



November 4, 2024

Board of Directors  
Liberty Bank  
245 Long Hill Road  
Middletown, Connecticut 06457

**Subject: Notice of Mutual Holding Company Reorganization (Notice),  
Interagency Bank Merger Act Application (Application),  
and Request for Depositor Vote Waiver  
Liberty Bank, Middletown, Connecticut  
Application Tracking Numbers 20240717, 20240718, and 20240719**

Dear Members of the Board:

We have reviewed the Notice submitted by Liberty Bank, Middletown, Connecticut (Bank), to convert from mutual to stock form and to reorganize into a mutual holding company structure pursuant to the FDIC's regulations at 12 C.F.R. §§ 303.160 – 303.163 and 333.4, and other pertinent regulations. We have also reviewed the Application filed in connection with the Bank's Plan of Reorganization (Plan). Under the Plan, the Bank proposes to engage in a multi-step transaction to reorganize into a mutual holding company structure. The Bank plans to organize a Connecticut-chartered mutual holding company to be known as Liberty Financial Corporation (MHC). The MHC will establish a Connecticut-chartered stock bank as a wholly owned subsidiary of the MHC. The Bank will then merge with the stock bank, with the stock bank becoming the resulting bank, operating under the name of Liberty Bank.

The FDIC has relied on information provided in the Bank's Notice, the accompanying materials, and subsequent responses to information requests in reaching its decision. Based on the information provided and representations made, the FDIC poses no objection to the proposed Plan, subject to the conditions (certain of which must be met on an ongoing basis) detailed in the enclosed Order and Basis (Order) approving the Application filed in connection with the reorganization.

We also reviewed the request for a waiver from the depositor vote requirement and concluded that the results of the corporator vote under Connecticut law constitute good cause to approve the Bank's depositor vote waiver pursuant to 12 C.F.R. § 333.4(c)(2). Therefore, the request is granted.

Assuming all conditions of the Order are met, the federal deposit insurance held by the Bank prior to the reorganization will continue by operation of law to insure the deposits held by the resulting bank from the merger upon consummation of the reorganization. The deposits of

Liberty Bank, Middletown, Connecticut, the resulting bank, will continue to be insured by the FDIC Deposit Insurance Fund following the reorganization under the same Certificate of Deposit Insurance that was originally issued to the Bank consistent with 12 U.S.C. § 1814(d).

If an extension of the time limitation prescribed in the Order is required, a letter application requesting a specified extension should be submitted to this office. If you have any questions, please contact Case Manager Mark A. Routhier at (781) 794-5560.

Sincerely,  
Marianne Hatheway  
Deputy Regional Director

Enclosure: Order and Basis of Approval

cc: Patricia D. Anderson, Esq.  
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Honorable Jorge L. Perez  
Banking Commissioner  
Connecticut Department of Banking  
260 Constitution Plaza  
Hartford, Connecticut 06103

Howard Chen  
Vice President  
Federal Reserve Bank of Boston  
600 Atlantic Avenue  
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**FEDERAL DEPOSIT INSURANCE CORPORATION**

**RE: Liberty Bank**  
Middletown, Connecticut

Application for Consent to Merge

**ORDER AND BASIS OF APPROVAL**

Under Section 18(c) of the Federal Deposit Insurance (FDI) Act, Liberty Bank (Bank), Middletown, Lower Connecticut River Valley Planning Region, Connecticut, a state nonmember mutual savings bank with total assets of \$7,816,320,000 and total deposits of \$6,285,993,000 as of June 30, 2024, has filed an application for the FDIC's consent to merge with Liberty Bank (Stock Bank), Middletown, Lower Connecticut River Valley Planning Region, Connecticut, a proposed new state-chartered stock savings bank. The merger is intended to facilitate the reorganization of the Bank into a mutual holding company structure, with a Connecticut-chartered, subsidiary stock savings bank as the resulting bank.

Under the Plan of Reorganization, the merger is part of the following multi-step transactions:

1. The Bank will organize a mutual holding company (Liberty Financial Corporation), a Connecticut-chartered mutual holding company (MHC) and capitalize it with \$4 million.
2. The MHC will organize the Stock Bank, a Connecticut-chartered stock savings bank, as a separate wholly owned subsidiary of the MHC.
3. The Bank will merge with and into the Stock Bank, with the Stock Bank surviving the merger as the Resulting Bank. The Bank's assets and liabilities, including all of its deposit liabilities, will be transferred to the Resulting Bank, to be named Liberty Bank, and the Bank's charter as a mutual bank will terminate by operation of law because of the merger.

Following the merger, the Resulting Bank will be a direct, wholly owned subsidiary of the MHC.

Upon consummation of the proposed transactions, the deposits of Resulting Bank will continue to be insured by the FDIC Deposit Insurance Fund. The Resulting Bank will utilize the same branch offices and provide the same services as the Bank and continue to be governed by the current management team.

Notice of the proposed transaction, in a form approved by the FDIC, has been published under the FDI Act. A review of available information, including the Community Reinvestment Act (CRA) Statement of the applicant, disclosed no inconsistencies with the purposes of the CRA. Resulting Bank is expected to continue to meet the credit needs of its community, consistent with the safe and sound operation of the institution.

In connection with the application, the FDIC has taken into consideration the financial and managerial resources and future prospects of the Bank and the Resulting Bank, the convenience and needs of the community to be served, and the effect of the proposed transaction on competition. The FDIC has also taken into consideration the Bank's effectiveness in combating money-laundering activities and the risk posed by the proposed transaction to the stability of the U.S. banking or financial system.

Having found favorably on these statutory factors, it is the FDIC's judgment that the application for consent to merge should be and is hereby approved subject to the following conditions, some of which are continuing in nature:

1. The Bank's reorganization into the Stock Bank and the merger of the Bank with and into the Stock Bank may only be consummated on the same date as the consummation of all other steps of the plan of reorganization, as proposed in the notice and application submitted to the FDIC.
2. Except for the issuance of all shares of the Stock Bank to the MHC, no shares of stock of the Stock Bank may be sold, transferred, or otherwise disposed of, to any person (including any Employee Stock Ownership Plan), unless prior notice is provided to, and written non-objection is received from, the FDIC's Deputy Regional Director.
3. Prior to a sale, transfer, or other disposition of any shares of the Stock Bank by the MHC to any person (including any Employee Stock Ownership Plan) or a conversion of the MHC to stock form, the Stock Bank must provide written notification to the FDIC's Deputy Regional Director and include copies of all documents filed with the State and Federal banking and securities regulators in connection with any sale, transfer, disposition, or conversion.
4. Any change in proposed senior executive officers or the board of directors prior to the consummation of the proposed transactions, will render this non-objection and approval null and void, unless the Bank submits prior written notice to, and receives written non-objection from, the FDIC's Deputy Regional Director prior to the consummation of the proposed transactions.
5. During the three-year period after the close of the proposed transactions, the Stock Bank must provide at least 30 days' prior written notice to, and receive written non-objection from, the FDIC's Deputy Regional Director before implementing any proposed material deviation or material change from the business plan accompanying the notice and application submitted to the FDIC. Such deviations or changes would include but not be limited to, any merger, acquisition, or business combination involving the Stock Bank.
6. The Stock Bank must provide 30 days' written notice to the FDIC's Deputy Regional Director prior to implementing any policy or executing any agreement with the MHC or any of the Stock Bank's affiliates related to the allocation and sharing of costs with the Stock Bank. A copy of the proposed policy or agreement must be provided with the written notice. The Stock Bank may not implement any such policy or execute any such

agreement if the FDIC's Deputy Regional Director objects in writing to such a policy or agreement within the 30-day notice period.

7. The Bank must provide written evidence that all necessary and final approvals regarding the proposed transactions have been received from the appropriate Federal and State authorities (or other appropriate authority).
8. The proposed transactions may not be consummated later than six months after the date of the FDIC's non-objection and approval unless such period is extended for good cause by the FDIC.
9. The Bank acknowledges that any letter of non-objection or approval from the FDIC is conditioned on the facts and circumstances as currently known to the FDIC, and the Bank must notify the FDIC's Deputy Regional Director as soon as the Bank becomes aware of any material changes in the facts and circumstances prior to the consummation of the proposed transactions.
10. Until the proposed transactions are consummated, the FDIC retains the right to alter, suspend, or withdraw its non-objection or approval should any interim development be deemed to warrant such action.
11. The proposed transactions may not be consummated before the 30th calendar day after the date of the order approving the merger transaction.

Dated at Braintree, Massachusetts on this 4th day of November 2024.

Marianne Hatheway  
Deputy Regional Director