



## PUBLIC DISCLOSURE

March 10, 2014

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Liberty Savings Bank, FSB  
Charter Number 708039

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Wilmington, OH 45177-1000

Office of the Comptroller of the Currency

Westlake Center  
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NOTE: 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'S CRA RATING: This institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

- Lending to borrowers of different income levels reflects reasonable penetration in the states of Florida, Colorado, and Ohio.
- Liberty Savings Bank's (Liberty or the thrift) performance in lending to geographies of different income levels exhibits reasonable penetration in the states of Florida and Colorado. There are no low- or moderate-income census tracts in the Ohio AA.
- Responsiveness to community development needs through lending, investments, and services is adequate.
- Liberty's loan-to-deposit ratio is reasonable.
- Liberty is a non-traditional thrift focusing on residential lending through a network of brokers. Although a substantial majority of loans originated are outside their AAs, the thrift has adequately met the low- and moderate-income housing credit needs within the areas it serves.

## **Scope of Examination**

The OCC conducted a full scope CRA evaluation to assess the thrift's record of meeting the credit needs of its entire community, including low- and moderate-income areas. We used intermediate small bank CRA evaluation procedures to evaluate the thrift's performance under the Lending Test and Community Development (CD) Test. The lending test evaluates the bank's record of helping to meet the credit needs of its assessment area through its lending activities. The CD test evaluates the thrift's CD lending, qualified investments, and CD services.

The evaluation period for the lending test covers loans originated between January 1, 2012 and December 31, 2013 comparing the information to 2010 census data. Residential real estate loans are the thrift's primary loan product, with a focus on Home Purchase and Home Refinance loans. Home Improvement loans were not included as these loans accounted for a negligible portion of the thrift's residential real estate loans. The evaluation period for the CD test is from January 1, 2011 to March 9, 2014.

During the lending test evaluation period, Liberty had five assessment areas (AAs) in the states of Colorado (CO), Florida (FL), and Ohio (OH). As part of its strategic plan, the thrift sold all but one branch in the Ohio market in September 2011 and all South Carolina branches in April 2012. We excluded the previous Ohio AAs for our review as the branches were sold prior to our review period for the lending test. In addition, the South Carolina AA was excluded from our review because it was only applicable for four months of our lending test review period. The North Port-Bradenton-Sarasota MSA AA is the thrift's primary AA, and its performance will be weighted heavier than the Denver-Aurora-Broomfield MSA and Clinton County AAs' performance.

## Description of Institution

Liberty is a federally chartered stock thrift institution headquartered in Wilmington, Ohio. Liberty is a wholly owned subsidiary of Liberty Capital, Inc., a one-bank holding company based in Wilmington, Ohio. As of March 2014, Liberty was an interstate financial institution with banking offices in Ohio, Florida, and Colorado. The thrift has one limited-service office in Clinton County, Ohio; two full-service offices in Colorado located in Grand and Denver counties; and seven full-service offices in Florida located in Sarasota and Manatee counties. According to the 2010 U.S. Census, one of the ten branches is located in a moderate income census tract, with the remainder of the offices in middle-and upper income tracts. The bank has drive-thru facilities and on-site automated teller machines (ATMs) at all offices, except the Ohio limited-service office.

Since the May 6, 2009 CRA evaluation, the structure of the institution has changed significantly. The thrift sold all but one branch in the Ohio market in September 2011 and all South Carolina branches in April 2012. Liberty sold the majority of their servicing assets and the servicing facility in Wilmington, Ohio in 2013. In addition, the thrift sold and closed branch offices in the Colorado market.

Liberty's principal line of business is mortgage banking that originates (exclusively through brokers) one-to-four family mortgage loans. The thrift sells the majority of its mortgage loans. During the review period, the thrift sold \$707 million in mortgages to the secondary market. Liberty also provides commercial loans and standard deposit products. As of December 31, 2013, the thrift reported total assets of \$559 million and Tier 1 capital of \$71 million, or 12.6 percent of total assets. At the same date, the thrift's loan portfolio totaled \$382 million in net loans, representing 63 percent of total assets. The table below shows the thrift's loan portfolio mix.

<b>Table 1 – Loan Mix as of December 31, 2013</b>		
<b>Loan Type</b>	<b>\$000's</b>	<b>%</b>
<b>Home Loans (1-4 family)</b>	<b>\$ 277,303</b>	<b>72.56%</b>
<b>Home Equity Lines of Credit</b>	<b>\$ 26,979</b>	<b>7.06%</b>
<b>Commercial/Commercial Real Estate Loans</b>	<b>\$ 67,912</b>	<b>17.77%</b>
<b>Other Loans</b>	<b>\$ 9,965</b>	<b>2.61%</b>
<b>Total</b>	<b>\$ 382,159</b>	<b>100.00%</b>

*Source: December 31, 2013 Report of Condition and Income (Call Report).*

Liberty's last Performance Evaluation was dated May 6, 2009, and the overall CRA rating was Satisfactory. Presently, there are no financial or legal impediments that affect Liberty's ability to help meet the credit needs of its AAs.

## Selection of Areas for Full-Scope Review

In 2012 and 2013, Liberty had five AAs, all consisting of whole counties, in the states of Colorado, Florida, and Ohio. The AAs are Jefferson and Denver counties in the Denver-Aurora-Broomfield, Colorado Metropolitan Statistical Area (MSA) #19740; Boulder County in the Boulder, Colorado MSA #14500; non-MSA Grand County, Colorado; Sarasota and Manatee counties in the Northport-Bradenton-Sarasota, Florida MSA #35840; and non-MSA Clinton County, Ohio.

We conducted full-scope reviews of Denver-Aurora-Broomfield MSA AA, Northport-Bradenton-Sarasota MSA AA, and Clinton County AA. We completed limited-scope reviews of the Boulder MSA AA and Grand County AA. Refer to the “Scope” section under the Colorado State section for details regarding the selection of the full-scope review AA.

Liberty Savings Bank’s CRA Assessment Areas		
Colorado	Florida	Ohio
<ul style="list-style-type: none"> <li>➤ Denver-Aurora-Broomfield MSA AA</li> <li>➤ Boulder MSA AA</li> <li>➤ Grand County AA</li> </ul>	<ul style="list-style-type: none"> <li>➤ Northport-Bradenton-Sarasota MSA AA</li> </ul>	<ul style="list-style-type: none"> <li>➤ Clinton County AA</li> </ul>

## Ratings

The bank’s overall rating is a blend of state ratings.

The thrift’s overall CRA rating is **Satisfactory**.

- The State of Florida rating is **Satisfactory**.
- The State of Colorado rating is **Satisfactory**.
- The State of Ohio rating is **Satisfactory**.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the “Scope” section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## Conclusions with Respect to Performance Criteria

### Loan-to-Deposit Ratio

Liberty’s loan-to-deposit (LTD) ratio is reasonable given their size, financial condition, and AA credit needs. The thrift’s 18-quarter average LTD ratio of 75.35 percent is reasonable when compared to competitor’s average of 72.49 percent.

Liberty's highest quarterly average was 88.19 percent at December 31, 2013, and their lowest quarterly average was 64.69 percent at March 31, 2012. The LTD ratio does not factor in the large volume of loans originated and sold on the secondary market.

### **Lending in Assessment Area**

Liberty's efforts to meet the credit needs of its AAs are adequate and meet the standards for satisfactory performance. If considered solely on the basis of lending volume within its AAs, the thrift's lending performance would not meet the standards for satisfactory performance, as a substantial majority of the thrift's loans were made outside the thrift's AAs. Liberty's business strategy is non-traditional institution and includes originating most loans through brokers, but meets the intent of the CRA by providing residential and small business loans to low- and moderate-income borrowers through its non-branch delivery avenues. The thrift originates loans through the use of brokers in 21 different states. Given the thrift's mode of operations, evaluating its CRA performance record based solely on the lending volume within its delineated AAs would not capture, in entirety, this non-traditional thrift's full performance in meeting the credit needs of the areas it serves.

As such, we took into consideration Liberty's lending performance within the states of Florida, Colorado, and Ohio where the thrift's branches are located. In 2012 and 2013, 69.0 percent of all loan originations were made in these states. The increase in lending volume when the thrift's lending activity is expanded to include the entire states of Florida, Colorado, and Ohio, where the thrift has their branches, is favorable.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 195.28(c) in determining a Federal Savings Association's (FSA's) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the FSA, or in any assessment area by an affiliate whose loans have been considered as part of the FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

# State Rating

## State of FLORIDA

### CRA Rating for Florida: Satisfactory

The Lending test is rated: **Satisfactory.**

The Community development test is rated: **Satisfactory.**

The major factors that support this rating include:

- Lending to borrowers of different income levels reflects reasonable distribution in the North Port-Bradenton-Sarasota MSA AA.
- Liberty’s performance in lending to geographies of different income levels exhibits reasonable distribution throughout the North Port-Bradenton-Sarasota MSA AA.
- Responsiveness to CD needs through lending and services is adequate.

## DESCRIPTION OF INSTITUTION’S OPERATIONS IN FLORIDA

The North Port-Bradenton-Sarasota MSA AA is located in western Florida along the Gulf of Mexico and consists of Manatee and Sarasota counties. Both counties are located in the Northport-Bradenton-Sarasota, Florida MSA #35840. This AA contains seven of the thrift’s thirteen offices that were open during the lending test review period.

The North Port-Bradenton-Sarasota MSA AA consists of 172 Census Tracts (CTs), with two percent low-income, 24 percent moderate-income, and the remainder middle- and upper-income CTs. Per the 2010 U.S. Census, the population of the AA is 702,281 with three percent of the population living in low-income CTs, 23 percent in moderate-income CTs, and the remainder in middle- and upper-income CTs. Almost 10 percent of the households in the AA live below the poverty level.

<b>Demographic Information for Full Scope Area: North Port-Bradenton-Sarasota MSA AA</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	172	2.33	24.42	45.35	27.90	0.00
Population by Geography	702,281	2.67	23.45	46.77	27.11	0.00
Owner-Occupied Housing by Geography	228,050	1.26	20.07	48.99	29.68	0.00
Business by Geography	114,610	1.63	20.18	43.24	34.95	0.00
Farms by Geography	2,981	1.51	18.15	48.21	32.13	0.00
Family Distribution by Income Level	188,229	2.15	20.69	47.89	29.27	0.00
Median Family Income		60,626	Median Housing Value		266,801	
HUD Adjusted Median Family Income for 2013		59,900				
Households Below Poverty Level		10.12%				

Source: 2010 United States Census Data.

According to the Florida Department of Economic Recovery as of January 2014, the unemployment rate in Manatee County was 5.9 percent and 6.2 percent in Sarasota County. These figures are slightly below the state unemployment rate of 6.3 percent.

The North Port-Bradenton-Sarasota MSA AA is supported by a diverse mix of corporations, organizations, and government agencies. Specifically, the major employers include the medical and retail industries. State and local government also employ a significant number of the North Port-Bradenton-Sarasota MSA AA population.

Competition in the AA is strong with many national banks, savings and loan associations, mortgage banks, and branches of large financial institutions. As of June 30, 2013, LSB had approximately a 1.38 percent deposit market share in the North Port-Bradenton-Sarasota MSA AA and was ranked 13<sup>th</sup> out of 43 financial institutions according to the Federal Deposit Insurance Corporation (FDIC) report.

Community contacts in the area describe primary opportunities for community support including financial literacy instruction, lending to small businesses and low-income individuals, and providing affordable housing. Per the community contact, the MSA is still recovering from the recession. Employment rates are improving, but there are high vacancy rates in downtown office buildings. The city has an economic development plan in place to address this issue.

## **SCOPE OF EVALUATION IN FLORIDA**

The thrift has only one AA in the state of Florida, the North Port-Bradenton-Sarasota MSA AA, which consists of Manatee and Sarasota counties. We performed a full-scope review of this AA. In the course of our review, the state of Florida carried the most weight because the largest portion of the thrift's deposits (53 percent) and the majority of the thrift's branches (7 of 13) are located within this AA.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FLORIDA**

### **LENDING TEST**

The thrift's performance under the lending test in the North Port-Bradenton-Sarasota MSA AA is satisfactory.

#### **Lending to Borrowers of Different Incomes**

Lending to borrowers of different income levels in the North Port-Bradenton-Sarasota MSA AA reflects reasonable penetration. The percent of households below the poverty level was high at 10 percent.

This contributes to the lower penetration to low-income borrowers as these households may experience difficulty meeting the credit underwriting standards for home mortgage loans. See Table 3 below for details.

<b>Table 3</b>					
<b>2012-2013 Borrower Distribution of Residential RE Loans in North Port-Bradenton-Sarasota MSA AA</b>					
Borrower Income Level	% Total Thrift Loans		% of Loans by AA Peers		% of Families in Each AA Income Level
Loan Type	Purchases	Refinances	Purchases	Refinances	
Low	0.00	5.71	6.34	6.88	19.55
Moderate	13.83	19.29	17.05	13.77	19.05
Middle	23.40	24.29	20.25	21.77	20.92
Upper	62.77	50.71	56.36	57.58	40.48

Source: Liberty's HMDA Loan Data from January 1, 2012 through December 31, 2013.

### Geographic Distribution of Loans

Liberty's geographic distribution of loans within the North Port-Bradenton-Sarasota MSA AA reflects reasonable dispersion. Of note, there is a high level of occupied rental units in the low- and moderate-income CTs in this AA.

In evaluating the geographic distribution of home mortgage loans, we considered the number of owner-occupied housing units located in low-income CTs. Approximately one percent of owner-occupied housing units are located in those low-income CTs. This restricts the thrift's opportunity to lend in low-income CTs.

The portion of loans made to moderate-income CTs reflects more than reasonable penetration and exceeded the percentage made by industry comparators within those CTs. Refer to Table 4 below for details.

<b>Table 4</b>					
<b>2012-2013 Geographic Distribution of Residential RE Loans in North Port-Bradenton-Sarasota MSA AA</b>					
Borrower Income Level	% Total Thrift Loans		% of Loans by AA Peers		% of Owner-Occupied Units
Loan Type	Purchases	Refinances	Purchases	Refinances	
Low	0.00	0.00	0.23	0.26	1.26
Moderate	11.43	10.60	10.59	9.81	20.07
Middle	53.33	43.71	49.03	49.22	48.99
Upper	35.24	45.69	40.15	40.71	29.68

Source: Liberty's HMDA Loan Data from January 1, 2012 through December 31, 2013.

## **Responses to Complaints**

Liberty has not received any complaints about its performance in helping to meet the AA credit needs during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the community development test in Florida is satisfactory.

### **Number and Amount of Community Development Loans**

Liberty's community development lending demonstrates an adequate responsiveness to the AA's needs given its resources and capacities. The thrift renewed a community development loan for \$344 thousand. The primary purpose for the loan was community service targeted to affordable housing for low-or-moderate income individuals.

### **Number and Amount of Qualified Investments**

Given Liberty's resources and capacities, the institution has a poor level of responsiveness for qualified community development investments and grants. Qualified investments consist of a \$2,250 in-kind donation of computer equipment to a local elementary school.

### **Extent to Which the Bank Provides Community Development Services**

The thrift provides an adequate level of responsiveness for CD services. Bank personnel participated in two separate qualified financial literacy awareness programs to low-to-moderate income individuals.

### **Responsiveness to Community Development Needs**

Liberty's responsiveness to community development needs is adequate. The institution had a \$344 thousand community development loan, and thrift employees participate in qualified financial literacy awareness activities.

# State Rating

## State of Ohio

### CRA Rating for Ohio: Satisfactory

The Lending test is rated: **Satisfactory.**

The Community development test is rated: **Needs to Improve.**

The major factors that support this rating include:

- Lending to borrowers of different income levels reflects reasonable distribution in the Clinton County AA given the thrift's limited operations in the AA.
- Responsiveness to CD needs through lending and services is adequate.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN OHIO

The Clinton County AA is located in Wilmington, Ohio, which is where the thrift's main office is located. The thrift considers Clinton County in its entirety as its AA, and this county is not part of a MSA. This AA contains one of the thrift's thirteen offices that were open during the lending test review period. This is a limited-service office and holds eight percent of the thrift's total deposits as of June 30, 2013.

The Clinton County AA consists of nine CTs with no low- or moderate-income CTs. Per the 2010 U.S. Census, the population of the AA is 42,040. Almost 13 percent of the households in the AA live below the poverty level.

<b>Demographic Information for Full Scope Area: Clinton County AA</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	9	0.00	0.00	88.89	11.11	0.00
Population by Geography	42,040	0.00	0.0	87.90	12.10	0.00
Owner-Occupied Housing by Geography	18,090	0.00	0.00	85.83	14.17	0.00
Business by Geography	2,819	0.00	0.00	84.60	15.40	0.00
Farms by Geography	400	0.00	0.00	75.00	25.00	0.00
Family Distribution by Income Level	11,763	0.00	0.00	86.90	13.10	0.00
Median Family Income		52,111	Median Housing Value		125,498	
HUD Adjusted Median Family Income for 2013		53,000				
Households Below Poverty Level		13.21%				

*Source: 2010 United States Census Data.*

In Clinton County, unemployment remains high, especially after the closure of the local DHL logistics hub in 2008. According to Bureau of Labor Statistics Information as of January 2014, the unemployment rate in the thrift's AA (9.8 percent) significantly exceeds rates in the State of Ohio (6.9 percent) and the national average (6.6 percent).

Major employers include Ahresty Wilmington Corp, Alkermes Inc, ATSG/ABX Air, Clinton Memorial Hospital, Wilmington City Schools, and Wilmington College. Foreclosures continue to rise and many properties have been vacant for over six years. Property values have diminished, making it harder to refinance homes. Demand for affordable rental units is high, and the local homeless shelter provider opened a new branch to accommodate additional individuals.

Competition in the AA is strong with many national banks, savings and loan associations, mortgage banks, and branches of large financial institutions. As of June 30, 2013, Liberty had approximately a 5.93 percent deposit market share in the Clinton County AA and was ranked 6<sup>th</sup> out of 10 financial institutions according to the FDIC report.

Based on information from the community contact, the primary community development opportunities include general operating support, such as volunteer assistance or board membership, funds for the food pantry, and financial literacy programs.

## **SCOPE OF EVALUATION IN OHIO**

The thrift has only one AA in the state of Ohio, the Clinton County AA, which consists of only Clinton County and is not a part of any MSA. We performed a full-scope review of this AA. In the overall CRA assessment, the state of Ohio carried the least weight because the smallest portion of the thrift's deposits (8 percent) are located within this AA, and the thrift has only one limited-service branch in the AA.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OHIO**

### **LENDING TEST**

The thrift's performance under the lending test in the Clinton County AA is satisfactory. Our review was limited to lending to borrowers of different income levels for this AA, as there are no low- or moderate-income census tracts in the Clinton County AA; a geographic distribution of loans analysis would not be meaningful.

#### **Lending to Borrowers of Different Incomes**

Lending to borrowers of different income levels in the Clinton County AA reflects reasonable penetration. Given the thrift's non-traditional operations, evaluating based solely on borrower distribution on loans in this AA would not capture the performance of the thrift in this state. The thrift operates one limited-service branch in the state. The thrift primarily exited all retail operations within Ohio in 2011. The primary reason for the limited-service branch is to offer services to employees at the Wilmington, Ohio location. However, the thrift originated a number of loans within the state of Ohio (1,199), including 19 during the review period.

The distribution of loans originated during the review period reflect a reasonable penetration to moderate-income borrowers. Refer to Table 5 for additional detail.

<b>Table 5 2012-2013 Borrower Distribution of Residential RE Loans in Clinton County AA</b>					
<b>Borrower Income Level</b>	<b>% Total Thrift Loans</b>		<b>% of Loans by AA Peers</b>		<b>% of Families in Each AA Income Level</b>
<b>Loan Type</b>	<b>Purchases</b>	<b>Refinances</b>	<b>Purchases</b>	<b>Refinances</b>	
Low	0.00	0.00	10.28	5.56	20.24
Moderate	33.33	12.50	21.28	14.74	15.01
Middle	66.67	37.50	29.08	26.47	21.12
Upper	0.00	50.00	39.36	53.23	43.63

Source: Liberty's HMDA Loan Data from January 1, 2012 through December 31, 2013.

### **Responses to Complaints**

LSB has not received any complaints about its performance in helping to meet the AA credit needs during the evaluation period.

### **COMMUNITY DEVELOPMENT TEST**

Liberty's performance under the community development test in the state of Ohio over the evaluation period is needs to improve.

#### **Number and Amount of Community Development Loans**

Liberty did not originate or renew any community development loans in the Clinton County AA during the evaluation period.

#### **Number and Amount of Qualified Investments**

LSB did not have any qualified investments in the Clinton County AA during the evaluation period.

#### **Extent to Which the Bank Provides Community Development Services**

The thrift provides an adequate level of responsiveness for CD services. One thrift employee participated in one qualified financial literacy awareness program for low-to-moderate income individuals. In addition, an employee was a board member providing financial expertise to a group contributing to the economic development in the area.

## **Responsiveness to Community Development Needs**

Liberty's responsiveness to community development needs to improve. The institution had an employee participate in qualified financial literacy awareness activity and an employee worked on the board of a group providing financial expertise. However, this level does not reflect a commitment to the community that is commensurate with the level of deposits in the area.

# State Rating

## State of Colorado

### CRA Rating for Colorado: Satisfactory

The Lending test is rated: Satisfactory.

The Community development test is rated: Satisfactory.

The major factors that support this rating include:

- Lending to borrowers of different income levels reflects reasonable distribution in the Denver-Aurora-Broomfield MSA AA.
- Liberty’s performance in lending to geographies of different income levels exhibits reasonable distribution throughout the Denver-Aurora-Broomfield MSA AA.
- Responsiveness to CD needs through lending and services are adequate.

## DESCRIPTION OF INSTITUTION’S OPERATIONS IN COLORADO

The Denver-Aurora-Broomfield MSA AA is located in north central Colorado and the thrift’s AA consists of Denver and Jefferson counties, which are both located in the Denver-Aurora-Broomfield, Colorado MSA #19740. In addition, the thrift had AAs in Boulder County in the Boulder, Colorado MSA # 14500 and in non-MSA Grand County, Colorado. The state of Colorado had five of the thrift’s 13 offices that were open during the lending test review period. Our review of the institution’s operations in Colorado will focus on the Denver-Aurora-Broomfield MSA AA as this AA contained three of the thrift’s five branches in the state and the majority of the deposits.

The Denver-Aurora-Broomfield MSA AA consists of 282 CTs, with 13 percent low-income, 23 percent moderate-income, and the remainder middle- and upper-income CTs. Per the 2010 U.S. Census, the population of the AA is 1,134,701 with 14 percent of the population living in low-income CTs, 25 percent in moderate-income CTs, and the remainder in middle- and upper-income CTs. Almost 13 percent of the households in the AA live below the poverty level.

<b>Demographic Information for Full Scope Area: Denver-Aurora-Broomfield MSA AA</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	282	13.12	23.40	33.33	29.08	1.07
Population by Geography	1,134,701	14.06	24.64	33.04	28.16	0.10
Owner-Occupied Housing by Geography	289,633	8.20	20.66	35.91	35.23	0.00
Business by Geography	160,117	9.51	20.45	30.30	39.16	0.58
Farms by Geography	2,395	8.43	22.21	30.61	38.58	0.17
Family Distribution by Income Level	266,233	12.08	23.59	32.85	31.48	0.00
Median Family Income		\$76,581	Median Housing Value		\$274,866	
HUD Adjusted Median Family Income for 2013		\$77,800	Unemployment Rate			
Households Below Poverty Level		13%	(2010 US Census)		4.99%	

Source: 2010 United States Census Data.

According to Bureau of Labor Statistics Information as of January 2014, the unemployment rate in the thrift's AA (6.4 percent) slightly exceeds rates in the state of Colorado (6.1 percent), but beat the national average (6.6 percent).

The Denver-Aurora-Broomfield MSA AA is supported by a diverse mix of corporations, organizations, and government agencies. Specifically, the major employers are in the medical and government contracting industries. Primary employers include HealthONE, Exempla Healthcare, Centura Health, and Lockheed Martin Corp. Floods that occurred in September 2013 slowed Denver's expansion, but employment is well above its prerecession peak, and payrolls are expanding in the key business/professional cluster.

Competition in the AA is strong with many national banks, savings and loan associations, mortgage banks, and branches of large financial institutions. As of June 30, 2013, LSB had approximately a 0.32 percent deposit market share in the Denver-Aurora-Broomfield MSA AA and was ranked 25<sup>th</sup> out of 49 financial institutions according to the FDIC report.

Based on information from the community contact, the primary needs in the area are affordable downtown housing, especially rental properties.

## **SCOPE OF EVALUATION IN COLORADO**

The OCC performed a full-scope review of the Denver-Aurora-Broomfield MSA AA because this AA had eighty percent of the deposits in Colorado and three of the thrift's five branches located in Colorado. We performed a limited-scope review of the Boulder County MSA AA and the Grand County AA.

In the course of our review, the state of Colorado carried more weight than Ohio but less weight than Florida because the second-largest portion of the thrift's deposits (39%) and a number of the thrift's branches (5 of 13) are located within this state .

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN COLORADO**

### **LENDING TEST**

The thrift's performance under the lending test in the Denver-Aurora-Broomfield MSA AA is satisfactory.

#### **Lending to Borrowers of Different Incomes**

Lending to borrowers of different income levels in the Denver-Aurora-Broomfield MSA AA reflects reasonable penetration. The percent of households below the poverty level was high at 13 percent.

This contributes to the lower penetration to low-income borrowers as these households may experience difficulty meeting the credit underwriting standards for home mortgage loans. In addition, the median price of a home in the AA is \$274,866, which limits opportunities to purchase homes for low- or moderate-income borrowers. There is also a high level of occupied rental units in this AA. See Table 6 for additional details.

<b>Table 6</b>					
<b>2012-2013 Borrower Distribution of Residential RE Loans in Denver-Aurora-Broomfield CO AA</b>					
Borrower Income Level	% Total Thrift Loans		% of Loans by AA Peers		% of Families in Each AA Income Level
Loan Type	Purchases	Refinances	Purchases	Refinances	
Low	4.63	5.43	11.38	7.42	24.69
Moderate	15.74	15.84	24.22	17.81	17.58
Middle	20.37	19.45	24.16	25.32	19.26
Upper	59.26	59.28	40.24	49.45	38.47

Source: Liberty's HMDA Loan Data from January 1, 2012 through December 31, 2013.

### Geographic Distribution of Loans

Liberty's geographic distribution of loans within the Denver-Aurora-Broomfield MSA AA reflects reasonable dispersion. See Table 7 for details.

<b>Table 7</b>					
<b>2012-2013 Geographic Distribution of Residential RE Loans in Denver-Aurora-Broomfield CO AA</b>					
Borrower Income Level	% Total Thrift Loans		% of Loans by AA Peers		% of Owner-Occupied Units
Loan Type	Purchases	Refinances	Purchases	Refinances	
Low	5.31	4.37	7.41	5.15	8.20
Moderate	19.47	19.65	21.38	16.90	20.66
Middle	37.17	28.82	33.56	33.64	35.91
Upper	38.05	47.16	37.65	44.31	35.23

Source: Liberty's HMDA Loan Data from January 1, 2012 through December 31, 2013.

### Conclusions for Areas Receiving Limited-Scope Reviews

Based on our limited-scope reviews, the thrift's performance under the lending test in the Boulder MSA AA and Grand County AA is consistent with the thrift's overall satisfactory performance under the lending test in Colorado. See the tables on the following page for additional information.

<b>Table 8</b> <b>2012-2013 Borrower Distribution of Residential RE Loans in Boulder MSA AA</b>					
Borrower Income Level	% Total Thrift Loans		% of Loans by AA Peers		% of Families in Each AA Income Level
Loan Type	Purchases	Refinances	Purchases	Refinances	
Low	0.00	9.84	11.39	7.97	22.09
Moderate	15.38	19.67	21.96	19.34	16.59
Middle	38.47	37.70	24.02	25.58	20.06
Upper	46.15	32.79	42.63	47.11	41.26

Source: Liberty's HMDA Loan Data from January 1, 2012 through December 31, 2013.

<b>Table 9</b> <b>2012-2013 Geographic Distribution of Residential RE Loans in Boulder MSA AA</b>					
Borrower Income Level	% Total Thrift Loans		% of Loans by AA Peers		% of Owner-Occupied Units
Loan Type	Purchases	Refinances	Purchases	Refinances	
Low	7.14	4.76	3.76	1.69	2.83
Moderate	21.43	9.52	14.34	11.06	14.95
Middle	42.86	47.62	47.48	46.89	45.77
Upper	28.57	38.10	34.42	40.36	36.45

Source: Liberty's HMDA Loan Data from January 1, 2012 through December 31, 2013.

<b>Table 10</b> <b>2012-2013 Borrower Distribution of Residential RE Loans in Grand County AA</b>					
Borrower Income Level	% Total Thrift Loans		% of Loans by AA Peers		% of Families in Each AA Income Level
Loan Type	Purchases	Refinances	Purchases	Refinances	
Low	0.00	4.55	1.84	1.34	13.51
Moderate	0.00	9.09	6.68	5.69	11.22
Middle	4.76	27.27	8.76	11.89	24.53
Upper	95.24	59.09	82.72	81.08	50.74

Source: Liberty's HMDA Loan Data from January 1, 2012 through December 31, 2013.

The Grand County AA does not contain any low- or moderate-income CTs, so a geographic distribution analysis would not be meaningful.

## **Responses to Complaints**

Liberty has not received any complaints about its performance in helping to meet the AA credit needs during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

Liberty's performance under the community development test in the state of Colorado over the evaluation period is satisfactory. The community development review was state-wide and did not focus on a specific AA.

### **Number and Amount of Community Development Loans**

Liberty's community development lending demonstrates an adequate responsiveness to the AA's needs given its resources and capacities.

The thrift renewed a community development loan for \$141 thousand. The primary purpose for the loan was community service targeted to low- or moderate-income individuals. Senior Support Services, a non-profit organization, provides services to low-income and homeless senior citizens. In addition, Liberty originated two community development loans in the greater statewide area with a total balance of \$150 thousand. The primary purpose for the loans was activities that revitalize or stabilize low- to moderate-income geographies. The loans refurbished a property located in a moderate-income census tract that was part of an established government sponsored revitalization plan.

### **Number and Amount of Qualified Investments**

LSB did not contribute to any qualified investments in the state of Colorado during the evaluation period.

### **Extent to Which the Bank Provides Community Development Services**

LSB did not participate in any qualified community development services in the state of Colorado during the evaluation period.

### **Responsiveness to Community Development Needs**

The thrift's responsive to community development needs is adequate. The institution had \$291 thousand in community development loans. While the thrift did not have qualified investments or CD services in the state of Colorado, we found this did not have a material impact on the rating for the state of Colorado.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: (01/01/2012 to 12/31/2013) Community Development Test: (01/01/2011-03/09/2014)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Liberty Savings Bank, a F.S.B Wilmington, Ohio	One-to-four family mortgage loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>Not reviewed</i>		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Denver-Aurora-Broomfield, CO Metropolitan Statistical Area (MSA) # 19740	Full Scope	
Boulder, CO MSA # 14500	Limited Scope	
non-MSA Grand County, Colorado	Limited Scope	
Northport-Bradenton-Sarasota, FL MSA #35840	Full Scope	
non-MSA Clinton County, Ohio	Full Scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Liberty Savings Bank (overall bank rating)	Satisfactory	Satisfactory	Satisfactory
State of Florida	Satisfactory	Satisfactory	Satisfactory
State of Colorado	Satisfactory	Satisfactory	Satisfactory
State of Ohio	Satisfactory	Needs to Improve	Satisfactory