥\$103,800
2019 (\$96,200)	<\$48,100	\$48,100 to <\$76,960	\$76,960 to <\$115,440	≥\$115,440
Worcester, MA-CT MSA Median Family Income (49340)				
2017 (\$84,000)	<\$42,000	\$42,000 to <\$67,200	\$67,200 to <\$100,800	≥\$100,800
2018 (\$86,900)	<\$43,450	\$43,450 to <\$69,520	\$69,520 to <\$104,280	≥\$104,280
2019 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
Source: FFIEC				

Population

The population of the Combined Assessment Area is 2,278,385, which includes 563,669 families. Of the 563,669 families, 23.1% are low-income and 16.7% are moderate-income. However, 8.6% of the area's families or 37.2% of low-income families have incomes below the poverty level, which limits the ability of these residents to qualify for home mortgage financing.

A substantial portion of the area's low- and moderate-income families resides in the Hartford MSA portion of the Combined Assessment Area. Nearly 49.4% of all low-income families reside in the Hartford MSA. This area also has the highest concentration of moderate-income families with 50.1%. The New Haven MSA portion of the assessment area also contains a significant portion of the low- and moderate-income families. Nearly 37.5% of the area's low-income families and 36.0% of moderate-income families reside in the New Haven MSA. This data supports assigning greater weight to the home mortgage lending performance in both the Hartford MSA and New Haven MSA assessment areas in arriving at overall conclusions and ratings.

Housing

There are 960,240 housing units in the Combined Assessment Area. Of these, 59.1% are owner-occupied, 31.5% are occupied rental units, and 9.4% are vacant. The geographic distribution criterion of the Lending Test compares home mortgage loans to the distribution of owner-occupied housing units. Combined, 17.4% of the owner-occupied housing units in the assessment area are located in low- and moderate-income census tracts. More specifically, only 4.4% of owner-

occupied housing units are located in low-income census tracts, suggesting limited opportunity for home mortgage lending in these geographies.

Business Demographics

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenues (GARs). Examiners placed emphasis on businesses with GARs of \$1 million or less. According to June 2019, D&B data, the Combined Assessment Area includes 195,758 non-farm businesses. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenues GAR level. The following reflects business GAR levels.

- 86.4% have \$1.0 million or less
- 5.2% have more than \$1.0 million
- 8.5% have unknown revenues

The service industry represents the largest business sector in the assessment area, comprising 42.6% of all businesses, followed by non-classifiable establishments at 14.3% and retail trade at 12.0%. Approximately 67.8% of the area’s businesses have four or fewer employees and 90.7% operate out a single location.

The Geographic Distribution criterion compares the distribution of the bank’s small business loans to percentage of businesses located in each census tract category by income level. Business demographic data reflects that the area’s small businesses are highly concentrated in middle- and upper-income census tracts together representing 76.3% of the area’s small businesses. Approximately 10.1% of the area’s small businesses operate in low-income census tracts and 13.4% operate in moderate-income census tracts.

Unemployment

Examiners obtained unemployment data from the U.S. Bureau of Labor Statistics. The following table shows the area’s unemployment rates for 2017, 2018, 2019, and 2020.

Unemployment Rates ¹				
Geography	2017	2018	2019	2020
Fairfield County	4.3	3.8	3.5	7.9
Hartford County	4.5	4.0	3.7	8.1
Middlesex County	3.8	3.3	3.1	6.5
New Haven County	4.7	4.2	3.8	8.0
New London County	4.2	3.8	3.5	9.6
Tolland County	3.8	3.4	3.1	6.2
Windham County	4.8	4.3	3.9	7.8
Connecticut	4.4	3.9	3.6	7.9
United States	4.4	3.9	3.7	8.1

Source: U.S. Bureau of Labor Statistics

Overall, the unemployment rates for the United States, Connecticut and the counties comprising the bank’s assessment area were generally declining until 2020. In 2020, employment rates rose sharply because of the COVID-19 pandemic.

Competition

According to the June 30, 2020 FDIC Deposit Market Share data, 53 financial institutions operated 1,022 full-service branches within the assessment area. Of these, Liberty ranked eighth with a

¹ Unemployment rates are not seasonally adjusted.

3.4% deposit market share. The top three financial institutions were large national banks and made up 56.9% of the deposit market share.

There is a high level of competition for home mortgage loans from banks, credit unions, and mortgage companies. In 2017, 514 lenders reported 52,447 originated or purchased home mortgage loans throughout the Combined Assessment Area. Liberty ranked 16th with a 1.5% market share. The top three lenders were Wells Fargo Bank, National Association, Quicken Loan Inc., and J P Morgan Chase, National Association, collectively capturing 13.3% of the total market. In 2018, 522 lenders reported 54,902 originated or purchased home mortgage loans. Liberty ranked 5th and captured 2.7% of the market share. The top three lenders were Wells Fargo Bank National Association, Webster Bank, National Association, and Quicken Loan Inc. with a 13.0% combined market share. During 2019, 525 lenders reported 61,780 originated or purchased home mortgage loans. Liberty again ranked 5th with a 3.08% market share. Again, larger national lenders captured a large portion of the market.

Competition also exists for small business loans in the Combined Assessment Area. In 2017, aggregate lending data shows that 171 lenders reported 81,223 small business loans in the seven counties comprising the bank's assessment area. Liberty ranked 23rd with a 0.4% market share. The top three lenders were American Express, Federal Savings Bank, Citibank, National Association, and Bank of America, National Association. Together these lenders accounted for a 43.3% share of the market. In 2018, the number of lenders remained relatively stable at 172 reporting 90,145 small business loans. Liberty ranked 22nd with a 0.5% market share. The top three lenders were American Express, National Bank, Chase Bank USA, National Association, and Citibank, National Association. These three lenders captured 44.1% of the total market. In 2019, small business lending activity increased with 194 institutions having reported 94,158 small business loans in area. Despite the increase in active lenders, Liberty's ranking improved slightly to 21st with a 0.6% market share. The market continued to be dominated by large national lenders that together captured a 46.6% market share.

Community Contact

As part of the CRA evaluation, examiners gathered information from a local community organization active in the assessment area to gain an understanding of local credit and community development needs. Information from the community contact allows examiners to determine whether local financial institutions are responsive to identified needs. The community contact review may also help identify what credit and community development opportunities are available, if any, in the area.

Examiners conducted a contact with a community service agency, which is active in the assessment area and a broader statewide regional area. The community organization provides services to low- and moderate-income individuals and families throughout Connecticut in an effort to eliminate poverty. The contact identified a significant need for affordable housing given the increasing rental rates and aging housing stock, particularly in the larger cities. The contact also stated that there is a significant need for financial literacy education for low- and moderate-income individuals and families. The contact noted that financial institutions could support efforts to lower poverty rates by enabling low-income individuals to build or rebuild relationships with traditional banks. Local financial institutions can help these efforts by increasing access to financial education programs and through offering low cost and second chance deposit accounts. The contact further noted that while these needs have been ongoing throughout the assessment area, the COVID-19 pandemic has further exacerbated conditions. Overall, the contact indicated that local financial institutions are generally responsive to the credit and community development needs of the communities within the assessment area although additional resources are needed.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing is the primary community

development need in the assessment area. Financial institutions have the opportunity to support the creation, rehabilitation, and retention of affordable housing units throughout the assessment area, particularly in low- and moderate-income geographies. Given the number of small businesses in the assessment area, small business lending is another significant need. The COVID-19 pandemic magnified the need to support the area's smallest businesses by offering a variety of flexible loan programs and commercial financial literacy for these businesses. The percentage of low-income families living below the poverty level at 37.2% and information provided by the community contact indicates also indicate a strong need for community development services to improve the lives and financial position of these families. A significant need also exists for assistance to social service organizations, and increased efforts by financial institutions to help these individuals build relationships with traditional financial institutions by offering low-cost second chance deposit products and providing budgeting and financial literacy education programs tailored towards low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA COMBINED ASSESSMENT AREA

LENDING TEST

Liberty Bank demonstrated outstanding performance under the Lending Test. The bank's performance in the Lending Activity, Assessment Area Concentration, Innovative and Flexible Lending Practices, and Community Development Lending criteria primarily support this conclusion.

Lending Activity

Liberty's lending levels reflects an excellent responsiveness to assessment area credit needs. In 2017, 2018, and 2019, the bank originated and purchased 4,740 home mortgage loans totaling approximately \$1.6 billion and 1,403 small business loans totaling approximately \$164.9 million. Of this total, 4,203 home mortgage loans, totaling approximately \$794.1 million and 1,336 small business loans, totaling approximately \$156.6 million, were inside the assessment area.

During the evaluation period, the number and dollar volume of home mortgage loans and small business loans extended to borrowers inside the assessment area steadily increased. Liberty's home mortgage loan originations and purchases increased from a low of 796 in 2017 to 1,504 in 2018 and 1,903 in 2019, respectively. This increase resulted in a rise in the bank's market share ranking from 16th in 2017 to 5th in 2018 and 2019.

The bank's small business lending activities also steadily increased inside the assessment area. Small business loan originations increased from 329 in 2017 to 442 in 2018, and 565 in 2019. Despite Liberty's increased small business lending, the bank's market share ranking remained relatively stable at 23rd in 2017, to 22nd in 2018, and 21st in 2019. As described in the prior section, there is significant competition within the Combined Assessment Area for both home mortgage and small business lending; therefore, the bank's overall lending activity is excellent. This conclusion is primarily supported by the bank's home mortgage lending performance.

Assessment Area Concentration

Liberty Bank originated or purchased a high percentage of home mortgage and small business loans by number of loans within its Combined Assessment Area. Collectively, the bank also extended a majority of home mortgage and small business loan dollars to borrowers inside the assessment area. The table on the following page reflects both the number and dollar volume of loans originated inside and outside the assessment area; however, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

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											
2017	796	83.4	158	16.6	954	160,932	36.8	276,432	63.2	437,364	
2018	1,504	87.3	219	12.7	1,723	264,549	46.3	306,488	53.7	571,037	
2019	1,903	92.2	160	7.8	2,063	368,586	63.2	214,302	36.8	582,887	
Subtotal	4,203	88.7	537	11.3	4,740	794,067	49.9	797,221	50.1	1,591,288	
Small Business											
2017	329	94.3	20	5.7	349	38,912	95.8	1,688	4.2	40,600	
2018	442	98.0	9	2.0	451	50,164	97.8	1,108	2.2	51,272	
2019	565	93.7	38	6.3	603	67,507	92.5	5,496	7.5	73,003	
Subtotal	1,336	95.2	67	4.8	1,403	156,583	95.0	8,292	5.0	164,875	
Total	5,539	90.2	604	9.8	6,143	950,650	54.1	805,513	45.9	1,756,163	

Source: Bank Data; Due to rounding, totals may not equal 100.0%

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the Combined Assessment Area. The bank's performance in the Hartford MSA Assessment Area and the New Haven MSA Assessment Area primarily supports this conclusion. Performance was less consistent in the Bridgeport MSA, New London MSA, and Worcester MSA Assessment Areas. However, examiners placed the greatest weight on the bank's lending performance in the Hartford MSA and New Haven MSA assessment areas. Refer to individual assessment area sections for a detailed discussion of the bank's geographic distribution performance.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among individuals of different income levels and excellent penetration among businesses of different sizes. The bank's good home mortgage lending performance and excellent small business lending performance in the Hartford MSA, New Haven MSA, and New London MSA Assessment Areas primarily supports this conclusion. Examiners focused on the percentage of home mortgage loans extended to low- and moderate-income borrowers and the percentage of small business loans by number originated to businesses with GARs of \$1.0 million or less. The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger volume of originations compared to small business lending during the evaluation period. Refer to individual assessment area sections for a detailed discussion of the bank's borrower profile performance.

Innovative or Flexible Lending Programs and Practices

The bank makes extensive use of innovative and flexible lending practices as a means of serving low- and moderate-income borrowers, low- and moderate-income neighborhoods, and small businesses. The table on the following page includes the number and dollar volume of activity under each flexible lending product or program.

Innovative or Flexible Lending Programs								
Type of Program	2017		2018		2019		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage Loan Program								
CHFA	127	21,473	121	20,979	60	11,180	308	53,632
CHFA DAP	25	163	33	189	18	104	76	456
Equity Builder Program	7	77	10	150	10	150	27	377
FHA	18	3,793	34	6,701	16	3,466	68	13,960
Good Neighbor Program	62	8,514	134	20,502	241	44,022	437	73,038
Good Neighbor Home Equity Line of Credit	0	0	0	0	24	239	24	239
Home Ready Loans	2	344	4	552	17	2,707	23	3,603
HomeStyle Renovation	9	1,941	12	2,721	18	5,250	39	9,912
Smart Move	118	4,442	109	4,142	80	2,784	307	11,368
USDA	0	0	1	199	1	229	2	428
VA	5	1,218	3	874	1	300	9	2,392
Subtotal	373	41,965	461	57,009	486	70,431	1,320	169,405
Commercial Loan Programs								
Academy for Small Business	11	55	29	145	16	80	56	280
SBA Express	51	3,286	33	2,127	14	1,022	98	6,435
SBA 504	1	721	4	1,806	2	594	7	3,121
SBA 7(a)	10	2,998	14	1,841	2	490	26	5,329
Subtotal	73	7,060	80	5,919	34	2,186	187	15,165
Consumer Loan Program								
Credit Builder Loan and Saver Program	0	0	20	16	21	17	41	33
Total	446	49,025	561	62,944	541	72,634	1,548	184,603

Source: Bank Records

The following highlights the various innovative and flexible loan programs offered by the bank.

Home Mortgage Loan Programs

Good Neighbor Mortgage Program

The Good Neighbor Mortgage Program is a family of special purpose home loan products created by Liberty in an effort to help revitalize and stabilize properties in urban neighborhoods within the bank’s assessment area. The program is available to any borrower purchasing or refinancing one-to-four unit residential properties and multi-family units in the area’s low- and moderate-income and majority minority census tracts. The program is specifically designed to provide individuals residing in low- and moderate-income geographies and majority minority census tracts with greater access to credit. The program consists of home mortgage loans, investment rehab loans, and home equity lines of credit. In 2020, the product offering was expanded to include mixed use properties where residential units comprise at least 50% of the property. These products offer various flexible features including higher debt-to-income ratios, lower minimum credit scores, lower down payments, higher loan-to-value ratios, reduced interest rates, and closing cost credits. Borrowers may use a Good Neighbor Home Equity Line of Credit as piggyback financing, which enables qualified borrowers to avoid paying the extra cost of private mortgage insurance.

During this evaluation period, the bank originated 437 Good Neighbor home mortgage loans totaling approximately \$73 million and 24 Good Neighbor Home Equity Line of Credit Special Purpose Credit Program totaling approximately \$239,000.

Smart Move Loan Programs

The Housing Development Fund Smart Move Loan Program helps to remove barriers to home

ownership. The program primarily assists low- and moderate-income first-time homebuyers by providing a second mortgage up to 25% of the purchase price of the property. Funds from the loan may be used for a down payment and closing costs. The program offers flexible underwriting features including higher debt-to-income ratios, lower credit scores, and allows borrowers without credit histories to use payment records from nontraditional sources. During the evaluation period, the bank originated 307 Smart Move loans totaling approximately \$11.4 million.

Connecticut Housing Finance Authority (CHFA) Loan Programs

CHFA helps low- and moderate-income individuals and families achieve homeownership through a variety of flexible loan programs. CHFA offer loans with low down payment options, below market rates, flexible underwriting, and reduced closing costs. These programs also provide financing for the acquisition, construction, and rehabilitation of affordable rental housing. During the evaluation period, Liberty originated 308 CHFA homebuyer loans totaling approximately \$53.6 million.

CHFA Down Payment Assistance Program (DAP)

This program provides down payment assistance for eligible borrowers who have the ability to repay a monthly mortgage payment but do not have sufficient funds for a down payment and closing costs. Through this program, homebuyers are able to obtain a second mortgage to finance the required down payment and closing costs. The second mortgages are generally offered at below market rates. During this evaluation period, the bank originated 76 CHFA DAP loans totaling approximately \$456,000.

Federal Housing Administration (FHA) Loans

Liberty participates in the FHA Loan Program. The goal of this program is to improve housing standards and conditions and provides an adequate home financing system through the insurance of mortgage loans. The program primarily benefits low- and moderate-income borrowers who might have difficulty qualifying for conventional financing. This program offers a variety of flexible underwriting features by allowing higher loan-to-values and lower credit scores than conventional mortgage programs. During this evaluation period, the bank originated 68 FHA loans totaling approximately \$14.0 million.

Veteran Administration (VA) Loan Program

Liberty offers home mortgage loans that are guaranteed by the U.S. Department of Veterans Affairs. The VA offers financing to eligible active military service personnel and U.S. veterans or their surviving spouses. The program allows qualified borrowers to obtain 100% financing without private mortgage insurance, no income limit, and gifted closing costs. Liberty originated nine VA loans totaling approximately \$2.4 million during this review period.

United States Department of Agriculture (USDA) Loans

Liberty offers USDA loans that extend 100% financing to eligible low- and moderate-income individuals and families to purchase or build a primary residence in an eligible rural area. The program also provides financing to elderly and low-income families for the rehabilitation of any such residence. Additionally, the program offers refinancing of existing USDA loans. Eligibility for loans, loan guarantees, and grants is based on income limits based on the average median income for each area. The program has low fixed interest rates and no downpayments are required. There are no minimum credit score requirements; however, applicants must demonstrate the willingness and ability to repay the debt. These terms increase access for low- and moderate-income borrowers. During the evaluation period, the bank originated two USDA loans totaling approximately \$428,000.

Equity Builder Program

The Equity Builder Program (EBP) provides grants up to \$15,000 to low- and moderate-income homebuyers to assist with down payments, closing costs, homebuyer education costs, and home rehabilitation costs. Offered in conjunction with the Federal Home Loan Bank, this program is available to households with incomes at or below 80% of HUD area median income based on the

property's location. Borrowers are required to participate in a homebuyer education program to receive the grant. During this review period, Liberty provided 27 grants totaling approximately \$377,000.

Fannie Mae HomeReady Mortgage Program

The Fannie Mae HomeReady program assists low- and moderate-income credit worthy borrowers obtain homeownership. The program offers purchase and limited cash-out refinance mortgages with flexible underwriting guidelines including down payments as low as 3%, reduced private mortgage insurance premiums, and competitive pricing. Private mortgage insurance is cancelable once certain criteria are met. There is no minimum equity contribution requirement thereby allowing borrowers to use a variety of sources to fund their down payments. First time homebuyers are required to participate in a homeownership education program. The borrower's total annual income may not exceed 80% of the area median income where the property is located. During the evaluation period, Liberty originated 23 HomeReady Loans totaling approximately \$3.6 million.

HomeStyle Renovation Loan

Liberty participates in the HomeStyle Renovation Loan program in conjunction with Fannie Mae. The loan can be in the form of a purchase mortgage or refinance of an existing mortgage. Borrowers may fund a variety of improvements including but not limited to repairs, energy updates, and landscaping. Loans offer competitive rates, loan-to-values up to 97%, and cancellable mortgage insurance. Further, a borrower may combine these loans with the Home Ready loan product for a lower interest rate. During this review period, the bank originated 39 loans totaling approximately \$9.9 million.

Habitat for Humanity First Mortgage Program

In August 2020, Liberty began offering the Habitat for Humanity First Mortgage Program. Through this program, the bank finances new purchase transactions or refinances existing Habitat for Humanity loans. Loans are offered to low- and moderate-income borrowers that meet Habitat's requirements at a zero percent interest rate with no down payment and no mortgage insurance. The bank's loans are offered consistent with traditional Habitat for Humanity terms. Participating borrowers are provided financial education, credit counseling, and homebuyer classes. As part of a qualifying refinance transaction, borrowers may also be eligible for a Good Neighbor Home Equity Line of Credit of up to 105% loan to value or \$10,000. The bank offers this product to increase Great Hartford Habitat for Humanity's capacity to develop additional affordable housing units and increase affordable housing opportunities for low- and moderate-income individuals and families in the Greater Hartford area. Due to the newness of the program, no loans were originated during this review period.

Small Business Loan Programs

Liberty also offers a variety of flexible lending programs that benefit the area's small businesses. In 2020 Liberty was the top SBA lender among local community banks, ranking third among all lenders. The top two lenders were substantially larger national banks. Liberty's high ranking further affirms the bank's ongoing commitment to help meet the credit needs of the area's small businesses. The following are examples of loan programs offered by the bank for the benefit of the area's small businesses.

Small Business Administration (SBA) Loan Programs

SBA 7(a) Loan Guaranty Program

Liberty participates in the SBA 7(a) loan program. This program is the SBA's primary program used to provide financing to small businesses with special financing needs. This loan program offers loans up to \$5 million with the SBA guaranteeing up to 85%. Funds may be used for establishing a new business, or assisting in the acquisition, operation, or expansion of an existing business. Borrowers may also purchase real estate, fund renovations, purchase furniture, fixtures, equipment, and inventory. During this evaluation period, Liberty originated 26 SBA 7(a) loans totaling approximately \$5.3 million.

SBA 504 Loan Program

This program provides small businesses with long-term fixed rate financing through a Certified Development Company (CDC) to promote business expansion and job creation. Loans up to \$5 million dollars are funded 50% by the participating bank, 40% by the CDC, and 10% owner equity. During this evaluation period, Liberty originated seven SBA 504 loans totaling approximately \$3.1 million.

SBA Business Express

This program utilizes expedited procedures to allow lenders to originate small business loans more efficiently through a rapid decision process that takes up to only 36 hours. This program offers commercial loans up to \$350,000. The SBA guarantees up to 50% of the loan thus reducing lender risk. During this review period, the bank originated 98 loans totaling approximately \$6.4 million.

Academy for Small Business (ASB) Loans

The Academy for Small Business Loans program is a comprehensive training program that the bank began in 2016. It is a tuition-free comprehensive training program that provides education and guidance to small business owners on successfully operating a business. The program is primarily targeted to owners of startup businesses or those interested in the opportunity. The program consists of ten training modules taught in accordance with the FDIC's and SBA's Money Smart for Small Business Curriculum and covers topics such as financial management, recordkeeping, risk management, marketing, and tax management. Participants do not have to be a customer of the bank. Upon completion of all ten classes, the business owner is eligible to apply for an initial \$5,000 business line of credit (LOC) provided they meet certain flexible underwriting criteria. This program reduces barriers for the area's smallest businesses in obtaining credit and provides business literacy to small business owners. During this evaluation period, Liberty originated 56 ASB loans totaling \$280,000.

Consumer Loan Programs

Credit Builder Loan and Saver Program

The Credit Builder Loan and Saver Program help customers build or rebuild credit and establish good payment and saving patterns. It assists individuals who may not have access to conventional means of credit. Borrowers are required to complete an approved counseling session that includes a budget component. Once that is completed, a loan for either \$500 or \$1,000 is deposited to a certificate of deposit that is used as collateral for the loan. As the loan is repaid on time, the bank reports a positive payment history to the credit bureau. When the loan is paid in full, the funds in the certificate of deposit are available to the customer, including the interest accrued.

COVID-19 Disaster Relief Loan Programs

In the first quarter of 2020, the COVID-19 pandemic spread throughout the United States including in Connecticut. As a result, Governor Ned Lamont issued emergency orders that caused many Connecticut businesses to completely close or significantly reduce operations. This left a high number of the state's residents unemployed or underemployed. Liberty began to offer loans to assist both retail and commercial customers with relief and a way to temporarily navigate the situation.

SBA Paycheck Protection (PPP) Loan Program

Liberty participated in the SBA's PPP loan program, which was a relief measure established to provide financial support to small businesses during the COVID-19 pandemic. The primary purpose of the program is to assist certain eligible businesses and non-profit organizations, self-employed workers, sole proprietors, and tribal businesses retain their employees on their payrolls. The SBA provides 100% guarantees on loans up to \$10 million. Under this program, the loan may be partially or fully forgiven if the business meets all employee retention criteria and uses funds according to SBA guidelines. PPP loans offer below market interest rates, six-month payment deferrals, no origination fees, and do not require collateral. During the evaluation period, the bank

originated 4,231 of these loans totaling more than \$365 million.

Unsecured Personal Loans

The bank offered unsecured personal loans to existing bank customers impacted by the COVID-19 pandemic. The bank offered interest-free loans with payment deferred up to six months after the loan was closed. During this evaluation period, the bank made 593 loans totaling approximately \$2.9 million.

Other COVID-19 Accommodations

Liberty offered other lending-related modifications that offered flexibility to individuals and businesses experiencing financial hardship resulting from the pandemic. Examples of other accommodations offered include:

- 90-day (or more in some cases) deferment of consumer loan payments if requested by the customer
- 60-day deferment of commercial loan payments
- Late fee waivers for all loans in deferment or forbearance
- Not reporting delinquencies to credit bureaus for consumer loans in deferment
- Lowering the annual percentage rate from 18.0% to 0.0% for 90 days on consumer loans
- Instituting a 0.0% annual percentage rate for 90 days for customers with overdraft lines of credit
- Waived the early withdrawal penalties on certificates of deposits for 90 days

Community Development Lending

Liberty is a leader in making community development loans. The bank's performance in the Hartford MSA Assessment Area primarily supports this rating. The number and dollar volume of community development loans exceeds the number made during the prior evaluation period. Specifically, the bank's community development lending increased from 34 community development loans totaling \$33.9 million during the previous evaluation to 64 community development loans totaling \$135.1 million during the current evaluation. This level of activity represents 2.7% of average total assets and 3.6% of average total loans.

Fifty-nine of 64 community development loans directly benefitted the Combined Assessment Area. The bank's community development lending was highly responsive to the needs of the area in that it supported the development and maintenance of affordable housing units, stimulated revitalization and stabilization in low- and moderate-income geographies, and provided funding to organizations proving services to low- and moderate-income individuals and families within the assessment area.

The table on the following page summarizes assessment area and regional community development lending activities.

Community Development Loans Combined Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Hartford-East Hartford- Middletown, CT MSA	25	21,922	5	5,024	4	28,948	4	8,728	38	64,622
New Haven-Milford, CT MSA	10	10,631	0	0	6	2,175	1	25,233	17	38,039
Norwich-New London, CT MSA	4	2,560	0	0	0	0	0	0	4	2,560
Worcester, MA-CT MSA	0	0	0	0	0	0	0	0	0	0
Bridgeport-Stamford- Norwalk, CT MSA	0	0	0	0	0	0	0	0	0	0
Statewide/Regional	3	9,279	0	0	2	20,563	0	0	5	29,842
Total		44,392	5	5,024	12	51,686	5	33,961	64	135,063
<i>Source: Bank Records</i>										

In addition to loans that directly benefitted the Combined Assessment Area, Liberty also originated five loans totaling \$29.8 million that support community development efforts in a statewide or regional area. Below are examples of these regional loans.

- In 2018, the bank originated two community development loans to a property group that maintains affordable housing for low- and moderate-income individuals and families in Springfield, Massachusetts, which is in reasonable proximity to portions of the Hartford MSA Assessment Area.
- In 2019, the bank originated a community development loan to a company that provides renewable energy to homes and some businesses in a low- to moderate-income geography in Fairfield County.
- In 2019, Liberty originated a community development loan to a retail complex offering permanent employment in a moderate-income tract in Springfield, Massachusetts, which is in reasonable proximity to portions of the Hartford MSA.

As the bank has been responsive to the community development needs of its Combined Assessment Area, examiners also considered loans that provided benefits to geographies or individuals located within a broader regional area. The Lending Test performance discussion in each assessment area addresses the community development lending activity specific to that area.

INVESTMENT TEST

Liberty demonstrated outstanding performance under the Investment Test. The volume of qualified investments and the responsiveness of these investments to the most pressing needs of the assessment area supports this conclusion. The following sections address the bank’s overall performance under the Investment Test.

Investment Activity

Liberty has an excellent level of qualified investments and grants frequently in a leadership position. The bank made 376 qualified equity investments and grants totaling \$29.3 million during the evaluation period. This includes 18 new equity investments totaling \$12.9 million, 18 prior period investments with a total book value of \$14.3 million, and 340 qualified grants totaling \$2.2 million. Investments and grants represent 0.6% of average total assets and 3.4% of average total securities since the previous evaluation.

Total qualified equity investments increased 10.1% since the previous evaluations. Since the prior examination, the qualified investment growth was primarily centered in mortgage-backed securities. While mortgage-backed securities are not innovative or innovative or complex, these securities are longer term in nature and reflects Liberty’s ongoing support for affordable housing, which is one of the most presenting needs of its assessment areas. The bank’s investments in mortgage-backed securities are highly responsive to this need by supporting the funding of mortgages to low- and moderate-income homebuyers and the creation and rehabilitation of multifamily affordable housing units in low- and moderate-income geographies throughout the combined assessment area.

During the evaluation period, examiners also considered qualified investments and grants outside the bank’s Combined Assessment Area, as the bank was responsive to the needs within its Combined Assessment Area.

The following table shows the bank’s qualified investments and grants.

Community Development Investments and Grants Combined Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	18	14,275	0	0	0	0	0	0	18	14,275
2017	0	0	0	0	1	500	0	0	1	500
2018	1	1,141	1	225	1	1,000	0	0	3	2,366
2019	0	0	5	1,042	2	2,174	0	0	7	3,216
2020	5	5,552	1	225	1	1,000	0	0	7	6,777
Subtotal	24	20,968	7	1,492	5	4,674	0	0	36	27,134
Qualified Grants	32	188	305	2,002	2	6	1	5	340	2,201
Total	56	21,156	312	3,494	7	4,680	1	5	376	29,335

Source: Bank Records

Below are notable examples of qualified investments and grants that benefited a broader statewide or regional area, including the bank’s Combined Assessment Area.

- In 2017 and 2018, Liberty made an investment in the Community Economic and Development Fund (CEDF). During 2018, the bank doubled its investment in the fund. The CEDF's mission is to strengthen neighborhoods by providing flexible financial and technical support to small businesses, community organization, and initiatives in communities throughout Connecticut. The CEDF primarily serves start-up and other businesses that would not otherwise qualify for traditional financing.
- In 2019, Liberty made an investment in a Small Business Investment Company (SBIC) Program managed by BCA Mezzanine Fund III, L.P. The bank's investment helps promote economic development by supporting small business credit needs.
- In 2017 and 2019, the bank made grants to the most active nonprofit developer of affordable housing in Fairfield County and Southern Connecticut. This organization offers comprehensive housing and financial counseling services to low- and moderate-income families throughout Connecticut.
- In 2018 and 2019, the bank made grants to a community organization that offers free first-time homebuyer education and down payment assistance to low- and moderate-income borrowers throughout Connecticut and New York.
- In 2018, 2019, 2020, Liberty made a \$225,000 investment in a Citizen's Bank certificate of deposit. Citizen's Bank is minority depository institution headquartered in Nashville, Tennessee. As a minority depository institution, the bank primarily serves minority, low- or moderate-income, and rural communities. Although this institution serves an area outside of the bank's assessment area, the bank receives CRA credit since it has more than adequately help to meet the community development needs within its assessment area.
- In 2019, Liberty invested \$243,000 in the First Bank Puerto Rico. This bank is a minority depository institution whose primary focus is to serve minority communities, low- and moderate-income communities, and rural communities. The bank received credit for this investment as the primary mission of the institution meets the CRA definition of community development. Additionally, as previously mentioned Liberty adequately addressed community development needs within its assessment area.
- In 2019, Liberty invested \$249,000 in State Bank of Texas. State Bank is a minority depository institution headquartered in Dallas Texas. The bank's primary mission is to serve minority communities, low- and moderate-income communities, and rural communities.

The bank also continued the bank's Giving Circle Program. This program sets aside \$100 for every mortgage application that the bank receives during April and May. These funds are granted to local community agencies that provide emergency and/or transitional housing for homeless individuals and families. During this evaluation period, Liberty provide grants totaling \$54,300 to community agencies.

Refer to each assessment area for examples of qualified equity investments and grants specific to that assessment area.

Responsiveness to Credit and Community Development Needs

The bank exhibits excellent responsiveness to credit and community development needs. Liberty continues to obtain qualified equity investments and makes a significant volume of grants in an effort to help address the needs of the assessment area. The bank's investments and grants primarily supported affordable housing and community services targeted to low- and moderate-income individuals, but also worked to help meet the needs of small businesses and to stabilize

low- and moderate-income geographies within the assessment area. More recently, the bank has continued to focus grants on the pressing needs of the assessment area, including food pantries, homeless shelters, and job training programs. These needs have been further exacerbated by the COVID-19 pandemic.

Community Development Initiatives

The bank occasionally makes use of innovative and /or complex investments to support community development initiatives. The bank’s CRA investment portfolio primarily consists of mortgage-backed securities. While these investments are not considered innovative or complex, they address one of the most pressing needs of the assessment area by funding the creation, rehabilitation, and retention of affordable housing. Current equity investments also include \$4.7 million which supports economic development in low- and moderate-income geographies. The diversity of the bank’s CRA investment holdings are commensurate with peer institutions.

SERVICE TEST

Liberty’s overall Service Test performance is rated “Outstanding”. This is primarily supported by the bank’s excellent performance in the Hartford and New London MSA and its strong performance in the New Haven MSA.

Accessibility of Delivery Systems

Liberty’s delivery systems are readily accessible in all portions of the Combined Assessment Area. The table on the following page shows the distribution of bank branches and ATM locations by census tract income level. The bank’s main office is located in Middletown, in a low-income census tract. In addition to the bank’s main office, the bank currently operates nine full-service branches in low- or moderate-income census tracts. Although the number of the bank’s branches in low- and moderate-income census tracts is below the demographics in these geographies, this level is somewhat mitigated by the 12 additional full-service offices which are located adjacent to low- and moderate-income tracts thereby further increasing access to residents of low- and moderate-income neighborhoods.

Geographic Distribution of Branches and ATMs Combined Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	86	16.2	306,699	13.5	4	6.7	4	5.2
Moderate	91	17.1	392,017	17.2	6	10.0	7	9.1
Middle	182	34.2	794,989	34.9	27	45.0	36	46.8
Upper	164	30.8	765,105	33.6	23	38.3	30	39.0
N/A	9	1.7	19,575	0.9	0	0.0	0	0.0
Total	532	100.0	2,278,385	100.1	60	100.0	77	100.1

Except for the New London branch, each office has at least one ATM. In addition, the bank operates three stand-alone ATMs in Middletown, Niantic, and Old Saybrook. All ATMs offer English and Spanish language preferences. The bank is a member of both the NYCE and CIRRUS networks to provide surcharge-free ATM withdrawals at participating ATMs. All products and services are offered throughout the bank’s branch network, including offices located in low- and moderate-income geographies.

In addition to traditional brick and mortar locations, customers can also access banking services through alternate delivery channels. Liberty offers direct deposit, telephone banking, online banking and bill pay, and mobile banking. All these services provide customers with 24-hour access to a variety the bank’s products and services.

To serve customer need who are not fluent in English, the bank has over 60 employees who are multilingual in languages including Spanish, Polish, and Italian, and American Sign Language, which correspond with the needs of the bank’s customer base. Additionally, the bank’s 24-hour Customer Service Center employees speak to customers in both English and Spanish.

Changes in Branch Locations

To the extent changes have occurred, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, the bank acquired five full-service branches through the acquisition of The Simsbury Bank & Trust in 2019. These offices are located in middle- and upper-income census tracts. The bank closed one full-service branch located in a middle-income census tract in Shelton. This closure ended the bank’s physical presence in Fairfield County. In addition to full-service offices, the bank opened loan production offices in Hartford and New Haven in 2020. They also established a limited branch in Hartford which is focused on mortgage originations. This office is in a moderate-income census tract.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Hours are convenient and generally consistent with other local institutions and bank services are sufficient to meet the needs of the Combined Assessment Area. Extended hours are provided in branches and through drive up windows at numerous locations to help meet the needs of working customers. The bank offers Saturday banking hours at most of its locations and extended hours on Thursdays and Fridays.

Community Development Services

Liberty is a leader in providing community development services. The bank’s directors, officers, and employees provide technical assistance, and financial and managerial expertise to numerous community organizations throughout the assessment area. Liberty also provides or participates in a high number of financial education programs specifically targeted to low- and moderate-income individuals and small businesses. The following table shows the bank’s community services by assessment area and purpose.

Community Development Services Combined Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Hartford MSA	70	53	25	8	156
New Haven MSA	25	26	16	0	67
New London MSA	18	40	24	2	84
Bridgeport MSA	0	0	0	0	0
Worcester MSA	6	4	0	0	10
Statewide Activities	9	0	0	0	9
Total	128	123	65	10	326

Source Bank Records

As shown in the above table, the bank had 326 instances of providing financial expertise or technical assistance to community development organizations. Of these 326 instances, 85 community development services impacted the boarder statewide or regional area, including the

bank's Combined Assessment Area.

The following are examples of community development services provided by the bank that benefited the broader statewide or regional area, including the bank's Combined Assessment Area.

Individual Development Account Programs

Liberty continues to offer Individual Development Accounts (IDAs) in their assessment area. IDA accounts provide a way for low- or moderate-income individuals to save money for major expenses, such as purchasing a home or paying education costs. Accounts set savings goals and if successful, the bank provides matching funds. During this evaluation period, the bank opened 49 IDA accounts, of which 25 accounts qualified for matching funds totaling \$28,000.

Ever-Fi

In 2016, the bank began a financial literacy program in partnership with Ever-Fi. The program assists students in kindergarten through 12th grade to increase their knowledge of critical financial topics and to become better prepared to make decisions now that will help them achieve future financial goals. The program is offered at no cost to students in schools where most of the students qualify for free or reduced lunch. During this review period, the program reached 2,955 students who completed approximately 4,651 hours of education. Nearly 85.4% of these students were from low- or moderate-income families. The program continued in the 2020 school year, reaching an additional 76 students in five schools as of the date of this review.

Loan Servicing

Liberty continues to provide loan servicing for various nonprofit, community, and government organizations at minimal or no cost. The majority of the serviced loans were provided to low- and moderate-income borrowers or small businesses. Organizations and municipalities for the bank services loans include The Habitat for Humanity of Middletown, Habitat for Humanity of Southeastern Connecticut, and The City of Middletown. Since 2017, the bank has serviced over 130 loans totaling more than \$9 million across these organizations. By providing these services the bank helps these organizations reduce their costs thereby allowing them to provide more affordable resources to borrowers.

Bank's Efforts to Work with Delinquent Residential Mortgage Customers

Liberty continues to work with delinquent borrowers to resolve delinquencies and avoid foreclosure. Bank employees make every effort to engage delinquent borrowers and offer them various repayment plans and modifications, including foreclosure alternatives such as short sales and deeds in lieu of foreclosure. Bank customers experiencing payment problems are directed to the Connecticut Emergency Mortgage Assistance Program (EMAP), which provides temporary mortgage assistance for up to five years to qualifying Connecticut residents facing foreclosure. The bank also participates in the Connecticut State Mediation Program, which is designed to help homeowners avoid foreclosure by offering alternate solutions that benefit the borrower and the lender. Foreclosure alternative programs through Fannie Mae and Freddie Mac have also been utilized to assist delinquent borrowers when appropriate. During the evaluation period, the bank made 62 mortgage loan modifications representing \$9.1 million in Liberty, Fannie Mae, and Freddie Mac loans.

Efforts of the Bank to Offer Escrow Accounts (C.G.S. §47a-21)

Liberty offers escrow accounts for rental security deposits consistent with section 47a-21 of the Connecticut General Statutes. As of the date of this evaluation, the bank held 1,462 accounts totaling approximately \$1.5 million. These accounts assist landlords to safely hold tenants security deposits until the end of the tenancy. Once a tenancy has concluded the funds can be returned to the tenant or retained by the landlord to cover the cost of repairs if appropriate and required notice is issued consistent with state requirements.

Interest on Lawyers Trust Accounts (IOLTA) and Interest on Real Estate Trust Accounts

Liberty offers Interest on Lawyers Trust Accounts (IOLTA) and Interest on Real Estate Accounts (IORETA). The IOLTA program permits lawyers to deposit client funds into interest bearing accounts. The interest generated from the IOLTA accounts are donated to the Connecticut Bar Association to help fund legal services for low-income individuals. During the evaluation period, the bank remitted \$207,389 in interest earned on these accounts.

The bank also offers IORETA accounts which permits real estate brokers to deposit client funds into interest bearing accounts. The interest earned on these accounts is remitted to the Connecticut Housing Finance Authority (CHFA) to provide housing costs assistance for low- and moderate-income individual and families. During this evaluation period the bank remitted \$8,328 in interest earned on these accounts.

DISCRIMINATORY OR ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any substantial violations of fair lending or fair housing regulations during this evaluation.

RATED ASSESSMENT AREAS

HARTFORD-EAST HARTFORD-MIDDLETOWN, CT MSA – Full Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN HARTFORD MSA

Examiners performed a full scope review of the bank’s performance in the Hartford MSA assessment area. This area represents a majority of the bank’s offices, deposits, lending, investments, and service activities. Examiners assigned significant weight to the bank’s performance in the bank’s Hartford MSA assessment area when determining the overall rating.

Operations

Examiners conducted a full scope evaluation of the Hartford MSA portion of the combined assessment area. A majority of Liberty’s activities occur in this MSA. Therefore, the bank’s performance in this area was assigned significant weight when arriving at overall conclusions and ratings.

Including its main office Liberty operates 33 of its, or 55.0%, of the bank’s full-service branches in this MSA. Additionally, the bank derives 65.5% of its deposits in this assessment area. The bank also originates 62.3% by number and 66.0% by dollar volume of its home mortgage loans and 53.1% by number and 55.1% by dollar volume of its small business loans in this MSA.

All of the products and convenience services mentioned above in the Combined Assessment Area section of this evaluation were offered by the bank to residential and commercial customers in this MSA.

Economic and Demographic Data

The Hartford MSA assessment area includes Hartford County, Middlesex County, and the Tolland County towns of Andover, Bolton, Columbia, Coventry, Hebron, and Mansfield. The assessment area contains 272 census tracts with the following income designations:

- 46 low-income census tracts
- 40 moderate-income census tracts
- 98 middle-income census tracts
- 83 upper-income census tracts
- 5 census tracts with no income designation.

The Hartford MSA assessment area includes 53.5% of the low-income census tracts and 44.0% of the moderate-income tracts contained in the Combined Assessment Area. Most of these low- and moderate-income geographies are concentrated in the MSA’s urban areas of Hartford, East Hartford, Manchester, and New Britain

There are no distressed or underserved middle-income census tracts in this assessment area. The table on the following page provides select demographic characteristics for the assessment area.

Demographic Information of the Assessment Area Hartford MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	272	16.9	14.7	36.0	30.5	1.8
Population by Geography	1,123,963	13.6	13.8	37.4	34.0	1.3
Housing Units by Geography	469,845	14.2	14.4	39.0	32.3	0.0
Owner-Occupied Units by Geography	288,870	4.0	10.8	42.4	42.7	0.0
Occupied Rental Units by Geography	142,358	31.8	21.3	32.6	14.2	0.1
Vacant Units by Geography	38,617	25.9	16.0	36.8	21.2	0.1
Businesses by Geography	97,830	10.2	12.1	40.3	37.0	0.4
Farms by Geography	2,936	3.2	8.3	40.2	48.3	0.1
Family Distribution by Income Level	283,365	22.7	16.6	20.4	40.2	0.0
Household Distribution by Income Level	431,228	26.1	14.8	17.2	41.9	0.0
Median Family Income MSA - 25540 Hartford-East Hartford-Middletown, CT MSA		\$88,016	Median Housing Value			\$239,345
			Median Gross Rent			\$1,002
			Families Below Poverty Level			7.9%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Median Family Income

Examiners used the FFIEC updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the income ranges for low-, moderate-, middle-, and upper-income categories for the Hartford MSA for 2017, 2018, and 2019.

Table B – Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Hartford-West Hartford-East Hartford, CT MSA Median Family Income (25540)				
2017 (\$90,200)	<\$45,100	\$45,100 to <\$72,160	\$72,160 to <\$108,240	≥\$108,240
2018 (\$96,700)	<\$48,350	\$48,350 to <\$77,360	\$77,360 to <\$116,040	≥\$116,040
Hartford-East Hartford-Middletown, CT MSA Median Family Income (25540)				
2019 (\$98,400)	<\$49,200	\$49,200 to <\$78,720	\$78,720 to <\$118,080	≥\$118,080
<i>Source: FFIEC</i>				

Population

The Borrower Profile criterion compares the distribution of home mortgage loans to the distribution of families. According to the 2015 ACS, 283,265 families reside in the Hartford MSA assessment area. Of these 22.7% are low-income, 16.6% are moderate-income, 20.45% are middle-income, and 40.2% are upper-income. Approximately, 7.9% of all families or 34.8% of low-income families residing in the area report incomes below the poverty level. Even under

flexible lending programs, the ability of this group to afford the cost of obtaining and maintaining home ownership is limited, thus affecting lenders’ ability to originate home mortgage loans to these residents.

Unemployment Statistics

Data obtained from the U.S. Bureau of Labor Statistics shows that unemployment rates throughout the assessment area steadily improved during the evaluation period, until the COVID-19 pandemic arose in the United States in March 2020. The following table outlines the current and annual unemployment rates for the counties within the assessment area. The November 2020 unemployment rates reflect the continued effects of the COVID-19 pandemic. State and national unemployment rates are also included for purpose of comparison.

Unemployment Rates ²				
Area	2017 %	2018 %	2019 %	November 2020 %
Hartford County	4.9	4.3	3.9	8.0
Middlesex County	4.1	3.5	3.2	6.2
Tolland County	4.0	3.6	3.3	5.8
Connecticut	4.7	4.1	3.7	7.7
National Average	4.4	3.9	3.7	6.4

1. Not Seasonally Adjusted

Housing

The Geographic Distribution criterion compares the distribution of the bank’s home mortgage loans to the distribution of owner-occupied housing units. According to the 2015 ACS, the assessment area contains 469,845 housing units, of which 80.3% are one-to-four family units and 19.0% are multifamily properties having five or more units. The area’s owner-occupied housing units are highly concentrated in middle- and upper-income geographies. Only 4.0% of owner-occupied housing units are located in low-income census tracts and 10.8% in moderate-income census tracts.

Housing cost in the assessment area is slightly more affordable than housing in Connecticut. The affordability ratio measures the amount of housing that a dollar of income can purchase, for the median household, within a given geography. Examiners calculate this ratio by dividing the weighted median household income by the median housing value for the area under review. The weighted median household income for the Hartford MSA assessment area is \$74,324 and the median housing value is \$263,465. This results in an affordability ratio of .28, which is slightly better than the .23 statewide ratio. Ratios closer to 1.0 indicate greater affordability.

Although housing in the assessment area is generally more affordable than housing in the state as a whole, there is still a need for the creation and retention of affordable housing units in the area. Approximately 17.9% of owners and 14.4% of renters are cost burdened in that more than 30.0% of their income goes to pay housing costs. This is particularly true in low- and moderate-income geographies. Nearly 38.2% of the renters in low-income census tracts are cost burdened. Although lower in moderate-income census tracts, the level is still significant at 21.0%. This data indicates that community development opportunities exist for financial institutions to support the creation and retention of affordable housing units particularly in the area’s low- and moderate-income geographies.

Business Demographics

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenues (GAR), placing emphasis on businesses with GARs of \$1

² Unemployment rates are not seasonally adjusted.

million or less. According to 2019, D&B data, there are 97,830 non-farm businesses operating within the Hartford MSA assessment area. Gross annual revenues (GARs) for these businesses are as follows:

- 85.8% have gross annual revenues of \$1.0 million or less
- 5.3% have gross annual revenues of more than \$1.0 million, and
- 8.9% have unreported gross annual revenues.

The majority of businesses operating in the area are very small. D&B demographic data indicates that during 2019, 84.9% of businesses in the assessment area report GARs of less than \$0.5 million, 67.6% of businesses have four or few employees, and 90.2% of businesses operate from a single location. Service industries represent the largest portion of businesses at 42.7%; followed by non-classifiable establishments (14.1%), retail trade (11.7%), and finance, insurance, and real estate (9.3%).

Competition

Liberty faces significant competition for deposits in the Hartford MSA assessment area. The June 30, 2020 FDIC Deposit Market Share data reflects that 26 financial institutions operated 307 branches throughout the assessment area. Liberty ranks fifth with 34 offices and a 6.6% deposit market share. The top four institutions are Bank of America, N.A. (48.9%), People's United Bank, N.A. (11.8%), Webster Bank, N.A. (10.0%), and TD Bank, N.A. (7.0%).

Strong competition also exists for home mortgage loans among banks, credit unions, and mortgage companies. The 2017 HMDA Market Share Report shows that 436 lenders reported originating 27,355 home mortgage loans in this assessment area. Of which, Liberty ranked thirteenth with a 1.8% market share by number of loans. The top three lenders, Wells Fargo Bank, N.A., Quicken Loans, and First World Mortgage taken together captured 14.5% of the market.

In 2018, both the number of lenders and home mortgage activity increased slightly. Four hundred and forty-three lenders reported originating or purchasing 28,657 home mortgage loans in the area. Liberty was one of only two local community banks ranking in the top ten lenders. Liberty's ranking improved to sixth with a 3.3% market share. The top lenders were Wells Fargo Bank, N.A., Webster Bank, N.A., and Bank of America, N.A. that accounted for 13.0% of the total market.

Liberty's ranking continued to improve in 2019. Out of 449 lenders reporting activity in the market, the bank ranked fourth with a 3.7% market share and was the only local community bank among the top ten lenders. The top lenders were Wells Fargo Bank, N.A., Webster Bank, N.A., and Quicken Loans. Together, these lenders represented a 13.7% market share.

Small business lending is also competitive. Small business aggregate data reflects lending information for whole counties; therefore, the aggregate small business data considers all lenders in Hartford, Middlesex, and Tolland counties. Based on 2019 small business aggregate data (the most recent available), 123 lenders originated 31,037 small business loans. Liberty ranked 17th out of this group with a 1.1% market share. The three most active small business lenders accounted for 42.9% of the total market and included American Express National Bank, JP Morgan Chase, N.A., and Bank of America, N.A.

Community Contact

Examiners conducted a community contact activity in this assessment area during this evaluation to gain an understanding of the credit and community development needs in the area. The organization provides social services to low- and moderate-income residents in the area. The contact noted that there is a significant need for affordable housing particularly units for low- and moderate-income individuals and families. The need for financial education and affordable financial services for low-income residents to assist them in improving their status was also noted.

Additionally, the contact noted that financial institutions need to provide support for the area's smallest businesses.

Credit and Community Development Needs and Opportunities

Based on information from the community contact, bank management, and demographic data, examiners determined that the needs of this assessment area are similarly to those identified throughout the Combined Assessment Area, examiners determined that affordable housing, small business financing with flexible underwriting standards, and community services specifically targeted to low- and moderate-income individuals and families were the primary needs of the Hartford MSA. These needs appear greatest in the area's urban area, particularly the cities of Hartford, New Britain, and East Hartford.

CONCLUSIONS ON PERFORMANCE CRITERIA IN HARTFORD MSA

LENDING TEST

Liberty demonstrated excellent performance in the Lending Test in the Hartford MSA. The bank's excellent borrower profile, excellent lending levels, extensive use of flexible lending programs, and high volume of community development loans primarily support this conclusion. The bank's lending performance was assigned significant weight in arriving at the overall Lending Test rating.

Lending Activity

The bank's lending activity reflects excellent responsiveness to the Hartford MSA assessment area's credit needs. The number and dollar volume of loans originated and purchased during the review period, as well as the bank's market share and market ranking, was considered in arriving at this conclusion.

Home Mortgage Loans

Liberty's home mortgage lending consistently increased by both number and dollar volume during the review period. The bank originated 503 home mortgage loans totaling \$107.7 million in 2017, 935 home mortgage loans totaling \$165.7 million in 2018, and 1,180 home mortgage loans totaling \$250.6 million in 2019. Liberty's total home mortgage loans increased 134.6% by number and 132.7% by dollar volume during this review period. The bank's market share increased from 1.8% in 2017 to 3.7% in 2019. Likewise, the bank's market ranking consistently rose from a low of 13th to a high of fourth. In 2019, Liberty ranked fourth out of 449 lenders. The bank ranked ahead of all local banks in that year. Liberty's lending volume in the assessment area, particularly given significant competition, reflects excellent responsiveness to assessment area credit needs.

Small Business Loans

The bank's small business lending activities also consistently increased during the review period. Liberty originated 173 small business loans totaling \$21.6 million in 2017, 221 small business loans totaling \$25.9 million in 2018, and 326 small business loans totaling \$38.8 million in 2019. Liberty's market ranking increased from 21st in 2017 to 19th in 2018, and to 17th in 2019. The bank's ranking consistently improved despite increasing competition for small business loans in the Hartford MSA assessment area. The bank's small business lending activity reflects excellent responsiveness to the commercial credit needs of the assessment area given market competition.

Geographic Distribution

The geographic distribution of loans reflects an adequate penetration throughout the assessment area. The bank's adequate home mortgage and small business lending performance supports this conclusion. Greater weight was placed on the bank's home mortgage lending performance. Examiners focused on the percentage of loans in low- and moderate-income census tracts by number. The following section includes discussion of the bank's performance by loan type.

Home Mortgage Loans

Liberty’s home mortgage lending reflects an adequate dispersion throughout the Hartford MSA assessment area, particularly in low- and moderate-income geographies. The following table shows the geographic distribution of home mortgage loans in the Hartford MSA.

Geographic Distribution of Home Mortgage Loans Hartford MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	4.0	5.0	21	4.2	2,296	2.1
2018	4.0	4.7	28	3.0	11,688	7.1
2019	4.0	4.6	30	2.5	4,796	1.9
Moderate						
2017	10.8	11.0	47	9.3	5,721	5.3
2018	10.8	9.9	46	4.9	6,591	4.0
2019	10.8	9.9	81	6.9	11,935	4.8
Middle						
2017	42.4	42.5	218	43.3	45,784	42.5
2018	42.4	41.6	393	42.0	62,429	37.7
2019	42.4	41.3	483	40.9	78,632	31.4
Upper						
2017	42.7	41.5	216	42.9	53,597	49.8
2018	42.7	43.8	467	49.9	84,742	51.1
2019	42.7	44.2	586	49.7	155,217	61.9
Not Available						
2017	0.0	0.0	1	0.2	280	0.3
2018	0.0	0.0	1	0.1	294	0.2
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2017	100.0	100.0	503	100.0	107,678	100.0
2018	100.0	100.0	935	100.0	165,745	100.0
2019	100.0	100.0	1,180	100.0	250,580	100.0

Source: 2015 ACS; Bank Data, 2017, 2018 & 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

In 2017, Liberty’s lending level in low-income census tracts exceeded the percentage of owner-occupied housing units but slightly lagged aggregate lender performance. However, the bank ranked 19th out of 162 lenders with a 1.6% market share in low-income tracts. Only three local banks ranked in the top twenty lenders reporting activity. The bank’s lending to borrowers residing in low-income geographies improved in 2018, as the number of loans increased 33.3% from the prior year. Despite the increase in originations, the bank’s lending level dropped to 3.0% and was below both aggregate performance and area demographics. The bank’s lending level declined as the growth in total home loan originations at 89.9% outpaced the increase in loans extended in the area’s low-income tracts. However, Liberty’s market ranking improved to 12th out of 163 lenders with a 2.1% market share. Liberty was again one of only three local banks ranking in the top

twenty lenders. In 2019, the number of loans originated in low-income geographies again increased. Nonetheless, the bank's lending level declined as the growth in total home loan originations again outpaced the increase in lending in low-income tracts. In 2019, competition for home mortgage loans in the area's low-income tracts increased with 180 lenders reporting activity. Liberty's ranking fell to 14th out of these lenders with a 2.1% market share. Liberty was the only local bank among the top twenty lenders.

Liberty's lending in moderate-income census tracts consistently trailed aggregate performance and the percentage of owner-occupied housing located in these geographies during this review period. In 2017 and 2018, the number of home loans extended in the area's moderate-income geographies remain relatively constant. However, the bank's lending performance declined primarily because of the sizable increase year over year in total home mortgage loan originations. In 2017, Liberty ranked 20th out of 205 lenders with a 1.6% market share. The top three lenders were a large national bank and two large national mortgage companies. Together these lenders captured 14.7% of the market. Liberty was one of only three local banks ranking in the top twenty lenders. In 2018, the number of the bank's loans extended in moderate-income geographies remained relatively constant. However, due to the substantial increase in the bank's total originations, Liberty's lending level dropped significantly from the 2017 performance. The bank continued to rank 20th out of 199 lenders with a 1.6% market share. The market was again dominated by much larger lenders with the top three lenders consisting of a large national mortgage company and two large national banks. The number and percentage of loans increased significantly in 2019, although the bank's lending level continued to lag both the aggregate performance and the area demographic. However, the bank ranked 10th out of 209 lenders active in these geographies with a 2.6% market share. Liberty was the only local bank among the top ten lenders.

The generally increasing volume of loans originated in low- and moderate-income census tracts supports the reasonableness of the bank's lending performance. Additionally, significant competition and favorable comparisons to other local financial institutions mitigate the bank's lower lending levels in both low- and moderate-income geographies. The lower lending levels are primarily driven by the substantial increases in the bank's overall home mortgage lending activities which help meet the credit needs throughout the assessment area including in low- and moderate-income geographies. Further, Liberty offers a wide variety of flexible home mortgage loan products including the Good Neighbor Home Loan Program which are specifically targeted to increase access to home loans for residents in low- and moderate-income neighborhoods within the bank's assessment area. Refer to the Innovative and Flexible Lending Practices section in Combined Assessment Area of this evaluation for more detail.

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. The table on the following page shows the distribution of small business loans, aggregate performance, and demographic data by census tract income level.

Geographic Distribution of Small Business Loans Hartford MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	10.4	9.4	17	9.8	2,217	10.2
2018	10.2	9.5	21	9.5	3,055	11.8
2019	10.2	9.1	18	5.5	3,151	8.1
Moderate						
2017	11.9	12.2	10	5.8	1,280	5.9
2018	12.0	12.4	18	8.1	1,537	5.9
2019	12.1	12.4	29	8.9	3,179	8.2
Middle						
2017	40.3	40.6	78	45.1	10,398	48.0
2018	40.3	40.5	98	44.3	11,726	45.3
2019	40.3	40.5	142	43.6	17,749	45.8
Upper						
2017	37.0	37.5	68	39.3	7,750	35.8
2018	37.1	37.3	84	38.0	9,581	37.0
2019	37.0	37.8	137	42.0	14,640	37.8
Not Available						
2017	0.4	0.3	0	0.0	0	0.0
2018	0.4	0.2	0	0.0	0	0.0
2019	0.4	0.2	0	0.0	0	0.0
Totals						
2017	100.0	100.0	173	100.0	21,645	100.0
2018	100.0	100.0	221	100.0	25,899	100.0
2019	100.0	100.0	326	100.0	38,719	100.0
Source: 2017, 2018 & 2019 D&B Data; Bank Data; 2017, 2018 & 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Liberty's 2017 lending level in low-income census tracts was above aggregate performance. However, both the bank's and aggregate performance lending levels were below the percentage of the area's small businesses located in these tracts. In 2018, Liberty's lending level was consistent with aggregate market performance, but like aggregate market performance the bank's level was slightly below the percentage of small businesses operating in these geographies. In 2019, while the bank's total small business loans increased, the bank's originations to small businesses in low-income census tracts fell slightly, representing just 5.5% of total originations by number of loans. The bank's performance lagged both aggregate market and percentage of small businesses operating in the area's low-income geographies. Aggregate market data provides additional insight into the bank's lending performance.

In 2017, 111 lenders reported originating 2,272 small business loans in the assessment area's low-income census tracts. Of these lenders Liberty ranked 20th out of these lenders with a 0.8%

market share. Three large national bank banks dominated the market. Together these lenders captured 39.7% of the market. In 2018, the number of lenders reporting activity in the market increased to 117. Liberty's ranking rose to 18th with a 1.0% market share. The top three lenders were again large national banks that together had a 35.2% market share. Competition for small business loans in the area's low-income tracts continued to increase in 2019, with 123 lenders reporting activity. Liberty's ranking dropped to 26th with a 0.7% market share. Large national banks continued to dominate the market. It is also worth noting that more than half of the area's lenders generated just one loan to businesses operating in the area's low-income tracts during the year.

The percentage of bank loans extended to the area's small businesses located in moderate-income tracts consistently lagged both aggregate performance and the percentage of small businesses located in these geographies throughout the evaluation period. However, despite facing significant competition in these geographies, Liberty consistently increased the number of loans extended to this group year over year. In 2017, 111 lenders reported activity in the area's moderate-income tracts having originated or purchased 3,163 loans. Liberty originated 10 loans and ranked 26th out of these lenders with a 0.3% market share. The top lenders in the market were larger national banks with significantly greater resources. The top three lenders together accounted for 38.7% of the market. It is worth noting that more than half of all lenders originated two or fewer loans in the area's moderate-income tracts during 2017.

In 2018, the number of bank loans extended to businesses in moderate-income tracts increased 80%. Nonetheless, Liberty's performance lagged aggregate market and area demographics. Competition for loans in these geographies increased with 117 lenders reporting activity in these tracts. Of these lenders, Liberty ranked 27th with a 0.6% market share. The top lenders remained larger national banks. Together the top three lenders accounted for 37.2% of the market. Again, more than half of the area's reporters originated two or fewer loans.

Liberty continued to increase its efforts to serve the needs of small businesses operating in moderate-income census tracts. The number of loan originations increased by 61.1% and represented 8.9% of total originations. Despite the increase, the bank's performance lagged both aggregate market and the percentage of the area's small businesses operating in moderate-income tracts. Liberty again faced increasing competition in the market. During 2019, 123 lenders reported originating or purchasing loans in the moderate-income tracts. Of these lenders Liberty ranked 23rd with 0.8% market share. The top three lenders were larger national banks which captured 37.3% of the market. More than half of the lenders originated two or fewer loans, further supporting the reasonableness of Liberty's performance.

Given the competition within the assessment area's low- and moderate-income census tracts, Liberty's performance appears adequate. The bank has a generally increasing trend in the number of loans extended to small businesses, particularly in moderate-income geographies. The bank has consistently outperformed a majority of other lenders reporting activity in the area's low- and moderate-income tracts, further supporting the reasonableness of the bank's efforts to address the credit needs of the area's small businesses.

Borrower Profile

The distribution of borrowers reflects an excellent penetration among individuals of different income levels and businesses of different sizes in the Hartford MSA. The bank's excellent performance in home mortgage and small business lending support this conclusion. Examiners primarily focused on home mortgage loans to low- and moderate-income borrowers and the percentage of small businesses loans by number to businesses with gross annual revenues of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans reflects excellent penetration among individuals of

different income levels, including low- and moderate-income borrowers. The following table shows the distribution of small business loans by Gross Annual Revenue Category during the evaluation period in the Hartford MSA.

Distribution of Home Mortgage Loans by Borrower Income Level Hartford MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	22.7	9.7	63	12.5	6,991	6.5
2018	22.7	10.9	78	8.3	7,605	4.6
2019	22.7	10.7	134	11.4	12,477	5.0
Moderate						
2017	16.6	22.9	113	22.5	17,838	16.6
2018	16.6	23.7	202	21.6	24,734	14.9
2019	16.6	23.3	258	21.9	34,203	13.6
Middle						
2017	20.4	21.9	106	21.1	21,547	20.0
2018	20.4	22.3	255	27.3	37,995	22.9
2019	20.4	22.3	292	24.7	46,642	18.6
Upper						
2017	40.2	30.0	211	41.9	57,192	53.1
2018	40.2	28.9	372	39.8	77,559	46.8
2019	40.2	30.1	467	39.6	103,301	41.2
Not Available						
2017	0.0	15.4	10	2.0	4,110	3.8
2018	0.0	14.1	28	3.0	17,851	10.8
2019	0.0	13.6	29	2.5	53,958	21.5
Totals						
2017	100.0	100.0	503	100.0	107,678	100.0
2018	100.0	100.0	935	100.0	165,745	100.0
2019	100.0	100.0	1,180	100.0	250,581	100.0
<i>Source: 2015 ACS; Bank Data, 2017, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

In 2017 and 2019, the bank’s lending to low-income borrowers exceeded aggregate performance. Both aggregate performance and the bank’s lending levels were below the percentage of low-income families residing in this assessment area. This is not unexpected given the high concentration of families reporting incomes below the poverty level. As previously mentioned, 34.8% of low-income families have incomes below the poverty level. This would make it difficult for these families to qualify for home mortgage loans even under flexible lending programs.

In 2018, lending to low-income borrowers declined resulting in the bank’s performance dropping below aggregate performance. The decline in the bank’s lending level was also impacted by the 85.9% increase in total home mortgage loan originations. Despite the decline in the bank’s home loan originations to this group, Liberty remained very competitive in the market. According to the

2018 aggregate data, 190 lenders reported originating or purchasing 3,137 home loans to low-income borrowers in this assessment area. Of these lenders, Liberty ranked eighth with a 2.5% market share. The top three lenders were two large national mortgage companies and a large national bank. These lenders accounted for 15.7% market share in total. Nearly half of the lenders reporting loans to low-income borrowers originated four or fewer loans during the year. This further validates the strength of Liberty's performance.

Additionally, Liberty continues to enhance its efforts by offering a variety of loan products with flexible underwriting features that increase access to home mortgage loans for the area's borrowers, including those with low incomes. These products offer various flexible underwriting features, including, among other things, low-down payments, downpayment assistance, and reduced costs. These programs reflect the bank's ongoing commitment to help meet the credit needs of borrowers within the assessment area including those with low incomes. Refer to the Innovative and Flexible Practices in the Combined Assessment Area section of this evaluation for details of each program offered by the bank.

Liberty's lending performance to moderate-income borrowers consistently exceeded the percentage of moderate-income families residing in the area. However, the bank's lending was consistently slightly lower than the aggregate market. The bank consistently increased the number of originations to moderate-income borrowers year-over-year. Aggregate data for 2017, 2018, and 2019 support's the bank's strong performance. Specifically, in 2017 Liberty ranked 17th out of 246 HMDA reporters that originated or purchased a home mortgage loan extended to a moderate-income borrower. In 2018, the bank's ranking rose to 10th with a 3.0% market share out of 250 reporters. Despite increasing competition for home loans to moderate-income borrowers Liberty's ranking again improved to 8th with a 3.5% market share out of 258 reporting lenders. The bank's consistently increasing loan volume and favorable comparisons to area demographic supports the bank's excellent performance.

Small Business Loans

The distribution of small business loans reflects excellent penetration of loans to businesses of different sizes. As shown in the table on the following page, the number of bank loans originated to businesses with gross annual revenues of \$1 million or less consistently increased year over year during the review period. Liberty's lending levels consistently exceeded aggregate performance by number of loans, but lagged demographics. It is worth noting that the percentage of businesses includes all businesses in the assessment area. While this is a good indicator of the opportunities in the assessment area, not all businesses with gross annual revenues of \$1 million or less may have credit needs or be credit worthy at any given time.

**Distribution of Small Business Loans by Gross Annual Revenue Category
Hartford MSA Assessment Area**

Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2017	84.2	50.3	102	59.0	8,477	39.2
2018	84.3	44.6	156	70.6	13,706	52.9
2019	85.8	44.5	204	62.6	15,015	38.8
>1,000,000						
2017	6.1	--	65	37.6	13,138	60.7
2018	6.1	--	63	28.5	11,968	46.2
2019	5.3	--	115	35.3	22,862	59.0
Revenue Not Available						
2017	9.7	--	6	3.5	30	0.1
2018	9.6	--	2	0.9	225	0.9
2019	8.9	--	7	2.1	842	2.2
Totals						
2017	100.0	100.0	173	100.0	21,645	100.0
2018	100.0	100.0	221	100.0	25,899	100.0
2019	100.0	100.0	326	100.0	38,719	100.0

*Source: 2017, 2018 & 2019 D&B Data; Bank Data; 2017, 2018 & 2019 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Innovative or Flexible Lending Practices

Liberty makes extensive use of innovative and/or flexible lending practices to serve the credit needs of throughout the Combined Assessment Area, including within the Hartford MSA. Most products and services are consistently offered throughout the area. Further, the bank's flexible lending programs includes the family of Good Neighbor Loans, which specifically target low- and moderate-income geographies and majority minority neighborhoods in the urban portions of the assessment area. Refer to the Innovative or Flexible Lending Practice section of the Combined Assessment Area for details of all programs.

Community Development Lending

Liberty had an excellent volume of community development lending in the Hartford MSA during this review period. The bank originated 38 community development loans totaling approximately \$64.6 million. Of the total community development loans originated in the Combined Assessment Area, 58.5% by number and 47.1% by dollar volume directly benefitted this MSA. The number of loans in this MSA greatly exceeded the volume of loans reported in the previous evaluation of 13 loans totaling approximately \$9.0 million. The majority of community development loans in this MSA supported affordable housing, which was one of the area's most pressing needs. Other loans supported community services, promoted economic development, and helped to revitalize and stabilize the communities. The table on the following page shows the community development loans made in the Hartford MSA during the evaluation period.

Community Development Loans Hartford MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017 (10/01/17-12/31/17)	0	0	0	0	2	23,928	0	0	2	23,928
2018	17	14,807	2	1,700	1	1,020	1	135	21	17,662
2019	5	1,885	3	3,324	1	4,000	0	0	9	9,209
2020	3	5,230	0	0	0	0	3	8,593	6	13,823
Total	25	21,922	5	5,024	4	28,948	4	8,728	38	64,622

Source: Bank Records

Some examples of community development loans made in the Hartford MSA are as follows:

- In 2017, the bank originated a community development loan to support a retail complex offering permanent employment in a low-income census tract.
- In 2018, the bank made nine community development loans to a property group that maintains affordable housing for low- and moderate-income individuals and families. A substantial majority of units were offered below fair market rent for the area, affording greater accessibility to low- and moderate-income residents,
- In 2018 and 2019, the bank originated four community development loans to a nonprofit organization that provides community services to residents residing in low- and moderate-income geographies within the assessment area.
- In 2020, the bank originated a community development loan to fund renovation and restoration of a historic church within a low-income tract to help support efforts to revitalize and stabilize the neighborhood.

INVESTMENT TEST

Liberty demonstrated good performance under the Investment Test. Liberty's significant level of qualified investments and grants and the responsiveness of these to credit and community development needs of the assessment area primarily supports this conclusion.

Investment and Grant Activity

Liberty has a significant level of qualified investments and grants, particularly those that are not routinely provided by private investors, and is occasionally in a leadership position. Qualified investments benefitting this area totaled \$4.7 million and grants totaled \$1.2 million. This activity level represents 17.3% of qualified investments in this area. This assessment area also benefitted from \$1.0 million in current period and \$9.2 million in prior period statewide qualified investments. These investments consisted of an investment in an economic development fund and various mortgage-backed securities that benefitted multiple assessment areas including the Hartford MSA. The bank's qualified investments served to address one of the most pressing needs of the assessment area that of affordable housing for low- and moderate-income residents and local economic development efforts.

In addition to qualified investments the bank's foundation made 140 qualified grants totaling \$1.2 million in the Hartford MSA, representing 41.2% of its total grants by number and 55.2% by total grant dollars. This level is generally consistent with the bank's activities within this area. The majority of these grants were to organizations that provide community services to low- and

moderate-income individuals and families. Other grants supported efforts to increase affordable housing opportunities and revitalization and stabilization efforts in the area. The following table reflects the details of the bank’s community development grant activity in the Hartford MSA during this evaluation period.

Community Development Grants Hartford MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017 (10/01/17-12/31/17)	0	0	4	19	0	0	1	5	5	24
2018	1	5	33	264	0	0	0	0	34	269
2019	5	33	48	322	0	0	0	0	53	355
2020	5	25	43	541	0	0	0	0	48	566
Total	11	63	128	1,146	0	0	1	5	140	1,214

Source: Bank Data

Examples of the bank’s community development investments and grants in the Hartford MSA are as follows:

- In 2017, 2019, and 2020, Liberty made grants to a nonprofit community development financial institution (CDFI) that provides financing, technical assistance, and capacity building assistance for affordable housing and neighborhood revitalization in the Hartford MSA.
- In 2018 and 2019 the bank made grants to several local college foundations to assist them in providing scholarships to low- and moderate-income students.
- In 2018, 2019, and 2020, Liberty provided significant grants to match funds raised by the local rotary club to fund a large food drive that would provide meals for low- and moderate-income individuals and families.

Responsiveness to Credit and Community Development Needs

Liberty’s qualified investments and grants were highly responsive to credit and community development needs throughout the Hartford MSA assessment area. Management directed most of the bank’s investments and grants by number and dollar to support affordable housing and community services to low- and moderate-income individuals and families.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. Liberty’s investments primarily include mortgage-backed securities.

SERVICE TEST

Liberty demonstrated excellent performance under the Service Test within the Hartford MSA assessment area. The bank’s community development services primarily support this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the Hartford MSA assessment area. Liberty serves the Hartford MSA assessment area with 33 full-service branches

and 44 full-service ATMs. The following table details the distribution of banking offices and deposit taking automated teller machines by geographic location.

Distribution of Branches and ATMs Hartford MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	46	16.9	152,357	13.6	1	3.0	2	4.5
Moderate	40	14.7	155,430	13.8	2	6.0	2	4.5
Middle	98	36.0	419,815	37.4	15	45.5	19	43.2
Upper	83	30.5	382,303	34.0	15	45.5	21	47.7
NA	5	1.8	14,058	1.3	0	0.0	0	0.0
Total	272	99.9	1,123,963	100.1	33	100.0	44	99.9

Source: 2015 ACS Data & Bank Records; Due to rounding, totals may not equal 100.0

The distribution of banking offices within the Hartford MSA are below the performance for the institution overall. The bank operates two branches and two ATMs in low-income census tracts and two branches and two ATMs in moderate-income census tracts. Although the percentage of banking offices and ATMs are below the portion of the population residing in these geographies, Liberty also operates ten additional branches which are adjacent to the area’s low- and moderate-income neighborhoods. All ATMs in the low- and moderate-income tracts offer 24-hour access to bank customers. Additionally, bank customers with certain deposit accounts may access other institution’s ATMs with reimbursement of associated fees. In addition to the bank’s physical locations, all customers within this MSA also have full access to other alternative delivery systems previously mentioned in the Combined Assessment Area section.

Changes in Branch Location

To the extent changes have occurred since the previous evaluation, these changes have not adversely affected the accessibility of delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Since the previous evaluation, Liberty acquired five full-service branches through the acquisition of Simsbury Bank and Trust Company in 2019 in the towns of Avon, Bloomfield, Simsbury, and West Hartford. None of these offices are in low- and moderate-income geographies. In addition to acquiring five full-service offices, the bank also established a limited branch in Hartford in a low-income census tract. This office was established to help increase access to home mortgage loans to the area’s low- and moderate-income neighborhoods. The bank did not close any branches in this MSA during the evaluation period.

Reasonableness of Business Hours and Services

Retail banking hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts and individuals in the Hartford MSA. Business hours are tailored to the needs of customers in the area. Hours are convenient and generally consistent with other institutions operating in the area. Most offices offer extended hours on Thursdays and Fridays and additional hours on Saturday. The bank also offers extended hours through its drive-up windows.

Community Development Services

Liberty is a leader in providing community development services in the Hartford MSA. The majority of community development services occurred in this portion of the Combined Assessment Area. Bank directors, officers, and employees provided managerial expertise, technical assistance, and financial support to numerous community organizations throughout the assessment area. Bank employees also participated in a significant number of financial education classes specifically targeted to low- and moderate-income individuals and small businesses. Topics covered included

first time homebuyer and affordable housing education, financial literacy for youth and adults, money management, budgeting, credit basics and credit building, and small business literacy. The bank’s offerings were consistent with the primary needs of the assessment area.

During this evaluation period, the bank reported 156 instances of qualified community development services and outreach activities within the Hartford MSA. These services were primarily provided to organizations supporting the provision of affordable housing, community services for low- and moderate-income residents, and economic and development activities in low- and moderate-income geographies. The following table reflects the bank’s community service activities in the Hartford MSA during this review period.

Community Development Services Hartford MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
10/1/2017 to 12/31/2017	4	3	0	2	9
2018	15	8	2	4	29
2019	35	21	22	2	80
2020	16	21	1	0	38
Total	70	53	25	8	156
<i>Source: Bank Data</i>					

Examples of the community services and outreach activities conducted in the Hartford MSA are as follows:

- In 2017, 2018, and 2019, officers and employees of the bank served as board and committee members of an organization whose primary mission is to help end homelessness in Middlesex County by increasing the number of stable and affordable housing units and addressing housing issues in the area and the region.
- In 2018, 2019, and 2020, various bank employees participated in various first time homebuyer education classes to low- and moderate-income individuals in the area, including classes targeted to Spanish speaking individuals.
- In 2019, employees of the bank participated in business education classes for small business owners in the area in accordance with the bank’s Academy of Small Business.
- In 2018, 2019, and 2020, employees of the bank taught financial literacy classes to both youth and adults in conjunction with several local community organizations and area high schools.

NEW HAVEN-MILFORD, CT MSA – Full Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NEW HAVEN MSA

Operations

The New Haven MSA portion of the bank’s assessment area includes 16 of the bank’s 60 full-service branches. The bank derived approximately 18.8% of its deposits in this MSA. This area accounts for 22.9% by number and 21.6% by dollar amount of the total home mortgage loans originated within the Combined Assessment Area. The bank also originated approximately 36.2% by number and 37.8% by dollar amount of its small business loans within this assessment area.

All of the products and convenience services mentioned above in the Combined Assessment Area section of this evaluation were offered by the bank to residential and commercial customers in this MSA.

Economic and Demographic Data

The New Haven-Milford, CT MSA consists of all of New Haven County. This assessment area is composed of 190 census tracts of which 31 (16.3%) are low-income, 40 (21.1%) are moderate-income, 56 (29.5%) are middle-income, 61 (32.1%) are upper-income, and two (1.1%) tracts do not have an income designation assigned.

There are no distressed or underserved middle-income census tracts in this assessment area. The following table summarizes the demographic information for the New Haven MSA:

Demographic Information of the Assessment Area New Haven MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	190	16.3	21.1	29.5	32.1	1.1
Population by Geography	862,224	13.1	22.0	29.4	35.1	0.3
Housing Units by Geography	362,351	13.7	22.6	30.0	33.7	0.0
Owner-Occupied Units by Geography	204,886	4.3	16.7	33.9	45.0	0.0
Occupied Rental Units by Geography	121,142	26.6	31.3	24.9	17.1	0.1
Vacant Units by Geography	36,323	23.4	26.4	25.3	24.8	0.2
Businesses by Geography	74,810	10.5	15.6	32.4	41.1	0.5
Farms by Geography	1,860	5.1	13.0	28.5	53.4	0.0
Family Distribution by Income Level	207,295	23.5	16.4	18.9	41.2	0.0
Household Distribution by Income Level	326,028	25.8	15.0	16.6	42.6	0.0
Median Family Income MSA - 35300 New Haven-Milford, CT MSA		\$80,739	Median Housing Value			\$237,481
			Median Gross Rent			\$1,072
			Families Below Poverty Level			9.5%

*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.*

Median Family Income

The 2017, 2018, and 2019 adjusted MFI figures and the corresponding borrower income ranges by income level for the New Haven MSA are shown in the table on the following page.

Median Family Income Ranges New Haven-Milford, CT MSA Median Family Income (35300)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2017 (\$84,100)	<\$42,050	\$42,050 to <\$67,280	\$67,280 to <\$100,920	≥\$100,920
2018 (\$86,200)	<\$43,100	\$43,100 to <\$68,960	\$68,960 to <\$103,440	≥\$103,440
2019 (\$90,700)	<\$45,350	\$45,350 to <\$72,560	\$72,560 to <\$108,840	≥\$108,840

Population

According to the 2015 ACS, the population of the New Haven MSA was 862,224. Of this figure, 112,906 (13.1%) reside in low-income tracts, 190,062 (22.0%) reside in moderate-income tracts, 253,737 (29.4%) reside in middle-income tracts, 302,784 (35.1%) reside in upper-income tracts, and 2,735 (0.3%) reside in unclassified income tracts. There were 207,295 families residing in this MSA. Of these families, 23.5% are low-income, 16.4% are moderate-income, 18.9% are middle-income, and 41.2% are upper-income. Approximately 40.6% of low-income families and approximately 9.6% of all families residing in the assessment area reported incomes below the federal poverty level.

Unemployment Statistics

Unemployment rates for New Haven County, the State of Connecticut, and the United States for the evaluation period are shown in the following table:

Unemployment Rates ³			
Year	New Haven County (%)	State of Connecticut (%)	United States (%)
2017	5.1	4.7	4.4
2018	4.4	4.1	3.9
2019	3.9	3.7	3.7
2020	8.0	7.9	8.1

Source: U.S. Bureau of Labor Statistics Annual Averages

Data obtained from the Bureau of Labor Statistics reflects a general decline in unemployment rates both nationally and locally up until 2020, at which time unemployment rates rose considerably due to the impact of the COVID-19 pandemic. The unemployment rates in New Haven County were consistently higher than the statewide and national unemployment rates, until 2020 when it was just slightly lower than the national rate. The higher unemployment rates for New Haven County were not unexpected as it is an urban area, which typically experiences higher unemployment rates. In 2020, the unemployment rate soared most likely due to the pandemic's effect on the service industry, which comprised most of the jobs in New Haven County, as noted in the following section.

³Unemployment rates are not seasonally adjusted.

Housing

There are 362,351 housing units in the New Haven MSA. Of these, 56.5% are owner-occupied, 33.4% are occupied rental units, and 10.0% are vacant. Approximately 13.7% of owner-occupied housing units are in the area's low-income tracts and 22.6% are in moderate-income tracts.

Business Demographics

There were 74,810 non-farm businesses in the New Haven MSA during the evaluation period. Out of those non-farm businesses, 65,325 (87.3%) had gross annual revenues of less than \$1 million. Of these non-farm businesses, 6,571 (10.1%) operate in low-income tracts and 10,340 (15.8%) operate in moderate-income tracts. The area's jobs are highly concentrated in the service industry, representing 42.5% of total jobs.

Competition

Liberty faced significant competition for deposits in the New Haven MSA assessment area. The June 30, 2020 FDIC Deposit Market Share data reflected that 22 financial institutions operated 239 branches throughout the assessment area. Liberty ranked 9th with 16 offices and a 2.7% deposit market share. The top three institutions are Webster Bank, N.A. (40.5%), Bank of America, N.A. (11.0%), and People's United Bank, N.A. (10.7%).

Strong competition existed for home mortgage loans among banks, credit unions, and mortgage companies. The 2017 HMDA Market Share Report shows that 386 lenders reported originating or purchasing 18,119 home mortgage loans in this assessment area. Liberty ranked 32nd among these lenders with a 1.1% market share. The top three lenders were Wells Fargo Bank N.A., Quicken Loans, Inc., and JPMorgan Chase Bank, N.A., which had a combined market share of 16.8%.

In 2018, both the number of lenders and home mortgage activity increased slightly. There were 391 lenders originating or purchasing 18,943 home mortgage loans in the area. Liberty's ranking improved to 16th among these lenders with a market share of 1.8%. The top three lenders were Wells Fargo Bank, N.A., Webster Bank, N.A. and Quicken Loans, Inc. that had a combined market share of 14.5%.

Liberty's ranking continued to improve in 2019, as competition also increased. The bank ranked 14th with a market share of approximately 2.0% among the 404 lenders in the aggregate market that reported originating or purchasing 21,889 home mortgage loans. The top three lenders remained as Wells Fargo Bank, N.A., Webster Bank, N.A. and Quicken Loans, Inc. that had a combined market share of 14.9%.

Liberty also faced a considerable amount of competition for small business lending. Based on 2019 small business aggregate data, 120 lenders originated or purchased 22,143 small business loans in this assessment area. Liberty ranked 18th with a market share of 0.8%. The three most active small business lenders were American Express National Bank, JPMorgan Chase Bank, N.A., and Citibank, N.A., which accounted for a collective 43.4% of the market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NEW HAVEN MSA

LENDING TEST

Lending levels reflect a good responsiveness to the credit needs of the New Haven MSA and is consistent with the bank's overall performance. This is primarily supported by the bank's good geographic distribution of loans and its good borrower profile. The bank also made a high level of community development loans within this MSA.

Geographic Distribution

This criterion emphasizes lending within low- and moderate-income census tracts. The geographic distribution of loans reflects a good dispersion throughout the New Haven MSA. This conclusion is primarily supported by Liberty's good home mortgage and small business lending, particularly within low- and moderate-income tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans in the New Haven MSA reflects good penetration within the low- and moderate-income census tracts. This is primarily supported by the bank's good lending performance in both the low-and moderate-income tracts.

The table on the following page shows the bank's home mortgage lending by census tract income level in the New Haven MSA.

Geographic Distribution of Home Mortgage Loans New Haven MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	4.3	3.7	19	9.8	1,926	5.7
2018	4.3	3.9	11	3.3	1,198	1.9
2019	4.3	4.2	26	6.0	5,165	6.9
Moderate						
2017	16.7	16.9	53	27.3	5,748	16.9
2018	16.7	16.4	27	8.0	3,667	5.8
2019	16.7	15.7	71	16.4	12,784	17.2
Middle						
2017	33.9	34.2	58	29.9	9,490	27.9
2018	33.9	33.6	107	31.8	14,580	23.2
2019	33.9	33.4	136	31.5	19,824	26.6
Upper						
2017	45.0	45.2	64	33.0	16,886	49.6
2018	45.0	46.1	191	56.8	43,442	69.1
2019	45.0	46.7	198	45.8	36,250	48.7
Not Available						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	1	0.2	371	0.5
Totals						
2017	100.0	100.0	194	100.0	34,050	100.0
2018	100.0	100.0	336	100.0	62,888	100.0
2019	100.0	100.0	432	100.0	74,393	100.0
Source: 2015 ACS; Bank Data, 2017, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

In 2017, Liberty originated or purchased 19 home mortgage loans in the New Haven MSA low-income tracts, representing 9.8% of its total home mortgage lending in those geographies. The bank's performance was much higher than the aggregate performance of 3.7% and the percentage of owner-occupied housing units in the area of 4.3%.

In 2018, the bank's lending decreased to 11 home mortgage loans in the low-income tracts, representing 3.3% of its total home mortgage lending to those income tracts. The bank's performance fell below the aggregate market of 3.9% and the percentage of owner-occupied housing units in the area. Competition for loans in the area's low-income geography increased in 2018. There were 145 lenders in the aggregate market originating or purchasing 746 home mortgage loans in the low-income tracts. Liberty ranked 22nd among these lenders with a market

share of 1.5%. Liberty originated more loans than over two-thirds of these lenders. The top three lenders were a large, national bank and two national mortgage companies that collectively originated or purchased 80 loans for a combined market share of 13.5%.

In 2019, Liberty rebounded and more than doubled its lending to 26 loans in the low-income tracts, representing 6.0% of its total home mortgage lending in those tracts. The bank's performance exceeded the aggregate performance of 4.2% and the percentage of owner-occupied housing units in the area.

In 2017, Liberty originated or purchased 57 home mortgage loans in the area's 40 moderate-income tracts, representing 27.3% of its total home mortgage lending in those tracts. The bank's performance greatly exceeded the aggregate performance of 16.9% and the percentage of owner-occupied housing units in the area of 16.7%.

In 2018, the bank's lending decreased to 27 home mortgage loans in the moderate-income tracts, representing 8.0% of its total home mortgage lending in those tracts. The bank's performance fell sharply below the aggregate performance of 16.4% and the percentage of owner-occupied housing units in the area. Competition for loans in the area's moderate-income geography increased in 2018. In 2018, there were 228 lenders originating or purchasing 3,102 home mortgage loans in the moderate-income tracts. Liberty ranked 40th among these lenders with a market share of 0.9%. Liberty originated more loans than over two-thirds of these lenders. The top three lenders were two large, national banks and a national mortgage company that collectively originated 436 loans for a combined market share of 14.1%.

In 2019, Liberty significantly increased its lending as it more than doubled its originations to 71 home mortgage loans in the moderate-income tracts, representing 16.4% of its total home mortgage lending in these tracts. The bank's performance exceeded the aggregate performance of 15.7% and the percentage of owner-occupied housing units in the area.

Overall, Liberty's lending in the low- and moderate-income tracts in the New Haven MSA was good. The bank exceeded the aggregate performance and the percentage of owner-occupied housing units in the area in 2017. Although there was a decline in lending in 2018 in both the low- and moderate-income tracts, the bank remained competitive in the market and originated or purchased more loans than a majority of the lenders in both tracts that year, and the bank exceeded or was in line with other similarly situated institutions. The bank more than doubled its lending in 2019 in both the low- and moderate-income tracts. All of these factors supported the examiners' conclusion that lending in the low- and moderate-income tracts in the New Haven MSA was excellent.

Small Business Loans

The geographic distribution of small business loans in the New Haven MSA reflects good dispersion throughout the low- and moderate-income tracts. This is primarily supported by Liberty's good dispersion of small business loans in both the low- and moderate-income tracts. The table on the following page shows the bank's small business lending by census tract income level in the New Haven MSA.

Geographic Distribution of Small Business Loans New Haven MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	10.2	9.1	23	18.0	3,503	24.7
2018	10.3	8.7	12	6.9	1,511	7.2
2019	10.5	8.7	21	11.5	2,377	9.9
Moderate						
2017	15.1	14.5	24	18.8	1,744	12.3
2018	15.2	14.5	22	12.7	3,650	17.4
2019	15.6	14.3	32	17.6	3,566	14.9
Middle						
2017	32.8	33.4	47	36.7	4,661	32.8
2018	32.8	33.8	74	42.8	8,502	40.6
2019	32.4	33.6	73	40.1	10,619	44.2
Upper						
2017	41.5	42.8	34	26.6	4,299	30.3
2018	41.2	42.8	65	37.6	7,275	34.7
2019	41.1	43.1	56	30.8	7,437	31.0
Not Available						
2017	0.5	0.3	0	0.0	0	0.0
2018	0.5	0.2	0	0.0	0	0.0
2019	0.4	0.2	0	0.0	0	0.0
Totals						
2017	100.0	100.0	128	100.0	14,207	100.0
2018	100.0	100.0	173	100.0	20,938	100.0
2019	100.0	100.0	182	100.0	23,999	100.0

Source: 2017, 2018 & 2019 D&B Data; Bank Data; 2017, 2018 & 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

In 2017, Liberty originated or purchased 23 small business loans in the low-income tract, representing 18.0% of its total small business lending in those tracts. The bank greatly exceeded the aggregate performance of 9.1% and the percentage of businesses in the area of 10.2%.

In 2018, Liberty had a decline in small business lending. It originated or purchased 12 small business loans, representing 6.9% of its total small business lending in those tracts. The bank's performance fell below the aggregate performance of 8.7% and the percentage of businesses in the area of 10.3%. Competition in the low-income geography increased in 2018. There were 118 lenders in the aggregate market originating or purchasing 1,856 small business loans in the low-income tracts. Liberty ranked 21st among these lenders with a market share of 0.7%. Liberty originated more small business loans than over two-thirds of the lenders. Half of all lenders only

originated one small business loan in these tracts. The top three lenders were two large, national banks and a national credit card company that collectively originated 725 small business loans with a combined market share of 39.1%. Further, Liberty was one of only three community banks that ranked among the top 25 lenders in the aggregate market.

In 2019, the bank originated or purchased 21 small business loans in the low-income tracts, representing 11.5% of its total small business lending in these tracts. The bank exceeded the aggregate performance of 8.7% and the percentage of businesses in the area of 10.5%.

In 2017, Liberty originated or purchased 24 small business loans in the moderate-income tracts, representing 18.8% of its total small business lending in these tracts. The bank exceeded both the aggregate performance of 14.5% and the percentage of businesses in the area of 15.1%.

In 2018, the bank's lending slightly declined to 22 small business loans in the moderate-income tracts, representing 12.7% of its total small business lending in those geographies. The bank's performance fell below both the aggregate performance of 14.5% and the percentage of businesses in the area of 15.2%. Competition for home mortgage loans in the moderate-income tracts increased in 2018. There were 118 lenders originating or purchasing 3,108 small business loans in the moderate-income tracts. Liberty ranked 21st among these lenders with a market share of 0.7%. Liberty originated or purchased more loans than more than two-thirds of the lenders in the aggregate market, and half of those lenders only originated one small business loan in the moderate-income tracts. The top three lenders were large national banks and credit card companies collectively originating or purchasing 1,198 small business loans with a combined market share of 38.6%. Liberty was the only community bank in the top 25 lenders in the aggregate market that year.

In 2019, Liberty originated or purchased 32 small business loans in the moderate-income tracts, representing 17.6% of its total small business lending in those tracts. The bank's performance exceeded the aggregate performance of 14.3% and the percentage of businesses in the area of 15.6%.

Overall, Liberty's small business lending in the low-and-moderate tracts was good. The bank exceeded the aggregate performance in both tracts in both 2017 and 2019. Although there were declines in lending in both tracts in 2018, Liberty appeared competitive in the market and still managed to originate or purchase more small business loans than a majority of other lenders in the two tracts. Liberty also consistently exceeded or was in line with the performance of other similarly situated institutions. All of this supported the examiners' conclusion that Liberty's lending in the low- and moderate-income tracts in the New Haven MSA was good.

Borrower Profile

The distribution of borrowers reflects a good penetration among individuals of different income levels and businesses of different sizes in the New Haven MSA. The bank's good home mortgage lending and excellent small business lending support this conclusion. Examiners primarily focused on home mortgage loans to low- and moderate-income borrowers and the percentage of small businesses loans by number to businesses with gross annual revenues of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to borrowers of different income levels, including those

with low- and moderate-incomes, in the New Haven MSA is good. This is primarily supported by Liberty's good level of home mortgage lending to low-income borrowers and its excellent home mortgage lending to moderate-income borrowers.

The following table reflects the bank's home mortgage lending by borrower income level in the New Haven MSA.

Distribution of Home Mortgage Loans by Borrower Income Level New Haven MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	23.5	7.8	36	18.6	3,077	9.0
2018	23.5	8.3	18	5.4	1,602	2.5
2019	23.5	8.0	32	7.4	2,844	3.8
Moderate						
2017	16.4	21.1	54	27.8	6,959	20.4
2018	16.4	21.0	73	21.7	8,849	14.1
2019	16.4	21.9	119	27.5	16,313	21.9
Middle						
2017	18.9	23.0	42	21.6	7,409	21.8
2018	18.9	23.7	75	22.3	11,318	18.0
2019	18.9	22.7	106	24.5	16,577	22.3
Upper						
2017	41.2	31.6	55	28.4	15,064	44.2
2018	41.2	32.3	163	48.5	31,410	49.9
2019	41.2	32.1	166	38.4	33,364	44.8
Not Available						
2017	0.0	16.5	7	3.6	1,541	4.5
2018	0.0	14.7	7	2.1	9,708	15.4
2019	0.0	15.4	9	2.1	5,295	7.1
Totals						
2017	100.0	100.0	194	100.0	34,050	100.0
2018	100.0	100.0	336	100.0	62,888	100.0
2019	100.0	100.0	432	100.0	74,393	100.0
<i>Source: 2015 ACS; Bank Data, 2017, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

In 2017, Liberty originated 36 home mortgage loans to low-income borrowers, representing 18.6% of its total home mortgage lending to borrowers of that income level. The bank's performance far exceeded the aggregate performance of 7.8%. Both aggregate performance and the bank's lending

levels fell below the percentage of low-income families residing in the area of 23.5%. This was not unexpected, as 40.6 % of the low-income families in the area reported incomes below the federal poverty level, which is a very significant number. Even with the most flexible underwriting, those borrowers would not likely be able to afford the costs associated with the purchase of a home or maintenance of homeownership.

In 2018, the bank's lending declined to 18 home mortgage loans to low-income borrowers, representing 5.4% of its total home mortgage lending to borrowers of this income level. The bank's performance fell below the aggregate performance of 8.3%. Both aggregate performance and the bank's lending levels fell below the percentage of low-income families residing in the area. Competition for home mortgage lending to low-income borrowers increased in 2018. There were 149 lenders in the aggregate market originating or purchasing 1,578 home mortgage loans to low-income borrowers. Liberty ranked 27th among these lenders with a market share of 1.1%. Liberty originated or purchased more loans than over two-thirds of the lenders that year. The top three lenders were two large national banks and a national mortgage lender that originated or purchased 264 loans with a combined market share of 16.7%. Liberty was one of only two community banks in the top 30 lenders in the aggregate market, and it exceeded the other community bank in total lending by number.

In 2019, Liberty increased its originations to 32 home mortgage loans to low-income borrowers, representing 7.4% of its total home mortgage lending to those borrowers. The bank fell below the aggregate market performance of 8.0%. Both aggregate performance and the bank's lending levels continued to fall below the percentage of families residing in the area. Given the demographics of the assessment area, this was not unexpected. Competition for home mortgage loans again increased from 2018 to 2019. In 2019, there were 161 lenders in the aggregate market originating or purchasing 1,747 home mortgage loans to low-income borrowers. Liberty ranked 16th among these lenders with a market share of 1.8%. Liberty originated or purchased more loans than over two-thirds of the lenders in the market. The top three lenders were large national mortgage companies originating or purchasing 287 home mortgage loans to borrowers of this income level with a combined market share of 19.8%. Liberty was the only community bank in the top 25 lenders in the aggregate market that year.

In 2017, Liberty originated or purchased 54 home mortgage loans to moderate-income borrowers, representing 27.8% of its total home mortgage lending to borrowers of that income level. The bank's performance exceeded the aggregate performance of 21.1% and was well-above the percentage of moderate-income families residing in the area of 16.4%.

In 2018, Liberty increased its lending, originating or purchasing 73 home mortgage loans to moderate-income borrowers, representing 21.7% of the bank's total home mortgage lending to borrowers of this income level. The bank's performance again exceeded both the aggregate market performance of 21.0% and the percentage of moderate-income families residing in the area.

In 2019, the bank again increased its lending to 119 home mortgage loans to moderate-income borrowers, representing 27.5% of the bank's total home mortgage lending to borrowers of this income level. The bank exceeded the aggregate performance of 21.9% and the percentage of moderate-income families residing in the area. Also, although examiners put more weight on the number of loans made, it is noteworthy that the dollar amount of loans in 2019 was almost double the amount of the year prior.

Liberty’s lending in the New Haven MSA to low-income borrowers was good, and its lending to moderate-income borrowers was excellent. Liberty’s lending to low-income borrowers was reasonable given the high percentage of low-income families reporting incomes below the federal poverty level. Liberty still remained competitive as to the number of loans it originated or purchased compared to other borrowers in the aggregate market for those loans. Further, it consistently exceeded the performance of other similarly situated institutions to low- and moderate-income borrowers. Liberty’s lending to moderate-income borrowers augmented its lending to low-income borrowers, and the bank consistently exceeded the aggregate performance and percentage of moderate-income families residing in the area. All of this supported the examiners’ conclusion that Liberty’s home mortgage lending to low-and moderate-income borrowers during the evaluation period was good.

Small Business Loans

Liberty’s distribution of small business loans in the New Haven MSA reflects excellent penetration to businesses of different sizes, particularly to businesses with GARs of \$1 million or less.

The following table shows the distribution of small business loans by GAR in the New Haven MSA.

Distribution of Small Business Loans by Gross Annual Revenue Category New Haven MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2017	85.8	52.1	70	54.7	4,766	33.5
2018	85.8	46.1	106	61.3	8,654	41.3
2019	87.3	45.7	117	64.3	10,438	43.5
>1,000,000						
2017	5.7	--	38	29.7	9,106	64.1
2018	5.7	--	60	34.7	12,249	58.5
2019	5.0	--	62	34.1	13,501	56.3
Revenue Not Available						
2017	8.4	--	20	15.6	335	2.4
2018	8.4	--	7	4.0	35	0.2
2019	7.7	--	3	1.6	60	0.3
Totals						
2017	100.0	100.0	128	100.0	14,207	100.0
2018	100.0	100.0	173	100.0	20,938	100.0
2019	100.0	100.0	182	100.0	23,999	100.0
<i>Source: 2017, 2018 & 2019 D&B Data; Bank Data; 2017, 2018 & 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

During the review period, Liberty’s lending to small businesses with GARs of less than \$1 million was excellent. The bank consistently exceeded the aggregate market performance. Both the aggregate performance and the bank’s lending levels consistently fell below the percentage of small businesses operating in the area. This is not unexpected as not all small businesses may need credit at any given time.

Innovative or Flexible Lending Practices

Nearly all of the bank’s innovative and flexible lending programs are offered throughout the bank’s assessment areas, including the New Haven MSA. Refer to the Combined Assessment Area section of this evaluation for a detailed description of the bank’s innovative and flexible lending activities.

Community Development Lending

Liberty made an excellent level of community development loans in the New Haven MSA during the evaluation period. As shown in the following table, the bank originated 17 community development loans totaling approximately \$38.0 million. Of the total community development loans originated in the bank’s Combined Assessment Area, 26.6% by number and 28.2% by dollar amount were originated in this MSA. The bank originated almost double the amount of loans and triple the dollar amount of loans compared to the amount the bank made in this MSA as of the previous evaluation, which was nine loans totaling approximately \$12.7 million. The majority of community development loans in this MSA supported affordable housing, which was a primary need in the area. Other loans promoted economic development and helped to revitalize and stabilize the communities in this portion of the assessment area.

Community Development Lending New Haven MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017 (10/01/17-12/31/17)	3	1,822	0	0	0	0	0	0	3	1,822
2018	1	182	0	0	0	0	0	0	1	182
2019	5	5,815	0	0	0	0	0	0	5	5,815
2020	1	2,812	0	0	6	2,175	1	25,233	8	30,220
Total	10	10,631	0	0	6	2,175	1	25,233	17	38,039
<i>Source: Bank Data</i>										

Some examples of community development loans made in the New Haven MSA are as follows:

- In 2017, the bank originated a community development loan to a property developer that created affordable sober living housing in a low-income tract.
- In 2019, the bank made a community development loan to a local limited liability company that provides affordable rental housing to very low-income individuals and families in low-income census tracts.

- In 2020, the bank originated six community development loans to a local non-profit organization with a mission of offering financing and support to small businesses.

INVESTMENT TEST

Liberty’s investment performance in the New Haven MSA is excellent. This is primarily supported by the bank’s excellent level of community development, investment, and grant activity in this area. The bank’s responsiveness to the community and economic development needs of this MSA is consistent with its overall performance.

Investment and Grant Activity

Liberty provided an excellent level of community development, investment, and grant activity in the New Haven MSA.

The bank continued to hold investments in mortgage-backed securities which went to support multi-unit affordable housing projects in East Haven and Waterbury. The bank also made a current investment in a mortgage-backed security which went to support a multi-unit affordable housing project in New Haven. Additionally, Liberty invested in mortgage pools which helped to support the creation and retention of affordable housing within the New Haven MSA.

The bank’s Foundation made 109 grants totaling \$550,000 in the New Haven MSA during the evaluation period, representing 32.1% of its total grants by number and 22.7% of its total grants by dollar amount. The majority of these grants were to organizations that provided community services to low- and moderate-income individuals and families. Other grants in this assessment area promoted affordable housing and economic development in the area. The following table reflects the details of the bank’s community development grant activity in the New Haven MSA during this evaluation period:

Community Development Grants New Haven MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017 (10/01/17-12/31/17)	2	10	2	10	0	0	0	0	4	20
2018	0	0	30	138	1	3	0	0	31	141
2019	3	25	37	153	0	0	0	0	40	178
2020	4	25	30	186	0	0	0	0	34	211
Total	9	60	99	487	1	3	0	0	109	550

Source: Bank Data

Some examples of Liberty’s community development grants in the New Haven MSA are as follows:

- In 2018, 2019, and 2020, Liberty made grants to a local HUD-certified organization that works towards increased homeownership to low- and moderate-income families, providing homebuyer education, and rehabilitating homes to revitalize local neighborhoods.

- In 2017, 2018, and 2020, the bank made grants to Connecticut’s largest full-service CDFI. This organization broadens access to affordable housing, energy efficiency, and job opportunities for underserved communities.
- In 2018 and 2020, the bank made grants to a local organization that runs several emergency homeless shelters and provides emergency services to those who are homeless or at risk of becoming homeless throughout the New Haven MSA.

Responsiveness to Credit and Community Development Needs

Liberty exhibited excellent responsiveness to credit and community economic development needs in the New Haven MSA during the evaluation period. The bank made a high level of grants in this MSA which focused on community services to the low- and moderate-income population, affordable housing, and economic development, which were all primary needs of the assessment area.

Community Development Initiatives

The bank’s performance in the New Haven MSA is consistent with the bank’s overall performance. The bank occasionally uses innovative and/or complex investments to support community development initiatives. Liberty’s investments primarily include mortgage-backed securities.

SERVICE TEST

The bank provided an excellent level of community development services in the New Haven MSA. Delivery systems are accessible to essentially all portions of the New Haven MSA. Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. The bank is also a leader in providing community development services in the assessment area.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the New Haven MSA. Although there were no branches or ATMs in low-income tracts, the percentage of branches and ATMs exceeded the percentage of the population living in moderate-income tracts. Additionally, the bank also operates five additional branches that are adjacent to low- and moderate-income tracts. Liberty also provides additional accessibility to its products and services through various alternative delivery systems.

The following table reflects the dispersion of full-service branch offices and deposit-taking ATMS by geographic location in the New Haven MSA.

Distribution of Branches and ATMs New Haven MSA						
Census Tract Income Level	% of Tracts	% of Population	Banking Offices by Tract Location		ATMs	
			#	%	#	%
Low	16.3	13.1	0	0.0	0	0.0
Moderate	21.1	22.0	4	26.7	4	22.2
Middle	29.5	29.4	5	33.3	8	44.4
Upper	32.1	35.1	6	40.0	6	33.3
N/A	1.1	0.3	0	0	0	0.0
Total	100.1	99.9	15	100.0	18	99.9

Source: Bank Data; Due to rounding, totals may not equal 100.0

While none of the bank's 16 full-service branches are located in low-income census tracts, four (26.7%) of the bank's branches are located in moderate-income tracts in Derby, New Haven, Meriden, and Waterbury. These branches increase access to the bank's products and services to low- and moderate-income individuals residing and small businesses operating in these geographies. Additionally, the bank has five branches that are adjacent to low- and moderate-income tracts in this MSA, which further increases accessibility to banking services for low- and moderate-income individuals and small businesses. Further, there are four (44.4%) ATMs located in the moderate-income tracts. The Derby and New Haven offices have drive-up ATMs, and the Meriden and Waterbury offices have walk-up ATMs. All of these four ATMs offer 24-hour access to bank customers. Additionally, customers with certain deposit accounts have access to other institutions' ATMs with reimbursement of associated fees. In addition to the brick and mortar locations, all bank customers also have access to other alternative delivery services previously mentioned in the Combined Assessment Area section.

Changes in Branch Location

There have been no changes in branch locations during this evaluation period in this MSA.

Reasonableness of Business Hours and Services

Retail banking hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts and individuals in the New Haven MSA. Business hours vary somewhat between office locations in the bank's assessment area, but appear both convenient and consistent with other local institutions. Most of the bank's locations offer extended hours on Thursdays and Fridays and additional hours on Saturday. Further, the bank offers extended hours through its drive-up windows.

Community Development Services

Liberty is a leader in providing community development services in the New Haven MSA. The bank executed a high number of community development services in this portion of the assessment area. The bank's employees, officers, and directors provided technical assistance and financial and managerial expertise to numerous community organizations throughout the assessment area and participated in a high number of financial education classes targeted to low- and moderate-income individuals and small businesses. Topics covered in these classes included first time homebuyer and affordable housing education, financial literacy for youth and adults, money management, budgeting, credit basics and credit building, and small business education. The bank's services specifically addressed the primary needs of the area.

During this evaluation period, the bank reported 67 instances of qualified community development services and outreach activities in the New Haven MSA, primarily to organizations providing affordable housing, community services, and economic development to low- and moderate-income individuals and families. The table on the following page reflects the details of the bank's community service activity in the New Haven MSA during this evaluation period.

Community Development Services New Haven MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2017 (10/01/2017 to 12/31/17)	1	1	2	0	4
2018	8	12	3	0	23
2019	13	6	11	0	30
2020	3	7	0	0	10
Total	25	26	16	0	67
<i>Source: Bank Data</i>					

Some examples of officer and employee community service and outreach activities in the New Haven MSA are as follows:

- In 2017, 2018, and 2019, a bank employee served as Chairman of the Board for a local economic development organization that provides flexible financing, technical support and educational opportunities to businesses, community organizations, and community development initiatives in communities in the New Haven area and throughout Connecticut.
- In 2018, 2019, and 2020, employees of the bank taught financial literacy classes to youth at area high schools where a majority of the students received free or reduced lunch and at a community college in a low-income census tract.
- In 2017, 2018, and 2019, a bank officer served as a board member of a local housing fund that promotes affordable housing in the area.
- In 2019, employees of the bank taught business education classes to small business owners in the area in accordance with the bank’s Academy of Small Business.
- In 2018, 2019, and 2020, various employees of the bank taught first time homebuyer education classes to low- and moderate-income individuals in the area, including classes targeted to Spanish-speaking individuals.

NORWICH-NEW LONDON, CT MSA – Full Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NEW LONDON MSA

Operations

The New London MSA portion of the bank’s assessment area includes eight of the bank’s 60 full-service branches. The bank derived approximately 11.6% of its deposits in this MSA. This area accounts for 12.6% by number and 10.9% by dollar amount of the total home mortgage loans originated within the Combined Assessment Area. The bank also originated approximately 7.5% by number and 4.9% by dollar amount of its small business loans within this assessment area.

All of the products and convenience services mentioned above in the Combined Assessment Area section of this evaluation were offered by the bank to residential and commercial customers in this MSA.

Economic and Demographic Data

The New London MSA consists of 14 cities and towns in New London County. This assessment area is composed of 57 census tracts of which six (10.5%) are low-income, eight (14.0%) are moderate-income, 21 (36.8%) are middle-income, 20 (35.1%) are upper-income, and two (3.5%) tracts do not have an income designation assigned.

There are no distressed or underserved middle-income census tracts in this assessment area. The following table summarizes the demographic information for the New London MSA:

Demographic Information of the Assessment Area New London MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	57	10.5	14.0	36.8	35.1	3.5
Population by Geography	226,311	12.0	14.8	36.6	35.4	1.2
Housing Units by Geography	101,897	11.9	14.6	37.9	35.6	0.0
Owner-Occupied Units by Geography	56,816	5.3	9.1	40.8	44.8	0.0
Occupied Rental Units by Geography	31,826	23.9	24.6	34.7	16.8	0.0
Vacant Units by Geography	13,255	11.2	14.4	33.4	40.9	0.1
Businesses by Geography	17,461	10.6	9.9	36.6	42.7	0.2
Farms by Geography	568	4.0	3.3	34.0	58.6	0.0
Family Distribution by Income Level	56,452	21.6	17.4	20.6	40.4	0.0
Household Distribution by Income Level	88,642	25.0	15.6	18.0	41.3	0.0
Median Family Income MSA - 35980 Norwich-New London, CT MSA		\$82,349	Median Housing Value			\$249,565
			Median Gross Rent			\$1,050
			Families Below Poverty Level			8.2%

*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.*

Median Family Income

The 2017, 2018, and 2019 adjusted MFI figures and the corresponding borrower income ranges by income level for the New London MSA are shown on the table on the following page.

Median Family Income Ranges Norwich-New London, CT MSA Median Family Income (35980)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2017 (\$84,900)	<\$42,450	\$42,450 to <\$67,920	\$67,920 to <\$101,880	≥\$101,880
2018 (\$86,500)	<\$43,250	\$43,250 to <\$69,200	\$69,200 to <\$103,800	≥\$103,800
2019 (\$96,200)	<\$48,100	\$48,100 to <\$76,960	\$76,960 to <\$115,440	≥\$115,440

Population

According to the 2015 ACS, the population of the New London MSA was 226,311. Of this figure, 27,150 (12.0%) reside in low-income tracts, 33,557 (14.8%) reside in moderate-income tracts, 82,804 (36.6%) reside in middle-income tracts, 80,018 (35.4%) reside in upper-income tracts, and 2,782 (1.2%) reside in unclassified income tracts. There were 56,452 families residing in this MSA. Of these families, 21.6% are low-income, 17.4% are moderate-income, 20.6% are middle-income, and 40.4% are upper-income. Approximately 35.7% of low-income families and approximately 7.4% of all families residing in the assessment area reported incomes below the federal poverty level.

Unemployment Statistics

Unemployment rates for New London County, the State of Connecticut, and the United States for the evaluation period are shown in the following table:

Unemployment Rates ⁴			
Year	New London County (%)	State of Connecticut (%)	United States (%)
2017	4.5	4.7	4.4
2018	4.0	4.1	3.9
2019	3.6	3.7	3.7
2020	9.6	7.9	8.1

Source: U.S. Bureau of Labor Statistics Annual Averages

Data obtained from the Bureau of Labor Statistics reflects a general decline in unemployment rates both nationally and locally up until 2020, at which time unemployment rates rose considerably due to the COVID-19 pandemic. The unemployment rates in New London County remained lower than statewide unemployment rates until 2020, when it exceeded the statewide rate of 7.9% by 1.7% and the national rate by 1.5%. This increase is most likely attributed to the pandemic's effect on the service industry, which comprised most of the jobs in New London County as noted in the following section. The unemployment rate in New London County was higher than the national unemployment rate in 2017 and 2018, and it fell slightly below the national rate in 2019. In 2020, the unemployment rate soared in New London County, which was again most likely due to the pandemic and the loss of jobs in the service industry.

Housing

There are 101,897 housing units in the New London MSA. Of these, 55.8% are owner-occupied,

⁴Unemployment rates are not seasonally adjusted.

31.2% are occupied rental units, and 13.0% are vacant. Approximately 5.3% of owner-occupied housing units are in the area's low-income tracts and 9.1% are in moderate-income tracts.

Business Demographics

There were 17,461 non-farm businesses in the New London MSA during the evaluation period. Out of those non-farm businesses, 14,960 (85.7%) had gross annual revenues of less than \$1 million. Of these non-farm businesses, 1,465 (9.8%) operate in low-income tracts and 1,434 (9.6%) operate in moderate-income tracts. The area's jobs are highly concentrated in the service industry, representing 42.8% of total jobs.

Competition

Liberty faces moderate competition for deposits in the New London MSA assessment area. The June 30, 2020 FDIC Deposit Market Share data reflects that 14 financial institutions operated 76 branches throughout the assessment area. Liberty ranks 5th with 8 offices and a 10.7% deposit market share. The top three institutions are Chelsea Groton Bank (17.3%), People's United Bank, N.A. (15.9%), and Bank of America, N.A. (15.0%).

Substantial competition exists for home mortgage loans among banks, credit unions, and mortgage companies. The 2017 HMDA Market Share Report shows that 254 lenders reported originating or purchasing 5,485 home mortgage loans in this assessment area. Liberty ranked 17th among these lenders with a 1.6% market share. The top three lenders were Charter Oak Federal Credit Union, Chelsea Groton Bank, and Wells Fargo Bank, N.A., which had a combined market share of 21.7%.

In 2018, both the number of lenders and home mortgage activity increased slightly. There were 273 lenders originating or purchasing 5,691 home mortgage loans in the area. Liberty's ranking improved significantly to sixth among these lenders with a market share of 3.6%. The top three lenders were Charter Oak Federal Credit Union, Chelsea Groton Bank, and Citizens Bank, N.A., which had a combined market share of 20.3%.

The number of lenders remained fairly stable in 2019 at 274; however, these lenders originated or purchased an increased amount of 6,222 home mortgage loans. Liberty's ranking also remained stable at sixth among these lenders with a slightly increased market share of 3.9%. The top three lenders were Charter Oak Federal Credit Union, Chelsea Groton Bank, and Citizens Bank, N.A., which had a combined market share of 18.7%.

Liberty also faced moderate competition for small business lending. Based on 2019 small business aggregate data, 79 lenders originated or purchased 5,441 small business loans in this assessment area. Liberty ranked 20th among these lenders with a market share of 0.8%. The top small business lenders were American Express National Bank, JPMorgan Chase Bank, N.A., and Citibank, N.A., which had a significant combined market share of 40.7%.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NEW LONDON MSA

LENDING TEST

The bank's lending performance in the New London MSA was adequate. This is primarily supported by the bank's good penetration of lending among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. This is also supported by the bank's adequate community development lending.

Geographic Distribution

This criterion emphasizes lending within low- and moderate-income census tracts. The geographic distribution of loans reflects a poor dispersion throughout the New London MSA. This conclusion is primarily supported by the bank's poor home mortgage lending performance. Examiners emphasized the bank's lending in low- and moderate-income geographies. Small business lending was good; however, greater weight was placed on the bank's home mortgage lending activities since they represent a larger portion of the bank's loan volume.

Home Mortgage Loans

The geographic distribution of home mortgage loans in the New London MSA reflects poor penetration within the low- and moderate-income census tracts. This is primarily supported by Liberty's poor penetration of home mortgage loans within both the low- and moderate-income census tracts.

The table on the following page shows the bank's home mortgage lending by census tract income level in the New London MSA.

Geographic Distribution of Home Mortgage Loans New London MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	5.3	4.9	1	1.2	30	0.2
2018	5.3	5.0	9	4.5	1,089	3.5
2019	5.3	4.5	5	2.1	610	1.6
Moderate						
2017	9.1	9.0	7	8.1	750	4.4
2018	9.1	7.9	6	3.0	452	1.4
2019	9.1	7.5	6	2.5	1,888	5.0
Middle						
2017	40.8	39.4	35	40.7	7,252	42.1
2018	40.8	38.9	73	36.1	11,959	37.9
2019	40.8	40.3	86	35.4	12,800	33.7
Upper						
2017	44.8	46.7	43	50.0	9,191	53.4
2018	44.8	48.2	114	56.4	18,032	57.2
2019	44.8	47.7	146	60.1	22,671	59.7
Not Available						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2017	100.0	100.0	86	100.0	17,223	100.0
2018	100.0	100.0	202	100.0	31,532	100.0
2019	100.0	100.0	243	100.0	37,969	100.0

*Source: 2015 ACS; Bank Data, 2017, 2018 & 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

In 2017, Liberty originated or purchased one home mortgage loan in the area's six low-income census tracts, representing 1.2% of its total home mortgage lending in those geographies. The bank's performance was below the aggregate performance of 4.9%. Both the aggregate performance and the bank's lending level fell below the percentage of owner-occupied housing units of 5.3%. In 2017, there were 75 lenders in the aggregate market originating or purchasing 267 home mortgage loans. Liberty ranked 66th among these lenders with a 0.3% market share. Almost half of the lenders only originated or purchased one home mortgage loan. Given that a large number of institutions originated the same number of loans, lenders are then ranked based on average dollar amount. The top three lenders were large credit unions and a national mortgage company, which collectively originated 60 loans for a combined market share of 22.5%. Liberty fell well below the performance of similarly situated institutions in 2017.

In 2018, the bank's lending in the low-income tracts increased as it originated or purchased nine home mortgage loans, representing 4.5% of its total home mortgage lending. The bank fell slightly below the aggregate performance of 5.0%. Both the aggregate performance and the bank's lending level fell below area demographics. Competition remained relatively stable. There were 74 lenders originating or purchasing 285 home mortgage loans in the low-income tracts. Liberty's ranking significantly improved to 10th among these lenders with a market share of 3.2%. The top three lenders were a large credit union, a competing local bank, and a national mortgage lender that collectively originated 68 loans for a combined market share of 23.9%.

In 2019, Liberty's lending decreased in the low-income tracts as it originated or purchased five home mortgage loans, representing 2.1% of its total home mortgage lending. The bank fell below the aggregate performance of 4.5% and below area demographics. Competition for home mortgage loans remained relatively stable in 2019. There were 70 lenders in the aggregate market originating or purchasing 279 home mortgage loans in the low-income tracts. Liberty's ranking decreased to 17th that year with a total market share of 1.8%. Liberty originated more loans than more than half of the lenders, which only originated or purchased one home mortgage loan. The top three lenders were two national mortgage lenders and a large credit union that collectively originated or purchased 60 home mortgage loans and had a combined market share of 21.5%.

In 2017, Liberty originated or purchased seven home mortgage loans in the area's eight moderate-income tracts, representing 8.1% of its total home mortgage lending in those tracts. The bank fell slightly below the aggregate performance of 9.0% and the percentage of owner-occupied housing units in the area of 9.1%. In 2017, there were 96 lenders in the aggregate market originating or purchasing 492 home mortgage loans in the moderate-income tracts. Liberty ranked 19th among these lenders with a market share of 1.4%. The top three lenders were two large credit unions and a large national bank that collectively originated or purchased 113 home mortgage loans with a collective market share of 22.9%.

In 2018, Liberty's lending decreased in the moderate-income tracts to six home mortgage loans, representing 3.0% of its total home mortgage lending in those geographies. The bank fell sharply below the aggregate performance of 7.9% and area demographics. Competition for loans in the moderate-income tracts increased in 2018. There were 104 lenders that originated or purchased 450 loans in these geographies. Liberty's ranking fell to 27th with a market share of 1.3%. However, Liberty still made more loans than over two-thirds of the lenders, including some much larger institutions. The top three lenders were two large credit unions and a local competing bank that collectively originated 78 home mortgage loans for a combined market share of 17.3%.

During 2019, Liberty's lending remained stable in the moderate-income tracts as it originated or purchased six home mortgage loans, representing 2.5% of its total home mortgage lending. Liberty's performance still fell sharply below the aggregate performance of 7.5% and the percentage of owner-occupied housing units in the area. Competition for loans in the moderate-income tracts decreased in 2019. There were 98 lenders originating or purchasing 469 home mortgage loans in the moderate-income tracts. Liberty's ranking improved to 21st that year with a market share of 1.3%. It originated more loans than over two-thirds of the lenders. The bank's performance was also below that of two other local institutions active in the area. The top three lenders were large national mortgage lenders and a large credit union that collectively originated 103 loans with a combined market share of 22.0%.

Overall, Liberty's home mortgage lending in the low- and moderate-income tracts in the New London MSA was poor. The bank consistently fell below the aggregate market performance in both tracts throughout the evaluation period. Further, the bank's performance in comparison to other similarly situated banks in the market was weak.

Small Business Loans

The geographic distribution of small business loans in the New London MSA reflects good dispersion throughout the low- and moderate-income tracts. This is primarily supported by Liberty's good dispersion of small business loans in the low-income tracts and its excellent dispersion of small business loans in the moderate-income tracts.

The table on the following page shows the bank's small business lending by census tract income level in the New London MSA.

Geographic Distribution of Small Business Loans New London MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	10.5	9.5	1	4.2	5	0.2
2018	10.5	10.2	4	11.8	726	32.5
2019	10.6	10.0	4	9.5	460	16.1
Moderate						
2017	9.7	10.0	5	20.8	25	1.0
2018	9.7	9.7	4	11.8	174	7.8
2019	9.9	8.9	4	9.5	221	7.8
Middle						
2017	36.8	36.0	12	50.0	1,497	58.1
2018	36.8	34.3	8	23.5	426	19.1
2019	36.6	36.2	16	38.1	712	25.0
Upper						
2017	42.8	44.5	6	25.0	1,048	40.7
2018	42.7	45.8	18	52.9	905	40.6
2019	42.7	44.9	18	42.9	1,457	51.1
Not Available						
2017	0.2	0.0	0	0.0	0	0.0
2018	0.2	0.0	0	0.0	0	0.0
2019	0.2	0.0	0	0.0	0	0.0
Totals						
2017	100.0	100.0	24	100.0	2,575	100.0
2018	100.0	100.0	34	100.0	2,231	100.0
2019	100.0	100.0	42	100.0	2,850	100.0

Source: 2017, 2018 & 2019 D&B Data; Bank Data; 2017, 2018 & 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

In 2017, Liberty originated or purchased one small business loan in the area's six low-income tracts, representing 4.2% of its total small business lending in these geographies. The bank fell below the aggregate performance of 9.5% and the percentage of small businesses in the area of 10.5%. In 2017, there were 79 lenders originating or purchasing 362 small business loans in the low-income tracts. Liberty ranked 33rd among these lenders with a market share of 0.3%. Over half of the lenders originated only one small business loan. The top three lenders were a national credit card company, a large commercial bank, and a national bank that collectively originated 144 small business loans for a combined market share of 39.8%.

In 2018, Liberty increased its lending to four small business loans in the low-income tracts, which represented 11.8% of its total small business lending in these geographies. The bank exceeded the

aggregate performance of 10.2% and the percentage of businesses in the area of 10.5%. Liberty exceeded the amount of loans originated or purchased by over two-thirds of the lenders that year.

During 2019, Liberty originated or purchased four small business loans in the low-income tracts, representing 9.5% of its small business lending in these tracts. The bank fell slightly below the aggregate performance of 10.0% and the percentage of businesses in the area of 10.6%. In 2019, there were 79 lenders in the aggregate market originating or purchasing 450 small business loans in the low-income tracts. Liberty ranked 18th among these lenders with a market share of 0.8%. Liberty made more small business loans than over two-thirds of all lenders that year, including some larger institutions. Liberty was one of two community banks in the top 25 lenders in the aggregate market, and the bank exceeded the performance of the other community bank.

In 2017, Liberty originated or purchased five small business loans in the area's eight moderate-income tracts, representing 20.8% of its total small business lending in these geographies. The bank's performance far exceeded the aggregate performance of 10.0% and the percentage of small businesses in the area of 9.7%.

In 2018, Liberty originated or purchased four small business loans in the moderate-income tracts, representing 11.8% of its total small business lending in these tracts. The bank's performance again exceeded the aggregate performance of 9.7% and the percentage of businesses of 9.7%.

In 2019, Liberty originated four small business loans in the moderate-income tracts, representing 9.5% of its total small business lending in these geographies. While the bank slightly exceeded the aggregate performance of 8.9%, it fell slightly below the percentage of businesses in the area of 9.9%.

Overall, Liberty's small business lending in the low- and moderate-income tracts in the New London MSA during the evaluation period was good. Although Liberty fell short of the aggregate performance in two of the evaluation years in the low-income tracts, it remained competitive with the aggregate market and consistently originated more loans than most lenders. Further, it had excellent performance in the moderate-income tracts, consistently exceeding the aggregate performance.

Borrower Profile

The distribution of borrowers, given the product lines offered by the institution, reflects good penetration among retail customers of different income levels and business customers of different sizes in the New London MSA. This is primarily supported by Liberty's good home mortgage lending to low- and moderate-income borrowers and its excellent level of small business lending to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans in the New London MSA to borrowers of different income levels, including those with low- and moderate-incomes, is good. This is primarily supported by Liberty's good home mortgage lending to low-income borrowers and excellent lending to moderate-income borrowers.

The table on the following page reflects the bank's home mortgage lending by borrower income level in the New London MSA.

Distribution of Home Mortgage Loans by Borrower Income Level New London MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	21.6	8.0	9	10.5	672	3.9
2018	21.6	9.2	16	7.9	1,128	3.6
2019	21.6	11.5	29	11.9	2,618	6.9
Moderate						
2017	17.4	21.8	23	26.7	3,327	19.3
2018	17.4	22.6	46	22.8	5,431	17.2
2019	17.4	24.4	61	25.1	6,826	18.0
Middle						
2017	20.6	23.6	24	27.9	4,503	26.1
2018	20.6	22.3	51	25.2	6,658	21.1
2019	20.6	21.2	55	22.6	7,680	20.2
Upper						
2017	40.4	33.3	30	34.9	8,721	50.6
2018	40.4	33.5	86	42.6	17,724	56.2
2019	40.4	30.2	95	39.1	18,846	49.6
Not Available						
2017	0.0	13.3	0	0.0	0	0.0
2018	0.0	12.5	3	1.5	592	1.9
2019	0.0	12.6	3	1.2	2,000	5.3
Totals						
2017	100.0	100.0	86	100.0	17,223	100.0
2018	100.0	100.0	202	100.0	31,532	100.0
2019	100.0	100.0	243	100.0	37,969	100.0
Source: 2015 ACS; Bank Data, 2017, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

In 2017, Liberty originated or purchased nine home mortgage loans to low-income borrowers, representing 10.5% of its total home mortgage lending to borrowers of that income level. The bank exceeded the aggregate performance of 9.2%. Both the aggregate performance and the bank's lending levels fell sharply below the percentage of low-income families residing in the area of 21.6%. This was not unexpected as 35.7% of low-income families residing in the area reported incomes below the federal poverty level. In 2017, there were 88 lenders in the aggregate market originating or purchasing 439 home mortgage loans to low-income borrowers. Liberty ranked 15th among these lenders with a market share of 2.1%. Liberty made more loans than over two-thirds of the lenders in the aggregate market that year. The top three lenders were a large credit union and two national mortgage lenders that collectively originated 91 home mortgage loans with a

combined market share of 20.7%.

In 2018, Liberty increased its lending to 16 home mortgage loans to low-income borrowers, representing 7.9% of its total home mortgage lending to these borrowers. The bank fell below the aggregate performance of 9.2%. Both the aggregate performance and the bank's lending performance continued to fall below the percentage of families residing in the area. Competition for home mortgage loans to low-income borrowers increased in 2019. There were 95 lenders in the aggregate market originating or purchasing 522 home mortgage loans to low-income borrowers. Liberty's ranking improved to ninth among these lenders with an increased market share of 3.1%. Liberty far exceeded the number of loans made by the majority of lenders. More than half of the lenders only made one home mortgage loan to low-income borrowers. The top three lenders were a national bank, a large credit union, and a competing local bank that collectively originated 119 home mortgage loans with a combined market share of 16.6%.

In 2019, Liberty again increased its lending to 29 loans to low-income borrowers, representing 11.9% of its total home mortgage lending to these borrowers. The bank's performance slightly exceeded the aggregate performance of 11.5%. Both the aggregate performance and the bank's lending level fell below the percentage of low-income families residing the area. Competition for home mortgage loans to low-income borrowers again increased in 2019 with 110 lenders originating or purchasing 714 loans to low-income borrowers. Liberty's ranking also increased to seventh with an increased market share of 4.1%. Liberty continued to surpass the number of loans originated or purchased by a majority of the lenders, as almost half of all lenders that year only originated one home mortgage loan to low-income borrowers. The top three lenders were two national mortgage companies and a large credit union that collectively originated or purchased 154 home mortgage loans for a combined market share of 21.7%.

In 2017, Liberty originated/purchased 23 home mortgage loans to moderate-income borrowers, representing 26.7% of its total home mortgage lending to borrowers of that income level. The bank's performance exceeded both the aggregate performance of 21.8% and the percentage of families residing in the area of 17.4%.

In 2018, the bank doubled its lending to 46 loans to moderate-income borrowers, representing 22.8% of its total home mortgage lending to borrowers of this income level. The bank's performance slightly exceeded the aggregate performance of 22.6% and the percentage of families residing in the area.

In 2019, Liberty again increased its lending to 61 home mortgage loans to moderate-income borrowers, representing 25.1% of its total home mortgage lending to these borrowers. The bank's performance exceeded the aggregate performance of 24.4% and the percentage of families residing in the area.

Overall, Liberty's home mortgage lending to low-income borrowers was good, and its lending to moderate-income borrowers was excellent. Liberty increased its lending by number year-over-year to both low- and moderate-income borrowers. The bank exceeded the aggregate performance and the percentage of families residing in the area in almost all years during the evaluation, although there was a shortfall in lending to low-income borrowers in 2018. The bank also remained competitive in the aggregate market. All of this led to the examiners' to conclude that Liberty's lending performance was good.

Small Business Loans

Liberty’s distribution of small business loans in the New London MSA reflects excellent penetration to businesses of different sizes, particularly to businesses with GARs of \$1 million or less.

The following table shows Liberty’s lending to small businesses in the New London MSA during the evaluation period.

Distribution of Small Business Loans by Gross Annual Revenue Category New London MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2017	84.7	50.5	12	50.0	620	24.1
2018	84.4	45.5	23	67.6	1,082	48.5
2019	85.7	46.3	26	61.9	1,236	43.4
>1,000,000						
2017	5.0	--	6	25.0	1,925	74.8
2018	5.2	--	9	26.5	1,139	51.1
2019	4.6	--	11	26.2	1,564	54.9
Revenue Not Available						
2017	10.3	--	6	25.0	30	1.2
2018	10.4	--	2	5.9	10	0.4
2019	9.7	--	5	11.9	50	1.8
Totals						
2017	100.0	100.0	24	100.0	2,575	100.0
2018	100.0	100.0	34	100.0	2,231	100.0
2019	100.0	100.0	42	100.0	2,850	100.0
<i>Source: 2017, 2018 & 2019 D&B Data; Bank Data; 2017, 2018 & 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Liberty’s lending to small businesses with GARs of \$1 million or less was excellent. The bank’s lending level was consistent with or exceeded the aggregate performance throughout the evaluation period. Both the aggregate performance and bank’s lending level was below the percentage of small businesses in the area. This was not unexpected given that not all businesses will require financing at the same time.

Innovative or Flexible Lending Practices

Nearly all of the bank’s innovative and flexible lending programs are offered throughout the bank’s assessment areas, including the New London MSA. Refer to the Combined Assessment Area section of this evaluation for a detailed description of the bank’s innovative and flexible lending activities.

Community Development Loans

Liberty made an adequate level of community development loans in the New London MSA compared to its operations and presence in the area. As shown in the following table, the bank originated four community development loans totaling approximately \$2.6 million. The bank originated a relatively comparable amount by number of community development loans than in the previous evaluation period; however, the dollar amount of those loans represented a significant decrease in dollar volume. All of the loans supported affordable housing, which was a primary community development need in the area.

Community Development Lending New London MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017 (10/01/17-12/31/17)	1	148	0	0	0	0	0	0	1	148
2018	0	0	0	0	0	0	0	0	0	0
2019	3	2,412	0	0	0	0	0	0	3	2,412
2020	0	0	0	0	0	0	0	0	0	0
Total	4	2,560	0	0	0	0	0	0	4	2,560

Source: Bank Data

Some examples of community development loans made in the New London MSA are as follows:

- In 2017 and 2019, Liberty made community development loans to a company in support of developing affordable housing units in a residential complex in the assessment area. These housing projects provide a set-aside for low- and moderate-income individuals and families.
- In 2019, the bank made a community development loan to a local limited liability company that offered affordable housing to low- and moderate- income individuals and families.

INVESTMENT TEST

Liberty’s investment performance in the New London MSA is adequate. The bank made a limited number of qualified investments and grants within this assessment area. Grants and investments were consistent with the identified community and economic development needs of the area.

Investment and Grant Activity

Liberty had an adequate amount of community development, investment, and grant activity in the New London MSA.

Liberty continued to hold several investments in mortgage pools which helped to support the creation and retention of affordable housing within the New London MSA. Additionally, the bank’s Foundation made 57 grants totaling \$266,000 in the New London MSA during the evaluation period, representing 16.8% of its total grants by number and 12.1% of its total grants by dollar amount. The majority of these grants were to organizations that provide community services to low- and moderate-income individuals and families. Other grants in this assessment area

promoted affordable housing. The following table reflects the details of the bank’s community development grant activity in the New London MSA during this evaluation period:

Community Development Grants New London MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017 (10/01/17-12/31/17)	0	0	0	0	0	0	0	0	0	0
2018	2	13	19	95	0	0	0	0	21	108
2019	3	18	16	63	0	0	0	0	19	81
2020	3	14	14	63	0	0	0	0	17	77
Total	8	45	49	221	0	0	0	0	57	266
<i>Source: Bank Data</i>										

Some examples of Liberty’s community development grants in the New London MSA are as follows:

- In 2018, 2019, and 2020, the bank provided grants to a local affiliate of an international 501(c)(3) corporation that constructs, rehabilitates, and preserves homes for low- and moderate-income families and provides training, resources, and low or no interest rate mortgages to those families.
- In 2018, 2019, and 2020, the bank provided grants to a local homeless shelter.
- In 2018 and 2019, the bank provided grants to a homeless shelter that houses young parents and promotes family and individual wellness, a plan for economic success, and the acquisition of life skills to maintain stability.

Responsiveness to Credit and Community Development Needs

Liberty exhibited adequate responsiveness to credit and community economic development needs in the New London MSA during the evaluation period. The bank made a reasonable level of grants in this MSA. Those grants focused on community services to the low- and moderate-income population and affordable housing.

Community Development Initiatives

The bank’s performance in the New London MSA is consistent with the bank’s overall performance. While the bank did not make any qualified investments in the New London MSA, mortgage-backed securities and other statewide investments partially benefitted this assessment area. Additionally, the bank made an adequate amount of grants to community service organizations in the area.

SERVICE TEST

The bank’s performance on the Service Test is excellent in the New London MSA. Delivery systems are readily accessible to all portions of the New London MSA. Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly

low- and moderate-income geographies and/or individuals. The bank also provided a relatively high level of community development services in the assessment area.

Accessibility of Delivery Systems

Liberty’s delivery systems are accessible to essentially all portions of the New London MSA. The percentage of branches in the moderate-income tracts exceeded the percentage of the population living in those tracts. Although the bank operates just one branch in the area’s low-income tracts, the bank also maintains four branches adjacent to low- and moderate-income geographies in this MSA. Further, Liberty’s various alternative delivery systems provide access to products and services throughout the assessment area. There are no ATMs in the low- or moderate-income tracts in this MSA. However, customers with certain deposit accounts have access to other institutions’ ATMs with reimbursement of associated fees. In addition to the brick and mortar locations, all bank customers also have access to other alternative delivery services previously mentioned in the Combined Assessment Area section.

The following table reflects the dispersion of full-service branch offices and deposit-taking ATMS by geographic location in the New London MSA.

Distribution of Branches and ATMs New London MSA						
Census Tract Income Level	% of Tracts	% of Population	Banking Offices by Tract Location		ATMs	
			#	%	#	%
Low	10.5	12.0	1	12.5	0	0.0
Moderate	14.0	14.8	0	0.0	0	0.0
Middle	36.8	36.6	5	62.5	8	72.7
Upper	35.1	35.4	2	25.0	3	27.3
N/A	3.5	1.2	0	0.0	0	0.0
Total	99.9	100.0	8	100.0	11	100.0

Source: Bank Data; Due to rounding, totals may not equal 100.0

Changes in Branch Location

There have been no changes in branch locations during this evaluation period in this MSA.

Reasonableness of Business Hours and Services

Liberty’s services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Business hours vary somewhat between office locations in the bank’s assessment area, but appear both convenient and consistent with other local institutions.

Community Development Services

Liberty is a leader in providing community development services in the New London MSA. The bank provided the second highest level of its community development services in this portion of the assessment area. The bank’s employees, officers, and directors provided technical assistance and financial and managerial expertise to numerous community organizations throughout the assessment area and participated in a high number of financial education classes targeted to low- and moderate-income individuals and small businesses. Topics covered in these classes included first time homebuyer and affordable housing education, financial literacy for youth and adults, money management, budgeting, credit basics and credit building, and small business education.

During this evaluation period, the bank reported 84 instances of qualified community development services and outreach activities in the New London MSA, primarily to organizations providing affordable housing, community services, and economic development to low- and moderate-income individuals and families. The following table reflects the details of the bank’s community service activity in the New London MSA during this evaluation period.

Community Development Services New London MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2017 (10/01/2017 to 12/31/17)	1	1	1	0	3
2018	6	17	0	1	24
2019	7	14	21	1	43
2020	4	8	2	0	14
Total	18	40	24	2	84
<i>Source: Bank Data</i>					

Some examples of officer and employee community service and outreach activities in the New London MSA are as follows:

- In 2017, employees of the bank taught a first time homebuyer class workshop to a group of low- and moderate-income individuals at a local library.
- In 2018, employees of the bank were board members of a local non-profit organization dedicated to developing affordable workforce housing opportunities in Southern Middlesex County.
- In 2017, 2018, 2019, and 2020, employees of the bank taught financial literacy classes to youth, including disadvantaged youth, and low- and moderate-income adults at a local library and an area high school in which a majority of the students qualified for free or reduced lunch.
- In 2019, employees of the bank taught business education classes to small business owners in the area in accordance with the bank’s Academy of Small Business.

**BRIDGEPORT-STAMFORD-NORWALK, CT MSA –
Limited Scope Review**

DESCRIPTION OF THE ASSESSMENT AREA IN THE BRIDGEPORT MSA

Operations

The Bridgeport MSA portion of the bank's assessment area includes one of the bank's 60 full-service branches. The bank derived approximately 1.0% of its deposits through this branch. This area also accounts for 0.5% by number and 0.4% by dollar amount of the total home mortgage loans originated within the Combined Assessment Area. The bank also originated approximately 1.0% by number and 1.2% by dollar amount of its small business loans within this assessment area. Effective February 21, 2021, the bank closed its one branch in this MSA. The bank thereafter removed this portion of the assessment area.

All of the products and convenience services mentioned above in the Combined Assessment Area section of this evaluation were offered by the bank to residential and commercial customers in this MSA.

Economic and Demographic Data

This assessment area is comprised of the town of Shelton in Fairfield County. There are eight census tracts in the area, one of which (12.5%) is a moderate-income tract and seven (87.5%) of which are middle-income tracts. There are no low- or upper-income tracts in this portion of the bank's assessment area.

There are no distressed or underserved middle-income census tracts in this assessment area. The table on the following page summarizes the demographic information for the Bridgeport MSA.

Demographic Information of the Assessment Area Bridgeport MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	0.0	12.5	87.5	0.0	0.0
Population by Geography	40,783	0.0	5.3	94.7	0.0	0.0
Housing Units by Geography	16,471	0.0	7.0	93.0	0.0	0.0
Owner-Occupied Units by Geography	12,392	0.0	2.5	97.5	0.0	0.0
Occupied Rental Units by Geography	3,000	0.0	23.1	76.9	0.0	0.0
Vacant Units by Geography	1,079	0.0	14.2	85.8	0.0	0.0
Businesses by Geography	4,263	0.0	8.4	91.6	0.0	0.0
Farms by Geography	126	0.0	6.3	93.7	0.0	0.0
Family Distribution by Income Level	10,925	19.9	19.5	21.7	38.9	0.0
Household Distribution by Income Level	15,392	22.3	15.7	19.4	42.7	0.0
Median Family Income MSA - 14860 Bridgeport-Stamford- Norwalk, CT MSA		\$105,628	Median Housing Value			\$334,079
			Median Gross Rent			\$1,226
			Families Below Poverty Level			4.0%

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.

Median Family Income

The 2017, 2018, and 2019 adjusted MFI figures and the corresponding borrower income ranges by income level for the Bridgeport MSA are shown in the following table:

Median Family Income Ranges Bridgeport-Stamford-Norwalk, CT MSA Median Family Income (14860)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2017 (\$108,300)	<\$54,150	\$54,150 to <\$86,640	\$86,640 to <\$129,960	≥\$129,960
2018 (\$111,200)	<\$55,600	\$55,600 to <\$88,960	\$88,960 to <\$133,440	≥\$133,440
2019 (\$119,000)	<\$59,500	\$59,500 to <\$95,200	\$95,200 to <\$142,800	≥\$142,800

Population

According to the 2015 ACS, the population of the Bridgeport MSA was 40,783. Of this figure, 2,150 (5.3%) reside in moderate-income tracts and 38,663 (94.7%) reside in middle-income census tracts. There were 10,925 families residing in this MSA. Of these families, 19.9% are low-income, 19.5% are moderate-income, 21.7% are middle-income, and 38.9% are upper-income.

Approximately 26.1% of low-income families and approximately 6.4% of all families residing in the assessment area reported incomes below the federal poverty level.

Unemployment Statistics

Unemployment rates for Fairfield County, the State of Connecticut and the United States for the evaluation period shown in the following table:

Unemployment Rates ⁵			
Year	Fairfield County (%)	State of Connecticut (%)	United States (%)
2017	4.6	4.7	4.4
2018	4.0	4.1	3.9
2019	3.6	3.7	3.7
2020	7.9	7.9	8.1

Source: U.S. Bureau of Labor Statistics Annual Averages

Data obtained from the Bureau of Labor Statistics reflects a general decline in unemployment rates both nationally and locally up until 2020, at which time unemployment rates rose considerably due to the COVID-19 pandemic. The unemployment rates in Fairfield County remained lower than statewide unemployment rates until 2020, when it matched the statewide rate of 7.9%. This increase is most likely attributed to the pandemic’s huge hit to the service industry, which comprised most of the jobs in Fairfield County as noted in the following section. The unemployment rate in Fairfield County was higher than the national unemployment rate in 2017 and 2018, but it fell slightly below the national rate in 2019 and 2020.

Housing

There are 16,471 housing units in the Bridgeport MSA. Of these, 75.2% are owner-occupied, 18.2% are occupied rental units, and 6.6% are vacant. Approximately 2.5% of owner-occupied housing units are in the area’s moderate-income tract.

Business Demographics

There were 4,263 non-farm businesses in the area during the evaluation period. Out of those non-farm businesses, 3,655 (85.7%) had gross annual revenues of less than \$1 million. Of these non-farm businesses, 324 (8.9%) operate in moderate-income tracts. The area’s jobs are highly concentrated in the service industry, representing 42.3% of total jobs.

Competition

Liberty had a very limited presence in the Bridgeport MSA, and it faced significant competition for deposits from much larger institutions. The June 30, 2020 FDIC Deposit Market Share data reflects that 9 financial institutions operated 14 branches throughout the assessment area. Liberty ranked last among these institutions with one office and a 3.1% deposit market share. The top three institutions were People’s United Bank, N.A. (25.6%), Wells Fargo Bank, N.A. (18.6%), and Webster Bank, N.A. (17.1%), which had a substantial combined market share of 61.3%. There was only one other community bank in the assessment area, Newtown Savings Bank, which had a 5.8% deposit market share.

Liberty did not originate or purchase any home mortgage loans in 2017, and, therefore, aggregate market information for 2017 and 2018 is only presented as a measure of demand in the market. In 2017, there were 157 lenders in the aggregate market originating or purchasing 1,138 home

⁵Unemployment rates are not seasonally adjusted.

mortgage loans. The top three lenders were Wells Fargo Bank, N.A., Primelending, and JPMorgan Chase, N.A. with a combined market share of 21.4%.

In 2018, the number of lenders decreased to 142 lenders originating or purchasing an increased number of 1,220 home mortgage loans. Liberty ranked 41st among these lenders with a market share of 0.5%. The top three lenders were Wells Fargo Bank, N.A., Primelending, and Sikorsky Financial Credit Union with a combined market share of 20.8%.

In 2019, competition increased to 162 lenders in the aggregate market originating or purchasing 1,390 home mortgage loans. Liberty ranked 21st among these lenders with a 1.2% market share. The top three lenders were Primelending, Sikorsky Financial Credit Union, and Wells Fargo Bank, N.A., which had a combined market share of 19.4%.

Liberty also faced significant competition for small business loans in the area. According to 2019 aggregate small business data, there were 138 lenders in the aggregate market originating or purchasing 33,709 small business loans. Liberty ranked 59th among these lenders with a market share of 0.1%. Larger lenders dominated the aggregate market. The top three small business lenders were American Express National Bank, JPMorgan Chase Bank, N.A., and Bank of America, N.A. with a significant combined market share of 54.7%.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BRIDGEPORT MSA

LENDING TEST

The bank's lending performance in the Bridgeport MSA was poor. This is primarily supported by the bank's poor geographic distribution of home mortgage loans and poor home mortgage lending to low- and moderate-income borrowers. The bank also did not originate any community development loans in this area. The bank's performance in this portion of the assessment area was assigned lesser weight when arriving at overall conclusions and ratings given Liberty's limited operations here.

Geographic Distribution

This criterion emphasizes lending within low- and moderate-income census tracts. The geographic distribution of loans reflects a poor dispersion throughout the Bridgeport MSA. This is supported by the bank's poor home mortgage and small business lending in the moderate-income tract.

Home Mortgage Loans

The geographic distribution of home mortgage loans in the Bridgeport MSA reflects poor penetration within the moderate-income census tract. There were no low-income tracts in the assessment area during the evaluation period. The table on the following page shows the bank's home mortgage lending by census tract income level in the Bridgeport MSA.

Geographic Distribution of Home Mortgage Loans Bridgeport MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Moderate						
2017	2.5	4.0	0	0.0	0	0.0
2018	2.5	4.2	0	0.0	0	0.0
2019	2.5	2.2	0	0.0	0	0.0
Middle						
2017	97.5	96.0	0	0.0	0	0.0
2018	97.5	95.8	6	100.0	1,169	100.0
2019	97.5	97.8	16	100.0	2,148	100.0
Upper						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Not Available						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2017	100.0	100.0	0	0.0	0	0.0
2018	100.0	100.0	6	100.0	1,169	100.0
2019	100.0	100.0	16	100.0	2,148	100.0
Source: 2015 ACS; Bank Data, 2017, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

There were no low-income tracts in this portion of the assessment area during the evaluation period. Therefore, examiners only considered Liberty's home mortgage lending in the moderate-income tract in the Bridgeport MSA. During the evaluation period, Liberty did not originate any home mortgage loans in the moderate-income tract. As such, the bank's performance was deemed poor by examiners. However, this assessment area was weighed minimally in arriving at overall conclusions based on the bank's limited activities in the area.

Small Business Loans

The geographic distribution of small business loans in the Bridgeport MSA reflects poor dispersion throughout the moderate-income tract. There were no low-income tracts in the area during this evaluation period.

The following table shows the bank’s small business lending by census tract income level in the Bridgeport MSA.

Geographic Distribution of Small Business Loans Bridgeport MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Moderate						
2017	8.7	10.6	0	0.0	0	0.0
2018	8.4	9.0	2	40.0	460	78.6
2019	8.4	8.8	0	0.0	0	0.0
Middle						
2017	91.3	89.4	2	100.0	450	100.0
2018	91.6	91.0	3	60.0	125	21.4
2019	91.6	91.2	6	100.0	895	100.0
Upper						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Not Available						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2017	100.0	100.0	2	100.0	450	100.0
2018	100.0	100.0	5	100.0	585	100.0
2019	100.0	100.0	6	100.0	895	100.0
<i>Source: 2017, 2018 & 2019 D&B Data; Bank Data; 2017, 2018 & 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

There were no low-income tracts in this portion of the assessment area during the evaluation period. Therefore, examiners only considered Liberty’s small business lending in the moderate-income tract in the Bridgeport MSA.

The bank did not originate any small business loans in the moderate-income tract in 2017 and 2019. Liberty originated two small business loans in 2018, representing 40.0% of its small business lending by number of loans. The bank greatly exceeded the aggregate performance of

9.0% and the percentage of businesses in the area of 8.4%. In 2018, there were 124 lenders in the aggregate market originating or purchasing 5,229 small business loans. Liberty ranked 58th among these lenders with less than 1.0% of the market share. The top three lenders were a large national credit card company and two large national banks that originated or purchased 2,503 small business loans and had a combined market share of 47.9%. Overall, the bank's small business lending in the moderate-income tract was poor. As previously mentioned, the bank's performance in this portion of the assessment area did not significantly affect the bank's overall rating due to its limited activities.

Borrower Profile

The distribution of loans by borrower income and business revenue level was reviewed to determine the extent to which the bank is addressing the credit needs of the area's residents and businesses, particularly those individuals with low- and moderate-income small businesses in the Bridgeport MSA. The distribution of borrowers, given the demographics of the assessment area and penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes, was poor. This is supported by the bank's poor home mortgage lending performance.

Home Mortgage Loans

The distribution of home mortgage loans to borrowers of different income levels, including those with low- and moderate-incomes, in the Bridgeport MSA is poor. This is primarily supported by the minimal lending to low-income borrowers and inconsistent lending to moderate-income borrowers.

The table on the following page reflects the bank's home mortgage lending by borrower income level in the Bridgeport MSA.

Distribution of Home Mortgage Loans by Borrower Income Level Bridgeport MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	19.9	9.5	0	0.0	0	0.0
2018	19.9	12.1	0	0.0	0	0.0
2019	19.9	13.2	1	6.3	168	7.8
Moderate						
2017	19.5	29.4	0	0.0	0	0.0
2018	19.5	26.1	2	33.3	391	33.5
2019	19.5	29.1	4	25.0	606	28.2
Middle						
2017	21.7	23.4	0	0.0	0	0.0
2018	21.7	26.0	1	16.7	222	19.0
2019	21.7	24.1	7	43.8	904	42.1
Upper						
2017	38.9	25.0	0	0.0	0	0.0
2018	38.9	25.2	3	50.0	556	47.6
2019	38.9	21.5	4	25.0	471	21.9
Not Available						
2017	0.0	12.8	0	0.0	0	0.0
2018	0.0	10.6	0	0.0	0	0.0
2019	0.0	12.1	0	0.0	0	0.0
Totals						
2017	100.0	100.0	0	0.0	0	0.0
2018	100.0	100.0	6	100.0	1,169	100.0
2019	100.0	100.0	16	100.0	2,148	100.0

*Source: 2015 ACS; Bank Data, 2017, 2018 & 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

In 2017 and 2018, Liberty did not originate or purchase any home mortgage loans to low-income borrowers. In 2019, Liberty originated or purchased one home mortgage loan to a low-income borrower, representing 6.3% of its total home mortgage lending by number. The bank's performance fell sharply below the aggregate performance of 13.2% and the 19.9% of low-income families residing in the area. In 2019, there were 57 lenders in the aggregate market originating or purchasing 183 home mortgage loans to low-income borrowers. Liberty ranked 39th among those lenders with a market share of 0.6%. More than half of the lenders only originated/purchased one home mortgage loan to low-income borrowers. The top three lenders were large national banks and mortgage companies collectively originating or purchasing 46 home mortgage loans with a combined market share of 25.1%.

In 2017, Liberty did not originate or purchase any home mortgage loans to moderate-income borrowers. In 2018, Liberty originated or purchased two home mortgage loans to moderate-income borrowers, representing 33.3% of its home mortgage lending by number of loans. The bank's lending performance exceeded the aggregate performance of 26.1% and the percentage of moderate-income families residing in the area of 19.5%. In 2019, Liberty increased its lending by originating or purchasing four home mortgage loans to moderate-income borrowers, representing 25.0% of its home mortgage lending by number of loans. The bank's performance fell slightly below the aggregate market performance of 29.1%; however, it exceeded the percentage of moderate-income families residing in the area.

Liberty's lending performance to low-income borrowers was poor, and its lending to moderate-income borrowers was adequate. The bank made only one loan to a low-income borrower during the review period, and did not make any loans to moderate-income borrowers in 2017. The bank's lending to moderate-income borrowers improved in 2018 and 2019, supporting this conclusion.

Small Business Loans

Liberty's distribution of small business loans in the Bridgeport MSA reflects adequate penetration to businesses of different sizes, particularly to businesses with GARs of \$1 million or less. The following table reflects the distribution of small business loans by gross annual revenues in the Bridgeport MSA.

Distribution of Small Business Loans by Gross Annual Revenue Category Bridgeport MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2017	85.0	53.0	0	0.0	0	0.0
2018	84.6	46.8	4	80.0	535	91.5
2019	85.7	49.9	3	50.0	155	17.3
>1,000,000						
2017	7.3	--	2	100.0	450	100.0
2018	7.6	--	1	20.0	50	8.5
2019	6.9	--	3	50.0	740	82.7
Revenue Not Available						
2017	7.8	--	0	0.0	0	0.0
2018	7.8	--	0	0.0	0	0.0
2019	7.4	--	0	0.0	0	0.0
Totals						
2017	100.0	100.0	2	100.0	450	100.0
2018	100.0	100.0	5	100.0	585	100.0
2019	100.0	100.0	6	100.0	895	100.0

Source: 2017, 2018 & 2019 D&B Data; Bank Data; 2017, 2018 & 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%

In 2017, Liberty did not originate or purchase any loans to small businesses with GARs of less than \$1 million. In 2018, Liberty originated or purchased four small business loans, representing 80.0% of its small business lending by number. The bank's performance significantly exceeded the aggregate performance of 46.8% and fell just slightly below the 84.6% of small businesses in the area. In 2019, Liberty's lending decreased to three small business loans, representing 50.0% of its lending to small businesses by number. The bank's performance was consistent with the aggregate performance of 49.9%. Both the bank's and aggregate market performance fell sharply below the 85.7% of businesses in the area.

Although Liberty did not originate or purchase any loans to small businesses in 2017, its lending improved in 2018 and 2019 and was consistent or exceeded aggregate performance. The bank's lending to the area's small businesses appears adequate.

Innovative or Flexible Lending Practices

Nearly all of the bank's innovative and flexible lending programs are offered throughout the bank's assessment areas, including the Bridgeport MSA. Refer to the Combined Assessment Area section of this evaluation for a detailed description of the bank's innovative and flexible lending activities.

Community Development Lending Activities

The institution made no community development loans in the Bridgeport MSA during the evaluation period. However, the bank's community development lending performance in this assessment area was assigned little weight due to its limited operations here and, therefore, did not impact the overall Lending Test rating.

INVESTMENT TEST

The bank had poor performance under the investment test in the Bridgeport MSA. The bank made limited use of qualified investments and grants to address the needs of the area. The bank provided limited responsiveness to the community and economic development needs of the area.

Investment and Grant Activity

Liberty had a limited level of community development, investment, and grant activity in the Bridgeport MSA. This is not unexpected, given that the bank operated only one branch within this assessment area. During the evaluation period, the bank closed the one office in Shelton and, therefore, the bank will no longer be operating in the Bridgeport MSA and it will be removed from the bank's assessment area going forward.

Liberty invested in two mortgage pools which helped to support the creation and retention of affordable housing within the Bridgeport MSA. Additionally, the bank's Foundation made one grant totaling \$2,000 in the Bridgeport MSA during the evaluation period, representing 0.3% of its total grants by number and 0.1% of its total grants by dollar amount. The grant was to an organization that provides community services to low- and moderate-income individuals and families.

Responsiveness to Credit and Community Development Needs

The bank provided limited responsiveness to the credit and community development needs of the Bridgeport MSA, given its limited resources within the area.

Community Development Initiatives

The institution rarely used innovative and complex investments to support community development initiatives.

SERVICE TEST

The bank's performance on the Service Test reflected reasonable responsiveness to community development needs given its limited presence in the Bridgeport MSA. Delivery systems are reasonably accessible to essentially all portions of the Bridgeport MSA. Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Although the bank did not provide any direct community development services in the Bridgeport MSA, educational seminars offered also benefitted residents of this assessment area.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the Bridgeport MSA. The bank's one full-service branch in the Bridgeport MSA was located in a middle-income tract. However, in addition to the brick and mortar location, all bank customers also had access to all of Liberty's various other alternative delivery systems throughout the assessment area.

Changes in Branch Locations

The bank closed their one full-service branch in this assessment area effective February 21, 2021. This office was located in a middle-income census tract. This branch was closed due to lack of business. This closing eliminates the bank's physical presence in the Bridgeport MSA.

Reasonableness of Business Hours

Liberty's hours for its branch in this MSA were generally comparable with other institutions operating branches in the area. The bank offered extended hours both in the lobby and through its drive-up window throughout the week, as well as limited hours on Saturday.

Community Development Services

During the evaluation period, Liberty did not provide any direct community development services in Shelton, Connecticut. However, the bank did provide two home buying education classes in Bridgeport, Connecticut, both of which more broadly benefitted the Bridgeport MSA, including Shelton. One class was a home buying workshop in 2018 and the other was a CHFA first time homebuyer course in 2019.

WORCESTER, MA-CT MSA – Limited Scope Review

DESCRIPTION OF THE ASSESSMENT AREA IN THE WORCESTER MSA

Operations

The Worcester MSA portion of the bank's assessment area included two of the bank's 60 full-service branches, both of which are located in Willimantic, Connecticut. The bank derived approximately 3.1% of its deposits through these branches. This area also accounts for 1.7% by number and 1.1% by dollar amount of the total home mortgage loans originated within the Combined Assessment Area. The bank also originated approximately 1.5% by number and 1.0% by dollar amount of its total small business loans within the Worcester MSA portion of the

assessment area. The bank has not opened, closed, or relocated any offices in this area since the previous evaluation.

All of the products and convenience services mentioned above in the Combined Assessment Area section of this evaluation were offered by the bank to residential and commercial customers in this MSA.

Economic and Demographic Data

The Worcester, MA-CT MSA portion of the assessment area consists of the census-designated place (former small city) of Willimantic, CT, located in Windham County. This assessment area is composed of five census tracts, three of which (60.0%) are low-income and two of which (40.0%) are moderate-income. There are no middle- or upper-income tracts in this portion of the assessment area.

There are no distressed or underserved middle-income census tracts in this assessment area. The following table summarizes the demographic information for the Worcester MSA.

Demographic Information of the Assessment Area Assessment Area: Worcester MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	60.0	40.0	0.0	0.0	0.0
Population by Geography	25,104	56.9	43.1	0.0	0.0	0.0
Housing Units by Geography	9,676	51.2	48.8	0.0	0.0	0.0
Owner-Occupied Units by Geography	4,350	32.1	67.9	0.0	0.0	0.0
Occupied Rental Units by Geography	4,548	67.1	32.9	0.0	0.0	0.0
Vacant Units by Geography	778	65.6	34.4	0.0	0.0	0.0
Businesses by Geography	1,394	55.6	44.4	0.0	0.0	0.0
Farms by Geography	30	13.3	86.7	0.0	0.0	0.0
Family Distribution by Income Level	5,632	46.7	20.0	17.4	16.0	0.0
Household Distribution by Income Level	8,898	40.6	19.3	16.5	23.5	0.0
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Median Housing Value			\$149,583
			Median Gross Rent			\$753
			Families Below Poverty Level			20.6%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Median Family Income

The 2017, 2018, and 2019 adjusted MFI figures and the corresponding borrower income ranges by income level for the Bridgeport MSA are shown in the table on the following page.

Median Family Income Ranges Worcester, MA-CT MSA Median Family Income (49340)				
2017 (\$84,000)	<\$42,000	\$42,000 to <\$67,200	\$67,200 to <\$100,800	≥\$100,800
2018 (\$86,900)	<\$43,450	\$43,450 to <\$69,520	\$69,520 to <\$104,280	≥\$104,280
2019 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
<i>Source: FFIEC</i>				

Population

According to the 2015 ACS, the population of the Worcester MSA assessment area was 25,104. Of this figure, 14,286 (56.9%) reside in low-income tracts and 10,818 (43.1%) reside in moderate-income census tracts. There were 5,632 families residing in this assessment area. Of these families, 46.7% are low-income, 20.0% are moderate-income, 17.4% are middle-income, and 16.0% are upper-income. Approximately 36.5% of low-income families and approximately 8.3% of all families residing in the assessment area reported incomes below the federal poverty level.

Unemployment Statistics

Unemployment rates for Windham County, the State of Connecticut and the United States for the evaluation period shown in the following table:

Unemployment Rates ⁶			
Year	Windham County (%)	State of Connecticut (%)	United States (%)
2017	5.1	4.7	4.4
2018	4.6	4.1	3.9
2019	4.0	3.7	3.7
2020	7.8	7.9	8.1
<i>Source: U.S. Bureau of Labor Statistics Annual Averages</i>			

Data obtained from the Bureau of Labor Statistics reflects a general decline in unemployment rates both nationally and locally up until 2020, at which time unemployment rates rose considerably due to the COVID-19 pandemic. Unemployment rates in Windham County remained consistently higher than statewide and national unemployment rates until 2020, when Windham County's unemployment rate was slightly lower than the statewide and national averages. The fact that Windham County's unemployment rate was slightly lower than the statewide and national averages in 2020 was likely due to the fact that the largest areas of employment in Windham County were healthcare and social services. Due to the pandemic, these services were deemed as essential services. Therefore, while other sectors had large amounts of job loss, it is likely that less people lost their jobs in those fields and that there were potentially even more opportunities in those employment sectors during the crisis.

Housing

There are 9,676 housing units in the Worcester MSA assessment area. Of these, 45.0% are owner-occupied, 47.0% are occupied rental units, and 8.0% are vacant. Approximately 32.1% of owner-occupied housing units are in the area's low-income tract and 67.9% are in the moderate-income

⁶Unemployment rates are not seasonally adjusted.

tract.

Business Demographics

There were 1,394 non-farm businesses in the area during the evaluation period. Out of those non-farm businesses, 1,151 (82.6%) had gross annual revenues of less than \$1 million. Of these non-farm businesses, 616 (53.5%) operate in low-income tracts and 535 (46.5%) operate in moderate-income tracts. Approximately 43.8% of the jobs in the area were in the service industry.

Competition

Liberty faces limited competition for deposits in the Worcester MSA assessment area. The June 30, 2020 FDIC Deposit Market Share data reflects that four financial institutions operated six branches throughout the assessment area. Liberty ranked 1st with two offices and a 34.7% deposit market share. The other top two lenders were Berkshire Bank (33.5%, Berkshire Bank acquired Savings Institute Bank and Trust in 2019 enhancing its market share) and Bank of America, N.A. (23.9%).

There was reasonable competition for home mortgage loans among banks, credit unions, and mortgage companies. The 2017 HMDA Market Share Report shows that 93 lenders reported originating 350 home mortgage loans in this assessment area. Liberty ranked 7th among these lenders with a 3.7% market share. The top three lenders were Quicken Loans, Wells Fargo Bank, N.A., and Savings Institute Bank & Trust, which had a combined market share of 17.1%.

In 2018, both the number of lenders and home mortgage activity increased slightly. There were 102 lenders originating or purchasing 391 home mortgage loans in the area. Liberty's ranking among these lenders improved to 2nd that year with an increased market share of 6.4%. The other top two lenders were Savings Institute Bank & Trust and Quicken Loans. The three top lenders had a combined market share of 21.2%.

The number of lenders slightly decreased in 2019 and mortgage activity remained stable with 92 lenders originating or purchasing 392 home mortgage loans. Liberty ranked 1st in 2019 among other lenders with an increased market share of 8.2%. Liberty's market share was higher than that of the other two lenders, Wells Fargo Bank, N.A. and Quicken Loans, which had market shares of 3.8% each. The top three lenders had a combined market share of 15.8%.

Liberty also faced moderate competition for small business lending. Based on 2019 small business aggregate data, 67 lenders originated or purchased 2,074 small business loans in this assessment area. Liberty ranked 23rd among these lenders with a market share of 0.5%. The top small business lenders were American Express National Bank, JPMorgan Chase Bank, N.A., and Citibank, N.A., which had a combined market share of 37.9%.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE WORCESTER MSA

LENDING TEST

The bank's performance under the Lending Test in the Worcester MSA was excellent. This conclusion was primarily supported by the bank's excellent geographic distribution and borrower profile.

Geographic Distribution

This criterion emphasizes lending within low- and moderate-income census tracts. The geographic distribution of loans reflects excellent dispersion throughout the Worcester MSA. This is primarily supported by the bank's excellent home mortgage lending in the low- and moderate-income census

tracts. The bank’s small business lending was reasonable. However, examiners assigned greater weight to the bank’s home mortgage lending due to higher loan volume.

Home Mortgage Loans

The geographic distribution of home mortgage loans in the Worcester MSA reflects excellent penetration within the low- and moderate-income census tracts. This is primarily supported by Liberty’s excellent home mortgage lending in the low- and moderate-income tracts.

The following table shows the bank’s home mortgage lending by census tract income level in the Worcester MSA.

Geographic Distribution of Home Mortgage Loans Worcester MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	32.1	32.0	6	46.2	868	43.8
2018	32.1	33.0	9	36.0	1,274	39.6
2019	32.1	36.7	18	56.3	1,840	52.7
Moderate						
2017	67.9	68.0	7	53.8	1,113	56.2
2018	67.9	67.0	16	64.0	1,942	60.4
2019	67.9	63.3	14	43.8	1,654	47.3
Middle						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Upper						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Not Available						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2017	100.0	100.0	13	100.0	1,981	100.0
2018	100.0	100.0	25	100.0	3,216	100.0
2019	100.0	100.0	32	100.0	3,494	100.0

*Source: 2015 ACS; Bank Data, 2017, 2018 & 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Liberty's lending in the low-income tracts was excellent. The bank consistently exceeded both the aggregate performance and the percentage of the owner-occupied units in the area throughout the evaluation period.

In 2017, Liberty originated or purchased seven home mortgage loans in the area's two moderate-income tracts, representing 53.8% of its total home mortgage lending by number. The bank fell below the aggregate performance of 67.0% and the 67.9% of owner-occupied units in the area. In 2017, there were 80 lenders in the aggregate market originating or purchasing 238 home mortgage loans in the moderate-income tracts. Liberty ranked 8th among these lenders with a market share of 2.9%. The top three lenders were a large national mortgage company, a national bank, and a commercial bank, which collectively originated/purchased 46 home mortgage loans with a combined market share of 19.3%. More than half of the lenders in the aggregate market that year only originated or purchased one home mortgage loan in these tracts.

In 2018, Liberty doubled its home mortgage lending in the moderate-income tracts to 16 loans, which represents 64.0% of its total home mortgage lending by number. The bank still fell slightly below the aggregate market performance of 67.0% and the percentage of owner-occupied units in the area. In 2018, competition for loans in the moderate-income tract remained relatively stable with 87 lenders originating or purchasing 262 home mortgage loans in the moderate-income tracts. Despite falling behind the aggregate market performance, Liberty's ranking improved to 3rd among these lenders. The other top two lenders were a large commercial bank and a national mortgage company that collectively originated or purchased 38 home mortgage loans for a combined market share of 14.5%. More than half of the lenders in the aggregate market originated or purchased only one home mortgage loan in these tracts.

In 2019, Liberty's lending in the moderate-income tracts slightly decreased to 14 home mortgage loans, representing 43.8% of its total home mortgage lending by number. Liberty's performance fell sharply below the aggregate performance of 63.3% and the percentage of owner-occupied units in the area. Competition for loans in the moderate-income tracts decreased in 2019 to 78 lenders originating or purchasing 248 home mortgage loans in the moderate-income tracts. Liberty ranked 1st among these lenders with a market share of 5.7%. The other top two lenders were a national mortgage company and a large national bank that collectively originated or purchased 21 loans with a combined market share of 8.5%. Again, more than half of the aggregate market lenders only originated or purchased one home mortgage loan in the moderate-income tracts.

The bank's home mortgage lending in the low- and moderate-income tracts was excellent overall. It continued to increase lending year-over-year in the low-income tracts, consistently exceeding aggregate market performance. Although Liberty's lending rose and then fell slightly in the moderate-income tracts during the evaluation period and it did not exceed the aggregate performance or the percentage of owner-occupied units in the area, the bank still continued to lend and remained competitive with other lenders in these tracts. The bank ranked among the top ten lenders in the aggregate market in the moderate-income tracts. The bank consistently originated or purchased more loans than half the lenders in the aggregate market. All of this led examiners to conclude that Liberty's lending in the low- and moderate-income tracts in the Worcester MSA was excellent.

Small Business Loans

The geographic distribution of small business loans in the Worcester MSA reflects reasonable dispersion throughout the low- and moderate-income tracts.

The following table shows the bank’s small business lending by census tract income level in the Worcester MSA.

Geographic Distribution of Small Business Loans						
Assessment Area: Worcester MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	56.6	54.3	2	100.0	35	100.0
2018	56.7	58.0	5	55.6	381	74.6
2019	55.6	51.9	3	33.3	229	21.9
Moderate						
2017	43.4	45.7	0	0.0	0	0.0
2018	43.3	42.0	4	44.4	130	25.4
2019	44.4	48.1	6	66.7	815	78.1
Middle						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Upper						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Not Available						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2017	100.0	100.0	2	100.0	35	100.0
2018	100.0	100.0	9	100.0	511	100.0
2019	100.0	100.0	9	100.0	1,044	100.0
<i>Source: 2017, 2018 & 2019 D&B Data; Bank Data; 2017, 2018 & 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Overall, the bank’s small business lending activity was limited. In 2017, Liberty originated or purchased two small business loans in the low-income tracts, representing 100.0% of its small business lending by number. The bank greatly exceeded the aggregate performance of 54.3% and the percentage of small businesses in the area of 56.6%.

In 2018, Liberty increased its lending to small businesses in the low-income tracts with five small business loans, representing 55.6% of its small business lending by number. The bank fell slightly

below the aggregate performance of 58.0% and the percentage of businesses in the area of 56.7%. In 2018, there were 69 lenders originating or purchasing 182 small business loans in the low-income tracts. Liberty ranked 10th among these lenders with a market share of 2.8%. The top three lenders were two large national banks and a large commercial bank that collectively originated 65 small business loans with a combined market share of 35.7%. Almost two-thirds of these lenders only originated or purchased one small business loan.

In 2019, Liberty's small business lending in the low-income tracts decreased to three small business loans, representing 33.3% of its small business lending by number. The bank fell sharply below the aggregate market performance of 51.9% and the percentage of businesses in the area of 55.6%. In 2019, there were 67 lenders in the aggregate market originating or purchasing 162 small businesses loans. Liberty's ranking dropped to 13th among these lenders with a market share of 1.9%. The top three lenders were the same two national banks and the commercial bank from the previous year, which collectively originated/purchased 60 small business loans with a combined market share of 37.0%. Almost two-thirds of these lenders only originated or purchased one small business loan.

In 2017, Liberty did not perform any small business lending in the moderate-income tracts. In 2018, Liberty increased its small business lending in the moderate-income tracts to four small business loans, comprising 44.4% of its total small business lending. The bank slightly exceeded the aggregate performance of 42.0% and the percentage of businesses in the area of 43.4%. In 2019, Liberty again increased its small business lending to six loans, which comprised 66.7% of its small business lending by number. The bank greatly exceeded the aggregate performance of 48.1% and the percentage of businesses in the area.

Overall, Liberty's small business lending in the low- and moderate-income tracts was reasonable. Although Liberty's lending declined, its ranking in the aggregate market remained competitive among other lenders. Further, Liberty originated or purchased more loans than two-thirds of the lenders each year in the low-income tracts. Liberty's lending in the moderate-income tracts was also reasonable. The bank went from no lending in the moderate-income tracts in 2017 to increased year-over-year lending during 2018 and 2019. In both tracts, Liberty originated or purchased more loans than half of the lenders in the market. This supports the reasonableness of the bank's overall performance.

Borrower Profile

The distribution of loans by borrower income and business revenue level was reviewed to determine the extent to which the bank is addressing the credit needs of the area's residents and businesses, particularly those individuals with low- and moderate-income small businesses in the Worcester MSA. The distribution of borrowers reflects, given the demographics of the assessment area, an excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. This primarily is supported by the bank's excellent home mortgage and small business lending performance. Due to the bank's limited activity in the Worcester MSA, limited weight was assigned to the bank's performance in this MSA.

Home Mortgage Loans

The distribution of home mortgage loans to borrowers of different income levels, including those with low- and moderate-incomes, in the Worcester MSA is excellent. This is primarily supported

by Liberty's excellent home mortgage lending to low- and moderate-income borrowers.

The following table reflects the bank's home mortgage lending by borrower income level in the Worcester MSA.

Distribution of Home Mortgage Loans by Borrower Income Level Worcester MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	46.7	12.3	1	7.7	93	4.7
2018	46.7	18.9	7	28.0	802	24.9
2019	46.7	17.1	5	15.6	376	10.8
Moderate						
2017	20.0	33.4	5	38.5	724	36.5
2018	20.0	29.2	6	24.0	820	25.5
2019	20.0	31.1	10	31.3	834	23.9
Middle						
2017	17.4	20.9	5	38.5	782	39.5
2018	17.4	21.0	8	32.0	961	29.9
2019	17.4	18.4	11	34.4	1,576	45.1
Upper						
2017	16.0	11.7	2	15.4	382	19.3
2018	16.0	13.3	4	16.0	633	19.7
2019	16.0	14.0	6	18.8	709	20.3
Not Available						
2017	0.0	21.7	0	0.0	0	0.0
2018	0.0	17.6	0	0.0	0	0.0
2019	0.0	19.4	0	0.0	0	0.0
Totals						
2017	100.0	100.0	13	100.0	1,981	100.0
2018	100.0	100.0	25	100.0	3,216	100.0
2019	100.0	100.0	32	100.0	3,494	100.0
<i>Source: 2015 ACS; Bank Data, 2017, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

In 2017, Liberty originated or purchased one home mortgage loan to a low-income borrower, comprising 7.7% of its total home mortgage lending by number. The bank fell below the aggregate performance of 12.3%. Both the aggregate performance and the bank's lending level fell sharply below the percentage of low-income families residing in the area of 46.7%. This was not unexpected as 44.1% of families reported incomes below the federal poverty level. In 2017, there were 30 lenders in the aggregate market originating or purchasing 43 home mortgage loans to low-

income borrowers. Liberty ranked 21st among these lenders with a market share of 2.3%. No one lender dominated the market in 2017 and two-thirds of the lenders only originated or purchased one home mortgage loan to low-income borrowers.

In 2018, Liberty increased its lending to seven home mortgage loans to low-income borrowers, which comprised 28.0% of its home mortgage lending by number. The bank greatly exceeded the aggregate market performance of 18.9%. Again, due to area demographics, both the aggregate market and bank fell below the percentage of low-income families residing in the area.

In 2019, Liberty's lending decreased to five home mortgage loans to low-income borrowers, comprising 15.6% of its total home mortgage lending by number. Liberty's performance fell slightly below the aggregate market performance of 17.1%. The aggregate market and bank's lending continued to fall sharply below the percentage of families residing in the area. In 2019, there were 36 lenders in the aggregate market originating or purchasing 67 home mortgage loans to low-income borrowers. Liberty's ranking improved to first among these lenders with a market share of 7.5%. Again, no one lender dominated the aggregate market in 2019 and half of these lenders originated or purchased only one home mortgage loan.

In 2017, Liberty originated or purchased five home mortgage loans to moderate-income borrowers, which was 38.5% of its home mortgage lending by number. The bank exceeded both the aggregate performance of 33.4% and the percentage of moderate-income families residing in the area of 20.0%.

In 2018, Liberty increased its home mortgage lending to moderate-income borrowers to six loans, which comprised 24.0% of its total home mortgage lending by number. This fell slightly below the aggregate performance of 29.2% but was above the 20.0% of moderate-income families residing in the area. In 2018, there were 51 lenders in the aggregate market originating or purchasing 114 home mortgage loans to moderate-income borrowers. Liberty ranked third among these lenders with a market share of 5.3%. More than half of these lenders originated or purchased only one home mortgage loan in 2018.

In 2019, Liberty again increased its home mortgage lending to moderate-income borrowers, originating or purchasing loans. This comprised 31.3% of the bank's total home mortgage lending by number. The bank's performance was consistent with the aggregate performance of 31.1% and well above the percentage of moderate-income families residing in the area of 20.0%.

Examiners concluded that Liberty's lending to low- and moderate-income borrowers during the evaluation period was excellent. Liberty increased lending among borrowers at both income levels throughout the evaluation period. The bank also remained competitive in the aggregate market, consistently originating or purchasing more loans than half the lenders in the market. Further, Liberty maintained high ranking among other lenders in the market.

Small Business Loans

Liberty's distribution of small business loans in the Worcester MSA reflects excellent penetration to businesses of different sizes.

The table on the following page reflects the distribution of small business loans by gross annual revenues in the Worcester MSA.

Distribution of Small Business Loans by Gross Annual Revenue Category Worcester MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2017	79.4	43.6	2	100.0	35	100.0
2018	80.3	42.0	9	100.0	511	100.0
2019	82.6	43.3	2	22.2	75	7.2
>1,000,000						
2017	5.9	--	0	0.0	0	0.0
2018	5.6	--	0	0.0	0	0.0
2019	4.9	--	6	66.7	964	92.3
Revenue Not Available						
2017	14.7	--	0	0.0	0	0.0
2018	14.1	--	0	0.0	0	0.0
2019	12.6	--	1	11.1	5	0.5
Totals						
2017	100.0	100.0	2	100.0	35	100.0
2018	100.0	100.0	9	100.0	511	100.0
2019	100.0	100.0	9	100.0	1,044	100.0
<i>Source: 2017, 2018 & 2019 D&B Data; Bank Data; 2017, 2018 & 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

In 2017, Liberty originated two small business loans to businesses with GARs of \$1 million or less, representing 100.0% of its small business lending by number. This greatly exceeded the aggregate performance of 43.6% and the percentage of businesses in the area of 79.4%.

In 2018, Liberty more than quadrupled its lending to small businesses by originating or purchasing nine small business loans, representing 100.0% of its small business lending. The bank's performance, again, greatly exceeded the aggregate performance of 43.3% and the percentage of businesses in the area of 80.3%.

In 2019, Liberty's lending to small businesses sharply declined to two loans, representing 22.2% of its small business lending. The bank's performance fell below the aggregate performance of 43.3% and the percentage of businesses in the area of 82.6%. In 2019, there were 67 lenders in the aggregate market originating or purchasing 871 small business loans. Liberty ranked 19th among these lenders with a market share of 0.3%. The top three lenders were two large national credit card companies and a large national bank that originated or purchased 433 small business loans with a combined market share of 49.7%. Top lenders dominated the market and almost half of all lenders originated or purchased only one small business loan.

Overall, Liberty's lending to small businesses was excellent. Liberty greatly exceeded both the aggregate performance and the percentage of businesses in the area in 2017 and 2018. Although the bank experienced a sharp decline in lending in 2019, the market was very competitive and top lenders dominated the market, originating or purchasing more than half of the small business loans. This led examiners to conclude that Liberty's lending to small businesses with GARs of \$1 million or less in the Worcester MSA was excellent.

Innovative or Flexible Lending Practices

Nearly all of the bank's innovative and flexible lending programs are offered throughout the bank's assessment areas, including the Worcester MSA. Refer to the Combined Assessment Area section of this evaluation for a detailed description of the bank's innovative and flexible lending activities.

Community Development Lending Activities

The institution made no community development loans in the Worcester MSA during the evaluation period. However, the bank's community development lending performance in this assessment area was assigned little weight due to its limited operations here and, therefore, did not impact the overall Lending Test rating.

INVESTMENT TEST

Liberty's investment performance in the Worcester MSA is poor. This is primarily supported by the bank's limited qualified investments and grant activity in the Worcester MSA. The assessment area's significant LMI geographies and population indicate greater opportunities for community development investment.

Investment and Grant Activity

Liberty had a poor level of community development, investment, and grant activity in the Worcester MSA.

The bank continued to hold an investment in a mortgage-backed security that went to support a multi-unit affordable housing project in Willimantic. Additionally, Liberty invested in other mortgage pools which helped to support the creation and retention of affordable housing within the Worcester MSA.

The bank's Foundation made 20 grants totaling \$94,000 in the Worcester MSA during the evaluation period, representing 5.9% of its total grants by number and 4.3% of its total grants by dollar amount. The majority of these grants were to organizations that provided community services to low- and moderate-income individuals and families. Another grant in this assessment area promoted economic development.

The table on the following page reflects the details of the bank's community development grant activity in the Worcester MSA during this evaluation period.

Community Development Grants Worcester MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017 (10/01/17-12/31/17)	0	0	2	9	0	0	0	0	2	9
2018	0	0	3	17	1	3	0	0	4	20
2019	0	0	7	32	0	0	0	0	7	32
2020	0	0	7	33	0	0	0	0	7	33
Total	0	0	19	91	1	3	0	0	20	94
<i>Source: Bank Data</i>										

Some examples of Liberty’s community development grants in the Worcester MSA are as follows:

- In 2017, 2018, 2019, and 2020, the bank made grants to a local ministry that provides basic needs and support to low- and moderate-income families in the area.
- In 2017, 2019, and 2020, the bank made grants to a local soup kitchen to provide food to the soup kitchen and associated food pantry.
- In 2018, the bank provided a grant to a local commercial teaching kitchen that connects consumers to local farms and increases consumer access to fresh and affordable nutritious food. Producers buy local ingredients, support local farms, and, thereby, help grow the local economy.

Responsiveness to Credit and Community Development Needs

Liberty exhibited inadequate responsiveness to credit and community economic development needs in the Worcester MSA during the evaluation period. The bank made a low level of investments and grants in this MSA. Grants focused primarily on organizations that provided community services to the low- and moderate-income population, as well as economic development in the area. While the investments and grants addressed some of the primary needs of the assessment area, the volume was limited.

Community Development Initiatives

The institution rarely used innovative and complex investments to support community development initiatives.

SERVICE TEST

Liberty’s performance on the Service Test was reasonable. This is primarily supported by the accessibility of delivery systems and reasonableness of business hours.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the Worcester MSA. The bank’s two-full service branches are located in low-income tracts. This increases access to the bank’s products and services to low- and moderate-income individuals residing and small businesses operating in these geographies. In addition to the brick and mortar locations, all bank customers also have

access to Liberty’s various alternate delivery services that are offered throughout the combined assessment area.

Changes in Branch Locations

There have been no changes in branch locations during this evaluation period.

Reasonableness of Business Hours

Liberty’s hours in this MSA are tailored to the convenience and needs of the Worcester MSA, particularly low- and moderate-income geographies and/or individuals. The bank offers extended hours in the lobby of both branches, as well as extended hours on Saturday. One office also offers additional hours through its drive-up window.

Community Development Services

Liberty provided a limited level of community development services through the involvement of the bank’s officers and employees. Bank representatives provided financial expertise and/or technical support to various local community service organizations during the evaluation period.

During this evaluation period, the bank reported ten instances of qualified community development services and outreach activities, primarily to organizations providing affordable housing and community services to low- and moderate-income individuals and families. The following table reflects the details of the bank’s community service activity in the Worcester MSA during this evaluation period:

Community Development Services Worcester MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2017 (10/01/2017 to 12/31/17)	0	0	0	0	0
2018	3	2	0	0	5
2019	3	1	0	0	4
2020	0	1	0	0	1
Total	6	4	0	0	10
<i>Source: Bank Data</i>					

Some examples of officer and employee community service and outreach activities in the Worcester MSA are as follows:

- In 2018 and 2019, employees of the bank taught first-time home buying education classes to low- and moderate-income individuals that included topics such as credit readiness and the availability of mortgage programs specifically targeted to low- and moderate-income borrowers.
- In 2018, employees of the bank taught financial education classes to students at a local high school in which a majority of the students qualified for free or reduced lunch.

- In 2018, an employee of the bank served on the board of a non-profit community development corporation that worked towards creating affordable senior housing in the assessment area.
- In 2019, an employee of the bank was a board member of a non-profit community development corporation and assisted with managing and growing a portfolio of low-income housing units in Eastern Connecticut.
- In 2020, a bank employee taught a class to assist low- and moderate-income individuals understand credit.

APPENDIX A

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, examiners will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment area(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s) of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans to low-, moderate-, middle-, and upper-income individuals
 - ii. Small Business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's system for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches, among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening

- and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low-or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (e.g., RSFs, RSFs not owned or operated exclusively for the bank, banking by telephone or computer, loan production offices, bank-at-work, bank-by-mail programs) in low- and moderate-income geographies and to low-and moderate-income individuals; and
 - 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

GLOSSARY

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

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small business or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designed disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or other means;

- No constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank;
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under §345.24(d).

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full Scope Review: A full scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g. geographic distribution, borrower profile, 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 do 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; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Services. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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 metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county and counties or equivalent entities 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a

population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least one urbanized area having a population of at least 10,000 but less than 50,000.

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 and less than 80 percent in the case of the geography.

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

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For institutions 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loan and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population, size,

density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tracts is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York) and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities", census designated place of 2,500 or more persons, and other territory, incorporated or unincorporated, including in urbanized areas.