



2019 ANNUAL REPORT

WITH LIGHT COMES **VISION**

**LIBERTY**
BANK



“We continue to operate from a position of strength, we are financially strong and we are well capitalized. Our dedicated employees stand ready to help our customers and serve as a stabilizing force in our communities during these unprecedented times.”

DAVID GLIDDEN President and CEO



With Light Comes Vision

To the Community,

Since joining Liberty Bank one year ago, I've witnessed first-hand the pride, resiliency and loyalty that exists in our communities. I can also attest to the hard work of our Liberty Bank teammates who are dedicated to delivering an exceptional banking experience. It's more here and now than ever before and it has uniquely positioned us for continued success.

As I write my first annual letter, we as a community face unprecedented times. However, the Liberty Bank team will not allow the unforeseen and extraordinary challenges of today cloud all that we achieved in 2019 or dim the light that will guide our future.

A TERRIFIC YEAR IN 2019

We have a lot to be proud of in 2019. Our Net Income and Net Operating Income far exceeded our goals. Our employees balanced their everyday responsibilities with their role in completing and making the acquisition of Simsbury Bank & Trust seamless.

We recruited top talent in the industry, including our Chief Financial Officer Paul Young. His hiring, like many others in 2019, came at a critical time.

We capitalized on market disruption by implementing a short-term strategy to take advantage of immediate opportunities to expand our business and add talented new employees to our team. Also, we deservedly earned a Top Workplace award for the 8th consecutive year and the #1 Large Employer for a second time. These accolades reflect the culture we espouse and practice everyday here at Liberty Bank.

While we remained focused on our customers' banking experience, we also continued our tradition of generously supporting our communities. Liberty Bank and the Liberty Bank Foundation invested well over \$1 million in community partnerships last year.

EXPECTED & UNFORESEEN HEADWINDS IN 2020

We began 2020 knowing it would be a challenging year given the falling interest rates and decelerating economic growth combined with the need to make strategic investments in the Bank. We planned for those significant headwinds but the world changed quickly and the COVID-19 pandemic has yielded unforeseen challenges.

The Liberty team has not and will not be deterred. We continue to operate from a position of strength, we are financially strong and we are well capitalized. Our dedicated employees stand ready to help our customers and serve as a stabilizing force in our communities during these unprecedented times.

MAINTAINING OUR MUTUALITY FOR 195 YEARS

We will proudly celebrate our 195th anniversary in May and this milestone year will be one of the most challenging Liberty has ever experienced. One thing remains constant over the years: We are a mutual bank that is 100% committed to being here for our customers and communities as we've been for nearly two centuries.

Sincerely,



DAVID W. GLIDDEN
President & CEO

NET INCOME OF
\$65.3
MILLION

NET OPERATING INCOME OF
\$55.7
MILLION



New leaders joined Liberty – President and CEO, David W. Glidden in March and Chief Financial Officer, Paul S. Young in September.



226,017 calls answered by our Customer Service Center. We're also finding quicker, more efficient solutions for our customers, averaging about two minutes per call.



Financial Advisor Brian McLaughlin was recognized by Bank Investment Consultant Magazine as one of the Top 100 Bank Advisors in the country.

Successfully completed our merger with Simsbury Bank in October, adding five new branches with one in Avon, Bloomfield, Granby, and Simsbury along with a second location in West Hartford.



Over 3,600 new Business Checking Accounts



Our customers, Joyce and Jerado Reynolds of Reynolds Welding & Fabrication in Windsor, were awarded with the U.S. Small Business Administration's top honor – the 2019 Connecticut Small Business Persons of the Year Award.

Commercial Real Estate's ending portfolio balance was \$1.79 billion, with new originations of \$400 million.

\$245 million in residential mortgages, along with \$107 million in Home Equity and Home Equity Line of Credit originations.



Nearly 18,500 new Consumer Checking Accounts



Over 14,400 new households, plus an additional 10,264 households from the Simsbury Bank acquisition.



Liberty Bank Investment Services achieved a new milestone in 2019, exceeding the one billion dollar mark in Assets Under Management.



Our 25-year-old Giving Circle program exceeded \$600,000. In 2019, our \$23,700 donation was divided among local agencies that provide emergency or transitional housing for the homeless.

Welcomed more than 28,600 new customers across the Bank, bringing our total customers to 269,000.



Took home the gold twice at the 2019 Record-Journal Readers' Choice Awards – Best Bank and Best Mortgage Lender.



Consumer Real Estate portfolio experienced a growth of \$140 million.

GREW TO NEARLY

**\$6
BILLION**

IN ASSETS

**\$719
MILLION**

IN ASSET GROWTH

**\$767
MILLION**

IN DEPOSIT GROWTH

Liberty was a participating lender in the Supplemental Collapsing Foundation Loan Program. We also worked with other lenders and the CT Housing Finance Authority (CHFA) to get the program up and running.



\$32.2 million in Resort Finance portfolio growth.



Named a Hartford Courant Top Workplace for the eighth consecutive year and the Number One Large Employer for the second time.

We remained committed to the safety and security of customer information and assets by implementing some of the latest innovative fraud identification, physical security, and cybersecurity tools. Along with these investments and our dedicated team's quick, informed decisions, we averted nearly \$3,800,000 in fraud losses.



Closed \$110 million in new Small Business and Community Banking loans, increasing that portfolio to more than \$500 million



Once again, we were selected to participate in the Federal Home Loan Bank of Boston's Equity Builder Program to assist local homebuyers with down-payment and closing costs, homebuyer counseling and rehabilitation assistance. In 2019, the Bank was eligible to receive up to \$150,000.

Our new Positive Pay service successfully provided fraud detection and protected business customers from forged and counterfeit checks as well as fraudulent electronic transactions.



We enhanced our Fair Lending Program by hiring an Officer to mediate and oversee our activities. Every Bank employee participated in our Fair Lending/Implicit Bias training, designed, in partnership with industry experts, by our Officer.

Won Best End Loan Package for a Community and Best Construction Permanent Custom Home Loan (23 years running!) from the Home Builders and Remodelers Association of Central CT.



Provided \$251.6 million in Resort Finance advances, which included \$17.8 million in new loans.



Our 750 employees participated in 39,231 hours of training focused on Onboarding, Fair Lending and Management skills. Each employee averaged 56 hours of instructor-led and e-learning courses.

Closed nearly 530 loans through our Small Business Loan Center, totaling nearly \$50 million.



Liberty Bank Investment Services achieved Raymond James Leader Council Status for ranking 11th in revenue performance out of nearly 200 financial institutions nationwide.



“Our employees are our best assets.”

DAVID GLIDDEN
President and CEO

Our Light Shines Brighter Together:

Waving the flame high and proud for nearly 200 years

OUR ASPIRATIONAL AND INSPIRATIONAL TEAM

Since 1825, our dedicated team has made Liberty unique. Their unwavering commitment to our customers and communities throughout Connecticut is unparalleled, and in 2019, their performance was nothing short of outstanding. Together, we continued to provide a reliable, seamless experience, however our customers chose to bank with us, coupled with a personalized touch that was never sacrificed.



2019 President's Team Winners

LASER-FOCUSED ON THE WELL-BEING OF OUR EMPLOYEES

At Liberty, we value our team and take pride in our diverse, engaged workforce, which results in the best service our customers have come to expect. Each year, we foster a culture that inspires innovation, collaboration and creativity, and an environment where employees' aspirations and values align with those of the Bank. Through this, we aim to be the number one employer of choice in the state. In 2019, we achieved this noteworthy honor for the second time in two years, being named the Number One Large Employer by the Hartford Courant, thanks to employee votes, and receiving our eighth straight Top Workplace Award.

In addition, we reached out to our nearly 750 employees for candid feedback during our Experience Liberty Engagement Survey. Seventy-seven percent spoke up. Top scoring categories included: Engagement, Customer Focus and Company Goals and Values. We also boosted our training efforts with more than 39,000 hours focused on onboarding, Fair Lending and management skills.

All in all, one thing is for certain: Liberty Bank has some of the most dedicated, inspirational and engaged employees around. Moving forward, we know that the Bank's ongoing successes in 2020 and beyond will only be possible by keeping the best interests of our team at the forefront. We will concentrate on maintaining our highly-engaged, talented workforce while increasing teamwork and providing new career growth opportunities.



Town Times Award (top) and 2019 Liberty Bank Leadership Program Graduates (bottom)

Hartford Courant Top Workplace for the eighth consecutive year and named the #1 Large Employer for the second time since 2017



Forbes 2019 World's Best Banks, ranking 4th in the United States



Record-Journal Readers' Choice Awards, Voted Best Bank and Best Mortgage Lender



Voted #1 in the Town Times as **Best Bank** in Middlefield and Durham



Recognized with the **Community Renewal Team's Partnership Award**.



Thanks to employees, we received the **2019 Middlesex United Way Top Honor** – the Community Spirit award



Combining For an Even Greater Future:

Liberty and Simsbury Bank

Each year we deepen our commitment to the communities we serve and look for opportunities to build new partnerships across the state. In October 2019, we stood by this vow by lighting up our torch in Hartford County. Liberty expanded into the region by successfully completing our merger with Simsbury Bank and standing taller than ever. This pivotal milestone added five new branches to our network – one in Avon, Bloomfield, Granby, and Simsbury, and a second West Hartford location.



The decision to acquire a Bank requires a lot of thought, not only because of the impact it has on our teammates and customers, but because it's essential that we position ourselves with companies that represent what we stand for. When this opportunity came knocking, immediately we knew Simsbury was the perfect partner and the engagement between teams was electrifying from day one. Liberty and Simsbury Bank operated under similar philosophies; we shared common values, culture, and a deep dedication to our customers, colleagues and communities. Using the power of Liberty's financial standings, rich history, and longstanding reputation, along with Simsbury's influence and knowledge of the community, we combined our torches for an even greater future.

THE SAME FRIENDLY FACES AND SMALL-BANK FEEL

Following about 8,000 hours of hard work and collaboration, we smoothly transitioned customers to a new banking platform, freshened up branches, and opened our doors as Liberty on October 15. Our team greeted 10,200+ new households, businesses and personal customers, welcomed 50 colleagues from Simsbury, and made a pledge to support local causes.

Today, Liberty offers an opportunity for former Simsbury customers to grow with a bigger bank, without losing that small-town community bank feel. On top of that, being a mutual bank enables us great opportunity and flexibility to invest in our employees, technology and communities, making way for a brighter future we can bank on for many, many years to come.



MARTIN GEITZ
Former Simsbury Bank
President and CEO, now
Liberty Bank Executive
Regional Director

“I couldn't have been prouder to partner with a company that fit so well with the vision and mission that Simsbury Bank worked so hard to nurture since our founding. Liberty exactly shares my conviction that good banking is community based, with local decision-making expertise.”

Welcoming our new colleagues from Simsbury Bank with a reception, networking, and scavenger hunt around our Corporate Headquarters.





Michele Tine, Liberty Bank Middletown South Main Street Branch Manager; Michael Misenti, American Overhead Doors, Chief Operating Officer; and Manny Caccamo, Liberty Bank Business Banking Officer

American Overhead Doors

Cultivating Lives, a Door at a Time, since 1987

Starting out in his parent's garage in 1987, Jim Misenti has come a long way over the past 30+ years, building up his vision – American Overhead Doors (AOD) – practically with his own hands. Thanks to the partnership with his wife, Dale and son, Michael, Jim will soon enter retirement proving that hard work does pay off. Based in Middletown, AOD is an award-winning, family-run company, serving Connecticut through residential and commercial garage door sales, installations and service. Their team is 23 employees strong, has 19 fleet vehicles and 13 full doors in the showroom, and offers 24/7 customer service.

“We know Liberty will be there for us.”

MICHAEL MISENTI
COO, American Overhead Doors



PERSONAL BANKING / BUSINESS BANKING
HOME LENDING / SMALL BUSINESS LENDING



“The lending from Liberty allows us to focus on what matters: offering our customers only the best. Like Liberty, we are committed to customer satisfaction, that’s why we choose to bank with them. They make us feel comfortable and their friendly demeanor is always consistent”

JAMES MISENTI
President, American Overhead Doors

In 2019, AOD experienced their best year yet, in part because of Liberty’s lending help. They continued to focus on partnerships, products and people. Today, what’s keeping their momentum going in this niche industry? The power of their team, innovative technology and a commitment to quality. With our support, AOD is overcoming challenges, boosting employee morale and proving their ability to quickly adapt to industry changes.

These are some ways we helped AOD grow through an increased credit line in 2019.

First, investing in their teammates through development and perks remained a top priority. *“We are proud that many employees started their careers with us and were promoted based on performance. It’s rewarding to see them succeed and enjoy coming to work every day. They’re like family,”* stated Dale.

Second, technology was huge for AOD and their customers last year, especially when it comes to automation. *“We now have a fully dispatched fleet with GPS, tying into our full operations and logistics. We are also about to release our live customer portal for appointments, payments and preventative maintenance,”* stated Michael.

Third, high quality and professionalism was never compromised. In its 33 years, AOD has been recognized by the Better Business Bureau and other national organizations, including LiftMaster and Clopay, for outstanding service and products. *“The lending from Liberty allows us to focus on what matters: offering our customers only the best. Like Liberty, we are committed to customer satisfaction, that’s why we choose to bank with them. They make us feel comfortable and their friendly demeanor is always consistent,”* stated Jim.

For 35 years, the Misenti’s have called Liberty ‘their bank,’ both personally and professionally. The relationship has strengthened through every interaction they’ve had with our team and by having their go-to people at Liberty who are a phone call away. With the trust and confidence of Liberty on their side, AOD has plans to expand in 2020 and beyond with improvements to their showroom, a potential satellite office, software advancements, and more. *“We know Liberty will be there for us.”*



SMALL BUSINESS PARTNERSHIP SPOTLIGHT

REBEL DOG: Serving Specialty Coffee, Breakfast and More ... Always with a Smile
Co-owners, Peter Lemnotis and Harrison Poltorak, opened their first Liberty account in fall 2018 and began a business lending partnership in spring 2019.

Read the full story at www.Liberty-Bank.com/RebelDogCoffee 

Our Strong Financial Focus

Dating back to 1825, Liberty Bank's focus remains the same: to contribute to the prosperity of our customers, communities and colleagues. We are a financially strong, well-capitalized mutual bank dedicated to serving Connecticut's families, businesses and nonprofits through a full suite of financial resources.

UNIQUELY POSITIONED FOR THE FUTURE

At Liberty Bank, mutuality provides us the environment to ensure we always act strategically in the best interest of our long-term success – for our customers, communities and colleagues.

Last year, our strong financial performance put us in a great position for continued success for the next 195 years and beyond. We achieved record net operating income of \$55.7 million, strong capital gains of \$28.2 million and net income of \$65.3 million.

We grew assets by \$719 million to nearly \$6 billion and generated deposit growth of \$767 million. Our capital grew to over \$800 million, representing an extremely well-capitalized 13.8 percent of assets.

More than 28,600 new customers were welcomed to the Liberty family, including 10,264 households from our acquisition of Simsbury Bank & Trust.

Liberty Foundation invested a record \$935,000 in community partnerships within our 60-branch footprint and our Good Neighbor Loan Program helped more people realize homeownership for the first time.

CONSOLIDATED STATEMENTS OF INCOME

<i>For the years ended December 31, (dollars in thousands)</i>	2019	2018
Net interest income	\$ 155,301	\$ 146,257
Fee income	43,764	36,190
Operating expense	(139,738)	(134,001)
Loan loss provision	(3,600)	(2,508)
Net operating income	\$ 55,727	\$ 45,938
Capital gains	28,208	41,242
Provision for income taxes	(18,650)	(15,614)
Net income	\$ 65,285	\$ 71,566

CONSOLIDATED BALANCE SHEETS

<i>At December 31, (dollars in thousands)</i>	2019		2018	
Assets				
Cash and investments	\$	1,329,292	\$	1,001,265
Loans:				
Consumer residential		1,063,132		956,298
Consumer		345,766		313,083
Commercial mortgages		2,082,516		2,042,359
Commercial		750,551		583,684
Gross loans		4,241,965		3,895,424
Loan loss reserves		(37,007)		(34,507)
Loans, net		4,204,958		3,860,917
Other assets		277,895		230,694
Total assets	\$	5,812,145	\$	5,092,876
Liabilities and Capital				
Deposits		4,430,910		3,663,348
Federal Home Loan Bank borrowings		405,615		560,400
Other liabilities		175,417		130,251
Total liabilities		5,011,942		4,353,999
Capital		800,203		738,877
Total liabilities and capital	\$	5,812,145	\$	\$5,092,876

FOUR-YEAR COMPARISONS

<i>For the years ended December 31, (dollars in thousands)</i>	2019	2018	2017	2016
Net operating income	\$ 55,727	\$ 45,938	\$ 51,988	\$ 38,417
Net income	65,285	71,566	40,192	39,374
Total assets	5,812,145	5,092,876	4,768,092	4,565,602
Loan loss reserves	37,007	34,507	32,975	33,204
Net loans	4,204,958	3,860,917	3,585,555	3,432,653
Deposits	4,430,910	3,663,348	3,514,599	3,491,729
Capital	800,203	738,877	706,771	651,304
Return on assets	1.24%	1.48%	0.84%	0.89%
Net interest margin	2.93%	3.03%	2.97%	3.03%
Capital to assets	13.8%	14.5%	14.8%	14.3%
Non-performing assets to total assets	0.18%	0.27%	0.28%	0.43%
Loan loss reserves to non-performing loans	348%	262%	259%	168%

Lighting the way for our communities

For years, Liberty Bank has been recognized as a leader in promoting the well-being of our communities. We, along with our 23-year-old Foundation, are dedicated to helping Connecticut nonprofits that provide the resources and services children need to thrive in school and families need to be financially secure and healthy. As a Bank, we invested well over \$1 million to support nonprofit causes last year.

WHEN OUR COMMUNITIES SUCCEED, WE ALL SUCCEED.

Supporting our communities is engrained in who we are as a company and it makes our colleagues and customers proud. Whether we are presenting Foundation grants; sponsoring local fundraisers; partnering with nonprofits to end homelessness; volunteering for causes we are passionate about; paying it forward to our veterans; or running giving campaigns, the Bank and our teammates are dedicated to making a difference where we live and work. In fact, our employees are each given four paid volunteer days a year because we know there is nothing more rewarding than seeing a child learn to read or being part of a build that gives a deserving family a roof over their heads.



HOW WE EVOLVE AND ENGAGE OUR COMMUNITIES WITH OUR PARTNERS

In today's complex world, no single organization or person is capable of mobilizing all the resources required to accomplish everything needed. Prosperity takes all of us working effectively together toward a shared goal: building a stronger future. So not only is it our responsibility to reinvest dollars back into our communities, we also leverage our knowledge, relationships, influence, and people in order to light the way for a better Connecticut.

Investing in our communities is the greatest investment we can make. The results mentioned here are only some ways we contributed to more vibrant communities in 2019 and how we're living up to our promise as your trusted, neighborhood, mutual Bank.



COMMUNITY HIGHLIGHTS



Through our Foundation, we invested a record \$935,000 in community partnerships in the markets we serve.

Our teammates continued to spread their angel wings! Nearly 300 employees volunteered over 11,200 hours, helping nearly 320 nonprofits near and dear to them.



Collectively, employees raised \$300,000 for United Way and United Way-supported organizations throughout our footprint.

22,956 people enjoyed Thanksgiving dinners

Now 16 years strong, our Rotary Thanksgiving Dinner Drive raised a record-breaking \$565,000, exceeding the year prior by more than \$100,000.



Community Development team conducted over 160 outreach activities, ranging from First Time Homebuyers Seminars to

Budget and Credit Counseling Sessions to Realtor Networking events and organized five, ten-week sessions of the Academy for Small Business in East Hartford, New London and Norwich. In addition, we held our first-ever Economic Symposium on December 4, 2019 in Hartford.

45,357 people had meals at soup kitchens

Thanks to our customers and employees, our Save-A-Suit Drive brought in over 7,000 professional attire donations for local veterans returning back to the workforce.



1,826 very young children received school readiness services

13,064 students attended after-school programs



Our Foundation presented the 19th annual Willard M. McRae Community Diversity Award, honoring recipient and diversity champion Mike Rohde, Former Meriden Mayor.

901 adults received employment or entrepreneurship training

Grand opening of Shepherd Home, a permanent supportive housing facility for homeless veterans that began its rebirth at a community meeting in Liberty's boardroom



7 agencies received funding to support systems change in education, employment, and homelessness services



LIBERTY BANK BOARD OF DIRECTORS

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