



195 years of working in tandem.



2020
Annual Report

business highlights

Celebrated our
195th birthday
on May 4, 2020

Net income
\$37.1 million

Pre-Provision Net Revenue
\$55.3 million

Grew to nearly
\$7 billion in assets

\$1.16 billion in asset growth

\$1.12
BILLION
in deposit growth

Over 5,100
new Business
Checking
Accounts

Nearly **15,300**
new Consumer
Checking
Accounts

Welcomed
more than **15,207**
new customers
across the Bank,
bringing our total
customers to 273,540

\$449 million in new Commercial
Real Estate loans, bringing
the portfolio to nearly \$1.8 billion



274,827 calls answered
by our Customer
Service Center

Opened Commercial
Loan Production
Offices in New Haven
and Hartford



Closed over 520 loans through
our Small Business Loan Center,
totaling nearly \$56 million,
not including PPP loans

Secured
\$320 million
in PPP loans for nearly
4,000 business
customers and
non-customers

Liberty Bank Investment Services
(LBIS) surpassed \$1.2 billion in total
Assets Under Management



LBIS achieved the
Raymond James 2020
Leader's Council Status -
ranked 11th in the country

\$85.2 million
in Resort Finance
portfolio growth



Named a *Hartford Courant*
"Top Workplace" for the ninth
consecutive year

\$216 million in new Commercial
Banking loans, bringing total
commercial loans to \$424 million



Earned SBA's 2020
Minority Lender of the
Year & Veteran Lender
of the Year Awards

Over **12,900**
new
households

Total net revenue
generated by LBIS
in 2020 totaled more
than \$5.6 million



\$477 million in residential
mortgages, along with \$130 million
in Home Equity and Home Equity
Line of Credit originations

strength, resilience, & unwavering commitment

During Unprecedented Times

Liberty Bank met the unprecedented challenges in 2020 by facing them head-on and refusing to waver in doing the right thing for our customers, teammates, and communities. We remained focused on positioning the bank for long-term success and advancing our vision to be **The** Community Bank of the Future.

One-Bank, Standing Strong & Focused

We rallied as one-bank to fund approximately \$320 million in Paycheck Protection Program (PPP) Loans to nearly 4,000 small business Customers and non-Customers.

Despite a historic drop in interest rates of 150 basis points in March, we achieved \$154 million of Net Interest Income. We reduced borrowing costs by employing advanced hedging strategies and mitigated the impact from the low rate environment by improved asset/liability management, including high-cost CD reduction strategies.

Fee Revenues of almost \$50 million grew by 14% despite lower NSF and Overdraft Fees as a result of the pandemic. Total Operating Revenues of \$204 million grew by 2.6%.

Operating Expenses of \$149 million increased by \$9 million due to our investment in strategic initiatives, increased costs to support PPP Loan originations, and pandemic-related salary stipends for front-line workers.

Loan Loss Provisions of \$49 million increased by \$46 million as a result of increased loan loss allowances, rising to 1.80% in alignment with industry credit loss reserves due to the pandemic.

Capital Gains of \$42 million exceeded 2019 by \$14 million due to strong equities market performance.

Net Income of \$37 million would have been a record high without the elevated loan loss provisions as a result of the potential losses from the pandemic.

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, (dollars in thousands)	2020	2019
Net Interest Income	\$154,374	\$155,301
Fee Income	49,850	43,764
Operating Revenue	\$204,224	\$199,065
Operating Expenses	(148,885)	(139,738)
Pre-Provision Net Revenue	\$55,339	\$59,327
Loan Loss Provision	(49,450)	(3,600)
Capital Gains	41,840	28,208
Provisions for Income Taxes	(10,591)	(18,650)
Net Income	\$37,138	\$65,285

Total Assets grew to almost \$7 billion in 2020, and deposits increased organically by \$1.1 billion.

Our Capital increased by \$46 million to \$847 million, representing an extremely well-capitalized Tier 1 Leverage Ratio of 11.7%.

I'm proud of our teammates' resiliency, making historic sacrifices during an unprecedented time. Their work drove strong financial results in 2020 and we remained resolute in our mission to improve the lives of our customers, teammates, and communities.

PAUL S. YOUNG / Chief Financial Officer

CONSOLIDATED BALANCE SHEETS

At December 31, (dollars in thousands)	2020	2019
Assets		
Cash and Investments	\$2,210,395	\$1,329,292
Loans: Consumer Residential	969,215	1,063,132
Consumer	312,782	345,766
Commercial Mortgages	2,089,794	2,082,516
Commercial	1,179,927	750,551
Gross Loans	4,551,718	4,241,965
Loan Loss Reserves	(81,807)	(37,007)
Loans, Net	4,469,911	4,204,958
Other Assets	293,575	277,895
Total Assets	\$6,973,881	\$5,812,145
Liabilities and Capital		
Deposits	5,549,268	4,430,910
Federal Home Loan Bank Borrowings	381,121	405,615
Other Liabilities	196,902	175,417
Total Liabilities	6,127,291	5,011,942
Capital	846,590	800,203
Total Liabilities and Capital	\$6,973,881	\$5,812,145

FOUR-YEAR COMPARISONS

For the years ended December 31, (dollars in thousands)	2020	2019	2018	2017
Pre-Provision Net Revenue	55,339	59,327	48,446	53,721
Net Income	37,138	65,285	71,566	40,192
Total Assets	6,973,881	5,812,145	5,092,876	4,768,092
Loan Loss Reserves	81,807	37,007	34,507	32,975
Net Loans	4,469,911	4,204,958	3,860,917	3,585,555
Deposits	5,549,268	4,430,910	3,663,348	3,514,599
Capital	846,590	800,203	738,877	706,771
Ratios:				
Return on Average Assets	0.57%	1.24%	1.48%	0.84%
Net Interest Income to Average Assets	2.38%	2.93%	3.03%	2.97%
Capital to Assets	12.1%	13.8%	14.5%	14.8%
Non-performing Assets to Total Assets	0.28%	0.18%	0.27%	0.28%
Loan Loss Reserves to Non-performing Loans	419%	348%	262%	259%

Liberty Bank:

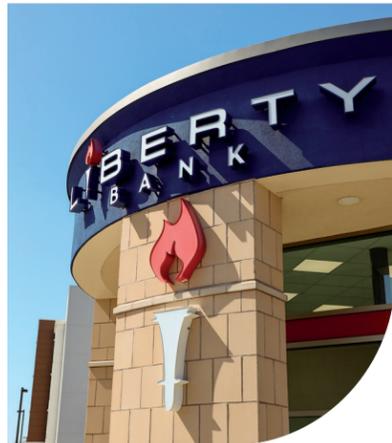
helping small businesses

Keep Their Doors Open and Employees Paid

Small businesses are the lifeblood of our communities. They're job creators. They're the backbone of our local economies. We clearly understood our role as a vital one in a time of overwhelming uncertainty. So when they needed a financial lifeline, we were prepared.

Liberty's Financial Relief Measures

After a public health emergency was declared on March 10th and closures and restrictions of businesses were ordered on March 20th, three days later we announced a relief package to help small businesses mitigate financial hardship. This included loan payment assistance, such as deferrals, interest-only payments, credit extensions, and other forms of relief.



*"Please forward my sincere 'Thank You' to all that have worked on this unprecedented loan processing. I see you have received lots of awards for being a great place to work. You should be getting them for the **GREAT PLACE TO BANK, 2020!**"*

Paycheck Protection Program

Then, on April 3rd, 2020, we stepped up again. We hit the ground running to help small businesses get the assistance they needed through the Small Business Administration's (SBA) Paycheck Protection Program (PPP).

Teammates bank-wide worked in tandem to help small businesses navigate the federal program, apply for PPP loans and increase their chances of being successful in securing financial relief.

We worked around the clock to review, process and submit PPP applications to the SBA. We launched our own online platform for small businesses to seamlessly upload their PPP applications to us. We adjusted to frequently changing guidance and always communicated that information to PPP applicants.



Liberty's Cara Scianna with Zumra Cecunjanin, PPP customer and owner of the Red Fox Restaurant & Bar in Middletown and Bone in Prime in Cheshire.

We hosted webinars to support PPP borrowers through the loan forgiveness phase of the program. We conducted outreach to minority, women and veteran-owned small businesses so they had access to capital. And we fielded thousands of calls from anxious business owners who needed our help.

As a Result: Millions in PPP Loans for Thousands of Customers

Between April 3rd and December 31st, 2020, we secured \$320 million in PPP loans for nearly 4,000 small businesses, thereby saving thousands of jobs and bolstering our communities when they needed it most. And the momentum we built in 2020 carried over into 2021 as we continue to help small businesses be successful when it comes to PPP.

"Thank you for being so kind and for helping us with our PPP loan! All you guys at this company are amazing. Hospitality goes a long way."

being right here

When our customers need us

That's what Rob Flood, Manager of our Southington branch, and our teammates have done for generations of customers like the Adams.

From handling their personal banking needs to guiding their retirement planning to helping them navigate through challenging times, Liberty has always been here for the Adams as bankers and friends.



"Liberty is a local community bank and they've been involved with my family when we needed them most—not only creating an extraordinary banking experience but providing emotional support too."

—MARK ADAMS

Personal Banking Relationship

Community, unique, convenient, and tandem are words Mark Adams uses to describe his family's relationship with us.

They share the same commitment to community as we do. They like Rob's unique ability to build relationships and put people and the community together. They benefit from the convenience of having a local branch and how the team works in tandem to fulfill their banking needs.

Always Standing Ready for Our Customers

"Liberty is a local community bank and they've been involved with my family when we needed them most – not only creating an extraordinary banking experience but providing emotional support too," said Mark.



The relationship started with Mark and Maryann Adams opening their personal accounts with Rob, whom they've known for over 20 years. Soon, they opened Health Savings Accounts, used our home equity products, and moved their retirement planning over to Joe Mauriello of Liberty Bank Investment Services. Eventually, they opened a business account for Southington Painting, their longtime family business founded by Mark.

So when Maryann passed away from cancer, the Southington team was there to deliver the financial guidance and emotional support the Adams needed. She was a well-known presence in town through her decades with the Postal

Service. And she was always a caring and friendly visitor at the branch.

"I couldn't agree more with their mission of improving the lives of customers for generations to come."

—MARK ADAMS

On the business side, we helped Southington Painting secure a loan in 2020 through the Paycheck Protection Program to mitigate any financial hardship facing their business due to the pandemic. As their painting business has grown, our relationship has grown along with it.

Improving Lives for Generations to Come

The Adams' relationship with us is more than a bank account, a lending product, or retirement plan. It's always being here for them in prosperous times and difficult moments.

When asked about Liberty's reputation in taking care of customers, Mark said, "I couldn't agree more with their mission of improving the lives of customers for generations to come."

Today, Mark still banks with Liberty. Their son and daughter bank at Liberty. His grandson banks here. And Maryann's legacy as a customer lives on at the Southington branch.

“Mutual benefit”

transforms a languishing icon

into a future-friendly generator of jobs and hospitality

Always Standing Ready for Our Customers

The pioneering architect Marcel Breuer left a permanent mark on Connecticut’s I-95/ I-91 corridor in 1970 when he designed a headquarters for the Armstrong Rubber Company. Subsequent owners included Pirelli Tires and IKEA. But by 2019, after years of vacancy, the iconic modernist edifice was in danger of “demolition by neglect.”

That’s when Westport architect Bruce Becker was inspired to draft a bold plan. His firm, Becker + Becker Associates, opened in 1950 to work on enduring projects aligned with deeper human values and ethics. That vision—begun by Becker’s parents and uncle, founders of the firm—continues to guide his approach to selecting projects. It also helps guide his selection of financing partners, “I’m a big believer in mutual banks,” Becker says, “because everyone is in it together for the long term.”

Long-term community impact is something Becker takes seriously. “It’s critical to have a solid intention when you’re developing a property. I couldn’t simply witness the deterioration of the Breuer site. I wanted to think globally and act locally.” His action took the form of a revolutionary approach to the property to transform the huge concrete structure into the country’s first net-zero energy hotel.

When it came time to finance this project, quite a few of Becker’s colleagues suggested Liberty Bank as a partner that might appreciate his unconventional vision and community-centered approach.

Bruce Becker with Jeff Hubbard and Chris Arnold of Liberty Bank.



“I give Liberty a lot of credit for being willing to look at projects that are a little different.”
—BRUCE BECKER

“I give Liberty a lot of credit for being willing to look at projects that are a little different,” Becker says. “They seem to evaluate each project on its own merits and they were quick to understand our desire to create something really forward-looking with long-term payoff.”

The \$25 million financing package has already proved a boon to the New Haven economy at a time when COVID-19 is disrupting many businesses. Becker has maintained a safe, socially distant worksite providing nearly 150 construction jobs during the pandemic, and when it opens in the fall

of 2021, the project will bring more than 80 permanent jobs to the New Haven community. The meticulously appointed property will be operated under the Hilton brand and will be named “Hotel Marcel” in honor of the original architect. Some of its game-changing innovations include an ultra-efficient building envelope, all-electric HVAC systems that use 80% less energy than a typical hotel building, and extensive energy-recovery systems. The *New York Times* hailed the project’s future-facing ethos as “a model for the industry” in a recent article that noted both Becker’s innovation and Liberty Bank’s confidence in their client.

“Liberty really delivers on the philosophy of a mutual bank, which I admire,” Becker says. “I am looking forward to many more collaborations in the future.”



Liberty Bank streamlines a complex process to help

connecticut's minority business community

**Teaming up with the Spanish American Merchants Association
to speed vital funding**

For 30 years, the Spanish American Merchants Association (SAMA) has played a critical role for the state's small businesses. As Executive Director, Julio Mendoza understands the unique needs of his merchants who operate a diverse range of businesses—from bakeries and bodegas to large construction companies and insurance firms.

One thing they all had in common in 2020 was the business-crushing fallout from the COVID-19 pandemic. Months of dynamic disruptions and closures wreaked havoc on business income—with SAMA merchants seeing revenue losses from 30% to 60%.

Angel Sierra, owner of Hispana Vision on Park St. in Hartford.



When the Federal Small Business Administration (SBA) announced that its Paycheck Protection Program (PPP) would be administered through local banks, Mendoza began speaking with SAMA merchants in an effort to help them navigate what can be a daunting process. "Quite a number of our merchants have either language or technology challenges—or both—that could potentially prevent them from accessing necessary funds," Mendoza explains. With many banks using fully automated application processes, many SAMA merchants became discouraged or gave up because they did not have a 'live' customer contact representative to help answer questions and/or resolve issues," Mendoza says.



Ramon Flores, owner of El Mercado on Park St. in Hartford with Liberty's Glenn Davis.

Fortunately, SAMA had an ally in their corner. Mendoza contacted his long-time friend, Glenn Davis, the Community Reinvestment Act Officer at Liberty Bank, who intuitively understood the kind of help that would have real impact in getting needed loans processed. After much outreach to the minority-owned small business community, the two established a channel whereby all SAMA merchants would have their PPP applications processed as prioritized Liberty Bank customers—and receive truly personalized service in navigating the complex application process.

In addition, Mendoza and Davis organized a series of multilingual webinars to reach out to even more SAMA merchants and inform them of available assistance.

The result? More than 30 businesses like New Haven's Pan Del Cielo Bakery and Donde Julio Restaurant successfully received much-needed financial assistance to keep their operations going, maintain payrolls and jobs and continue serving their communities.

"We know for SAMA's merchants that loyalty is a very important value," Davis

explains. "We wanted to demonstrate that Liberty Bank was a sincere and reliable partner, not just in easy times, but during difficult periods as well. We accommodated SAMA merchants and helped demystify the process for them, and I think we've made some great permanent relationships in the process."

"This is what it means to do business in a community," says Mendoza. "I appreciate Liberty Bank taking the initiative with us to help our merchants. It's been a great partnership."



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