

PUBLIC DISCLOSURE

May 20, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Liberty Bank
Certificate Number: 17943

315 Main Street
Middletown, Connecticut 06457

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
New York Regional Office

350 Fifth Avenue, Suite 1200
New York, New York 10118

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

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INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Outstanding**. An institution in this group has an outstanding 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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low 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.
- The bank made a substantial majority of its loans in its assessment areas.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes.
- The institution makes extensive use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution is leader in making community development loans.

The Investment Test is rated Outstanding.

- The institution has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits excellent responsiveness to credit and community economic development needs.
- The institution makes significant use of 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 areas.
- To the extent changes have been made, 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 low- and moderate-income 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/or individuals.
- The institution is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

Background

Liberty Bank (Liberty) is a state-chartered mutual savings bank headquartered in Middletown, Connecticut (CT). Liberty does not maintain a holding company relationship, but wholly owns seven subsidiaries, none engage in retail banking activities.

The Federal Deposit Insurance Corporation (FDIC) last evaluated the bank's CRA performance on January 25, 2021 using the Federal Financial Institutions Examination Council's (FFIEC) Interagency Large Institution Examination Procedures. The bank received an overall rating of "Outstanding" with ratings of Outstanding for the Lending Test and Service Test, and a High Satisfactory for the Investment Test.

Operations

Liberty's corporate headquarters, which does not offer any banking services, is in Middletown, CT. In addition, the bank operates 54 full-service branches and four Loan Production Offices (LPOs). Each full-service branch has at least one automated teller machine (ATM), and the bank maintains two stand-alone full-service ATMs in Niantic and Old Saybrook. Since the prior evaluation, the bank opened two full-service branches, one in Rocky Hill, CT, and another in East Longmeadow, Massachusetts (MA). The bank also opened two LPOs, one in Hartford, CT, and another in Springfield, MA. The bank closed eight full-service branches located in the following CT towns: Beacon Falls, Bristol, Essex, New London, Shelton, Southbury, West Hartford, and Wethersfield. The bank was not involved in any merger or acquisition activity.

Liberty offers home mortgage, consumer, and commercial loans with a continued primary focus on residential and commercial lending. Additionally, the bank offers government loan programs such as Federal Housing Administration (FHA) loans, Connecticut Housing Finance Authority (CHFA) loans, United States (U.S.) Department of Agriculture (USDA) loans, Veterans Administration (VA) loans, and Small Business Administration (SBA) loans. In addition to standard personal and business deposit products, the bank provides alternative banking services including internet and mobile banking, ATMs, and 24/7 telephone banking services. The bank also offers investment advisory services for consumers and businesses. Lastly, in April 2023, Liberty launched a digital banking division, under the name of Owners Bank (OB). OB offers deposit and lending products to small businesses in the following eight states: CT, MA, Florida, Georgia, Pennsylvania, North Carolina, Rhode Island, and South Carolina.

Ability and Capacity

As of March 31, 2024, the bank had total assets of approximately \$7.7 billion and total deposits of approximately \$6.1 billion. The bank's loans totaled approximately \$5.7 billion, representing 74.9 percent of total assets. Total assets increased approximately 12.4 percent since the prior evaluation. Growth is primarily attributed to total loan growth, which increased 23.5 percent since the prior evaluation.

Residential loans, which include 1-4 family and multifamily properties, comprise 50.6 percent of the loan portfolio, and residential lending was the primary driver of the \$1.1 billion or 23.5 percent total loan growth. Commercial loans, which include nonfarm nonresidential loans and commercial and industrial loans, account for the second largest portion of the bank’s portfolio at 39.2 percent. The following table illustrates the bank’s loan portfolio distribution.

Loan Portfolio Distribution as of 03/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	477,878	8.3
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	1,595,305	27.7
Secured by Multifamily (5 or more) Residential Properties	1,314,825	22.9
Secured by Nonfarm Nonresidential Properties	1,287,793	22.4
Total Real Estate Loans	4,675,801	81.3
Commercial and Industrial Loans	964,959	16.8
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	77,466	1.3
Obligations of State and Political Subdivisions in the U.S.	1,350	0.0
Other Loans	30,806	0.5
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	5,750,382	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial or legal impediments that would limit the bank’s ability to help meet the credit or community development needs of the assessment area.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. Liberty designated five contiguous assessment areas located in CT and MA. Specifically, the bank delineated Hartford County, Middlesex County, New Haven County, Tolland County and portions of New London County and Windham County in CT and a portion of Hampden County in MA in the following Metropolitan Statistical Areas (MSAs) as its assessment areas¹.

- Hartford-East Hartford-Middletown, CT MSA (includes Hartford County, Middlesex County, and Tolland County)
- New Haven-Milford, CT MSA (includes New Haven County)
- Norwich-New London, CT MSA (includes a portion of New London County)
- Worcester, MA-CT MSA (includes a small portion of Windham County)
- Springfield, MA MSA (includes a portion of Hampden County)

Liberty changed its assessment area delineations since the prior evaluation. The Hartford-East Hartford-Middlesex, CT MSA now includes the entirety of Tolland County, an addition of 21 census tracts. The bank added the Springfield, MA MSA assessment area, which consists of 62 census tracts in Hampden County, MA, when it opened the East Longmeadow, MA branch in November 2023. In addition, the bank removed nine census tracts in Fairfield County CT, eliminating the Bridgeport-Stamford-Norwalk, CT MSA assessment area after closing the branch in Shelton, CT in February 2021. Please refer to the individual assessment areas for additional information.

On July 21, 2023, CT changed from using counties to planning regions for data tabulation, including MSA delineation. These changes were effective immediately; however, will only impact data collection for institutions beginning January 1, 2024. Therefore, examiners used County and MSA designations as of 2023 for this evaluation as it does not include 2024 lending activity. Examiners did not factor in the changes to MSA boundaries in CT prompted by new planning region designations.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 25, 2021, to the current evaluation dated May 20, 2024. Examiners used the Interagency Large Institution CRA Examination Procedures to evaluate Liberty's performance. These procedures include the Lending Test, Investment Test, and Service Test (see Appendices for a complete description).

¹ This document collectively refers to these areas as the combined assessment areas.

Examiners conducted full-scope reviews of the Hartford-East Hartford-Middletown, CT MSA, New Haven-Milford, CT MSA, Norwich-New London, CT MSA, and Worcester, MA-CT MSA assessment areas. Although the Springfield, MA MSA assessment area creates a new rated area, examiners did not evaluate this assessment area due to the recent entry into this market and the limited activity that occurred in this assessment area during the evaluation period. However, examiners reviewed community development activities in the Springfield, MA MSA assessment area that occurred during the evaluation period and included them in the tables and totals for the overall section.

The Hartford-East Hartford-Middletown, CT MSA and the Norwich-New London, CT MSA are located within the Hartford-East Hartford, CT Combined Statistical Area (CSA). Examiners analyzed the bank’s performance in each MSA assessment area separately and found that performance was consistent in each MSA. Therefore, examiners presented the bank’s performance within these MSAs on a consolidated basis under the Hartford-East Hartford, CT CSA.

Based on the percentage of loans, deposits, and branches in each assessment area, examiners placed the greatest weight on the Hartford-East Hartford, CT CSA assessment area, followed by the New Haven-Milford, CT MSA, and then the Worcester, MA-CT MSA when determining the overall rating. The following table illustrates the distribution of loans (home mortgage and small business), deposits, and branches across each assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Hartford-East Hartford, CT CSA	1,735,019	67.7	4,543,138	78.7	37	68.5
New Haven-Milford, CT MSA	800,466	31.3	1,044,014	18.1	14	25.9
Worcester, MA-CT MSA	14,515	0.6	185,294	3.2	2	3.7
Springfield, MA MSA	11,190	0.4	NA*	0.0	1	1.9
Total	2,561,190	100.0	5,772,446	100.0	54	100.0

*Source: Bank Data; FDIC Summary of Deposits (06/30/2023) * Do not have full year of data.*

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 originations during the evaluation period. The bank did not originate any small farm loans during the evaluation period.

Examiners analyzed all home mortgage loans reported on the bank’s Home Mortgage Disclosure Act (HMDA) loan application registers (LARs) for 2021, 2022, and 2023 to evaluate the bank’s performance. The bank reported 2,954 loans totaling \$1.0 billion in 2021, 2,627 loans totaling \$1.5 billion in 2022, and 2,556 loans totaling \$775.2 million in 2023. Examiners compared the bank’s 2021 and 2022 home mortgage performance to aggregate data for 2021 and 2022 under Geographic Distribution and Borrower Profile. Aggregate data was not yet available for 2023. Examiners also

compared 2021 home mortgage performance to the 2015 American Community Survey (ACS) demographic data and compared 2022 and 2023 home mortgage performance to the 2020 U.S. Census demographic data.

Examiners analyzed all small business loans reported on the bank's CRA loan registers for 2021, 2022, and 2023. The bank reported 2,793 loans totaling \$210.7 million in 2021, 865 loans totaling \$125.8 million in 2022, and 800 loans totaling \$112.1 million in 2023. Examiners compared the bank's 2021 and 2022 small business performance to aggregate data for 2021 and 2022 under Geographic Distribution and Borrower Profile. Aggregate data was not yet available for 2023. Examiners also compared 2021, 2022, and 2023 small business performance to D&B business demographics.

For the Lending Test, examiners analyzed the number and dollar volume of home mortgage and small business loans originated during 2021, 2022, and 2023. The analysis weighed the number of originations more heavily than the dollar volume, as the number of loans more reliably indicates the number of individuals and businesses served. Since the bank originated a larger volume of home mortgage loans during the evaluation period than small business loans, examiners gave greater weight to home mortgage when arriving at the overall conclusions and ratings.

Furthermore, examiners reviewed retail products and services that benefit low- and moderate-income individuals or small businesses, delivery systems for providing retail-banking services, including branches and alternative delivery systems, and the impact of any branch openings and closings during the evaluation period. The evaluation considered community development loans, qualified investments, and community development services, as well as innovative and/or flexible lending practices from the prior CRA evaluation date to the current evaluation date.

Examiners obtained demographic and economic information referenced in this evaluation from the 2015 ACS, 2020 U.S. Census data, D&B, Moody's Analytics, and the U.S. Bureau of Labor and Statistics. Financial data is based on the March 31, 2024, Report of Income and Condition.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Liberty's overall Lending Test performance is Outstanding. Conclusions regarding the bank's overall performance are consistent with the conclusions for the Hartford-East Hartford, CT CSA and New Haven-Milford, CT MSA assessment areas. Performance in the Worcester, MA-CT MSA was below the overall performance. The bank's performance in the Hartford-East Hartford, CT CSA contributed the most weight to conclusions under each performance criterion in the Lending Test. The following sections discuss the bank's overall performance in the combined assessment areas. Separate presentations for the individual assessment areas are included in later sections.

Lending Activity

The bank's lending levels reflect excellent responsiveness to assessment area credit needs. In 2021, 2022, and 2023, Liberty originated or purchased 8,137 home mortgage loans totaling approximately \$3.3 billion and 4,458 small business loans totaling approximately \$448.7 million. Of this total, 7,367 home mortgage loans totaling approximately \$2.2 billion and 3,995 small business loans totaling approximately \$387.5 million were inside the assessment areas.

Home mortgage lending, which remained relatively stable during the evaluation period, increased 71.6 percent by number and 106.6 percent by volume since the prior evaluation. The increase was primarily due to the high housing demand and low interest rates during 2021 and 2022. In addition, the bank incorporated additional loan products to its offerings to meet the needs of the area and expanded the Good Neighbor product line, a Special Purpose Credit Program.

Small business lending, which fluctuated during the evaluation period, increased significantly during 2021 due to the bank's participation in the SBA's Paycheck Protection Program (PPP). Excluding the PPP loans, the bank's small business lending increased 55.4 percent by number and 86.2 percent by volume since the prior evaluation. The increase is primarily a result of two commercial loan production offices opened in November 2020, just prior to the previous evaluation and the implementation of OB, the digital platform focused on small business lending and deposit products.

For the combined assessment areas, Liberty was among the top three percent of all home mortgage lenders in 2021 and 2022 and the top-ranked state-chartered institution both years. For small business lending, Liberty was among the top five percent of small business lenders in 2021 and top ten percent in 2022. Liberty was the highest ranked state-chartered institution in both years. Please refer to the Description of Assessment Area sections within each individual assessment area for discussions of the bank's market share rankings for home mortgage and small business lending.

Assessment Area Concentration

Liberty made a substantial majority of its loans inside the combined assessment areas. The following table illustrates the bank's home mortgage and small business lending activity inside and outside the combined assessment areas by product type.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$
Home Mortgage										
2021	2,726	92.3	228	7.7	2,954	772,857	73.9	273,109	26.1	1,045,966
2022	2,339	89.0	288	11.0	2,627	808,532	55.1	657,912	44.9	1,466,444
2023	2,302	90.1	254	9.9	2,556	592,324	76.4	182,904	23.6	775,228
Subtotal	7,367	90.5	770	9.5	8,137	2,173,713	66.1	1,113,925	33.9	3,287,638
Small Business										
2021	2,539	90.9	254	9.1	2,793	182,246	86.5	28,477	13.5	210,723
2022	753	87.1	112	12.9	865	106,151	84.4	19,673	15.6	125,824
2023	703	87.9	97	12.1	800	99,080	88.4	13,042	11.6	112,122
Subtotal	3,995	89.6	463	10.4	4,458	387,477	86.4	61,192	13.6	448,669
Total	11,362	90.2	1,233	9.8	12,595	2,561,190	68.5	1,175,117	31.5	3,736,307
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the combined assessment areas. Consistent performance in the Hartford-East Hartford, CT CSA, New Haven-Milford, CT MSA, and the Worcester, MA-CT MSA supports this conclusion. The individual assessment area sections include detailed analysis and comparisons to demographic and aggregate data.

Borrower Profile

The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes throughout the combined assessment areas. Consistent performance in the Hartford-East Hartford, CT CSA, New Haven-Milford, CT MSA, and the Worcester, MA-CT MSA supports this conclusion. The individual assessment area sections include detailed analysis and comparisons to demographic and aggregate data.

Innovative or Flexible Lending Practices

Liberty makes extensive use of innovative and/or flexible lending practices in order to serve assessment area credit needs. During the evaluation period, the bank originated 3,697 innovative and/or flexible loans totaling \$395.5 million that support low- and moderate-income individuals and small businesses. Of these innovative and/or flexible loans, the bank extended approximately \$201.3 million through residential, \$194.2 million through small business, and \$51,000 through consumer lending programs.

Liberty's innovative and/or flexible lending practices increased significantly since the prior evaluation period, during which the bank originated 1,548 loans totaling approximately \$184.6

million. The increase in lending was primarily due to the bank’s participation in the SBA’s PPP, which was responsive to business needs during the COVID-19 pandemic. The bank offers each of its innovative and/or flexible lending programs throughout all five assessment areas. The following table summarizes the bank’s innovative and/or flexible residential, small business, and consumer lending programs.

Innovative or Flexible Lending Programs										
Type of Program	2021		2022		2023		2024 YTD		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Good Neighbor	296	55,588	200	44,356	122	30,591	19	5,975	637	136,510
Good Neighbor Plus	56	10,918	49	10,209	85	22,709	10	3,751	200	47,587
Good Neighbor Home Equity	28	275	20	299	10	191	1	10	59	775
Equity Builder Program	10	150	6	88	16	349	12	276	44	863
Federal Home Loan Bank Housing Our Workforce	6	43	2	14	12	231	7	150	27	438
CHFA	31	6,747	7	1,294	4	711	4	791	46	9,543
FHA	5	1,189	4	762	2	524	1	309	12	2,784
VA	3	1,122	1	228	0	0	0	0	4	1,350
Housing Development Fund SmartMove	4	194	3	98	15	776	5	346	27	1,414
Subtotal Residential Loans	439	76,226	292	57,348	266	56,082	59	11,608	1,056	201,264
Academy for Small Business	37	185	47	235	53	265	16	80	153	765
Small Business Loan Program	3	210	10	360	5	205	3	130	21	905
SBA Loans 7(a)	47	10,404	37	10,136	22	8,483	11	1,075	117	30,098
SBA 504	2	1,076	6	15,595	4	4,005	0	0	12	20,676
SBA PPP	2,277	141,734	0	0	0	0	0	0	2,277	141,734
Subtotal Small Business Loans	2,366	153,609	100	26,326	84	12,958	30	1,285	2,580	194,178
Credit Builder Loan Product	27	24	6	5	18	15	10	7	61	51
Subtotal Consumer Loans	27	24	6	5	18	15	10	7	61	51
Totals	2,832	229,859	398	83,679	368	69,055	99	12,900	3,697	395,493
<i>Source: Bank Data</i>										

The following are examples of the bank’s innovative and/or flexible lending programs.

Residential Lending Programs

- **Good Neighbor** – The Good Neighbor mortgage loan is designed to provide applicants in cities and towns with a majority of tracts designated as majority-minority census tracts

and/or low-to-moderate income communities with flexible eligibility criteria and pricing to provide greater access to mortgage loan purchases and refinances in those areas. Good Neighbor offers single-family borrowers 97.0 percent financing at 50 basis point (bps) below prime for home purchase loans with a \$300 credit toward closing costs.

- ***Good Neighbor Plus*** – The Good Neighbor Plus mortgage loan is designed to provide applicants in cities and towns with a significant majority (80.0 percent or more) of tracts designated as majority-minority census tracts and/or low-to-moderate income communities with flexible eligibility criteria and pricing to provide greater access to mortgage loan purchases and refinances in those areas. Good Neighbor Plus offers single-family borrowers 97.0 percent financing at 50bps below prime for home purchase loans with a \$2,500 credit toward closing costs. The Good Neighbor Plus products also offer Lender Paid Mortgage Insurance (LPMI) for loans with a Combined Loan to Value (CLTV) greater than or equal to 90.0 percent and no private mortgage insurance (PMI) requirement for loans with a CLTV less than 90.0 percent.
- ***Housing Development Fund (HDF) SmartMove*** – HDF is a U.S. Department of Housing and Urban Development approved counseling agency. Income-eligible first-time homebuyers receive up to 25.0 percent of the purchase price of their home to use toward a down payment or closing costs. SmartMove loans are in a second-lien position and include a 3.0 percent fixed rate. Borrowers contribute 1.0 percent of their own funds toward the purchase.

Small Business Lending Programs

- ***Academy for Small Business*** – The Academy for Small Business program is a comprehensive training program that provides instruction and guidance on how to operate a small business. Upon completion of six of the eight training modules, the business owner is eligible for an initial business line of credit of \$5,000, without credit verification. This program minimizes barriers for small businesses to obtain credit and provides a business literacy component through the FDIC and the SBA’s Money Smart for Small Business Curriculum.
- ***Small Business Loan Program*** – Liberty offers a business loan to businesses that operate in low- and moderate-income census tracts within the bank’s assessment areas and maintain fewer than 100 employees. The program offers more flexible terms and conditions than conventional small business loans. The bank allocates \$1.0 million to this loan program annually.

Consumer Lending Programs

- ***Credit Builder Loan Product*** – The Credit Builder Loan is a simple personal loan up to \$1,000, with funds deposited in a certificate of deposit (CD) account. The CD term is set up to be the same as the loan term. As the funds are repaid, the bank will report a positive

credit history to credit bureaus, and the interest is credited to the CD. Once the loan is paid off, the CD funds are issued to the customer.

Community Development Loans

Liberty is a leader in making community development loans. The bank originated 58 community development loans totaling approximately \$264.0 million during the evaluation period, many directly addressed community development needs, such as affordable housing, community services for low- and moderate-income individuals, and small business credit needs. This level of activity represents 3.6 percent of average total assets and 5.4 percent of average total loans. Excellent community development lending institution-wide, as well as the Hartford-East Harford, CT CSA, and New Haven-Milford, CT MSA levels, support the overall conclusion. Bank performance in the Worcester, MA-CT MSA was lower than the overall performance for this criterion. The bank’s community development lending activity slightly decreased by number, but significantly increased (nearly doubling) by dollar amount since the prior evaluation period, during which the bank originated 64 loans totaling approximately \$135.0 million.

Of the 58 community development loans during the current evaluation period, five loans totaling \$9.4 million benefitted a broader statewide area that includes the assessment areas.

The following table illustrate the bank’s community development lending by year and purpose.

Community Development Lending Assessment Area: Combined										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	14	61,319	0	0	4	15,884	4	45,700	22	122,903
2022	13	32,350	3	3,500	2	1,685	1	25,000	19	62,535
2023	7	50,998	2	2,705	4	10,000	2	5,400	15	69,103
YTD 2024	1	2,925	0	0	1	6,500	0	0	2	9,425
Total	35	147,592	5	6,205	11	34,069	7	76,100	58	263,966
<i>Source: Bank Data</i>										

The following table illustrates the bank’s community development loans by assessment area and purpose. Please refer to the individual assessment area sections for examples of community development loans within each area.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Hartford-East Hartford, CT CSA	17	121,801	4	5,300	3	12,425	5	28,600	29	168,126
New Haven-Milford, CT MSA	15	22,292	1	905	5	9,998	2	47,500	23	80,695
Worcester, MA-CT MSA	1	634	0	0	0	0	0	0	1	634
Springfield, MA MSA	0	0	0	0	0	0	0	0	0	0
Statewide Activities	2	2,865	0	0	3	11,646	0	0	5	14,511
Total	35	147,592	5	6,205	11	34,069	7	76,100	58	263,966

Source: Bank Data

The following are examples of community development loans that benefitted a broader statewide area that includes the bank’s assessment areas:

- In 2023, Liberty continued supporting the Green Energy initiatives from Connecticut Green Bank, which included funding of approximately \$8.5 million to a company in Danbury, CT. The company operates fuel cell plants to generate clean and efficient energy. Many of these plants are in or near low- and moderate-income geographies. The Connecticut Green Bank is the nation’s first green bank, created by the CT state legislature to achieve cleaner, less expensive, and more reliable sources of clean energy. As a result of this collaboration and the Connecticut Green Bank’s work with other key partners, they have created more than 26,000 jobs and ultimately supported job creation and retention for low- and moderate-income individuals.
- In 2023, Liberty originated a \$3.8 million loan to finance the redevelopment of a commercial office building into a multifamily residence in Wilton, CT. The residence will consist of 18 units, of which 6 units (33.3 percent) will be affordable; therefore, the bank received community development credit for a pro rata share of approximately \$1.3 million. This loan helped create affordable housing in the broader statewide area.

INVESTMENT TEST

Liberty’s overall Investment Test performance is Outstanding. Conclusions regarding the bank’s overall performance are consistent with the conclusions for the Hartford-East Hartford, CT CSA and New Haven-Milford, CT MSA assessment areas. Performance in the Worcester, MA-CT MSA assessment area was below overall performance. The bank’s performance in the Hartford-East Hartford, CT CSA contributed the most weight to overall conclusions under the Investment Test. The following sections discuss the bank’s overall performance in the combined assessment areas. Separate presentations for the individual assessment areas are included in later sections.

Investment and Grant Activity

Liberty has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The bank and its charitable foundation made 514 qualified investments totaling approximately \$58.1 million during the evaluation period. Of the 514 qualified investments, 43 totaling \$14,905 benefitted a broader statewide area and national area that includes the assessment areas.

The bank's investments increased 84.4 percent by volume from the prior evaluation period, during which the bank made 363 qualified investments totaling approximately \$31.5 million. This level of activity represents 0.8 percent of average total assets and 5.3 percent of average total securities since the prior evaluation. The following table illustrates the bank's community development investments by year and purpose.

Qualified Investments										
Assessment Area: Combined										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	19	10,352	0	0	0	0	0	0	19	10,352
2021	1	500	2	1,225	1	1,000	0	0	4	2,725
2022	3	2,716	2	725	2	5,500	0	0	7	8,941
2023	8	15,439	1	225	2	5,000	0	0	11	20,664
YTD 2024	3	6,000	1	225	2	5,100	0	0	6	11,325
Subtotal	34	35,007	6	2,400	7	16,600	0	0	47	54,007
Qualified Grants & Donations	81	803	357	3,074	27	199	2	35	467	4,111
Total	115	35,810	363	5,474	34	16,799	2	35	514	58,118
<i>Source: Bank Data</i>										

The following table illustrates the bank's investments by assessment area and purpose. Please refer to the individual assessment area sections for examples of community development investments within each area.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Hartford-East Hartford, CT CSA	63	20,822	215	2,145	15	2,599	1	25	294	25,591
New Haven-Milford, CT MSA	33	5,117	96	2,111	10	3,574	0	0	139	10,802
Worcester, MA-CT MSA	2	2,129	15	75	1	3	0	0	18	2,207
Springfield, MA MSA	3	4,502	15	100	1	1	1	10	20	4,613
Statewide Activities	14	3,240	18	143	7	10,622	0	0	39	14,005
National Activities	0	0	4	900	0	0	0	0	4	900
Total	115	35,810	363	5,474	34	16,799	2	35	514	58,118

Source: Bank Data

Equity Investments

The bank maintains 47 investments totaling \$54.0 million, of which 28 investments totaling approximately \$43.6 million are new, and 19 investments with current book values totaling approximately \$10.4 million are prior period investments. The following are descriptions of qualified investments that benefitted multiple assessment areas or the broader statewide and national area that includes the assessment areas.

Current Period Investments

- In 2023 and 2024, Liberty invested \$1.5 million and \$600,000 in two CRA-targeted mortgage-backed securities (MBS). These MBSs are securitized by home mortgage loans originated in the bank's assessment areas and in the broader statewide area. The majority of underlying mortgages were to low- and moderate-income borrowers and support affordable housing.
- In 2022 and 2023, Liberty invested \$2.5 million each year in a Solar Tax Credit Equity Fund that focuses on renewable energy. Funds are invested in commercial and industrial solar which includes rooftop solar and ground-mount systems. This investment supported solar projects across CT including East Canaan, New Haven, and Hartford. Results included bringing solar energy benefits to underserved markets as well as supporting small businesses and local developers, which resulted in creating green jobs, a majority of which are for low- to moderate-income individuals.
- In 2022, the bank made a \$3.0 million investment in a private equity Small Business Investment Corporation (SBIC) fund. The SBIC is headquartered in MA, but serves CT as well. The fund focused on providing mezzanine investments to establish businesses. This investment supported economic development through the financing of small businesses.
- Annually, the bank renewed a CD for \$225,000 with Citizens Savings Bank and Trust Co., a Minority Depository Institution (MDI) located in Nashville, Tennessee. This bank is also a

Community Development Financial Institution (CDFI). This deposit helps provide low-cost capital to further the bank's mission of serving low- and moderate-income individuals and underserved communities. Although the bank made this investment outside its assessment area, qualified investments in low-income credit unions and MDIs qualify as community development regardless of location.

Qualified Grants and Donations

During the evaluation period, Liberty made 467 qualified grants and donations totaling approximately \$4.1 million. This is a significant increase from the prior evaluation period, during which the bank made 330 qualified donations totaling approximately \$2.2 million. The majority of the bank's donations supported community service and affordable housing organizations that primarily benefit low- and moderate-income individuals and families. The following listing describes qualified donations and grants that benefitted multiple assessment areas or the broader statewide area that includes the assessment areas.

- ***Building Neighborhoods Together (BNT)*** – This non-profit affordable housing organization provides housing to over 450 individuals and families and has built over 230 units of affordable housing across CT. In addition, BNT has provided homeownership classes to over 500 families and helped 4,200 families obtain rental assistance to avoid eviction. The bank and its charitable foundation made multiple grants to this organization. With this support, the bank and its foundation helped to expand access to affordable housing throughout the assessment areas and in the broader statewide area for low- and moderate-income families and individuals.
- ***West Springfield Boys and Girls Club*** – The West Springfield Boys and Girls Club serves approximately 800 children throughout West Springfield and surrounding communities, including Agawam, Chicopee, and Springfield, through their before and after school, vacation, and summer day camp programs. A majority served by this organization are from low- and moderate-income families. The donations helped the organization double the size of their pre-school program and create additional space for their pre-teenager and teenager members. The bank and its charitable foundation made multiple grants to this organization. The bank's support of this organization helped expand access to community services to low- and moderate-income children throughout the assessment areas.
- ***United Way of Pioneer Valley*** – The United Way of Pioneer Valley mobilizes community resources to meet the needs of community in Hampden County, CT. Food insecurity is prevalent throughout Hampden County, with over 49,000 individuals being food insecure. In 2023, the United Way of Pioneer Valley service centers distributed over 475,000 pounds of food to over 2,700 families. The bank and its charitable foundation made multiple grants to this organization. The bank's financial support helped provide access to vital community services for low- and moderate-income individuals and families throughout the assessment areas and in the broader statewide area.
- ***The Care Center*** – The Care Center helps young mothers and low-income women obtain a college education. The organization partners with Bard College to offer the Bard Micro-

college Holyoke program, which allows participants to earn an Associate of Art degree through classes offered onsite at The Care Center. The bank's charitable foundation made multiple grants to this organization. The bank's support of this program provides access to higher education for low-income women in the Springfield, MA MSA assessment area.

Responsiveness to Credit and Community Development Needs

The bank exhibits excellent responsiveness to credit and community development needs. Investments and donations primarily supported activities that promote affordable housing and community services to low- and moderate-income individuals. As described under the community contact sections for each of the three assessment areas, the community contacts identified these activities as primary credit and community development needs. In addition, the bank maintains qualified green energy investments that assists affordable housing and community facilities, including those in low- and moderate-income geographies. Refer to the individual assessment area sections for detailed discussion of the bank's performance.

Community Development Initiatives

The bank makes significant use of innovative and complex investments to support community development initiatives. The bank invested in solar tax credits for renewable energy support for underserved communities and small businesses. This innovative community development investment assists communities within the bank's assessment areas. Further, solar tax credits exhibit complex structure and require notable resources and expertise from bank personnel. The bank's qualified investments also include Low-Income Housing Tax Credits (LIHTCs) and SBIC mezzanine investments. These types of investments require the collaboration of multiple funding partners and sources, are competitive to obtain, and require technical expertise. Refer to the individual assessment area sections for detailed discussion of the bank's performance.

SERVICE TEST

Liberty's overall Service Test performance is Outstanding. Conclusions regarding the bank's overall performance are consistent with the conclusions for the Hartford-East Hartford, CT CSA and the New Haven-Milford, CT MSA assessment areas. The bank's performance is inconsistent in the Worcester, MA-CT assessment area. The following sections discuss the bank's performance in the combined assessment areas. Separate presentations for the individual assessment areas are included in later sections.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the bank's combined assessment areas. The bank has 54 full-service branches and 69 ATMs, which includes two stand-alone ATMs, within the assessment areas. The accessibility of delivery systems in the Hartford-East Hartford, CT CSA and New Haven-Milford, CT MSA assessment areas, as well as alternative delivery systems that supplement the bank's branches, support the conclusion. The following table illustrates the branch and ATM distribution by tract income level.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Combined								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	89	14.1	314,252	12.0	2	3.7	3	4.4
Moderate	131	20.7	552,333	21.2	10	18.5	13	18.8
Middle	217	34.3	916,797	35.1	28	51.9	35	50.7
Upper	183	28.9	814,692	31.2	14	25.9	18	26.1
NA	13	2.1	11,149	0.4	0	0	0	0
Total	633	100.0	2,609,223	100.0	54	100.0	69	100.0
<i>Source: 2020 U.S. Census Data; Bank Data</i>								

As shown in the table above, Liberty’s branch and ATM distribution in low-income census tracts is lower than the demographic comparators; however, the branch and ATM distribution in moderate-income census tracts is comparable to the demographic comparators. Branch distribution is different from the previous evaluation period due to the 2020 U.S. Census changes. Specifically, the number of branches in low-income census tracts decreased by two, of which one was due to the bank closing the New London branch. The number of branches in moderate-income tracts increased from 6 to 10. In addition to branches located in low- and moderate-income census tracts, several branches that are in middle- or upper-income census tracts are accessible to adjacent low- and moderate-income census tracts, particularly in the Hartford-East Hartford, CT CSA.

In addition to its branches and ATMs, Liberty offers various alternative delivery systems that expand access to retail banking services for all individuals, including low- and moderate-income individuals and families. For example, online and mobile banking platforms connect consumers and businesses to their accounts 24 hours a day to perform various transactions. The bank’s online functions include money transfers, bill pay, and online account opening. Through the mobile functions, customers and businesses have the added function of depositing checks. Personal and business banking customers can also contact the bank’s Customer Service Center by telephone, email, or secure messaging through online or mobile banking.

The bank also operates four LPOs, one residential and three commercial. One commercial and one residential LPO are in low-income census tracts, the two other commercial LPOs are located in a middle-income and an upper-income census tract. Of the four LPOs, two are new since the prior evaluation. The bank opened the residential LPO in Hartford, CT in February 2021 and the commercial LPO in Springfield, MA in July 2023. The bank’s LPOs are in close proximity (approximately 2 to 4 miles) to other low- and moderate-income tracts. Further, loan officers will travel to meet borrowers at their place of business, home, or wherever convenient.

Changes in Branch Locations

To the extent changes have been made, 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 or to low- and moderate-income individuals.

Since the prior evaluation, the bank opened two full-service branches, one in Rocky Hill, CT (middle-income census tract), and another in East Longmeadow, MA (upper-income census tract). The bank closed eight full-service branches located in the following CT towns: Beacon Falls (upper-income census tract), Bristol (middle-income census tract), Essex (upper-income census tract), New London (low-income census tract), Shelton (middle-income census tract), Southbury (upper-income census tract), West Hartford (upper-income census tract), and Wethersfield (middle-income census tract). Please refer to the individual assessment areas for more information on branch changes and the impact of low- and moderate-income areas during the review period.

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 individuals or geographies. All retail branches offer the same loan and deposit products and services. The bank maintains similar hours at all locations. Branch hours are from 9:00 AM to 4:00 PM Monday through Wednesday, 9:00 AM to 5:00 PM Thursday through Friday, and 9:00 AM to 12:00 PM on Saturday.

The bank's Quarter Back Checking and PayBack Checking accounts benefit low- and moderate-income and unbanked customers. Specifically, according to the 2021 FDIC National Survey of Unbanked and Underbanked Households, approximately 29.2 percent of unbanked households cited minimum balance requirements and high fees as the main reasons for not opening a bank account. The Quarter Back Checking and PayBack Checking accounts have no minimum balance requirement or monthly maintenance fee, include a Liberty debit card and provide access to online and mobile banking. In addition, the bank also offers the BankSmart Checking account, which has no minimum balance, a low (\$3.95 per month) maintenance fee, no overdraft fees, includes a debit card, and provides access to online and mobile banking.

Furthermore, Liberty partners with local non-profits to offer Individual Development Accounts to help low-and moderate-income individuals save money for qualified expenses such as purchasing a home or vehicle, paying for an education, or starting a small business.

Community Development Services

Liberty is a leader in providing community development services. The bank offers financial literacy services to low- and moderate-income individuals and provides financial and technical assistance to a significant number of community development organizations. Bank employees provided 829 instances of financial expertise or technical assistance to community development organizations. This is a significant increase in the number of instances provided by the bank since the prior evaluation period, during which the bank provided 288 instances of financial expertise or technical assistance. The following table illustrates the bank's instances of community services provided by bank employees by year and purpose.

Community Development Services Assessment Area: Combined					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	94	113	4	0	211
2022	83	126	25	0	234
2023	59	193	19	0	271
YTD 2024	22	81	10	0	113
Total	258	513	58	0	829
<i>Source: Bank Data</i>					

The following table illustrates the bank’s instances of community services by assessment area and purpose. Please refer to the individual assessment area sections for examples of community development services within each area.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Hartford-East Hartford, CT CSA	166	393	16	0	575
New Haven-Milford, CT MSA	46	43	35	0	124
Worcester, MA-CT MSA	18	13	0	0	31
Springfield, MA MSA	2	43	2	0	47
Statewide Activities	26	21	5	0	52
Total	258	513	58	0	829
<i>Source: Bank Data</i>					

The following are examples of notable community development services that benefitted the combined assessment areas or the broader statewide area.

Employee Involvement

- **Connecticut Mortgage Bankers Association (CMBA)** – The CMBA Affordable Housing Committee provides resources to support affordable housing. The resources include providing education on affordable housing markets, addressing regulatory opportunities, creating new initiatives across the state in all avenues of affordable lending, and providing support to community organizations in affordable markets. A retail banking employee was an Affordable Housing Committee member in 2022 and 2023.
- **Rebuild Together Litchfield County (RTLCLC)** – RTLCLC helps to preserve and revitalize houses and communities, ensuring that low-income homeowners, particularly those who are elderly, veterans, people with disabilities and/or supporting young children, live in safety and warmth. An employee served on the organization’s Board in 2022.

Educational Services and Seminars

- ***Academy for Small Business*** –The bank hosted five Academy for Small Business training programs in the broader statewide area including the Springfield, MA MSA assessment area. The Academy for Small Business is a comprehensive training program that provides instruction and guidance on how to operate a small business. Upon completion of six of the eight training modules, the business owner is eligible for up to a \$5,000 line of credit without credit verification. This program minimizes barriers for small businesses to obtain credit and provides a business literacy component through the FDIC and the SBA’s Money Smart for Small Business Curriculum.
- ***First-Time Homebuyer Seminars*** – The bank participated in five first-time homebuyer seminars in the broader statewide area including the Springfield, MA MSA assessment area. The bank’s participation in these seminars helped provide access to affordable housing for low- and moderate-income individuals and families in the assessment area through financial literacy.
- ***Financial Literacy*** –Employees participated in 31 financial literary events in the broader statewide area, which includes 11 that benefitted the Springfield, MA MSA. The bank’s participation in these events provided community services for low- and moderate-income individuals and families in the assessment area through financial literacy.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including Fair Housing Act and Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

HARTFORD-EAST HARTFORD, CT CSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE HARTFORD-EAST HARTFORD, CT CSA ASSESSMENT AREA

Liberty operates 37 or 68.5 percent of its 54 branches in the two assessment areas located in the Hartford-East Hartford, CT CSA assessment area. The Hartford-East Hartford, CT CSA represents 57.8 percent of the total number of census tracts in the bank’s assessment areas, 67.7 percent of the bank’s loans and 78.7 percent of the bank’s deposits. The two assessment areas are contiguous and include Hartford County, Middlesex County, Tolland County, and portions of New London County.

Economic and Demographic Data

The Hartford-East Hartford, CT CSA assessment area changed since the prior evaluation. The assessment area now includes the entirety of Tolland County, an addition of 21 census tracts. In addition, the income designation of census tracts changed due to the updated 2020 U.S. Census data. According to the 2015 ACS data, the Hartford-East Hartford, CT CSA assessment area had 347 census tracts with the following income designations:

- 52 low-income tracts,
- 51 moderate-income tracts,
- 127 middle-income tracts,
- 109 upper-income tracts, and
- 8 census tracts with no income designation

According to the 2020 U.S. Census, the Hartford-East Hartford, CT CSA assessment area now contains 366 census tracts, with the following income designations:

- 45 low-income tracts,
- 63 moderate-income tracts,
- 145 middle-income tracts,
- 102 upper-income tracts, and
- 11 census tracts with no income designation

During the evaluation period, there was one Federal Emergency Management Agency Designated Major Disaster declaration on October 30, 2021, DR-4629-CT, related to Hurricane Ida, which impacted the entire state. Examiners consider bank activities related to disaster recovery that revitalize or stabilize a designated disaster area for 36 months following the designated date. Furthermore, there are 33 Opportunity Zones (OZs) throughout the assessment area. The OZ Program provides incentives for investing in certain census tracts to encourage growth in low-income areas. The following table illustrates select demographic characteristics of the Hartford-East Hartford, CT CSA assessment area.

Demographic Information of the Assessment Area Assessment Area: Hartford-East Hartford, CT CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	366	12.3	17.2	39.6	27.9	3.0
Population by Geography	1,435,610	10.1	17.4	41.0	30.8	0.7
Housing Units by Geography	619,955	10.5	18.3	42.0	29.0	0.2
Owner-Occupied Units by Geography	374,997	3.2	12.6	46.7	37.5	0.0
Occupied Rental Units by Geography	193,197	23.4	28.5	34.5	13.3	0.3
Vacant Units by Geography	51,761	16.1	21.1	35.4	26.3	1.0
Businesses by Geography	206,895	9.1	15.5	43.8	30.9	0.7
Farms by Geography	6,086	4.2	9.7	45.2	40.8	0.0
Family Distribution by Income Level	363,801	22.2	17.0	20.8	40.0	0.0
Household Distribution by Income Level	568,194	25.3	15.4	17.2	42.1	0.0
Median Family Income MSA - 25540 Hartford-East Hartford-Middletown, CT MSA		\$101,543	Median Housing Value			\$247,624
Median Family Income MSA - 35980 Norwich-New London, CT MSA		\$94,894	Median Gross Rent			\$1,151
			Families Below Poverty Level			6.5%
<i>Source: 2020 U.S. Census and 2023 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>						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown in the previous table, owner-occupancy rates in the low- and moderate-income census tracts are low, limiting the bank's home mortgage lending opportunities in those tracts. Additionally, housing costs are low in the assessment area. The median housing cost of \$247,624 is less than the U.S. average of \$387,600 and the CT average of \$312,224.

Examiners used the FFIEC-updated median family income (MFI) levels to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the MFI ranges in the Hartford-East Hartford, CT CSA assessment areas in 2021, 2022, and 2023.

Median Family Income Ranges				
Assessment Area: Hartford-East Hartford, CT CSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Hartford-East Hartford-Middletown, CT MSA Median Family Income (25540)				
2021 (\$105,100)	<\$52,550	\$52,550 to <\$84,080	\$84,080 to <\$126,120	≥\$126,120
2022 (\$113,200)	<\$56,600	\$56,600 to <\$90,560	\$90,560 to <\$135,840	≥\$135,840
2023 (\$118,700)	<\$59,350	\$59,350 to <\$94,960	\$94,960 to <\$142,440	≥\$142,440
Norwich-New London, CT MSA Median Family Income (35980)				
2021 (\$92,000)	<\$46,000	\$46,000 to <\$73,600	\$73,600 to <\$110,400	≥\$110,400
2022 (\$106,000)	<\$53,000	\$53,000 to <\$84,800	\$84,800 to <\$127,200	≥\$127,200
2023 (\$114,400)	<\$57,200	\$57,200 to <\$91,520	\$91,520 to <\$137,280	≥\$137,280
<i>Source: FFIEC</i>				

According to 2023 D&B data, 206,895 non-farm businesses operate in the Hartford-East Hartford, CT CSA assessment area. The following reflects the gross annual revenues (GARs) for these businesses.

- 90.0 percent have \$1.0 million or less
- 2.9 percent have more than \$1.0 million, and
- 7.1 percent have unknown revenues.

Service industries represent the largest portion of businesses at 36.2 percent; followed by non-classifiable establishments (22.8 percent); finance, insurance, and real estate (11.2 percent); retail trade (10.0 percent); and construction (7.6 percent). In addition, 64.6 percent of area businesses have four or fewer employees and 93.6 percent operate from a single location.

According to the U.S. Bureau of Labor Statistics (BLS), unemployment rates increased significantly during the COVID-19 pandemic. In 2021, Hartford and New London Counties experienced unemployment rates that slightly exceeded the state rate, but were below the national rate. In 2022, the unemployment rate in all counties of the assessment area continued to decline and were in-line with the state and the national rates. The following table illustrates the average annual unemployment rates in each county within the Hartford-East Hartford, CT CSA assessment area, statewide, and nationally.

Unemployment Rates			
Assessment Area: Hartford-East Hartford, CT CSA			
Area	2021	2022	2023
	%	%	%
Hartford County	6.7	4.2	3.8
Middlesex County	5.3	3.6	3.2
New London County	6.9	4.2	3.6
Tolland County	5.2	3.7	3.3
Connecticut	6.4	4.1	3.8
National Average	8.1	3.6	3.7
<i>Source: U.S. BLS</i>			

Competition

The Hartford-East Hartford, CT CSA assessment area is competitive for financial services. According to FDIC Market Share data as of June 30, 2023, 32 financial institutions operate 369 offices in the assessment area. Of these, Liberty ranked 4th with 7.6 percent market share. Bank of America, National Association (N.A.); Manufacturers and Traders trust Company; and Webster Bank, N.A. outranked Liberty, with a combined mark share of 63.0 percent. Liberty was the top-ranked state-chartered community bank.

The bank faces a high level of competition for home mortgage loans from national banks, non-depository mortgage lenders, and other state-chartered community banks. In 2021, 553 lenders reported 70,282 residential mortgage loans within the Hartford-East Hartford, CT CSA assessment area. Liberty ranked 3rd with 3.0 percent market share and was outperformed by Rocket Mortgage and Community Bank, N.A. In 2022, 551 lenders reported 41,424 residential mortgage loans. Liberty ranked 2nd with 4.3 percent market share and was outperformed only by Rocket Mortgage. Liberty was the top-ranked state-chartered community bank in both years.

There is also a high level of competition for small business loans from national banks, regional banks, and other state-chartered community banks in the assessment area. In 2021, 194 lenders reported 44,646 small business loans within the Hartford-East Hartford, CT CSA assessment area. Liberty ranked 9th with 4.2 percent market share. The top three lenders, American Express, N.A.; Bank of America, N.A.; and Webster Bank, N.A. comprised 33.3 percent of the market share. In 2022, 150 lenders reported 38,212 small business loans within the assessment area. Liberty ranked 14th with 1.3 percent market share. The top three lenders, American Express, N.A.; JPMorgan Chase Bank, N.A.; and US Bank, N.A. comprised 43.4 percent of the market share. Liberty was the top-ranked state-chartered community bank in both years. Please note that small business market share data is only available at the county level. The Hartford-East Hartford, CT CSA assessment area does not include New London County in its entirety.

Community Contact

Examiners reviewed a recent community contact with an organization that serves the Hartford-East Hartford, CT CSA assessment area. The contact identified issues within the state, including a

stagnant population, significant income disparity, and little affordable housing development. The contact identified a need for affordable housing in low- and moderate-income neighborhoods as well as a need for renovating older buildings in urban areas, including Hartford, New London, and Norwich. The contact identified opportunities for institutions to provide online homebuyer education seminars, originate home mortgage loans, and serve underbanked immigrant populations. The contact also noted an opportunity for local financial institutions to conduct more community outreach. Specifically, the contact noted that financial institutions do well in targeting financial literacy programs to moderate-income individuals; however, there is need for more financial literacy programs targeted to very low-income individuals living at or below the poverty line.

Credit and Community Development Needs and Opportunities

Using information provided by the community contact and economic and demographic data, examiners determined that home mortgage and small business lending represent the primary credit needs in the area. Furthermore, the assessment area demonstrates needs for affordable housing and community services to low- and moderate-income individuals. Low- and moderate-income geographies such as Hartford and New London have revitalization and stabilization needs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE HARTFORD-EAST HARTFORD, CT CSA ASSESSMENT AREA

LENDING TEST

Liberty demonstrated excellent performance under the Lending Test in the Hartford-East Hartford, CT CSA assessment area. The bank's excellent performance under the Lending Activity and Community Development Loans criteria primarily supports this conclusion. The following sections detail the bank's performance under each criterion.

Lending Activity

The bank's lending levels reflect excellent responsiveness to assessment area credit needs. In 2021, 2022, and 2023, Liberty originated or purchased 5,674 home mortgage loans totaling approximately \$1.5 billion and originated 2,791 small business loans totaling approximately \$267.4 million inside the Hartford-East Hartford, CT CSA assessment area. The trends identified for this assessment area are the same as those discussed in the overall Lending Activity section. Home mortgage lending was relatively stable throughout the evaluation period; however, there were fluctuations in small business lending due to the SBA's PPP.

The competition section includes details regarding the bank's market share rankings for home mortgage and small business lending. Liberty ranked in the top 3.0 percent of all home mortgage lenders in the assessment area in 2021 and 2022 and was the top-ranked state-chartered community lender for home mortgage lending throughout the evaluation period. Home mortgage lending within the assessment area increased 81.6 percent by number and 171.4 percent by volume since the prior evaluation. In addition, the bank increased its market share for home mortgage loans from 3.0 percent

in 2021 to 4.3 percent in 2022. Furthermore, Liberty was the top-ranked state-chartered community bank in both years for small business loans.

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects good penetration throughout the Hartford-East Hartford, CT CSA assessment area. The bank's good home mortgage and good small business lending performance supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. Liberty's performance in low-income census tracts exceeded demographics and aggregate in 2021. Lending activity declined in 2022, falling below aggregate and slightly below demographics. Lending continued to decline in 2023 falling well below demographics. Market share reports for 2021 and 2022 showed Liberty ranked 4th for lending in low-income geographies both years, only outperformed by large mortgage lenders.

Liberty's performance in moderate-income census tracts was below aggregate performance in 2021 and 2022 and below demographics in all three years. Although the bank's performance in moderate-income census tracts fell below both metrics, market share reports for 2021 and 2022 help support good performance. Specifically, Liberty was the top-ranked state-chartered community bank for lending in moderate-income census in 2021 and 2022. The level of competition for home mortgage loans in the assessment area and the bank's market rankings performance support a good conclusion.

Geographic Distribution of Home Mortgage Loans Assessment Area: Hartford-East Hartford, CT CSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	4.0	4.3	96	4.6	49,515	8.7
2022	3.2	4.4	56	3.1	31,223	6.2
2023	3.2	--	34	1.9	6,361	1.6
Moderate						
2021	10.6	9.8	182	8.7	75,190	13.2
2022	12.6	13.8	156	8.7	56,641	11.3
2023	12.6	--	158	8.8	57,657	14.6
Middle						
2021	42.3	40.8	773	36.9	188,207	33.0
2022	46.7	45.1	786	44.1	181,920	36.3
2023	46.7	--	838	46.7	182,439	46.0
Upper						
2021	43.1	45.1	1,046	49.9	257,107	45.1
2022	37.5	36.6	781	43.8	231,060	46.1
2023	37.5	--	761	42.4	148,270	37.4
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.1	4	0.2	561	0.1
2023	0.0	--	3	0.2	1,491	0.4
Totals						
2021	100.0	100.0	2,097	100.0	570,019	100.0
2022	100.0	100.0	1,783	100.0	501,404	100.0
2023	100.0	--	1,794	100.0	396,218	100.0

*Source: 2015 ACS and 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

Small business lending reflects good penetration throughout the assessment area. In 2021, lending in low-income census tracts exceeded aggregate data and fell below demographics. Lending activity declined in 2022, but continued to exceed aggregate and was in-line with demographics. In 2023, lending declined slightly, but was comparable to demographics.

Liberty's performance in moderate-income census tracts in 2021 fell below aggregate and demographic data. Although lending activity declined in 2022 and 2023, the bank exceeded aggregate data and was in-line with demographics in 2022 and slightly exceeded demographics in

2023. Market share reports for 2021 and 2022 showed that Liberty was the top-ranked state-chartered community bank for lending in low- and moderate-income census tracts each year.

Geographic Distribution of Small Business Loans						
Assessment Area: Hartford-East Hartford, CT CSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	10.7	9.2	174	9.5	14,345	11.0
2022	8.8	6.9	44	8.8	5,876	8.0
2023	9.1	--	40	8.7	2,908	4.5
Moderate						
2021	12.6	12.4	143	7.8	10,175	7.8
2022	15.4	14.9	77	15.4	9,970	13.6
2023	15.5	--	72	15.7	12,102	18.9
Middle						
2021	39.3	40.6	720	39.3	52,714	40.6
2022	43.9	45.7	238	47.7	35,243	48.0
2023	43.8	--	227	49.5	34,274	53.6
Upper						
2021	37.1	37.7	791	43.2	52,345	40.3
2022	31.2	31.9	127	25.5	20,536	28.0
2023	30.9	--	110	24.0	12,510	19.6
Not Available						
2021	0.3	0.2	5	0.3	416	0.3
2022	0.7	0.6	13	2.6	1,789	2.4
2023	0.7	--	10	2.2	2,175	3.4
Totals						
2021	100.0	100.0	1,833	100.0	129,995	100.0
2022	100.0	100.0	499	100.0	73,414	100.0
2023	100.0	--	459	100.0	63,969	100.0
<i>Source: 2021, 2022 & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects good penetration among individuals of different incomes and businesses of different sizes in the Hartford-East Hartford, CT CSA assessment area. The bank's good performance of home mortgage and excellent performance of small business lending support this conclusion. Examiners gave greater weight to home mortgage than small business lending,

since the volume of loans was greater during the evaluation period. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers and small business loans by number to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of borrowers reflects good penetration among individuals of different income levels. As shown in the following table, the bank's lending to low-income borrowers exceeded aggregate performance in 2021 and was comparable in 2022. The bank's and the aggregate's level of lending was below the percentage of low-income families in 2021 and 2022. In 2023, the bank's performance was also below demographics. However, low-income families in the Hartford-East Hartford, CT CSA assessment area, earning less than \$52,550 and \$56,600, may have difficulty qualifying for a mortgage under conventional underwriting standards. Additionally, 6.5 percent of families in this assessment area are below the poverty level, a subset of the low-income category. These factors help explain the disparity between lending to low-income families and the percentage of low-income families.

Liberty's lending to moderate-income borrowers exceeded demographics for all three years, while the bank's performance was below aggregate performance in 2021 and 2022. Market share reports for 2021 and 2022 further support good performance. Specifically, in both years, Liberty was the top-ranked state-chartered community bank in lending to both low- and moderate-income individuals.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Hartford-East Hartford, CT CSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	22.2	9.4	211	10.1	25,233	4.4
2022	22.2	10.9	187	10.5	20,485	4.1
2023	22.2	--	160	8.9	14,388	3.6
Moderate						
2021	16.7	22.3	406	19.4	65,466	11.5
2022	17.0	26.0	367	20.6	52,492	10.5
2023	17.0	--	391	21.8	48,737	12.3
Middle						
2021	20.7	22.6	578	27.6	102,063	17.9
2022	20.8	22.8	443	24.8	71,690	14.3
2023	20.8	--	459	25.6	72,142	18.2
Upper						
2021	40.5	30.3	856	40.8	217,160	38.1
2022	40.0	27.9	751	42.1	191,703	38.2
2023	40.0	--	750	41.8	170,163	42.9
Not Available						
2021	0.0	15.4	46	2.2	160,096	28.1
2022	0.0	12.4	35	2.0	165,034	32.9
2023	0.0	--	34	1.9	90,788	22.9
Totals						
2021	100.0	100.0	2,097	100.0	570,019	100.0
2022	100.0	100.0	1,783	100.0	501,404	100.0
2023	100.0	--	1,794	100.0	396,218	100.0
<i>Source: 2015 ACS and 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects excellent penetration of loans to businesses with GARs of \$1.0 million or less. As shown in the following table, Liberty's performance was well below aggregate data in 2021, but improved to 65.1 percent, significantly exceeding aggregate in 2022. Performance fell below the percentage of businesses in 2021, 2022, and 2023. Although performance was less than the demographics, the bank originated a large number of loans in 2021 where GAR information was not available. PPP loans comprised a significant portion of these loans since PPP applicants were not required to provide revenue information.

The large number of small business loans in the “Revenue Not Available” category distorts the results for 2021. Only 326 or 17.8 percent, of the bank’s small business loans in 2021 included revenue information. Of these 326 small business loans, Liberty originated 67.8 percent to businesses with GARs of \$1.0 million or less, which exceeds 2021 aggregate performance and is consistent with the bank’s 2022 percentage. Furthermore, market share reports for 2021 showed Liberty as the 2nd ranked state-chartered community bank lending to businesses with GARs of \$1.0 million or less, outperformed by Chelsea Groton Bank. In 2022, Liberty was the top-ranked state-chartered community bank.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Hartford-East Hartford, CT CSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2021	87.9	45.7	221	12.1	26,131	20.1
2022	89.1	52.4	325	65.1	29,694	40.4
2023	90.0	--	315	68.6	30,602	47.8
>\$1,000,000						
2021	3.7	--	105	5.7	25,198	19.4
2022	3.2	--	173	34.7	43,695	59.5
2023	2.9	--	144	31.4	33,367	52.2
Revenue Not Available						
2021	8.5	--	1,507	82.2	78,666	60.5
2022	7.7	--	1	0.2	25	0.0
2023	7.1	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	1,833	100.0	129,995	100.0
2022	100.0	100.0	499	100.0	73,414	100.0
2023	100.0	--	459	100.0	63,969	100.0
<i>Source: 2021, 2022 & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

As borrower revenue data is unavailable for PPP loans, examiners evaluated PPP loans using loan size as a proxy. A majority of PPP loans originated in 2021 had loan sizes less than \$100,000. Furthermore, 96.0 percent of PPP loans had loan sizes below \$250,000. The high percentage of lower loan amounts supports that the bank is helping serve the needs of small businesses in the assessment area. Please refer to the following table for details.

Distribution of PPP Loans By Loan Size (2021)				
Assessment Area: Hartford-East Hartford, CT CSA				
Loan Size	#	%	\$(000s)	%
<\$100,000	1,323	87.8	30,279	38.5
\$100,000 - \$249,999	123	8.2	18,778	23.9
\$250,000 - \$1,000,000	61	4.0	29,609	37.6
Total	1,507	100.0	78,666	100.0
<i>Source: 1/1/2021 -12/31/2021 Bank Data</i>				
<i>Due to rounding, totals may not equal 100.0</i>				

Community Development Loans

Liberty is a leader in making community development loans in the Hartford-East Hartford, CT CSA assessment area. During the evaluation period, the bank originated 29 community development loans for approximately \$168.1 million. This level of activity is a significant increase in dollar volume from the prior evaluation period, when the bank originated 42 loans, totaling approximately \$67.2 million. The following table illustrates the bank’s community development lending activity in the Hartford-East Hartford, CT CSA assessment area by community development purpose and year.

Community Development Lending										
Assessment Area: Hartford-East Hartford, CT CSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	6	53,763	0	0	1	5,000	3	23,200	10	81,963
2022	5	22,380	3	3,500	1	925	0	0	9	26,805
2023	5	42,733	1	1,800	0	0	2	5,400	8	49,933
YTD 2024	1	2,925	0	0	1	6,500	0	0	2	9,425
Total	17	121,801	4	5,300	3	12,425	5	28,600	29	168,126
<i>Source: Bank Data</i>										

The following are examples of community development loans the bank originated during the evaluation period.

- In 2021, the bank provided a \$5.0 million SBA 7a term loan to a minority owned and operated trucking company to refinance loans used to purchase tractors and trailers. The loan promoted economic development by financing a small business that meets the size eligibility requirements of the SBA and supports permanent job creation and retention for low- and moderate-income individuals.
- In 2023, Liberty originated a \$47.0 million loan to finance the redevelopment of a commercial building into a multifamily residence in a moderate-income tract in West Hartford, CT. The residence will consist of 292 units of which 29 units (10.0 percent) will be affordable; therefore, the bank received community development credit for a pro rata

share of approximately \$4.7 million. This loan helped create affordable housing for low- and moderate-income individuals in the Hartford-East Hartford, CT CSA assessment area.

- In 2024, Liberty made a \$6.5 million loan to support Green Energy projects. The funding financed and assisted in developing a fuel cell plant in New Britain, CT. The plant is in a middle-income tract, which borders a low- and moderate-income census tract. The facility will create 600 new jobs and ultimately support job creation and retention for low- and moderate-income individuals. The loan promoted economic development by financing a small business that meets the size eligibility requirements of the SBA and supports permanent job creation and retention.

INVESTMENT TEST

Liberty demonstrated excellent performance under the Investment Test in the Hartford-East Hartford, CT CSA assessment area. The bank's excellent performance in Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria primarily supports this conclusion. The following sections discuss the bank's performance under each criterion.

Investment and Grant Activity

Liberty has an excellent level of qualified community development investments, grants and donations, often in a leadership position, particularly those that are not routinely provided by private investors. The bank made 294 qualified investments and donations totaling approximately \$25.6 million. Equity investments at the prior evaluation consisted primarily of MBSs and other statewide investments that benefited this assessment area. Liberty's grant and donation level of activity is a significant increase from the 215 grants and donations totaling \$1.3 million made during the prior evaluation. The following table illustrates the bank's community development investment and donation activity in the assessment area by community development purpose and year.

Qualified Investments										
Assessment Area: Hartford-East Hartford, CT CSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	15	6,395	0	0	0	0	0	0	15	6,395
2021	0	0	0	0	0	0	0	0	0	0
2022	2	2,000	0	0	0	0	0	0	2	2,000
2023	3	9,000	0	0	1	2,500	0	0	4	11,500
YTD 2024	1	3,000	0	0	0	0	0	0	1	3,000
Subtotal	21	20,395	0	0	1	2,500	0	0	22	22,895
Qualified Grants & Donations	42	427	215	2,145	14	99	1	25	272	2,696
Total	63	20,822	215	2,145	15	2,599	1	25	294	25,591

Source: Bank Data

Equity Investments

The bank has 22 equity investments totaling \$22.9 million inside the Hartford-East Hartford, CT CSA assessment area. The bank made 7 new investments totaling \$16.5 million and maintained 15 prior investments with current book values totaling \$6.4 million. The following are examples of the bank's equity investments.

Prior Period Investments

- Liberty maintains 15 CRA-targeted MBSs with a total current book value of \$6.4 million as of April 30, 2024. These MBSs are securitized by home mortgage loans originated in the bank's Hartford-East Hartford, CT CSA assessment area. The majority of underlying mortgages in each MBS were to low- and moderate-income borrowers and support affordable housing.

Current Period Investments

- In 2023, the bank made a \$3.0 million investment in the National Development Council's Corporate Equity Fund XVIII, L.P, (NDCCEF) a \$91.1 million CRA eligible multi-investor Low Income Housing Tax Credit (LIHTC) equity fund. Liberty's full investment, which represents 3.3 percent of the NDCCEF was specifically directed toward the Fund's equity investment in the \$17.8 million development of 42 units of affordable rental housing known as Eagleville Green being developed by the Mansfield Housing Authority in Mansfield, CT.
- In 2024, Liberty made a \$3.0 million "Equity Equivalent" CRA qualified investment (EQ2) in the Hartford Community Loan Fund). The subject investment provided the organization with capital to lend to small developers, who are acquiring or rehabilitating blighted small multifamily residential and mixed-use properties or building new multifamily units on vacant parcels (must contain at least one residential unit) in Greater Hartford. The

investment has a direct benefit of increasing affordable rental housing for low- and moderate-income residents.

Qualified Grants and Donations

During the evaluation period, Liberty and its charitable foundation made 272 qualified grants totaling approximately \$2.7 million. The majority of the bank's donations supported community service and affordable housing organizations that primarily benefit low- and moderate-income individuals and families. The following are examples of those qualified grants and donations.

- ***Local Initiatives Support Corporation (LISC)*** – LISC helps local organizations develop quality affordable housing for low-income and formerly homeless individuals and families, in underserved communities. The bank and its charitable foundation made multiple grants and donations. The bank's support of this organization helped expand access to affordable housing in the Hartford-East Hartford, CT CSA assessment area.
- ***Habitat for Humanity*** – This non-profit affordable housing organization constructs housing for low- and moderate-income households who earn no more than 80.0 percent of the area median income by household size, have a current living situation that is inadequate for the household, and have a serious need for an affordable home. The bank and its charitable foundation made multiple grants and donations. The bank's support of this organization helped expand access to affordable housing in the Hartford-East Hartford, CT CSA assessment area.
- ***International Hartford*** – This non-profit organization works with immigrants and refugees to provide resources, education, and support to start their own small businesses. Services offered include access to capital, financial counseling, help with marketing research, and business classes. The bank's charitable foundation made multiple grants to this organization. The bank's donations helped support small businesses.
- ***Hartford Promise*** – Hartford Promise is a non-profit organization that provides college scholarships and college success programs to Hartford Public School students. The scholarships remove the financial barrier that many students face who want a college education. Additionally, the College Success Program provides mentoring, peer-to-peer support networks, internships, and other work opportunities. The bank's charitable foundation provided grants to this organization in 2021 and 2024. A majority of students attending Hartford Public schools are eligible for free or reduced lunch. The bank's support of this organization provided access to higher education to low- and moderate-income students.
- ***Food Pantries and Soup Kitchens*** – The bank and its charitable foundation provided grants and donations totaling more than \$81,000 to food pantries, soup kitchens, and organizations that provide resources for low- and moderate-income individuals and families who are faced with food insecurities.

Responsiveness to Credit and Community Development Needs

The bank exhibits excellent responsiveness to credit and community development needs. The bank's qualified investments have community development purposes that benefit communities throughout the entire assessment area and address community development needs identified by the community contact. The community contact identified affordable housing as a critical need in the assessment area, and the bank more than doubled their investments and grants to affordable housing-related initiatives within the Hartford-East Hartford, CT CSA assessment area since the prior evaluation period. Specifically, the bank increased its equity investments in affordable housing from approximately \$6.7 million to \$20.4 million. In addition, the bank donated to numerous community service organizations that provide resources and support to low- and moderate-income individuals and families.

Community Development Initiatives

The bank makes significant use of innovative and complex investments to support community development initiatives. The bank's continued focus on renewable energy investments and multi-year grant commitments exhibit uncommon, innovative investments in the Hartford-East Hartford, CT CSA assessment area. Further, the LIHTC and EQ2 community development investments in the assessment area have complexities, unusual risk factors, generally lower return expectations, complicated tax structures and underwriting, and long-term administrative costs that make the investments less routine or likely for other corporations to fund. The LIHTC is especially complex and requires notable expertise from bank personnel, as the financial benefit to the institution requires determining the tax benefit implications of the investment as well as requiring coordination among project developers, housing credit agencies, and LIHTC investors for the project to meet the requirements of a low-income project.

SERVICE TEST

Liberty demonstrated excellent performance under the Service Test in the Hartford-East Hartford, CT CSA assessment area. The bank's excellent performance under the Accessibility of Delivery Systems and Community Development Services criteria supports this conclusion. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the Hartford-East Hartford, CT CSA assessment area. The bank operates 37 branches, or 68.7 percent of its branches, and 51 ATMs, or 73.9 percent of its ATMs, in this assessment area. All branches have at least one ATM onsite, most with 24-hour access. All ATMs offer both English and Spanish language preferences. Of the 51 ATMs, two are stand-alone full-service ATMs. The following table illustrates the branch and ATM distribution by tract income level.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Hartford-East Hartford, CT CSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	45	12.3	144,453	10.1	0	0	1	2.0
Moderate	63	17.2	249,981	17.4	7	18.9	10	19.6
Middle	145	39.6	588,898	41	21	56.8	26	51.0
Upper	102	27.9	442,284	30.8	9	24.3	14	27.4
NA	11	3	9,994	0.7	0	0	0	0
Total	366	100.0	1,435,610	100.0	37	100.0	51	100.0

Source: 2020 U.S. Census Data; Bank Data

Liberty operates seven branches and ten ATMs in moderate-income tracts. There are no branches and only one ATM (located at a LPO) in low-income census tracts. However, the bank operates several branches that are located outside of, but accessible to low- and moderate-income geographies. For example, the Bloomfield, West Hartford, and Wethersfield branches are readily accessible to all low- and moderate-income census tracts located in the City of Hartford, which contains the majority of low-income census tracts in the assessment area and a large number of moderate-income census tracts. In addition, the New Britain branch is located in a moderate-income census tract and accessible to the eight low-income and six other moderate-income census tracts in the area.

Liberty's alternative delivery systems, including remote deposit capture, internet, telephone, and mobile banking; and Apple, Google, and Samsung Pay expand access to retail banking services. Although these services are not targeted specifically to low- and moderate-income individuals or geographies, they benefit and increase accessibility for all customers in the assessment area.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems. The bank opened one new full-service branch in Rocky Hill in 2023, which is in a middle-income census tract. Liberty closed five branches in the Hartford-East Hartford, CT CSA assessment area during the evaluation period. The branches were in Bristol, Essex, New London, West Hartford, and Wethersfield. The Essex and West Hartford branches were in upper-income census tracts, the Bristol and Wethersfield branches were in middle-income census tracts, and the New London branch was in a low-income census tract. Although the bank closed a branch in a low-income census tract in New London (November 2021), customers have access to another branch in Waterford approximately two miles away.

The bank operates two LPOs in the City of Hartford. One LPO offers commercial loan products only and is in a middle-income census tract. The second LPO, which is in a low-income census tract, is new since the prior evaluation. The LPO was opened in February 2021 and offers home mortgage loan products. Both LPOs are in approximately 2 to 4 miles to other low- and moderate-income areas. Further, loan officers are willing and available to meet with applicants wherever convenient.

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 individuals or geographies. All retail branches offer the same loan and deposit products and services. The bank maintains similar hours at all locations. Branch hours are from 9:00 AM to 4:00 PM Monday through Wednesday, 9:00 AM to 5:00 PM Thursday through Friday, and 9:00 AM to 12:00 PM on Saturday.

Community Development Services

Liberty is a leader in providing community development services. During the evaluation period, bank employees provided 575 instances of financial expertise or technical assistance to community development organizations in the Hartford-East Hartford, CT CSA assessment area. This is a significant increase from the prior evaluation period, during which bank employees provided 223 instances of financial expertise or technical assistance. The following table illustrates community development services by year and by purpose.

Community Development Services Assessment Area: Hartford-East Hartford, CT CSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	79	87	1	0	167
2022	55	105	8	0	168
2023	27	158	5	0	190
YTD 2024	5	43	2	0	50
Total	166	393	16	0	575
<i>Source: Bank Data</i>					

The following are notable examples of the bank’s community development services.

Employee Involvement

- ***HOPE Partnership Inc.*** – HOPE Partnership is a non-profit organization that develops affordable housing in the assessment area. HOPE is focused on finding housing solutions for low- and moderate-income individuals. A retail banking employee served on the organization’s Board in 2021 and 2022.
- ***Hartford Community Loan Fund Inc.*** – This is a CDFI which offers construction-rehabilitation loans to renovate residential and mixed-use properties to create homeownership or affordable housing opportunities for low- and moderate-income individuals. An employee served on the organization’s Board in 2022 and 2023.
- ***Eastern Connecticut Housing Opportunities, Inc. (ECHO)*** – This organization works with local, state, and federal government agencies to obtain the funding and incentives for

affordable housing development. A retail banking employee served on the ECHO's Board in 2021, 2022, and 2023.

- ***The Fund for Greater Hartford*** – The Fund for Greater Hartford is a foundation which provides financial support to non-profit organizations in greater Hartford. A majority of the grants are awarded to organizations which provide community services to low- and moderate-income individuals. An employee served on the organization's Board in 2022 and 2023.
- ***New London Homeless Hospitality Center, Inc.*** – This organization provides community services to individuals facing homelessness, including shelter, food, and permanent housing assistance. A retail banking employee served on the organization's Board in 2022 and 2023.
- ***Community Economic Development Fund*** – The Community Economic Development Fund provides business loans to business borrowers with household incomes below the state median. A lending employee served as a Loan Committee member for this fund in 2022

Educational Services and Seminars

- ***Credit for Life Fairs*** – During the evaluation period, the bank hosted eight Credit for Life Fairs at schools in the assessment area in which a majority of the students are eligible free or reduced lunch. The bank's involvement in Credit for Life Fairs at these schools provided financial literacy to low- and moderate-income students within the assessment area.
- ***First-Time Homebuyer Seminars*** – Throughout the evaluation period, the bank participated in 39 first-time homebuyer seminars in the assessment area. The bank's participation in these seminars helped provide access to affordable housing for low- and moderate-income individuals and families in the assessment area through financial literacy.

NEW HAVEN-MILFORD, CT MSA ASSESSMENT AREA Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NEW HAVEN-MILFORD, CT MSA ASSESSMENT AREA

Liberty operates 14 or 25.9 percent of its 54 branches in the New Haven-Milford, CT MSA assessment area. The New Haven-Milford, CT MSA represents 31.4 percent of the total number of census tracts in the bank's assessment areas, 31.3 percent of the bank's loans, and 18.1 percent of the bank's deposits. The assessment area includes the entirety of New Haven County.

Economic and Demographic Data

The New Haven-Milford, CT MSA assessment area has not changed since the prior evaluation. However, the number and income designation of census tracts changed due to the updated 2020

U.S. Census data. According to the 2015 ACS data, the New Haven-Milford, CT MSA assessment area had 190 census tracts with the following income designations:

- 31 low-income tracts,
- 40 moderate-income tracts,
- 56 middle-income tracts,
- 61 upper-income tracts, and
- 2 census tracts with no income designation

According to the 2020 U.S. Census, the New Haven-Milford, CT MSA assessment area now contains 199 census tracts, with the following income designations:

- 29 low-income tracts,
- 45 moderate-income tracts,
- 54 middle-income tracts,
- 70 upper-income tracts, and
- 1 census tract with no income designation

There are no underserved or distressed nonmetropolitan middle-income geographies within the assessment area. There are 19 OZs throughout the assessment area. The OZ Program provides incentives for investing in certain census tracts to encourage growth in low-income areas. The following table illustrates select demographic characteristics of the New Haven-Milford, CT MSA assessment areas.

Demographic Information of the Assessment Area						
Assessment Area: New Haven-Milford, CT MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	199	14.6	22.6	27.1	35.2	0.5
Population by Geography	864,835	13.0	22.9	28.0	36.1	0.0
Housing Units by Geography	367,990	12.9	22.6	28.9	35.5	0.0
Owner-Occupied Units by Geography	206,810	4.3	16.5	32.3	46.9	0.0
Occupied Rental Units by Geography	125,955	25.0	31.7	24.8	18.5	0.0
Vacant Units by Geography	35,225	19.9	26.2	24.2	29.7	0.0
Businesses by Geography	133,782	11.8	18.7	27.7	41.8	0.0
Farms by Geography	3,165	7.2	15.0	26.1	51.7	0.0
Family Distribution by Income Level	208,171	22.9	16.9	19.1	41.2	0.0
Household Distribution by Income Level	332,765	25.6	15.4	16.5	42.5	0.0
Median Family Income MSA - 35300 New Haven-Milford, CT MSA		\$92,508	Median Housing Value			\$245,516
			Median Gross Rent			\$1,185
			Families Below Poverty Level			7.8%
<i>Source: 2020 U.S. Census and 2023 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>						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown in the previous table, owner-occupancy rates in low- and moderate-income census tracts are low, limiting the bank’s home mortgage lending opportunities in those tracts. Housing costs are also low in the assessment area. The median housing cost of \$245,516 is less than the U.S. average of \$387,600 and the CT average of \$312,224.

Examiners used the FFIEC-updated MFI levels to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the MFI ranges in the New Haven-Milford, CT MSA assessment area in 2021, 2022, and 2023.

Median Family Income Ranges				
Assessment Area: New Haven-Milford, CT MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
New Haven-Milford, CT MSA Median Family Income (35300)				
2021 (\$91,600)	<\$45,800	\$45,800 to <\$73,280	\$73,280 to <\$109,920	≥\$109,920
2022 (\$99,200)	<\$49,600	\$49,600 to <\$79,360	\$79,360 to <\$119,040	≥\$119,040
2023 (\$110,800)	<\$55,400	\$55,400 to <\$88,640	\$88,640 to <\$132,960	≥\$132,960
<i>Source: FFIEC</i>				

According to 2023 D&B data, 133,782 non-farm businesses operate in the New Haven-Milford, CT MSA assessment area. The following reflects the GARs for these businesses.

- 91.3 percent have \$1.0 million or less
- 2.6 percent have more than \$1.0 million, and
- 6.1 percent have unknown revenues.

Service industries represent the largest portion of businesses at 35.5 percent; followed by non-classifiable establishments (24.0 percent); finance, insurance, and real estate (10.5 percent); retail trade (10.0 percent); and construction (8.8 percent). In addition, 64.2 percent of area businesses have four or fewer employees and 94.8 percent operate from a single location.

According to the U.S. BLS, unemployment rates increased significantly during the COVID-19 pandemic. In 2021, New Haven County experienced an unemployment rate that exceeded the state rate, but was below the national rate. In 2022 and 2023, the unemployment rate in the assessment area continued to decline and was in-line with the state and slightly higher than the national rate. The following table illustrates the average annual unemployment rate in the New Haven-Milford, CT MSA assessment area, statewide, and nationally.

Unemployment Rates			
Assessment Area: New Haven-Milford, CT MSA			
Area	2021	2022	2023
	%	%	%
New Haven County	6.7	4.2	3.9
Connecticut	6.4	4.1	3.8
National Average	8.1	3.6	3.7
<i>Source: U.S. BLS</i>			

Competition

The New Haven-Milford, CT MSA assessment area is competitive for financial services. According to FDIC Market Share data as of June 30, 2023, 22 financial institutions operate 215 offices in the assessment area. Of these, Liberty ranked 10th with 4.1 percent market share. Bank of America, N.A.; Wells Fargo Bank, N.A.; and Webster Bank, N.A. were the top three institutions

with a combined market share of 43.2 percent. Liberty was the second ranked state-chartered community bank, behind Ion Bank, which ranked 7th with 5.3 percent market share.

The bank faces a high level of competition for home mortgage loans from national banks, non-depository mortgage lenders, and other state-chartered community banks. In 2021, 484 lenders reported 37,756 residential mortgage loans within the New Haven-Milford, CT MSA assessment area. Liberty ranked 19th with 1.6 percent market share. In 2022, 446 lenders reported 22,604 residential mortgage loans. Liberty ranked 10th with 2.3 percent market share. Liberty was the top-ranked state-chartered community bank in both years. The financial institutions that ranked ahead of Liberty were large national banks and mortgage companies.

There is also a high level of competition for small business loans from national banks, regional banks, and other state-chartered community banks in the assessment area. In 2021, 159 lenders reported 28,009 small business loans within the New Haven-Milford, CT MSA assessment area. Liberty ranked 15th with 2.4 percent market share and was the 2nd ranked state-chartered community bank. The financial institutions that ranked ahead of Liberty were large national banks, mortgage companies, and Ion Bank, a CT state-chartered bank. In 2022, 125 lenders reported 23,677 small business loans within the assessment area. Liberty ranked 18th with 1.0 percent market share and was the top-ranked state-chartered community bank.

Community Contact

Examiners reviewed a recent community contact with an organization that serves the New Haven-Milford, CT MSA assessment area. The organization develops affordable housing for low- and moderate-income individuals and helps revitalize neighborhoods in the assessment area. The contact noted that recent changes in the housing market have adversely affected affordability for first-time home buyers. Specifically, the high interest rates, real estate taxes, and home prices have presented obstacles for potential home buyers. The contact also noted that rental rates have significantly increased in the area, creating another challenge for low- and moderate-income individuals. The contact stressed the need for additional down payment and closing cost assistance programs for low- and moderate -income home buyers. The contact also noted the need for more mixed-use properties and small business financing to help revitalize the assessment area.

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, financial literacy, and down payment assistance programs are the area's primary community development needs. Flexible loan products are primary credit needs for low- and moderate-income borrowers and small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NEW HAVEN-MILFORD, CT MSA ASSESSMENT AREA

LENDING TEST

Liberty demonstrated excellent performance under the Lending Test in the New Haven-Milford, CT MSA assessment area. The bank's excellent performance under the Lending Activity, Geographic Distribution, and Community Development Loans criteria supports this conclusion. The following sections detail the bank's performance under each criterion.

Lending Activity

The bank's lending levels reflect excellent responsiveness to assessment area credit needs. In 2021, 2022, and 2023, Liberty originated or purchased 1,583 home mortgage loans totaling approximately \$691.9 million and originated 1,127 small business loans totaling approximately \$108.5 million inside the New Haven-Milford, CT MSA assessment area. The trends identified for this assessment area are the same as those discussed in the overall Lending Activity section. Home mortgage lending was relatively stable throughout the evaluation period; however, there were fluctuations in small business lending due to the SBA's PPP.

The Competition section includes details regarding the bank's market share rankings for home mortgage and small business lending. Liberty was the top-ranked state-chartered community lender for home mortgage lending throughout the evaluation period and the 2nd ranked state-chartered community lender in 2021 and top-ranked state-chartered community lender in 2022 for small business lending. Home mortgage lending within the assessment area increased 65.7 percent since the prior evaluation. In addition, the bank increased its market share for home mortgage loans from 1.6 percent in 2021 to 2.3 percent in 2022.

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects excellent penetration throughout the New Haven-Milford, CT MSA assessment area. The bank's excellent home mortgage and good small business lending performance supports this conclusion. Examiners gave greater weight to home mortgage lending than small business lending, since the volume of loans was greater during the evaluation period. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. In 2021 and 2022, the bank's percentage of loans in low-income census tracts exceeded both the percentage of owner-occupied units and aggregate performance. In 2023, lending activity continued to exceed demographics. Market share reports for 2021 and 2022 showed that Liberty ranked in the top 5.0 percent of institutions lending in low-income geographies and was the top-ranked state-chartered community bank each year.

Liberty’s performance in moderate-income census tracts exceeded area demographics and aggregate performance in 2021. In 2022, the bank’s performance exceeded demographics, but was below aggregate performance. In 2023, lending activity declined, falling below demographics. Market share reports for 2021 and 2022 showed that Liberty was the top-ranked state-chartered community bank for lending in moderate-income geographies each year. The level of competition for home mortgage loans in the assessment area and the bank’s market share rankings support the excellent conclusion.

Geographic Distribution of Home Mortgage Loans Assessment Area: New Haven-Milford, CT MSA							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2021	4.3	3.9	66	11.1	37,175	18.7
	2022	4.3	5.3	33	6.4	33,711	11.2
	2023	4.3	--	24	5.1	5,923	3.1
Moderate							
	2021	16.7	15.8	126	21.1	22,506	11.3
	2022	16.5	19.1	90	17.4	20,542	6.8
	2023	16.5	--	65	13.9	11,989	6.3
Middle							
	2021	33.9	32.9	155	26.0	52,241	26.3
	2022	32.3	31.6	136	26.3	46,652	15.5
	2023	32.3	--	144	30.8	43,021	22.5
Upper							
	2021	45.0	47.4	250	41.9	86,673	43.6
	2022	46.9	44.1	259	50.0	201,040	66.6
	2023	46.9	--	235	50.2	130,490	68.2
Not Available							
	2021	0.0	0.0	0	0.0	0	0.0
	2022	0.0	0.0	0	0.0	0	0.0
	2023	0.0	--	0	0.0	0	0.0
Totals							
	2021	100.0	100.0	597	100.0	198,595	100.0
	2022	100.0	100.0	518	100.0	301,946	100.0
	2023	100.0	--	468	100.0	191,422	100.0
<i>Source: 2015 ACS and 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>							

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. In 2021, the bank's performance in low-income census tracts was below area demographics, but exceeded aggregate performance. In 2022, the bank's performance exceeded both demographics and aggregate performance. Market share reports for 2021 showed that Liberty ranked 2nd among state-chartered community banks, outperformed by Ion Bank, a local community bank and large national banks. In 2022, Liberty was the top-ranked state-chartered community bank, outperformed by large national banks and credit card lenders.

The bank's performance in moderate-income census tracts was below demographics and aggregate performance during the evaluation period. Despite this, market share reports for 2021 showed that Liberty ranked 3rd among state-chartered community banks, outperformed by Ion Bank and Cross River Bank. In 2022, the bank was the top-ranked state-chartered community bank, outperformed by large national banks and credit card lenders. The level of competition for small business loans in the assessment area and the bank's market share rankings support the good conclusion.

Geographic Distribution of Small Business Loans						
Assessment Area: New Haven-Milford, CT MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	11.6	8.9	71	10.6	4,041	8.0
2022	11.6	8.5	32	13.9	3,414	12.5
2023	11.8	--	23	10.2	2,357	7.6
Moderate						
2021	16.9	15.7	93	13.8	5,730	11.4
2022	18.3	17.2	35	15.2	3,770	13.8
2023	18.7	--	27	12.0	4,080	13.2
Middle						
2021	31.8	33.7	246	36.6	19,784	39.4
2022	27.8	28.8	77	33.5	10,379	38.0
2023	27.7	--	70	31.1	8,998	29.1
Upper						
2021	39.4	41.5	260	38.7	20,464	40.7
2022	42.3	45.5	86	37.4	9,753	35.7
2023	41.8	--	105	46.7	15,493	50.1
Not Available						
2021	0.3	0.2	2	0.3	241	0.5
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	672	100.0	50,260	100.0
2022	100.0	100.0	230	100.0	27,316	100.0
2023	100.0	--	225	100.0	30,928	100.0
<i>Source: 2021, 2022 & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects good penetration among individuals of different incomes and businesses of different sizes in the New Haven-Milford, CT MSA assessment area. The bank's good performance of home mortgage and excellent performance of small business lending support this conclusion. Examiners gave greater weight to home mortgage than small business lending, since the volume of loans was greater during the evaluation period. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers and small business loans by number to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of borrowers reflects good penetration among individuals of different income levels. As shown in the following table, the bank's lending to low-income borrowers was below aggregate performance in 2021 and 2022. The bank's and the aggregate's level of lending was below the percentage of low-income families in 2021 and 2022. In 2023, the bank's performance was also below demographics. However, low-income families in the New Haven-Milford, CT MSA assessment area, earning less than \$49,600, may have difficulty qualifying for a mortgage under conventional underwriting standards. Additionally, 7.8 percent of families in this assessment area are below the poverty level. These factors help explain the disparity between lending to low-income families and the percentage of low-income families.

Liberty's lending to moderate-income borrowers exceeded the area demographics for all three years. The bank's performance was comparable to aggregate performance in 2021 and below aggregate performance in 2022. Market share reports for 2021 and 2022 showed Liberty as the top-ranked state-chartered community bank lending to both low- and moderate-income individuals, demonstrating good performance.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: New Haven-Milford, CT MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	23.5	5.6	26	4.4	3,187	1.6
2022	22.9	7.0	25	4.8	2,801	0.9
2023	22.9	--	25	5.3	2,032	1.1
Moderate						
2021	16.4	20.9	120	20.1	17,989	9.1
2022	16.9	23.0	97	18.7	13,019	4.3
2023	16.9	--	92	19.7	13,119	6.9
Middle						
2021	18.9	23.5	139	23.3	25,194	12.7
2022	19.1	23.5	142	27.4	24,746	8.2
2023	19.1	--	124	26.5	19,891	10.4
Upper						
2021	41.2	35.5	296	49.6	72,497	36.5
2022	41.2	32.1	239	46.1	66,252	21.9
2023	41.2	--	213	45.5	65,940	34.4
Not Available						
2021	0.0	14.5	16	2.7	79,728	40.1
2022	0.0	14.4	15	2.9	195,127	64.6
2023	0.0	--	14	3.0	90,440	47.2
Totals						
2021	100.0	100.0	597	100.0	198,594	100.0
2022	100.0	100.0	518	100.0	301,945	100.0
2023	100.0	--	468	100.0	191,423	100.0
<i>Source: 2015 ACS and 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects excellent penetration of loans to businesses with GARs of \$1.0 million or less. As shown in the following table, Liberty's performance was well below aggregate data in 2021, but improved to 75.7 percent, significantly exceeding aggregate in 2022. Performance fell below the percentage of businesses in 2021, 2022, and 2023. Although performance was less than the demographics, the bank originated 511 loans in 2021 where GAR information was not available. PPP loans comprised a significant portion of these loans since PPP applicants were not required to provide revenue information.

The large number of small business loans in the “Revenue Not Available” category distorts the results for 2021. Only 161, or 23.9 percent, of the bank’s small business loans in 2021 included revenue information. Of these 161 small business loans, Liberty originated 70.2 percent to businesses with GARs of \$1.0 million or less, which exceeds 2021 aggregate performance and is consistent with the bank’s 2022 percentage. Furthermore, market share reports for 2021 and 2022, showed Liberty as the top-ranked state-chartered community bank lending to businesses with GARs of \$1.0 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: New Haven-Milford, CT MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2021	89.2	45.5	113	16.8	11,502	22.9
2022	90.4	52.7	174	75.7	13,055	47.8
2023	91.3	--	155	68.9	12,336	39.9
>\$1,000,000						
2021	3.5	--	48	7.1	12,508	24.9
2022	2.9	--	56	24.3	14,261	52.2
2023	2.7	--	70	31.1	18,592	60.1
Revenue Not Available						
2021	7.3	--	511	76.0	26,250	52.2
2022	6.6	--	0	0.0	0	0.0
2023	6.1	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	672	100.0	50,260	100.0
2022	100.0	100.0	230	100.0	27,316	100.0
2023	100.0	--	225	100.0	30,928	100.0
<i>Source: 2021, 2022 & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

As borrower revenue data is unavailable for PPP loans, examiners evaluated PPP loans using loan size as a proxy. A majority of PPP loans originated in 2021 had loan sizes less than \$100,000. Furthermore, 97.3 percent of PPP loans had loan sizes below \$250,000. The high percentage of lower loan amounts further supports the excellent conclusion. Refer to the following table for details.

Distribution of PPP Loans By Loan Size (2021)				
Assessment Area: New Haven-Milford, CT MSA				
Loan Size	#	%	\$(000s)	%
<\$100,000	447	87.5	10,848	41.3
\$100,000 - \$249,999	50	9.8	8,100	30.9
\$250,000 - \$1,000,000	14	2.7	7,302	27.8
Total	511	100.0	26,250	100.0
<i>Source: 1/1/2021 -12/31/2021 Bank Data</i>				
<i>Due to rounding, totals may not equal 100.0%</i>				

Community Development Loans

Liberty is a leader in making community development loans in the New Haven-Milford, CT MSA assessment area. During the evaluation period, the bank originated 23 community development loans for approximately \$80.7 million. This level of activity is a significant increase from the prior evaluation period, when the bank originated 17 loans, totaling approximately \$38.0 million. The following table illustrates the bank’s community development lending activity in the New Haven-Milford, CT MSA assessment area by community development purpose and year.

Community Development Lending										
Assessment Area: New Haven-Milford, CT MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	7	6,922	0	0	2	7,738	1	22,500	10	37,160
2022	7	8,370	0	0	1	760	1	25,000	9	34,130
2023	1	7,000	1	905	2	1,500	0	0	4	9,405
YTD 2024	0	0	0	0	0	0	0	0	0	0
Total	15	22,292	1	905	5	9,998	2	47,500	23	80,695
<i>Source: Bank Data</i>										

The following are examples of community development loans the bank originated during the evaluation period.

- In 2021, Liberty originated a \$22.5 million loan to construct a six-story, 104-unit, multifamily apartment building in a low-income census tract located in New Haven, CT. The subject property is also located within an area designated as an OZ by the state and is part of the city’s Downtown Crossing revitalization project. The loan promoted revitalization and stabilization of a low-income geography.
- In 2021, the bank originated a \$6.8 million loan to redevelop an industrial site, previously designated as a Brownfield site, into a commercial site for businesses such as biotechnology, manufacturing, warehousing, e-commerce, and a data center. Cleaning up and reinvesting in

these sites increases economic development in the area, by attracting new businesses to a low-income area and creating jobs for low- and moderate-income individuals.

- In 2022, the bank originated a \$1.5 million line of credit to a CDFI whose primary mission is to provide construction and/or permanent financing to acquire, construct, and rehabilitate rental housing for low- and moderate-income families in the Greater Waterbury area. The bank's support of this organization helped create affordable housing in the New Haven-Milford, CT MSA assessment area.
- In 2022, the bank originated a \$2.0 million loan to a CDFI located in Wallingford, CT. The funds support a community loan fund used to address the homelessness crisis by creating more affordable housing, with a primary focus on affordable housing lending throughout Greater New Haven. The bank's support of this organization helped create greater access to affordable housing for low- and moderate-income individuals.

INVESTMENT TEST

Liberty demonstrated excellent performance under the Investment Test in the New Haven-Milford, CT MSA assessment area. The bank's excellent performance in Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria primarily supports this conclusion. The following sections discuss the bank's performance under each criterion.

Investment and Grant Activity

Liberty has an excellent level of qualified community development investments, grants, and donations, often in a leadership position, particularly those that are not routinely provided by private investors. The bank made 139 qualified investments and donations totaling approximately \$10.8 million. Equity investments at the prior evaluation consisted primarily of MBSs and other statewide investments that benefited this assessment area. Liberty's level of grant and donation activity is a significant increase from the 94 grants and donations totaling \$474,300 made during the prior evaluation period. The following table illustrates the bank's community development investment and donation activity in the assessment area by community development purpose and year.

Qualified Investments										
Assessment Area: New Haven-Milford, CT MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	3	1,833	0	0	0	0	0	0	3	1,833
2021	1	500	1	1,000	1	1,000	0	0	3	2,500
2022	0	0	1	500	0	0	0	0	1	500
2023	2	2,488	0	0	0	0	0	0	2	2,488
YTD 2024	0	0	0	0	1	2,500	0	0	1	2,500
Subtotal	6	4,821	2	1,500	2	3,500	0	0	10	9,821
Qualified Grants & Donations	27	296	94	611	8	74	0	0	129	981
Total	33	5,117	96	2,111	10	3,574	0	0	139	10,802
<i>Source: Bank Data</i>										

Equity Investments

The bank has 10 equity investments totaling \$9.8 million inside the New Haven-Milford, CT MSA assessment area. The bank made seven new investments totaling \$8.0 million and maintained 3 prior investments with current book values totaling \$1.8 million. The following are examples of the bank's equity investments.

Prior Period Investments

- Liberty continues to hold three prior period investments with a current book value of approximately \$1.8 million, consisting primarily of MBSs that benefitted low- and moderate-income individuals and promote affordable housing throughout the New Haven-Milford, CT MSA assessment area.

Current Period Investments

- In 2024, Liberty made a \$2.5 million EQ2 CRA qualified investment in a New Haven Equitable Entrepreneurial Ecosystem initiative. The subject investment provided equity capital to launch a small business revolving loan fund. The fund provides short-term capital loans to minority-owned small businesses. Each business owner also receives technical assistance in connection with each loan.
- In 2021, Liberty made a \$1.0 million EQ2 CRA qualified investment in Capital for Change (C4C), a CDFI, in order to establish a Liberty Bank Non-Profit Loan Pool. C4C uses the investment to establish and capitalize a loan fund that will provide term loans, lines of credit, and/or bridge loans exclusively to non-profit community services organizations within Liberty's New Haven County market area. C4C will leverage this "seed" investment to attract other capital sources thereby enabling expansion of the program.

- In 2021, the bank invested \$1.0 million in Mizzen Capital, a women-owned certified SBIC) Fund. Mizzen Capital provides flexible capital loans to support the growth of underserved woman and minority middle market small business enterprises.

Qualified Grants and Donations

During the evaluation period, Liberty and its charitable foundation made 129 qualified grants and donations totaling approximately \$981,000. The majority of the bank's grants and donations supported community service and affordable housing organizations that primarily benefit low- and moderate-income individuals and families. The following are examples of those qualified grants and donations.

- ***New Reach*** –The bank made \$35,000 in grants to support this organization's affordable housing program.
- ***Beulah Land Development Corporation*** – Liberty's charitable foundation made a grant of \$25,000 to support the organization's new affordable housing project in New Haven. The grant will support the construction of 69 affordable apartments with 80.0 percent reserved for low- and moderate-income families. The bank's support of this organization helped expand access to affordable housing in the New Haven-Milford, CT MSA assessment area.
- ***Connecticut Partnership of Children, Inc.*** – The bank made grants totaling \$12,000 to support this organization's programming. This organization provides community services to low- and moderate-income children, including food and clothing.

Responsiveness to Credit and Community Development Needs

The bank exhibits excellent responsiveness to credit and community development needs. The bank's qualified investments have community development purposes that benefit communities throughout the entire assessment area and address community development needs identified by interviews with the community contact. The community contact identified affordable housing as a critical need in the assessment area, and the bank more than doubled their donations and grants to affordable housing related initiatives within New Haven-Milford, CT MSA assessment area since the prior evaluation period. Compared to the prior evaluation period, the bank increased its donations to affordable housing initiatives from approximately \$40,000 to \$296,000. In addition, the bank donated to numerous community service organizations providing resources and support to low- and moderate-income individuals and families.

Community Development Initiatives

The bank did not use innovative or complex investments to support community development initiatives in this assessment area during the evaluation period.

SERVICE TEST

Liberty demonstrated excellent performance under the Service Test in the New Haven-Milford, CT MSA assessment area. The bank’s excellent performance in the Accessibility of Delivery Systems and Community Development Services criteria supports this conclusion. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the New Haven-Milford, CT MSA assessment area. The bank operates 14 branches, or 25.9 percent of its branches, and 16 ATMs, or 23.2 percent of its ATMs, in this assessment area. All branches have at least one ATM onsite, most with 24-hour access. All ATMs offer both English and Spanish language preferences. The following table illustrates the branch and ATM distribution by tract income level.

Branch and ATM Distribution by Geography Income Level Assessment Area: New Haven-Milford, CT MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	29	14.6	111,998	13	0	0	0	0
Moderate	45	22.6	197,942	22.9	3	21.4	3	18.7
Middle	54	27.1	242,550	28	7	50	9	56.3
Upper	70	35.2	312,345	36.1	4	28.6	4	25.0
NA	1	0.5	0	0	0	0	0	0
Total	199	100.0	864,835	100.0	14	100.0	16	100.0

Source: 2020 U.S. Census Data; Bank Data

Liberty operates three branches and ATMs in moderate-income tracts. There are no branches or ATMs located in low-income census tracts. However, the bank operates several branches that are outside of, but accessible to low- and moderate-income geographies. For example, the two branches in New Haven, one in a moderate-income census tract and one in an upper-income census tract, are readily accessible to all low- and moderate-income census tracts located in the City of New Haven, which contains a majority of the low-income census tracts in the assessment area and a large number of the moderate-income census tracts. In addition, the Waterbury branch is in a moderate-income census tract. It is accessible to the 11 low-income and 14 other moderate-income census tracts in the area.

The bank’s alternative delivery systems expand access to retail banking services. As stated, Liberty’s alternative delivery channels include remote deposit capture, internet, telephone, and mobile banking, as well as Samsung, Google, and Apple Pay. Although these services are not targeted specifically to low- and moderate-income individuals or geographies, they benefit and increase accessibility for all customers in the assessment area.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems. Liberty closed two branches in the New Haven-Milford, CT MSA assessment area during the evaluation period. The branches were in Beacon Falls and Southbury and were both in upper-income census tracts. The bank operates one LPO that only offers commercial loan products and is in an upper-income census tract. Further, loan officers are willing and available to meet with applicants wherever convenient.

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 individuals or geographies. All retail branches offer the same loan and deposit products and services. The bank maintains similar hours at all locations. Branch hours are from 9:00 AM to 4:00 PM Monday through Wednesday, 9:00 AM to 5:00 PM Thursday through Friday, and 9:00 AM to 12:00 PM on Saturday.

Community Development Services

Liberty is a leader in providing community development services. Bank employees provided 124 instances of financial expertise or technical assistance to community development organizations in the New Haven-Milford, CT MSA assessment area. This is a significant increase from the prior evaluation period, during which bank employees provided 54 instances of financial expertise or technical assistance. The following table illustrates community development services by year and purpose.

Community Development Services					
Assessment Area: New Haven-Milford, CT MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	5	9	1	0	15
2022	9	10	16	0	35
2023	18	17	12	0	47
YTD 2024	14	7	6	0	27
Total	46	43	35	0	124
<i>Source: Bank Data</i>					

The following are notable examples of the bank’s community development services.

- ***Columbus House*** – This organization provides shelter and affordable housing services to low- and moderate-income individuals in the assessment area. A lending employee has served on the Board since 2022.

- ***Family Centered Services of Connecticut*** – This organization offers various programs which provide community services to low- and moderate-income individuals, including essential needs such as food, mental health services, education, and legal assistance. A retail banking employee served on the Board in 2023.
- ***Meriden Economic Development Corporation (MEDC)*** – MEDC is an economic development corporation which creates initiatives to support Meriden’s economic development priorities. A retail banking employee has served on the Board since 2021.

Educational Services and Seminars

- ***Credit for Life Fairs*** – The bank hosted three Credit for Life Fairs at schools in the assessment area in which a majority of the students are eligible for free or reduced lunch. The bank’s involvement in Credit for Life Fairs at these schools provided financial literacy to low- and moderate-income students within the assessment area.
- ***First-Time Homebuyer Seminars*** – The bank held three first-time homebuyer seminars in the assessment area. The bank’s participation in these seminars helped provide financial literacy and access to affordable housing for low- and moderate-income individuals and families in the assessment area.
- ***Financial Literacy*** – The bank participated in 26 financial literacy events. The bank’s participation in these events provided community services for low- and moderate-income individuals and families in the assessment area.

WORCESTER, MA-CT MSA ASSESSMENT AREA – Full-Scope Review

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE
WORCESTER, MA-CT MSA ASSESSMENT AREA**

Liberty operates 2 or 3.7 percent, of its 54 branches in the Worcester, MA-CT MSA assessment area. The Worcester, MA-CT MSA represents 0.9 percent of the total number of census tracts in the bank’s assessment areas, 0.6 percent of the bank’s loans, and 3.2 percent of the bank’s deposits. This assessment area comprises the City of Windham and Town of Willimantic in Windham County, CT.

Economic and Demographic Data

The Worcester, MA-CT MSA assessment area has not changed since the prior evaluation. However, the number and income designation of census tracts changed due to the updated 2020 U.S. Census data. According to the 2015 ACS data, Worcester, MA-CT MSA assessment area had five census tracts with the following income designations:

- 3 low-income tracts,
- 2 moderate-income tracts,

- no middle-income tracts, and
- no upper-income tracts

According to the 2020 U.S. Census, the Worcester, MA-CT MSA assessment area now contains six census tracts, with the following income designations:

- 3 low-income tracts,
- 2 moderate-income tracts,
- 1 middle-income tracts, and
- no upper-income tracts

There are no underserved or distressed nonmetropolitan middle-income geographies within the assessment area. There is one OZ located in the Town of Willimantic. The OZ Program provides incentives for investing in certain census tracts to encourage growth in low-income areas. The following table illustrates select demographic characteristics of the Worcester, MA-CT MSA assessment areas.

Demographic Information of the Assessment Area						
Assessment Area: Worcester, MA-CT MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	50.0	33.3	16.7	0.0	0.0
Population by Geography	24,425	57.1	30.0	12.9	0.0	0.0
Housing Units by Geography	9,724	53.2	34.5	12.2	0.0	0.0
Owner-Occupied Units by Geography	3,915	40.2	38.8	21.1	0.0	0.0
Occupied Rental Units by Geography	5,024	64.4	30.8	4.8	0.0	0.0
Vacant Units by Geography	785	47.4	36.8	15.8	0.0	0.0
Businesses by Geography	2,088	65.0	19.3	15.7	0.0	0.0
Farms by Geography	70	38.6	20.0	41.4	0.0	0.0
Family Distribution by Income Level	4,860	48.6	21.3	13.5	16.6	0.0
Household Distribution by Income Level	8,939	42.2	23.7	15.7	18.4	0.0
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$96,860	Median Housing Value			\$153,921
			Median Gross Rent			\$930
			Families Below Poverty Level			18.7%
<i>Source: 2020 U.S. Census and 2023 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>						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown in the previous table, owner-occupancy rates in the low- and moderate-income census tracts are high, increasing home mortgage lending opportunities in those

tracts. Conversely, housing costs are low in the assessment area. The median housing cost of \$153,921 is less than half of both the U.S. average of \$387,600 and the CT average of \$312,224.

Examiners used the FFIEC-updated MFI levels to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the MFI ranges in the assessment area in 2021, 2022 and 2023.

Median Family Income Ranges				
Assessment Area: Worcester, MA-CT MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Worcester, MA-CT MSA Median Family Income (49340)				
2021 (\$96,700)	<\$48,350	\$48,350 to <\$77,360	\$77,360 to <\$116,040	≥\$116,040
2022 (\$107,900)	<\$53,950	\$53,950 to <\$86,320	\$86,320 to <\$129,480	≥\$129,480
2023 (\$115,600)	<\$57,800	\$57,800 to <\$92,480	\$92,480 to <\$138,720	≥\$138,720
<i>Source: FFIEC</i>				

According to 2023 D&B data, 2,088 non-farm businesses operate in the Worcester, MA-CT MSA assessment area. The following reflects the GARs for these businesses.

- 86.6 percent have \$1.0 million or less
- 3.0 percent have more than \$1.0 million, and
- 10.4 percent have unknown revenues.

Service industries represent the largest portion of businesses at 37.5 percent; followed by non-classifiable establishments (19.9 percent); retail trade (13.2 percent); finance, insurance, and real estate (7.7 percent); and construction (7.6 percent). In addition, 63.8 percent of area businesses have four or fewer employees and 90.3 percent operate from a single location.

According to the U.S. BLS, unemployment rates increased significantly during the COVID-19 pandemic. In 2021, Windham County experienced an unemployment rate that mirrored the state rate, but was below the national rate. In 2022 and 2023, the unemployment rate in the assessment area continued to decline and was higher than the state and national rate. The table below illustrates the average annual unemployment rate in the Worcester, MA-CT MSA assessment area, statewide, and nationally.

Unemployment Rates			
Assessment Area: Worcester, MA-CT MSA			
Area	2021	2022	2023
	%	%	%
Windham County	6.4	4.3	3.9
Connecticut	6.4	4.1	3.8
National Average	8.1	3.6	3.7
<i>Source: U.S. BLS</i>			

Competition

The Worcester, MA-CT MSA assessment area is moderately competitive for financial services. According to FDIC Market Share data as of June 30, 2023, four financial institutions operate five offices in the assessment area. Of these, Liberty ranked 1st with 36.4 percent market share. Bank of America, N.A. (28.8 percent); Berkshire Bank (28.1 percent); and Manufactures and Traders Trust Company (6.7 percent) are other institutions that have a physical branch presence within this assessment area.

The bank faces a high level of competition for home mortgage loans from national banks, non-depository mortgage lenders, and other state-chartered community banks. In 2021, 111 lenders reported 579 residential mortgage loans within the Worcester, MA-CT MSA assessment area. Liberty ranked 2nd with 5.5 percent market share and was outperformed only by Rocket Mortgage. In 2022, 109 lenders reported 422 residential mortgage loans. Liberty ranked 1st with 8.5 percent market share.

There is also a high level of competition for small business loans from national banks, regional banks, and other state-chartered community banks in the assessment area. In 2021, 83 lenders reported 2,192 small business loans within the Worcester, MA-CT MSA assessment area. Liberty ranked 12th with 2.3 percent market share. The top three lenders, American Express, N.A.; Bank of America, N.A. and Synchrony Bank captured 33.7 percent of the market share. In 2022, 68 lenders reported 2,221 small business loans within the assessment area. Liberty ranked 26th with 0.3 percent market share. The top three lenders, American Express, N.A.; Synchrony Bank; and JPMorgan Chase Bank, N.A., held 40.2 percent of the market share. Liberty was the 2nd ranked state-chartered community bank in both years. Please note that small business market share data is only available at the county level. The Worcester, MA-CT MSA assessment area does not include full counties.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities.

Examiners contacted a representative of a local community development organization active in the assessment area. The organization primarily serves low- and moderate-income individuals and families in Windham County and the eastern part of CT. The contact identified affordable housing as the primary need in the area, highlighting that low-income renters are cost-burdened, and hourly wages are not sufficient to afford even basic housing. The contact stated the need for a wider variety of community services for individuals and families experiencing hardship. The contact also identified needs for financial literacy, credit repair programs, and flexible credit products, and low-barrier small dollar loans to support the needs of low- and moderate-income individuals. Further the contact indicated that there would be value in financial institutions working with community organizations to establish relationships with the unbanked or underbanked. The contact indicated that local financial institutions have been responsive to the community needs.

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, financial literacy, and community service and assistance programs are the area's primary community development needs. Flexible loan products are primary credit needs for low- and moderate-income borrowers and small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN WORCESTER, MA-CT MSA ASSESSMENT AREA

LENDING TEST

Liberty demonstrated good performance under the Lending Test in the Worcester, MA-CT MSA assessment area. The bank's good performance in Lending Activity, Geographic Distribution, Borrower Profile, and Innovative and/or Flexible Lending Practices primarily support this conclusion. The following sections detail the bank's performance under each criterion.

Lending Activity

The bank's lending levels reflect good responsiveness to assessment area credit needs. In 2021, 2022, and 2023, Liberty originated or purchased 96 home mortgage loans totaling approximately \$11.4 million and originated 42 small business loans totaling approximately \$3.1 million inside the Worcester, MA-CT MSA assessment area. The trends identified for this assessment area are the same as those discussed in the overall Lending Activity section. Home mortgage lending was relatively stable throughout the evaluation period; however, there were fluctuations in small business lending due to the SBA's PPP. The Competition section includes details regarding the bank's market share rankings for home mortgage and small business lending. Notably, in 2021 and 2022, Liberty ranked 2nd and 1st respectively, for home mortgage lending and was the 2nd ranked state-chartered community lender in both years for small business lending. In addition, the bank increased its market share for home mortgage loans from 5.5 percent in 2021 to 8.5 percent in 2022.

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects good penetration throughout the Worcester, MA-CT MSA assessment area. The bank's good home mortgage and adequate small business lending performance supports this conclusion. Examiners gave greater weight to home mortgage than small business lending, since the volume of loans was greater during the evaluation period. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. In 2021 and 2022, the bank's percentage of loans in low-income census tracts exceeded both the percentage of owner-occupied units and aggregate performance. In 2023, lending activity declined, falling below demographics. Market share reports for 2021 and 2022 show that Liberty ranked 2nd (7.0 percent market share) and 1st (10.2 percent market share) respectively, in lending in low-income census tracts. In 2021, Rocket Mortgage and Freedom Mortgage Corporation outperformed the bank in low-income census tracts.

Liberty's performance in moderate-income census tracts was below area demographics and aggregate performance in 2021 and 2022. Lending activity in 2023 increased, exceeding the percentage of owner-occupied housing units. Market share reports for 2021 and 2022 show that Liberty ranked 3rd (4.7 percent market share) and 3rd (5.3 percent market share) respectively, in lending in moderate-income census tracts. Liberty was the top-ranked state-chartered community bank in both years in moderate-income census tracts. The level of competition for home mortgage loans in the assessment area and the bank's market share rankings support the good conclusion.

Geographic Distribution of Home Mortgage Loans Assessment Area: Worcester, MA-CT MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	32.1	37.0	15	46.9	2,239	52.8
2022	40.2	39.6	17	47.2	2,146	44.0
2023	40.2	--	5	17.9	314	13.8
Moderate						
2021	67.9	63.0	17	53.1	2,004	47.2
2022	38.8	35.5	8	22.2	1,237	25.4
2023	38.8	--	14	50.0	1,347	59.1
Middle						
2021	0.0	0.0	0	0.0	0	0.0
2022	21.1	24.9	11	30.6	1,494	30.6
2023	21.1	--	9	32.1	617	27.1
Upper						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	32	100.0	4,243	100.0
2022	100.0	100.0	36	100.0	4,877	100.0
2023	100.0	--	28	100.0	2,278	100.0
Source: 2015 ACS and 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. In 2021, the bank's performance exceeded area demographics and aggregate performance in low-income census tracts. Lending activity declined significantly in 2022, falling below the percentage of businesses and aggregate performance. In 2023, activity increased by one loan and exceeded area demographics. In 2021, Liberty was the top-ranked bank for small business lending in low-income census tracts. In 2022, market share reports show that Liberty ranked 15th, outperformed only by large national banks. The top three institutions, American Express N.A., US Bank N.A., and Citibank, N.A., held 43.3 percent of the market share in low-income census tracts.

The bank’s performance in moderate-income census tracts was below demographics and aggregate performance in 2021. Market share reports for 2021 show that Liberty ranked 12th (2.3 percent market share) out of 83 institutions that made loans in moderate-income census tracts. Liberty was the 2nd ranked state-chartered community bank. The bank did not originate any small business loans in moderate-income census tracts in 2022 and 2023. However, the 2020 U.S. Census data split a moderate-income census tract, which was primarily a commercial area, into two tracts, one of which is now a middle-income tract, impacting the number of small businesses located in moderate-income geographies.

Geographic Distribution of Small Business Loans						
Assessment Area: Worcester, MA-CT MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	56.8	45.9	25	73.5	1,280	64.3
2022	66.1	55.2	2	50.0	250	58.8
2023	65.0	--	3	75.0	625	89.3
Moderate						
2021	43.2	54.1	9	26.5	711	35.7
2022	18.5	20.4	0	0.0	0	0.0
2023	19.3	--	0	0.0	0	0.0
Middle						
2021	0.0	0.0	0	0.0	0	0.0
2022	15.4	24.5	2	50.0	175	41.2
2023	15.7	--	1	25.0	75	10.7
Upper						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	34	100.0	1,991	100.0
2022	100.0	100.0	4	100.0	425	100.0
2023	100.0	--	4	100.0	700	100.0

*Source: 2021, 2022 & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Borrower Profile

The distribution of borrowers reflects good penetration among individuals of different incomes and businesses of different sizes in the Worcester, MA-CT MSA assessment area. The bank's good performance of home mortgage and adequate performance of small business lending support this conclusion. Examiners gave greater weight to home mortgage than small business lending, since the volume of loans was greater during the evaluation period. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers and small business loans by number to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of borrowers reflects good penetration among individuals of different income levels. As shown in the following table, the bank's lending to low-income borrowers was below aggregate performance in 2021 and 2022. The bank's and the aggregate's level of lending was below the percentage of low-income families in 2021 and 2022. In 2023, the bank's performance was also below demographics. However, a low-income family in the Worcester, MA-CT MSA assessment area, earning less than \$48,350 and \$53,950, may have difficulty qualifying for a mortgage under conventional underwriting standards. Additionally, 18.7 percent of families in this assessment area are below the poverty level. These factors help explain the disparity between lending to low-income families and the percentage of low-income families.

In 2021, Liberty ranked 5th (4.2 percent market share) in lending to low-income borrowers. Berkshire Bank (ranked 3rd), which is a much larger community bank, as well as three large mortgage-only lenders outperformed Liberty. In 2022, market share reports show that the bank improved its ranking to 4th (4.3 percent market share) and was the top-ranked state-chartered community bank.

Liberty's lending to moderate-income borrowers exceeded area demographics for all three years. The bank's performance exceeded aggregate in 2021 and was comparable to aggregate in 2022. In 2023, the bank's performance exceeded demographics. In 2021, Liberty ranked 2nd with 6.6 percent market share, outperformed by Rocket Mortgage. In 2022, Liberty improved its market share ranking to 1st with 8.3 percent market share. The level of competition for home mortgage loans in the assessment area and the bank's market share rankings support the good conclusion.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Worcester, MA-CT MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	46.7	16.4	4	12.5	488	11.5
2022	48.6	22.0	4	11.1	633	13.0
2023	48.6	--	3	10.7	341	15.0
Moderate						
2021	20.0	31.4	12	37.5	1,364	32.1
2022	21.3	37.0	13	36.1	1,961	40.2
2023	21.3	--	13	46.4	724	31.8
Middle						
2021	17.4	23.0	11	34.4	1,397	32.9
2022	13.5	17.8	8	22.2	1,011	20.7
2023	13.5	--	8	28.6	846	37.1
Upper						
2021	16.0	12.1	5	15.6	995	23.5
2022	16.6	12.8	9	25.0	1,104	22.6
2023	16.6	--	3	10.7	323	14.2
Not Available						
2021	0.0	17.1	0	0.0	0	0.0
2022	0.0	10.4	2	5.6	169	3.5
2023	0.0	--	1	3.6	45	2.0
Totals						
2021	100.0	100.0	32	100.0	4,244	100.0
2022	100.0	100.0	36	100.0	4,877	100.0
2023	100.0	--	28	100.0	2,278	100.0
Source: 2015 ACS and 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of small business loans reflects adequate penetration of loans to small businesses with GARs of \$1.0 million or less. As shown in the following table, Liberty’s performance was well below aggregate and the percentage of businesses in 2021; however, the bank originated a larger number of loans in 2021 where GAR information was not available. PPP loans comprised a significant portion of these loans since PPP applicants were not required to provide revenue information. The large number of small business loans in the “Revenue Not Available” category distorts the results for 2021. In 2022, the bank’s performance was similar to the prior evaluation with the bank originating all of their loans to businesses with GARs of \$1.0 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Worcester, MA-CT MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2021	84.2	35.5	1	2.9	80	4.0
2022	85.4	53.4	4	100.0	425	100.0
2023	86.6	--	2	50.0	100	14.3
>\$1,000,000						
2021	3.7	--	1	2.9	100	5.0
2022	3.3	--	0	0.0	0	0.0
2023	3.0	--	2	50.0	600	85.7
Revenue Not Available						
2021	12.1	--	32	94.1	1,811	91.0
2022	11.3	--	0	0.0	0	0.0
2023	10.3	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	34	100.0	1,991	100.0
2022	100.0	100.0	4	100.0	425	100.0
2023	100.0	--	4	100.0	700	100.0

*Source: 2021, 2022 & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

As borrower revenue data is unavailable for PPP loans, examiners evaluated PPP loans using loan size as a proxy. A majority of PPP loans originated in 2021 had loan sizes less than \$100,000. Furthermore, 90.6 percent of PPP loans had loan sizes of below \$250,000. The high percentage of lower loan amounts supports that the bank is helping serve the needs of small businesses in the assessment area. Refer to the following table for details.

Distribution of PPP Loans By Loan Size (2021)				
Assessment Area: Worcester, MA-CT MSA				
Loan Size	#	%	\$(000s)	%
<\$100,000	28	87.5	557	30.8
\$100,000 - \$249,999	1	3.1	169	9.3
\$250,000 - \$1,000,000	3	9.4	1,085	59.9
Total	32	100.0	1,811	100.0

*Source: 1/1/2021 -12/31/2021 Bank Data
Due to rounding, totals may not equal 100.0*

Liberty made a low level of community development loans in this assessment area. Liberty originated one community development loan totaling approximately \$634,000 during the evaluation period. This level of lending is an increase from the prior evaluation when the bank did not originate any community development loans. The following table illustrates the bank’s community development lending in the Worcester, MA-CT MSA assessment area by year and purpose.

Community Development Lending										
Assessment Area: Worcester, MA-CT MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	1	634	0	0	0	0	0	0	1	634
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
Total	1	634	0	0	0	0	0	0	1	634

Source: Bank Data

The following summarizes the bank’s community development loan.

- In 2021, the bank originated a \$634,400 loan to finance the acquisition of four multifamily residential rental properties. These properties will provide affordable workforce housing to individuals employed by a local agricultural business. This loan received credit for providing affordable housing for low- and moderate-income individuals and families.

INVESTMENT TEST

Liberty demonstrated adequate performance under the Investment Test in the Worcester, MA-CT MSA assessment area. The bank’s adequate performance in Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria primarily supports this conclusion. The following sections discuss the bank’s performance under each criterion.

Investment and Grant Activity

Liberty has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The bank made 18 qualified investments totaling approximately \$2.2 million in the Worcester, MA-CT MSA assessment area. The bank’s activity increased by number since the prior evaluation period, during which the bank made one equity investment totaling \$2.3 million and no grants or donations. The bank’s investment activity benefitted affordable housing initiatives. The following table illustrates the number and dollar amount of qualified donations by year and community development category.

Qualified Investments										
Assessment Area: Worcester, MA-CT MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	2,124	0	0	0	0	0	0	1	2,124
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
Subtotal	1	2,124	0	0	0	0	0	0	1	2,124
Qualified Grants & Donations	1	5	15	75	1	3	0	0	17	83
Total	2	2,129	15	75	1	3	0	0	18	2,207

Source: Bank Data

Prior Period Equity Investment

- The bank maintains a CRA-targeted MBS with a book value of \$2.1 million as of April 30, 2024. This MBS is securitized by a mortgage loan for a 142-unit affordable housing apartment complex. All units are designated for low- and moderate-income individuals and support affordable housing.

Qualified Grants and Donations

- **Windham Area Interfaith Ministry (WAIM)** – This non-profit organization provides basic needs and support to low-income individuals. WAIM provides emergency financial assistance to help with rent, utility bills, transportation expenses, and other basic needs. In addition, the organization provides clothing, furniture, appliances, and other household needs. The bank’s charitable foundation made multiple grants to this organization during the evaluation period. The bank’s support of this organization helped provide access to community services for low- and moderate-income families and individuals in the assessment area.
- **CLiCK Inc.** – CLiCK Inc. provides commercially licensed kitchen space to entrepreneur chefs and bakers to create products to sell, helping them grow their businesses without the overhead cost. In addition, the organization’s Micro Business Program helps food entrepreneurs obtain their licensing and certifications and offers business consulting and support for their product development. The bank’s charitable foundation made multiple grants to this organization. The bank’s donation supports economic development by providing technical assistance and education to very small businesses and creating jobs for low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community development needs. The bank’s qualified investments provided support for affordable housing initiatives and community services for low- and moderate-income families that benefit communities throughout the Worcester, MA-CT MSA assessment area. Examiners identified these as primary community development needs during the evaluation period.

Community Development Initiatives

The bank did not use innovative and/or complex investments to support community development initiatives during the evaluation period.

SERVICE TEST

Liberty demonstrated good performance under the Service Test in the Worcester, MA-CT MSA assessment area. The bank’s good performance in the Accessibility of Delivery Systems and Community Development Services criteria primarily supports this conclusion. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the Worcester, MA-CT MSA assessment area. The bank has two full-service branches in low-income census tracts in the Town of Willimantic. Although e the bank does not have any branches or ATMs in the moderate-income census tracts, Liberty’s Willimantic branches are accessible (approximately 2 miles) to both moderate-income census tracts, which are also within the Town of Willimantic. The following table shows Liberty’s branch and ATM distribution by census tract income level in the Worcester, MA-CT MSA assessment area, along with the population distribution by census tract income level as a comparator.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Worcester, MA-CT MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	3	50.0	13,949	57.1	2	100.0	2	100.0
Moderate	2	33.3	7,327	30.0	0	0	0	0
Middle	1	16.7	3,149	12.9	0	0	0	0
Upper	0	0	0	0	0	0	0	0
NA	0	0	0	0	0	0	0	0
Total	6	100.0	24,425	100.0	2	100.0	2	100.0

Source: 2020 U.S. Census Data; Bank Data

Changes in Branch Locations

This criterion is not applicable because Liberty did not open or close any branches in the Worcester, MA-CT MSA assessment area during the evaluation period.

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 individuals or geographies. All retail branches offer the same loan and deposit products and services. The bank maintains similar hours at both locations. Branch hours are from 9:00 AM to 4:00 PM Monday through Wednesday, 9:00 AM to 5:00 PM Thursday through Friday, and 9:00 AM to 12:00 PM on Saturday.

Community Development Services

The bank provides a relatively high level of community development services in the assessment area. During the evaluation period, bank employees provided 31 instances of financial expertise or technical assistance to community development organizations in the Worcester, MA-CT MSA assessment area. This is a significant increase since the prior evaluation period, during which bank employees provided nine instances of financial expertise or technical assistance in the assessment area. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services					
Assessment Area: Worcester, MA-CT MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	4	8	0	0	12
2022	10	1	0	0	11
2023	2	0	0	0	2
YTD 2024	2	4	0	0	6
Total	18	13	0	0	31
<i>Source: Bank Data</i>					

The following are notable examples of the bank’s community development services.

Employee Involvement

- ***Northeastern Connecticut Community Development Corporation (NCCDC)*** – The NCCDC provides affordable housing to low- and moderate-income individuals and families through their programs, including 22 units of subsidized elderly housing and low-income housing developments. A lending officer of the bank served as a Director in 2022. The bank’s involvement with this organization helped to promote affordable housing in the Worcester, MA-CT MSA assessment area.

- ***United Way of Windham County*** – United Way of Windham County provides programs and resources that support early childhood education, family-focused programs, and health services for low- and moderate-income individuals and families in Windham County. A vice president of the bank served on the organization’s Regional Advisory Board in 2021 and 2023. The bank’s involvement with this organization helps to provide community services to low- and moderate-income individuals and families in the Worcester, MA-CT MSA assessment area.

Educational Services and Seminars

- ***Credit for Life Fairs*** – The bank hosted two Credit for Life Fairs at Windham High School, where the majority of the students are eligible for free or reduced lunch. The bank’s involvement in Credit for Life Fairs at this school provided financial literacy to low- and moderate-income students within the Worcester, MA-CT MSA assessment area.
- ***First-Time Homebuyer Seminars*** – The bank held two first-time homebuyer seminars in the assessment area. One homebuyer seminar was also conducted in Spanish. The bank’s participation in these seminars helped provide access to affordable housing and financial literacy for low- and moderate-income individuals and families in the Worcester, MA-CT MSA assessment area.
- ***Financial Literacy*** – The bank participated in three financial literacy events. The bank’s participation in these events provided community services for low- and moderate-income individuals and families in the Worcester, MA-CT MSA assessment area.

APPENDICES

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, the FDIC 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 areas(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 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 systems 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 by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or 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.

SCOPE OF EVALUATION

Liberty Bank	
Scope of Examination: Full scope reviews were performed on the following assessment areas	
<ul style="list-style-type: none"> • Hartford-East Hartford, CT CSA Assessment Area • New Haven-Milford, CT MSA Assessment Area • Worcester, MA-CT MSA Assessment Area 	
Time Period Reviewed:	01/25/2021 to 5/20/2024
Products Reviewed: Home Mortgage Loans: 01/01/2021 – 12/31/2023 Small Business Loans: 01/01/2021 – 12/31/2023	

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	Type of Evaluation	Branches Visited	Other Information
Hartford-East Hartford, CT CSA	Full scope	None	None
New Haven-Milford, CT MSA	Full scope	None	None
Worcester, MA-CT MSA	Full scope	None	None

GLOSSARY

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

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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 the 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 development 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 businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated 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 of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may 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 by other means;
- Not 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 Service. 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 or 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 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers 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 an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in

two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

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 loans 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 then 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 tract 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 the 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.