



PUBLIC DISCLOSURE

April 24, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Liberty Savings Bank, FSB
Charter Number 708039

3435 Airborne Road, Suite B
Wilmington, OH 45177

Office of the Comptroller of the Currency

Westlake Center
4555 Lake Forest Drive, Suite 520
Blue Ash, OH 45242-3760

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.

TABLE OF CONTENTS

INSTITUTION'S CRA RATING	1
SCOPE OF EXAMINATION.....	1
SELECTION OF AREAS FOR FULL-SCOPE REVIEW.....	1
RATINGS	2
DESCRIPTION OF INSTITUTION	2
LOAN-TO-DEPOSIT RATIO	3
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	5
STATE RATING – STATE OF FLORIDA	6
STATE RATING – STATE OF COLORADO	11
STATE RATING – STATE OF OHIO	18
APPENDIX A: SCOPE OF EXAMINATION.....	A-1
APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS	B-1

INSTITUTION'S CRA RATING: This institution is rated Needs to Improve.

The Lending Test is rated: Needs to Improve

The Community Development Test is rated: Needs to Improve

- The volume of lending inside the assessment areas (AAs), compared to the capacity based on local deposits, is very poor, as a substantial majority of the loans were originated/purchased outside the AAs.
- Lending to borrowers of different incomes, specifically low- and moderate-income individuals, reflects adequate distribution in the State of Florida, but reflects poor distribution in the States of Colorado and Ohio.
- Responsiveness to community development (CD) needs of the AAs through CD lending, investments, and services is adequate in the State of Florida and very poor in the States of Colorado and Ohio. Although Liberty Savings Bank (Liberty, LSB, or the thrift) made an adequate level of CD loans and services in the State of Florida, CD loans, investments, and services in the other three rated areas were almost non-existent.

Scope of Examination

Evaluation Period/Products Evaluated

We 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 savings association evaluation procedures to evaluate the thrift's performance under the Lending Test and CD Test. The Lending Test includes loans originated from January 1, 2014 to December 31, 2016 (lending evaluation period). The thrift's primary product is residential real estate lending (one-to-four family home purchase and refinance loans). We used the 2010 U.S. Census data to analyze performance for the Lending Test. The CD Test considered CD loans, investments, and services from March 10, 2014 to April 24, 2017 (CD evaluation period).

Data Integrity

We completed a data integrity examination of the thrift's home mortgage loans, as reported in the HMDA Loan Applications Registers to determine the accuracy of the data. We found the data was accurate and reliable and was used in its entirety in this evaluation.

Selection of Areas for Full-Scope Review

Liberty has designated four AAs as its primary lending areas, consisting of whole counties in Florida, Colorado, and Ohio. The AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income areas. The AAs are as follows:

- North Port-Sarasota-Bradenton, FL Metropolitan Statistical Area (MSA) #35840 (North Port-Sarasota-Bradenton MSA AA)
- Denver-Aurora-Lakewood, CO MSA #19740 (Denver MSA AA)
- Grand County, CO Non-MSA (Grand County AA).
- Clinton County, OH Non-MSA (Clinton County AA)

We conducted full-scope reviews for all AAs and rolled those conclusions up into three rated areas (States of Florida, Colorado and Ohio).

Ratings

The bank's overall rating is based on those areas that received full-scope reviews, but the level of activity in each rated area impacted our weighting of those findings in arriving at this rating.

We considered the States of Florida and Colorado equally in our analysis. The State of Florida has the largest portion of the thrift's deposits (65 percent), the majority of the thrift's branches (70 percent; seven of ten), and 33 percent of the total lending volume originated within the rated areas during the lending evaluation period. The State of Colorado has 31 percent of the thrift's deposits, twenty percent of the branches (two of ten) but has 66 percent of the total lending volume.

The State of Ohio received minimal weight in the overall rating as it included only four percent of the thrift's deposits, ten percent (one of ten) of the branch locations and less than one percent of the lending volume. In addition, this branch location has limited hours of operation and primarily serves Liberty's employees.

Description of Institution

Liberty is a federally chartered stock thrift with total assets of \$666 million headquartered in Wilmington, Ohio. Liberty is a wholly owned subsidiary of Liberty Capital, Inc., a one-thrift holding company based in Wilmington, Ohio. Liberty is an interstate financial thrift with banking offices in Ohio, Florida, and Colorado. At the beginning of our lending and CD evaluation periods, Liberty had ten offices: one limited service branch in Clinton County, Ohio; one full service branch in Denver County, Colorado; one full service branch in Grand County, Colorado; and seven full service branches in Sarasota and Manatee Counties, Florida. During the lending and CD evaluation periods, two Florida branches were closed, one in 2014 and the other in July of 2016. As of April 24, 2017, the thrift has eight branches.

According to the 2010 U.S. Census, the eight remaining branches are all located in middle- and upper-income geographies. One of the closed branches was in a moderate-income census tract (CT) (the Bayshore Gardens office in Bradenton, Florida); the other closed branch was in an upper-income CT (the Hyde Park office in Sarasota, Florida). The closed branches did not change any of the thrift's AAs due to other Liberty branches in the same area. For general purposes in our analysis, we

considered the thrift to have ten branches, the number at the beginning of the lending and CD evaluation periods. The closures did not have any influence on our overall rating conclusions.

Liberty's principal line of business is mortgage banking, originating (almost 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 \$934 million in mortgages to the secondary market, and they purchased \$348 million in mortgages during the same timeframe. Additionally, Liberty provides commercial loans and standard deposit products. As of March 31, 2017, the thrift reported total assets of \$665.7 million and Tier 1 capital of \$62 million, or 9.3 percent of total assets. At the same date, the thrift's loan portfolio totaled \$562 million in gross loans, representing 84.4 percent of total assets. Table 1 shows the thrift's loan portfolio mix, and identifies home loans as their primary lending product.

Table 1 – Loan Mix as of March 31, 2017		
Loan Type	\$000's	%
Home Loans (1-4 family)	\$ 520,253	92.58%
Home Equity Lines of Credit	\$ 7,500	1.34%
Commercial/Commercial Real Estate Loans	\$ 34,019	6.05%
Other Loans	\$ 154	0.03%
Total	\$561,926	100.00%

Source: March 31, 2017 Report of Condition and Income (Call Report).

Liberty's last CRA Performance Evaluation was dated March 10, 2014, and the overall CRA rating was Satisfactory. There were no financial or legal impediments that affected Liberty's ability to help meet the credit needs of its AAs during the evaluation periods.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit Ratio

Liberty's loan-to-deposit (LTD) ratio is more than reasonable given their size, financial condition, and AA credit needs. The thrift's 12-quarter average LTD ratio of 119.36 percent is more than reasonable when compared to other similarly situated banks and thrifts, who combined had a 12-quarter average LTD ratio of 79.86 percent. Liberty's LTD ratio is also the highest of the six similarly situated banks, with the next highest average LTD ratio at 97.45 percent.

Liberty's highest quarterly average LTD ratio was 143.08 percent at December 31, 2016, and their lowest quarterly average was 88.40 percent at March 31, 2014. The LTD ratio does not factor in the large volume of loans originated and sold on the secondary market.

Lending in Assessment Area

A substantial majority of the loans Liberty purchased and/or originated are located outside of their AAs. The volume of AA lending, compared to the capacity based on local deposits, is very poor. During the lending evaluation period, Liberty purchased and/or originated only slightly over 12% of their residential real estate loans inside the AAs despite generating substantially all of their deposits from the AAs.

Liberty is a non-traditional thrift and originates the majority of its loans through brokers located in 21 states, resulting in the low ratio of lending within their defined AAs. Throughout the lending evaluation period, Liberty originated 98 percent of their residential real estate loans through wholesale third party originators (brokers), one percent through correspondent relationships in which they purchased loans, and one percent through their retail branch network. Total deposits as of March 31, 2017, were \$384 million. As of the June 30, 2016 Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report, total deposits were \$417 million, of which 65 percent were in the Florida market (\$272 million), 31 percent in the Colorado market (\$128 million), and four percent in the Ohio market (\$17 million). Management stated that the majority of deposits are generally local to their AAs as the bank neither uses brokered deposits nor advertises for deposits outside of the AAs.

Table 1A - Concentration of Thrift Loans Originated Inside and Outside of the Reviewed AAs				
	Lending Activity		Percent of Loans	
	# Loans	\$ Volume (000s)	% of Loans	% of \$ Volume
North Port-Sarasota-Bradenton MSA AA	225	\$ 56,134	4.13%	3.95%
Denver MSA AA	258	\$ 80,919	4.74%	5.69%
Grand County AA	192	\$ 43,588	3.53%	3.06%
Clinton County AA	6	\$ 843	0.11%	0.06%
Outside AA	4,763	\$1,240,518	87.49%	87.24%
Total # / \$	5,444	\$1,422,002	100.00%	100.00%

Source: Residential real estate loans (HMDA data) from January 1, 2014 – December 31, 2016.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this institution that other regulators may provide to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Responses to Complaints

Liberty has received no complaints about its performance in helping to meet the credit needs in any of the four AAs during the lending and CD evaluation periods.

State Rating

State of Florida

CRA Rating for the State of 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 incomes reflects adequate distribution.
- Geographic distribution of loans reflects adequate penetration.
- Responsiveness to CD needs of the AA through CD loans and services is adequate.

DESCRIPTION OF INSTITUTION'S OPERATION IN FLORIDA

The thrift has one AA in the State of Florida, the North Port-Sarasota-Bradenton MSA AA, which consists of Manatee and Sarasota counties. The North Port-Sarasota-Bradenton MSA AA is located in western Florida along the Gulf of Mexico. Liberty operated seven full service branches in Sarasota and Manatee Counties, Florida on January 1, 2014. During the lending and CD evaluation periods, two of these branches were closed. One of those branches was in a moderate-income CT. Therefore, as of April 24, 2017, the thrift has five branches in the AA, all of which are in middle- or upper-income CTs.

The North Port-Sarasota-Bradenton MSA AA is supported by a diverse mix of companies across many industries from manufacturing to the service industry to government agencies. Specifically, the major employers include: Tervis Tumbler Company, Sarasota Memorial Health Care, Blake Medical Center, and State College of Florida. State and local government also employ a significant number of the North Port-Sarasota-Bradenton MSA AA population.

Competition in the AA is strong with many banks, savings and loan associations, mortgage banks, and branches of large banks. As of June 30, 2016, Liberty had approximately a 1.41 percent deposit market share in the North Port-Sarasota-Bradenton MSA AA and was ranked 16th out of 40 banks and thrifts according to the Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report.

A community contact indicated that the AA's economy is stable, with low unemployment. The credit needs of the AA include affordable housing. We contacted an affordable housing organization during the examination. According to the contact, local banks and thrifts are adequately meeting the credit and CD needs to the AA. The contact stated that there are opportunities for CD in the area.

Table 2 – Demographic and Economic Characteristics of the North Port-Sarasota-Bradenton MSA AA	
Population	
Number of Families	188,229
Number of Households	300,209
Total Population of AA	702,281
% of Low-Income Families	19.55%
% of Moderate-Income Families	19.05%
% of Middle-Income Families	20.92%
% of Upper-Income Families	40.48%
Geographies	
Number of Census Tracts	172
% Low-Income Census Tracts	2.33%
% Moderate-Income Census Tracts	24.42%
% Middle-Income Census Tracts	45.35%
% Upper-Income Census Tracts	27.90%
% of Owner Occupied Housing Units	57.50%
Median Family Income (MFI)	
2010 MFI for AA	\$60,626
2014 FFIEC-Adjusted MFI	\$57,300
2015 FFIEC-Adjusted MFI	\$62,300
2016 FFIEC-Adjusted MFI	\$61,900
Economic Indicators – not seasonally adjusted, as of February 2017	
Unemployment Rate - national	4.9%
Unemployment Rate – State of Florida	4.7%
Unemployment Rate – Sarasota and Manatee Counties	4.4%
Other Data	
2010 Median Housing Value	\$266,801
2010 Average Median Age of Housing	33
2010 Weighted Average Monthly Gross Rent	\$1,013
% of Families Below Poverty Level	7.69%
% of Households Below Poverty Level	10.12%

Source: 2010 U.S. Census data with updated information when available; February 2017 Bureau of Labor Statistics Information (unemployment data).

SCOPE OF EVALUATION IN FLORIDA

We performed a full-scope review of the North Port Sarasota Bradenton MSA AA. We placed the most weight on purchase loans as they represented 67 percent of the lending within the AA during the evaluation period. During the lending evaluation

period, Liberty originated/purchased 150 home purchase loans and 74 home refinance loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FLORIDA

LENDING TEST

Liberty’s performance under the Lending Test in Florida is rated “Satisfactory.”

Lending to Borrowers of Different Incomes

Lending to borrowers of different income levels in the North Port-Sarasota-Bradenton MSA AA reflects adequate distribution and meets the standards for satisfactory performance.

Lending to low-income borrowers is less than peer for purchase loans and significantly less than peer for refinance loans. Lending to moderate-income borrowers for home purchase and refinance loans is commensurate with AA peers and considered adequate. Table 3 below reflects the thrift’s distribution of home loans by borrower income level compared to aggregate AA peer data.

Table 3 Borrower Distribution of Residential Real Estate Loans in the North Port-Sarasota-Bradenton MSA AA						
Borrower Income Level	% Total Thrift Loans			% of Loans by AA Peers		% of Families
Loan Type	Purchases	Refinances	Purchases	Refinances		
Low	2.86	1.43	4.82	7.22	19.55	
Moderate	13.57	12.86	15.51	14.86	19.05	
Middle	18.57	12.86	22.09	23.81	20.92	
Upper	65.00	72.85	57.58	54.11	40.48	

Source: Liberty’s HMDA loan data from January 1, 2014 through December 31, 2016; 2010 U.S. Census data; 2015 Peer Mortgage Data. The above numbers are as a percentage of loans with borrower income information available.

Geographic Distribution of Loans

Liberty’s geographic distribution of loans within the North Port-Sarasota-Bradenton MSA AA reflects reasonable distribution.

In evaluating the geographic distribution of home loans, we noted the percentage of loans made by AA peers in low-income CTs was low at less than one percent. Additionally, the low amount of owner-occupied housing units available (1.26 percent) restricts the thrift's opportunities to lend in low-income CTs. Liberty's originations in moderate-income CTs is commensurate with AA peer. Refer to Table 4 below for details on the geographic distribution in this AA.

Table 4 Geographic Distribution of Residential Real Estate Loans in the North Port-Sarasota-Bradenton MSA AA						
Census Tract 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	0.37	0.39	1.26	
Moderate	9.33	9.46	12.16	11.77	20.07	
Middle	38.67	31.08	51.16	50.09	48.99	
Upper	52.00	59.46	36.31	37.75	29.68	

Source: Liberty's HMDA loan data from January 1, 2014 through December 31, 2016; 2010 U.S. Census data; 2015 Peer Mortgage Data.

COMMUNITY DEVELOPMENT TEST

The thrift's performance under the Community Development test in Florida is rated "Satisfactory."

Number and Amount of Community Development Loans

Liberty originated or renewed four CD loans totaling \$1.3 million to borrowers that provide affordable housing to low- and moderate-income individuals in the North Port-Sarasota-Bradenton MSA AA during the CD evaluation period. Affordable housing was an identified credit need for the AA.

Number and Amount of Qualified Investments

During the CD evaluation period in the North Port-Sarasota-Bradenton MSA AA, Liberty had four qualified investments totaling \$7,500. The investments were all donations and are not considered innovative or complex. Three donations totaling \$6,500 were to Habitat for Humanity which provides affordable housing to low- and moderate-income individuals. The fourth donation was for \$1,000 to Face of Hope which provides services to the homeless.

Extent to Which the Bank Provides Community Development Services

The thrift participated in 16 qualified CD services during the CD evaluation period in the North Port-Sarasota-Bradenton MSA AA. Approximately seven different Liberty employees taught “Big Bank Theory” and other classes in financial literacy at local schools serving low- and moderate-income students, three employees organized fundraisers to provide relief for low- and moderate-income families facing homelessness, and four employees served on committees that utilized their financial expertise for the local Habitat for Humanity offices, assisting low- and moderate-income families in obtaining affordable housing.

Responsiveness to Community Development Needs

Given its resources and capacity, Liberty has an adequate level of responsiveness to CD needs in the North Port-Sarasota-Bradenton MSA AA. This is driven primarily by the thrift’s performance in CD lending and CD services that serve primarily low- and moderate-income individuals and families.

State Rating

State of Colorado

CRA rating for the State of Colorado: Needs to Improve

The Lending test is rated: Needs to Improve

The Community Development test is rated: Substantial Noncompliance

The major factors that support this rating include:

- Lending to borrowers of different income levels reflects poor distribution.
- Responsiveness to CD needs through CD loans, investments, and services is very poor.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN COLORADO

Liberty has two AAs in Colorado. One AA includes all of Denver County, which is located in the Denver-Aurora-Lakewood, CO MSA #19740. Denver County is located in north central Colorado. The second AA includes all of Grand County, a Non-MSA AA. One branch is located in the Denver MSA AA and the other branch is located in the Grand County AA. Both branches are in upper-income CTs.

The Denver MSA AA and Grand County AA are 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 Corporation, Centura Health, Lockheed Martin Corporation, and the U.S. government.

Competition in the AAs is strong with many banks, savings and loan associations, mortgage banks, and branches of large banks. As of June 30, 2016, Liberty had approximately a 0.27 percent deposit market share in the Denver MSA AA and was ranked 25th out of 48 banks and thrifts, according to the FDIC's Deposit Market Share Report. For the same time period, Liberty had approximately a 6.98 percent deposit market share in the Grand County AA and was ranked 6th out of six banks and thrifts.

For both AAs, the community contacts indicate that the economy continues to improve, with low unemployment. The credit needs of both AAs include affordable housing and small business lending. Community contacts conducted in these AAs included affordable housing and economic development organizations. According to the contacts, local banks and thrifts are adequately meeting the credit and CD needs to the AAs. The contacts stated that there are opportunities for CD in the area.

Table 5 – Demographic and Economic Characteristics of the Denver MSA AA	
Population	
Number of Families	122,497
Number of Households	254,181
Total Population of AA	600,158
% of Low-Income Families	33.26%
% of Moderate-Income Families	18.65%
% of Middle-Income Families	16.64%
% of Upper-Income Families	31.45%
Geographies	
Number of Census Tracts	144
% Low-Income Census Tracts	23.61%
% Moderate-Income Census Tracts	27.78%
% Middle-Income Census Tracts	27.08%
% Upper-Income Census Tracts	20.84%
% Non-Applicable	0.69%
% of Owner Occupied Housing Units	47.48%
Median Family Income (MFI)	
2010 MFI for AA	\$75,101
2014 FFIEC-Adjusted MFI	\$76,700
2015 FFIEC-Adjusted MFI	\$79,900
2016 FFIEC-Adjusted MFI	\$80,100
Economic Indicators – not seasonally adjusted, as of February 2017	
Unemployment Rate – national	4.9%
Unemployment Rate – State of Colorado	3.4%
Unemployment Rate – Denver County	3.3%
Other Data	
2010 Median Housing Value	\$274,344
2010 Average Median Age of Housing	53
2010 Weighted Average Monthly Gross Rent	\$820
% of Families Below Poverty Level	14.77%
% of Households Below Poverty Level	16.88%

Source: 2010 U.S. Census data with updated information when available; February 2017 Bureau of Labor Statistics Information (unemployment data).

Table 6 – Demographic and Economic Characteristics of the Grand County AA	
Population	
Number of Families	3,094
Number of Households	5,330
Total Population of AA	14,843
% of Low-Income Families	13.51%
% of Moderate-Income Families	11.22%
% of Middle-Income Families	24.53%
% of Upper-Income Families	50.74%
Geographies	
Number of Census Tracts	3
% Low-Income Census Tracts	0
% Moderate-Income Census Tracts	0
% Middle-Income Census Tracts	66.67%
% Upper-Income Census Tracts	33.33%
% of Owner Occupied Housing Units	26.68%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$57,817
2014 FFIEC-Adjusted MFI	\$57,600
2015 FFIEC-Adjusted MFI	\$60,700
2016 FFIEC-Adjusted MFI	\$60,000
Economic Indicators – not seasonally adjusted, as of February 2017	
Unemployment Rate – national	4.9%
Unemployment Rate – State of Colorado	3.4%
Unemployment Rate – Grand County	2.8%
Other Data	
2010 Median Housing Value	\$274,120
2010 Average Median Age of Housing	35
2010 Weighted Average Monthly Gross Rent	\$876
% of Families Below Poverty Level	5.07%
% of Households Below Poverty Level	6.23%

Source: 2010 U.S. Census data with updated information when available; February 2017 Bureau of Labor Statistics Information (unemployment data).

SCOPE OF EVALUATION IN COLORADO

The OCC performed a full-scope review of both the Denver MSA AA and Grand County AA. We placed the most weight on refinance loans in the Denver MSA AA and purchase loans in the Grand County AA as they represented 53 and 90 percent of the lending within the AAs during the evaluation period, respectively.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN COLORADO

LENDING TEST

Liberty’s performance under the Lending Test in Colorado is rated “Needs to Improve.”

Lending to Borrowers of Different Incomes

Lending to borrowers of different income levels in Colorado reflects poor distribution to low- and moderate-income borrowers and does not meet the standards for satisfactory performance.

Denver MSA AA

Lending to borrowers of different income levels in the Denver MSA AA reflects poor distribution to low- and moderate-income borrowers and does not meet the standards for satisfactory performance.

Liberty’s distribution of residential real estate loans to low-income borrowers is adequate for purchase and poor for refinance loans. Distribution to moderate-income borrowers is significantly lower than the level of loans made by AA lenders and considered poor. Refer to Table 7 for specific details on the thrift’s distribution of loans to borrowers of different incomes. The percentage of families below the poverty level is high at 14.77 percent in this AA. While this contributes to the lower distribution to low- and moderate-income borrowers as these families may experience difficulty meeting the traditional credit underwriting standards to qualify for home mortgage loans, overall distribution to low- and moderate-income borrowers is poor.

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	4.90	2.34	6.73	7.87	33.26
Moderate	11.76	13.28	21.95	21.28	18.65
Middle	20.59	21.09	22.68	25.58	16.64
Upper	62.75	63.29	48.64	45.27	31.45

Source: Liberty’s HMDA Loan Data from January 1, 2014 through December 31, 2016; 2010 U.S. Census data; 2015 Peer Mortgage Data. The above numbers are as a percentage of loans with borrower income information available.

Grand County AA

Lending to borrowers of different incomes in the Grand County AA reflects poor distribution, as the bank’s level of lending is significantly lower than peer lenders for low- and moderate-income borrowers for both purchases and refinances. See Table 8 for information on lending to borrowers of different incomes in the Grand County AA.

Table 8 Borrower Distribution of Residential Real Estate Loans in the Grand County AA						
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	0.00	2.39	2.80		13.51
Moderate	2.31	0.00	4.63	7.63		11.22
Middle	6.36	0.00	13.15	10.43		24.53
Upper	91.33	100.00	79.83	79.14		50.74

Source: Liberty's HMDA Loan Data from January 1, 2014 through December 31, 2016; 2010 U.S. Census data; 2015 Peer Mortgage Data. The above numbers are as a percentage of loans with borrower income information available.

Geographic Distribution of Loans

Liberty’s geographic distribution of loans in Colorado reflects reasonable distribution and meets the standards for satisfactory performance.

Denver MSA AA

Liberty’s geographic distribution of loans within the Denver MSA AA reflects reasonable distribution. Liberty’s geographic distribution of home loans in moderate-income CTs is commensurate with AA peers for home purchase and refinance loans. The thrift’s distribution in low-income CTs is significantly lower than the level of loans made by AA lenders. In total, the thrift originated 18 (7 percent) loans in low-income CTs and 64 (25 percent) loans in moderate-income CTs during the evaluation period. Approximately 43 percent of the occupied units in this AA are rental occupied, indicating a relatively high level of renters. Refer to Table 9 for details on the geographic distribution of loans in the Denver MSA AA.

Table 9 Geographic Distribution of Residential Real Estate Loans in Denver MSA AA						
Census Tract Income Level	% Total Thrift Loans		% of Loans by AA Peers		% of Owner-Occupied Units	
Loan Type	Purchases	Refinances	Purchases	Refinances		
Low	10.19	5.11	16.95	14.91	17.09	
Moderate	25.00	25.55	26.53	30.64	28.37	
Middle	26.85	24.82	27.84	28.13	27.96	
Upper	37.96	44.52	28.68	26.32	26.58	

Source: Liberty's HMDA Loan Data from January 1, 2014 through December 31, 2016; 2010 U.S. Census data; 2015 Peer Mortgage Data.

Grand County AA

The Grand County AA does not have any low- or moderate-income CTs; therefore a geographic distribution analysis would not be meaningful.

COMMUNITY DEVELOPMENT TEST

Liberty's performance under the Community Development Test in Colorado is rated "Substantial Noncompliance."

Number and Amount of Community Development Loans

Denver MSA AA

Liberty did not originate or renew any CD loans in the Denver MSA AA during the CD evaluation period.

Grand County AA

Liberty did not originate or renew any CD loans in the Grand County AA during the CD evaluation period.

Number and Amount of Qualified Investments

Denver MSA AA

During the CD evaluation period, Liberty made one qualified investment of \$1,000 and used computer equipment to a local church to support the needs of low- and moderate-income individuals in the community in the Denver MSA AA.

Grand County AA

During the CD evaluation period, Liberty made one qualified investment of \$1,000 and used computer equipment to a local school's low- and moderate-income tuition assistance initiative in the Grand County AA.

Extent to Which the Bank Provides Community Development Services

Denver MSA AA

LSB did not participate in any qualified CD services in the Denver MSA AA during the CD evaluation period.

Grand County AA

LSB did not participate in any qualified CD services in the Grand County AA during the CD evaluation period.

Responsiveness to Community Development Needs

Liberty demonstrates very poor responsiveness to the CD needs of both AA s through CD lending, investments, and services. Liberty made only one small qualified investment in each AA and did not originate any CD loans or participate in any qualified CD services during the CD evaluation period.

State Rating

State of Ohio

CRA rating for the State of Ohio: Needs to Improve

The Lending test is rated: Needs to Improve

The Community development test is rated: Needs to Improve

The major factors that support this rating include:

- Lending to borrowers of different incomes is poor as the thrift did not originate any loans to low- and moderate-income individuals in this AA during the evaluation period
- Responsiveness to CD needs in the AA through CD loans, investments, and services is poor.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN OHIO

The Clinton County AA is located in a Non-MSA in Ohio and includes the entire county of Clinton. The thrift's main office in Wilmington, Ohio is located within this AA. In 2011, Liberty sold all branches in Ohio, except for the operations center, which houses the main office. This office has limited hours of operation and primarily serves the employees.

The Clinton County AA is supported by a diverse mix of corporations, a hospital, and a local college. Specifically, the major employers include Ahresty Wilmington Corp., R & L Carriers, Clinton Memorial Hospital, Wilmington City Schools, and Wilmington College.

Competition in the AA is strong with many banks, savings and loan associations, and branches of large banks. As of June 30, 2016, Liberty had approximately a 2.74 percent deposit market share in the Clinton County AA and was ranked 8th out of 10 banks and thrifts, according to the FDIC's Deposit Market Share Report.

Community contacts indicate that the AA's economy continues to improve, with lower unemployment than past years. The credit needs of the AA include affordable housing and small business lending. We contacted an economic development organization during the examination. According to the contact, local banks and thrifts are adequately meeting the credit and CD needs to the AA. The contacts stated that there are opportunities for CD in the area.

Table 10 – Demographic and Economic Characteristics of the Clinton County AA	
Population	
Number of Families	11,763
Number of Households	16,323
Total Population of AA	42,040
% of Low-Income Families	20.49%
% of Moderate-Income Families	15.06%
% of Middle-Income Families	21.35%
% of Upper-Income Families	43.10%
Geographies	
Number of Census Tracts	9
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	0%
% Middle-Income Census Tracts	88.89%
% Upper-Income Census Tracts	11.11%
% of Owner Occupied Housing Units	63.34%
Median Family Income (MFI)	
2010 MFI for AA	\$52,573
2014 FFIEC-Adjusted MFI	\$55,700
2015 FFIEC-Adjusted MFI	\$56,900
2016 FFIEC-Adjusted MFI	\$55,400
Economic Indicators – not seasonally adjusted, as of February 2017	
Unemployment Rate – national	4.9%
Unemployment Rate – State of	5.9%
Unemployment Rate – Clinton County	6.5%
Other Data	
2010 Median Housing Value	\$125,498
2010 Average Median Age of Housing	43
2010 Weighted Average Monthly Gross Rent	\$640
% of Families Below Poverty Level	11.16%
% of Households Below Poverty Level	13.21%

Source: 2010 U.S. Census data with updated information when available; February 2017 Bureau of Labor Statistics Information (unemployment data).

SCOPE OF EVALUATION IN OHIO

The OCC performed a full-scope review of the Clinton County AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OHIO

LENDING TEST

Liberty’s performance under the Lending Test in Ohio is rated “Needs to Improve”.

Lending to Borrowers of Different Incomes

Lending to borrowers of different income levels in the Clinton County AA reflects very poor distribution. Liberty did not originate any loans to low- or moderate-income individuals during the lending evaluation period. Liberty only originated six loans in this AA during the lending evaluation period despite having a relationship with a local broker. Refer to Table 11 for more details.

Table 11						
Borrower Distribution of Residential Real Estate Loans in the Clinton County AA						
Borrower Income Level	% Total Thrift Loans		% of Loans by AA Peers		% of Families	
Loan Type	Purchases	Refinances	Purchases	Refinances		
Low	0.00	0.00	8.62	7.02	20.49	
Moderate	0.00	0.00	34.73	18.39	15.06	
Middle	100.00	25.00	23.32	26.43	21.35	
Upper	0.00	75.00	33.33	48.16	43.10	

Source: Liberty’s HMDA Loan Data from January 1, 2014 through December 31, 2016; U.S. Census data; 2015 Peer Mortgage Data. The above numbers are as a percentage of loans with borrower income information available.

Geographic Distribution of Loans

The Clinton County AA does not have any low- or moderate-income CTs; therefore a geographic distribution analysis would not be meaningful.

COMMUNITY DEVELOPMENT TEST

Liberty's performance under the Community Development Test in Ohio is rated "Needs to Improve."

Number and Amount of Community Development Loans

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

Number and Amount of Qualified Investments

During the CD evaluation period, Liberty made one qualified investment of \$1,500 to a local elementary school's low- and moderate-income assistance and food program in the Clinton County AA.

Extent to Which the Bank Provides Community Development Services

LSB participated in one qualified CD service in the Clinton County AA during the CD evaluation period. One employee serves on the board of the local Rotary Club, and uses their financial expertise to conduct charitable efforts to assist a local homeless shelter and a school lunch program.

Responsiveness to Community Development Needs

Liberty demonstrates poor responsiveness to the CD needs through CD lending, investments, and services in the Clinton County AA.

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”).

Time Period Reviewed	Lending Test: January 1, 2014 to December 31, 2016 Community Development Test: March 10, 2014 to April 24, 2017	
Financial Institution	Products Reviewed	
Liberty Savings Bank, FSB Wilmington, OH	One-to-four family mortgage loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>None reviewed</i>		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Florida North Port-Sarasota- Bradenton, FL MSA #35840	Full Scope	
Colorado Denver-Aurora-Lakewood, CO MSA #19740	Full Scope	
Grand County, CO Non- MSA	Full Scope	
Ohio Clinton County, OH Non- MSA	Full Scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Liberty Savings Bank, FSB	Needs to Improve	Needs to Improve	Needs to Improve
State of Florida	Satisfactory	Satisfactory	Satisfactory
State of Colorado	Needs to Improve	Substantial Noncompliance	Needs to Improve
State of Ohio	Needs to Improve	Needs to Improve	Needs to Improve