

PUBLIC DISCLOSURE

February 14, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Savings Institute Bank and Trust Company
RSSD #480808

803 Main Street
Willimantic, CT 06226

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210

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 RATING

INSTITUTION’S CRA RATING: Savings Institute Bank and Trust Company is rated “SATISFACTORY.”

The following table indicates the performance level of Savings Institute Bank and Trust Company (SIBT or the bank) with respect to the lending, investment, and services tests.

| PERFORMANCE LEVELS | <u>SAVINGS INSTITUTE BANK AND TRUST COMPANY</u> | | |
|---------------------------|---|-----------------|--------------|
| | PERFORMANCE TESTS | | |
| | Lending Test* | Investment Test | Service Test |
| Outstanding | | | |
| High Satisfactory | | | |
| Low Satisfactory | X | X | X |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

**The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.*

SIBT was rated Low Satisfactory in each of the three tests for the Large Institution evaluation. The major components supporting this rating include:

LENDING TEST

- Lending levels reflect excellent responsiveness to assessment areas credit needs.
- An adequate percentage of loans are made in the bank’s assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels, and among businesses of different sizes.
- The bank exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses.
- The bank makes a low level of community development loans.
- The bank makes limited use of innovative and/or flexible lending practices in order to serve assessment areas credit needs.

INVESTMENT TEST

- The bank has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those not routinely provided by private investors.
- The bank makes occasional use of innovative and/or complex investments to support community development initiatives.
- The bank exhibits adequate responsiveness to credit and community economic development needs.

SERVICE TEST

- Delivery systems are reasonably accessible to essentially all portions of the bank's assessment areas.
- The bank's record of opening and closing branches has generally not adversely affected accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services do not vary in a way that inconveniences portions of its assessment areas, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- The bank provides an adequate level of community development services.

INSTITUTION

DESCRIPTION OF INSTITUTION

SIBT is a state-chartered member bank of the Federal Reserve System headquartered at 803 Main Street in Willimantic, Connecticut. The bank became a member of the Federal Reserve System in April, 2015. The bank is a wholly-owned subsidiary of SI Financial Group, Inc., a savings and loan holding company headquartered in Willimantic, Connecticut. Subsidiaries of the bank include SI Mortgage Company and SI Realty Company, Inc., both of which do not originate loans.

In addition to the main office, the bank operates 24 branches in eastern Connecticut and southern Rhode Island. Of the 20 branches in Connecticut, seven are located in the Worcester, MA-CT Metropolitan Statistical Area (MSA) (Worcester MSA) in the following towns in Windham County: Willimantic (2), Brooklyn, Canterbury, Dayville, Moosup, and North Windham.

Six branches are located in the Hartford-West Hartford-East Hartford, CT MSA (Hartford MSA), with one each in East Hampton, Enfield, Hebron, Mansfield, South Windsor, and Tolland. The branches located in Tolland County are Hebron, Mansfield, and Tolland; the branches in Hartford County are Enfield and South Windsor; and East Hampton is in Middlesex County. Seven branches are located in New London County, which is located in the Norwich-New London, CT MSA (Norwich MSA) with one each in Colchester, Groton, Lebanon, Lisbon, Mystic, Norwich, and Pawcatuck. The five Rhode Island branches are located in the Providence-Warwick, RI-MA MSA (Providence MSA) with one each in Middletown, Newport, Portsmouth, South Kingstown, and Westerly. The Middletown, Newport, and Portsmouth branches are in Newport County and the South Kingstown and Westerly branches are in Washington County.

Four branches are located in upper-income tracts, 16 in middle-income tracts, 4 in moderate-income tracts, and one in a low-income tract. The branches in moderate-income tracts are in Dayville, Groton, North Windham, and Willimantic. The low-income branch is located in Willimantic. The bank closed a branch in an upper-income tract in East Lyme, Connecticut, in November, 2015.

The bank offers personal, business, commercial, and investment products and services. Personal products and services include checking and savings accounts, online and mobile banking, fixed-rate, adjustable-rate, government insured, construction, and reverse mortgages, home equity lines of credit (HELOCs or lines), home equity loans, and personal loans, including home improvement, automobile, credit cards, and saving secured loans. Business services and products include checking accounts, online banking, cash management services such as credit card and payroll processing, equipment leasing, and small business lending such as term loans, lines of credit, and Small Business Administration (SBA) loans. Commercial products include lines of credit, mortgages, residential development loans, and community association loans. The bank offers insurance products through Vantis Life Insurance Company, Windsor, CT, which is owned by SI Financial Group, Inc., and offers retirement planning through SI Financial Advisors in conjunction with Mutual of Omaha Retirement Services, Omaha, NE.

The bank maintains a website at www.savingsinstitute.com. The website provides information about personal, business, commercial, and investment products and services, access to online banking and news about the bank's involvement in the community. The website also contains branch and ATM locations, financial calculators, and a financial education page with information about paying for college, investing for retirement, buying and selling real estate, and estate planning.

As of December 31, 2016, bank assets totaled \$1.5 billion, with total deposits of \$1.1 billion (74.2 percent) and net loans and leases of \$1.2 billion (79.9 percent). Since the last examination, assets increased 63.8 percent, deposits increased 58.1 percent, and loans increased 85.4 percent. The significant increase in assets, loans, and deposits is primarily due to the acquisition of Newport Federal Savings Bank (Newport Federal) in September, 2013. Of the \$568.4 million increase in loans, one-to-four family closed-end residential real estate loans account for \$183.6 million and commercial and industrial account for \$153.3 million. Increases in commercial and industrial lending and multifamily lending account for the largest increases in terms of loan portfolio composition with commercial and industrial comprising 18.1 percent of the portfolio (7.6 percent increase) and multifamily comprising 7.9 percent (5.5 percent increase).

Refer to Table 1 for further information regarding the bank's loan portfolio, as of December 31, 2016.

| Loan Type | Dollar Amount \$(000's) | Percent of Total Loans (%) |
|-----------------------------------|----------------------------|-------------------------------|
| 1-4 Family - Closed-End | 440,884 | 35.7 |
| Commercial Real Estate | 338,060 | 27.4 |
| Multi-Family | 97,072 | 7.9 |
| 1-4 Family - Revolving | 51,346 | 4.2 |
| Construction & Land Development | 34,091 | 2.8 |
| Farm Land | 8,059 | 0.7 |
| Total Real Estate Loans | 969,512 | 78.6 |
| Commercial & Industrial | 223,085 | 18.1 |
| States and Political Subs in U.S. | 31,644 | 2.6 |
| Other Loans | 3,334 | 0.3 |
| Consumer Loans | 2,018 | 0.2 |
| Agricultural | 340 | 0.0 |
| Lease Financing | 3,784 | 0.3 |
| Total Gross Loans | 1,233,717 | 100.0 |

*Consolidated Report of Condition and Income as of 12/31/2016
Total percentages shown may vary by 0.1 percent due to rounding*

As shown in Table 1, the bank is primarily a real estate lender, with real estate-secured loans, including residential and commercial, comprising 78.6 percent of the loan portfolio. One-to-four family closed-end residential real estate loans accounts for the largest portion of the bank's loan portfolio, at 35.7 percent, followed by commercial real estate, at 27.4 percent. Overall, commercial loans, which include commercial real estate, multi-family, commercial and industrial, and construction and land development, represent 56.2 percent of the loan portfolio

and residential real estate loans, which include 1-4 family closed-end and open-end, account for 39.9 percent. Consumer loans and farm loans account for a nominal percent of the loan portfolio.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, as of June 30, 2016, there were approximately 84 financial institutions offering deposit services within the MSAs that comprise the assessment area. Competition for deposits includes large national banks and community banks. Bank of America, N.A., ranked first for deposit market share, at 29.6 percent, and Citizens Bank, N.A., ranked second, at 12.8 percent. SIBT ranked 16th overall, with a deposit market share of 1.1 percent.

Considering the bank's financial capacity, local economic conditions, assessment area demographics, and the competitive market in which it operates, the bank has demonstrated its ability to meet the credit needs of the assessment area. Furthermore, there are no legal or financial impediments that would impact the bank's ability to meet the credit needs of its assessment areas.

Description of the Assessment Areas

The CRA requires a financial institution to define an assessment area based upon where it focuses its lending efforts and within which its CRA performance will be evaluated. The majority of the evaluation is based upon activity within the defined assessment area. In 2014, the Office of Management and Budget revised delineations for the United States' MSAs. As a result, the Providence-New Bedford-Fall River, RI-MA MSA was revised to the Providence-Warwick, RI-MA MSA and the Worcester MA, MSA was revised to the Worcester, MA-CT MSA. The revision of the Worcester MSA added previously non-MSA geographies in Windham County, Connecticut to the Worcester, MA-CT MSA.

The bank has delineated three assessment areas, which consist of portions of the Hartford-West Hartford, CT Combined Statistical Area (CSA) (Hartford CSA), the Worcester MSA, and Rhode Island. The bank's assessment area in the Hartford CSA is comprised of New London County in the Norwich MSA and portions of the Hartford MSA, including Tolland County, the town of East Hampton in Middlesex County, and the following towns in Hartford County: East Hartford, East Windsor, Enfield, Glastonbury, Manchester, Marlborough, and South Windsor. The bank's assessment area in the Worcester MSA includes Windham County, which represents the Connecticut portion of the multistate MSA. The Hartford CSA and the Worcester MSA are contiguous and represent the bank's presence in Connecticut.

Since the last examination, the bank's assessment area expanded into Rhode Island due to the acquisition of five Newport Federal branches in September, 2013. The Rhode Island assessment area is comprised of portions of Washington and Newport counties, both of which are located in the Providence MSA. The Rhode Island assessment area includes six of the nine towns in Washington County and four of the six towns in Newport County. The towns included from Washington County are Charlestown, Hopkinton, Narragansett, Richmond, South Kingstown, and Westerly and the towns from Newport County are Jamestown, Middletown, Newport, and Portsmouth.

Community Contact

As part of the CRA evaluation process third-parties active in community affairs are contacted to assist in assessing the housing and business needs of the bank's assessment areas. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community and what opportunities, if any, are available. Summaries of community contacts are located in the descriptions the bank's operations within each assessment area.

The previous CRA evaluation was conducted by the Office of the Comptroller of the Currency on October 25, 2012, using FFIEC Intermediate Small Institution Examination Procedures and the bank was rated "Outstanding." This is the first evaluation of SIBT by the Federal Reserve Bank of Boston, and the first evaluation for SIBT using FFIEC Large Institution Examination Procedures.

SCOPE OF EXAMINATION

SIBT's CRA examination was based on CRA activities within its assessment areas using the FFIEC Large Institution Examination Procedures. Under these procedures, institutions with total assets of at least \$1.226 billion as of December 31 of both of the prior two calendar years are evaluated under three tests: the Lending Test, the Investment Test, and the Service Test.

According to the FFIEC procedures for large interstate institutions, a minimum of one assessment area from each state must be reviewed using the full-scope examination procedures. Additionally, the Interagency Questions and Answers Regarding Community Reinvestment requires the written evaluation to contain a separate presentation on a multistate institution's performance for each MSA within each state, if it maintains one or more domestic branch offices in these areas.

SIBT's overall rating is determined based on the ratings in the States of Connecticut and Rhode Island. The State of Connecticut was given more weight in determining the overall rating as it is where the bank conducts a majority of its activities. The Connecticut rating was derived from the bank's performance in the Hartford CSA and the Worcester MSA assessment areas, both of which were evaluated using full-scope procedures and given equal weight. The Rhode Island rating is based on the bank's performance in the delineated assessment area in the Providence MSA. The Rhode Island assessment area is comprised wholly of the Providence MSA, therefore, the evaluation of this assessment area and the MSA are one in the same.

The evaluation of the bank's lending performance was based on residential, small business, and consumer loans originated from January 1, 2013 to December 31, 2016. Greater weight was given to the two most recent full years, 2014 and 2015, and the information for these years is included in the data tables unless otherwise noted. Loan data for 2013 and 2016 was analyzed for trend purposes and is not included in the tables.

The residential loan products selected for review as reported on the Loan Application Register (LAR) include all home purchase loans, home improvement loans, and refinance loans for one-to-four family and multi-family (five or more units) properties. Data for small business lending

was derived from the small business loan registers maintained by the bank pursuant to CRA data reporting requirements, which include information regarding originated commercial real estate and commercial and industrial loans with original loan amounts of \$1 million or less. At the request of bank management, consumer lending, specifically HELOCs, were also considered.

The bank's loan data was compared with applicable aggregate and market data. Aggregate data for 2014 and 2015 residential and commercial lending was obtained from data reported to the FFIEC as required by Home Mortgage Disclosure Act (HMDA) and the CRA. Residential market and demographic data was derived from the 2010 U.S. Census Bureau's American Community Survey, unless otherwise noted. Market data for small business lending was obtained from Dun & Bradstreet, Inc. (D&B), Short Hills, New Jersey. All data was the most recent data available as of the examination date. Third-party community organizations were contacted to provide additional insight into the credit needs of the assessment area.

The bank's portfolio is distributed among commercial loans (56.1 percent), residential real estate loans (39.6 percent), and HELOCs (4.2 percent). As commercial lending represents a larger portion of the bank's portfolio, it was weighted more heavily from a quantitative perspective in arriving at overall conclusions pursuant to the Lending Test criteria.

The bank's community development lending, investment, and service activity from October 26, 2012, through February 14, 2017, was reviewed and evaluated in the context of community development needs of the assessment area and the bank's capacity to meet those needs. Community development activities are not evaluated using a separate test, but are included as a component of the Lending, Investment, or Service Tests, depending on the nature of the activity.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The bank's overall CRA rating is Satisfactory based on the ratings for the Lending, Investment, and Service Tests in both Connecticut and Rhode Island. In Connecticut, the bank's performance in the Lending, Investment, and Service Tests was considered Low Satisfactory. The bank's Lending Test performance in Rhode Island is High Satisfactory, however, the bank is rated Needs to Improve in both the Investment Test and the Service Test in that assessment area. As mentioned, when arriving at an overall bank rating, more weight was given to the Connecticut performance as it is where the bank conducts the majority of its activities and has had a longer historical presence.

LENDING TEST

Overall, the bank's performance under the Lending Test is rated Low Satisfactory, as Connecticut is rated Low Satisfactory and Rhode Island is rated High Satisfactory. The Lending Test evaluates the bank's efforts in meeting the credit needs of its assessment area under the following performance criteria: lending activity, which includes the number and dollar volume of loans in the bank's assessment area; geographic distribution of loans; lending to borrowers of different incomes and business of different sizes; and community development lending.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs given the bank's market share of deposits, competition, economic environment, and other performance context factors in the assessment area. Lending activity in Connecticut is excellent, with good responsiveness in the Hartford CSA and excellent responsiveness in the Worcester MSA, and responsiveness in Rhode Island is good.

During the evaluation period, the bank originated or purchased a total of 3,724 loans. In 2013, the bank originated or purchased a total of 941 loans, of which 493 were residential mortgage loans, 282 were HELOCs, and 166 were small business loans. In 2014, the bank originated or purchased a total of 933 loans, of which 377 were residential mortgage loans, 334 were HELOCs, and 222 were small business loans. In 2015, the bank originated or purchased a total of 833 loans, of which 421 were residential mortgage loans, 220 were HELOCs, and 192 were small business loans. In 2016, the bank originated or purchased a total of 1,017 loans, of which 541 were residential mortgage loans, 273 were HELOCs, and 203 were small business loans.

Assessment Area Concentration

This criterion evaluates the concentration of loans originated or purchased by the bank within its assessment areas. As shown below, an adequate percentage of the loans are made inside the bank's assessment areas. Table 2 provides the bank's level of lending inside and outside the assessment areas for 2014 and 2015 for each category of lending.

| Loan Type | Inside | | | | Outside | | | | Total | |
|-----------------------------|--------------|-------------|----------------|-------------|------------|-------------|---------------|-------------|--------------|----------------|
| | # | % | \$(000s) | % | # | % | \$(000s) | % | # | \$(000s) |
| <i>Home Purchase</i> | 345 | 87.3 | 65,420 | 84.6 | 50 | 12.7 | 11,889 | 15.4 | 395 | 77,309 |
| <i>Home Improvement</i> | 61 | 95.3 | 5,662 | 93.9 | 3 | 4.7 | 370 | 6.1 | 64 | 6,032 |
| <i>Multifamily</i> | 2 | 22.2 | 600 | 3.6 | 7 | 77.8 | 16,122 | 96.4 | 9 | 16,722 |
| <i>Refinance</i> | 314 | 95.2 | 55,239 | 93.4 | 16 | 4.8 | 3,916 | 6.6 | 330 | 59,155 |
| Total Residential | 722 | 90.5 | 126,921 | 79.7 | 76 | 9.5 | 32,297 | 20.3 | 798 | 159,218 |
| Small Business 2014 | 141 | 63.5 | 24,414 | 69.4 | 81 | 36.5 | 10,744 | 30.6 | 222 | 35,158 |
| Small Business 2015 | 92 | 47.9 | 17,056 | 59.9 | 100 | 52.1 | 11,437 | 40.1 | 192 | 28,493 |
| Small Business Total | 233 | 56.3 | 41,470 | 65.2 | 181 | 43.7 | 22,181 | 34.8 | 414 | 63,651 |
| Consumer - HELOCs | 524 | 94.6 | 41,283 | 93.1 | 30 | 5.4 | 3,047 | 6.9 | 554 | 44,330 |
| Grand Total | 1,479 | 83.7 | 209,674 | 78.5 | 287 | 16.3 | 57,525 | 21.5 | 1,766 | 267,199 |

HMDA data 1/1/2014-12/31/2015, CRA data 1/1/2014 - 12/31/2015, and consumer loan data 1/1/2014-12/31/2015.

Residential Lending

The bank originated a high percentage of home mortgage loans inside the assessment areas. In 2014, the bank originated 345 of 377 home mortgage loans, or 91.5 percent, inside the assessment areas. In the following year, the bank originated a 377 of 421 home mortgage loans, or 89.5 percent, inside the assessment areas. During 2014 and 2015, the bank originated a total of 722 of 798 home mortgage loans, or 90.5 percent, inside the assessment areas.

Although the bank's total percentage of home mortgage loans inside the assessment areas since the last examination is high, at 89.7 percent, it has decreased every year: 93.3 percent in 2013, 91.5 percent in 2014, 89.5 percent in 2015, and 85.4 percent in 2016.

Small Business Lending

The bank originated or purchased an adequate percentage of small business loans inside the assessment areas. In 2014, the bank originated or purchased a total of 222 small business loans, of which 141 loans, or 63.5 percent, were inside the assessment areas. In 2015, the bank originated or purchased a total of 192 small business loans, of which 92 loans, or 47.9 percent, were inside the assessment areas. In 2014 and 2015, the bank originated a total of 233, or 56.3 percent, of its small business loans inside the assessment areas,

Since the last evaluation, the bank originated or purchased a total of 783 small business loans, of which 414 loans, or 52.9 percent, were inside the assessment areas. For all years except 2014, the bank's origination and/or purchase percentage inside the assessment areas is below 50.0 percent (48.8 percent in 2013, 47.9 percent in 2015, and 49.3 percent in 2016). The low percentage of small business loans in the assessment areas is due to the bank's business strategy of purchasing loans from Bankers Healthcare Group (BHG), Davie, FL. BHG specializes in business financing for healthcare professionals and originates loans nationwide.

Consumer Lending

Since the last evaluation, the bank originated a substantial majority of HELOCs inside the assessment areas. In 2013, the bank originated 97.2 percent of HELOCs inside the assessment areas. In 2014 and 2015, the bank originated a total of 554 HELOCs, of which 524, or 94.6 percent, were inside the assessment areas. In 2016, the bank originated 257 of 273 HELOCs, or 94.1 percent, inside the assessment area.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans in census tracts of all income levels, including loans made in low- and moderate-income tracts. Overall, the geographic distribution of loans reflects adequate penetration throughout the assessment areas. The geographic distribution of loans in Connecticut was adequate with an adequate distribution in the Hartford CSA and a good distribution in the Worcester MSA. As mentioned, the assessment areas in Connecticut were weighted equally. The bank achieved a good distribution of loans in the Rhode Island assessment area.

In terms of responsiveness, the bank exhibits a good record of serving the credit needs of low-income individuals and areas. The bank participates as a delegated and non-delegated underwriter for a number of loan programs that benefit low- and moderate-income residential borrowers in the assessment area, although primary emphasis is on Connecticut residents. The bank originates and refers residential mortgage loans in conjunction with the Connecticut Housing Finance Authority (CHFA), Rhode Island Housing, the Federal Housing Administration (FHA), the United States Department of Agriculture (USDA), and the Federal Home Loan Bank (FHLB) Equity Builder Program. Additional information about lending under these programs is included in the geographic distribution and borrower profile sections for each assessment area.

Borrower Distribution

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different gross annual revenues (GARs). Overall, the distribution of borrowers reflects good penetration among individuals of different income levels, including low- and moderate-income individuals and businesses of different sizes, including those with GARs of \$1 million or less, when compared to area demographics and aggregate performance. The borrower distribution is good as both assessment areas in Connecticut achieved a good penetration among individuals of different income levels and businesses with GARs of \$1 million or less. The bank also achieved a good penetration in Rhode Island.

In terms of responsiveness, the bank exhibits a good record of serving the credit needs of very small businesses. In order to provide additional financing options to its small business customers, the bank participates in SBA loan programs such as Advantage Loans 7(a), Express loans, and Grow Loans (504) loans. The 7(a) program offers financing for small businesses to establish a new business or to assist in the acquisition, operation, or expansion of an existing business. The Express loans follow the standards of the 7(a) program and feature an accelerated turnaround time for SBA review for loans up to \$350,000. Under the 504 loan program, a bank partners with a certified development company, which is a specialized SBA-certified nonprofit corporation, to finance economic development by expanding small businesses.

The bank also offers small business loans through its Velocity Small Business Lending Program (Velocity), which offers term loans and lines of credit up to \$100,000 for business needs such as purchasing vehicles and equipment or providing working capital with few paperwork requirements. All Velocity loans were incorporated into the Lending Test analysis as small business loans.

The bank makes limited use of innovative and/or flexible lending practice in serving assessment area credit needs.

Community Development Lending

The bank's community development lending activities were evaluated pursuant to the following criteria: 1) The number and amount of community development loans in the bank's assessment area; 2) the extent to which community development lending opportunities have been made available to the bank; 3) the responsiveness to the opportunities for community development lending; 4) the extent of leadership the bank has demonstrated in community development lending; and 5) the innovativeness or complexity involved.

As defined in the CRA regulation, a community development loan has as its primary purpose: affordable housing for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing small businesses or small farms; or activities that revitalize or stabilize low- and moderate income geographies. Furthermore, the loan must benefit the bank's assessment area or a broader statewide area that also includes the assessment area. Loans required to be reported as home mortgage loans or small business loans cannot also be reported as community development loans unless the loan is for a multi-family dwelling (five or more units), meets a community

development definition, and benefits the bank's assessment area or a broader statewide area that includes the assessment area.

Overall, the bank makes a low level of community development loans considering the needs and opportunities in the community and economic development environment in which the bank was operating during the time period considered. The bank made a low level of community development loans in Connecticut, with a low level in the Hartford CSA and an adequate level in the Worcester MSA. The bank made an adequate level of community development loans in Rhode Island. Based on needs and opportunities identified through community contacts, needs assessments of predominately low- and moderate-income cities and towns in the Connecticut assessment area, and the community development lending levels of similarly situated banks operating wholly in the bank's assessment area, the bank has not adequately met the community development needs of its assessment areas.

INVESTMENT TEST

The Investment Test evaluates the bank's record of meeting the credit needs of its assessment area through its use of qualified investments that benefit the assessment area or a broader statewide or regional area that includes the bank's assessment area. A qualified investment means a lawful investment, deposit, membership share, or grant that has its primary purpose community development.

The bank's investment performance is evaluated pursuant to the following criteria: 1) the number and dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; 4) the degree to which the qualified investments are not routinely provided by private investors.

Overall, the bank's performance under the Investment Test is rated Low Satisfactory with Connecticut rated Low Satisfactory and Rhode Island rated Needs to Improve. The bank's performance in both Connecticut assessment areas is adequate. As the bank primarily operates in Connecticut, its performance in the state carried more weight in the overall rating compared to its performance in Rhode Island.

The bank made an adequate level of qualified community development investments and grants, totaling \$3,285,454. The bank's investments were not routinely provided by private investors and rarely in a leadership position. The bank makes occasional use of innovative and/or complex investments to support community development initiatives. Additionally, the bank exhibits adequate responsiveness to credit and community development needs.

New Equity Investments

As provided on the SBA website, the Small Business Investment Company (SBIC) program is a financial assistance program available through the SBA. SBICs are privately owned and managed investment funds that utilize their own capital plus funds borrowed with an SBA guarantee to make equity and debt investments in qualifying small businesses. Investments in SBICs are qualified investments as they promote economic development. Since the last

examination, the bank made a \$1.0 million commitment to the Balance Point Capital Partners II fund. This SBIC invests in mezzanine debt and equity capital in middle-market companies nationwide. Of the companies in which the fund has invested, none are in the bank's assessment area and therefore these investments carry less weight compared to those that directly impact the bank's assessment area.

Prior Period Equity Investments

The bank made four investments prior to the examination with a total value of \$2.0 million as of December 31, 2016. The bank invested in two SBIC funds managed by Balance Point Capital (Balance Point Partners I in 2012 and First New England Capital III in 2007), which have a combined current value of \$1.54 million. As mentioned, none of the companies in which the funds have invested are located in the bank's assessment area and therefore carry lesser weight than those that directly impact the assessment area.

Grants and Donations

The SI Financial Foundation, Inc. was established in 2005 by the SI Financial Group, Inc., the parent company of the bank. The foundation's primary goal is to improve life in the Connecticut and Rhode Island communities served by the bank. Funding priorities include community development via affordable housing, job training, programs that assist the economically disadvantaged, basic human service and health programs, educational projects, cultural and artistic enrichment programs, and environmental projects. During the evaluation period, this foundation provided 102 grants totaling \$275,517. The bank also directly made six donations totaling \$451.

SERVICE TEST

The Service Test evaluates a bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of a bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Overall, the bank's performance under the Service Test is rated Low Satisfactory with Connecticut rated Low Satisfactory and the State of Rhode Island rated Needs to Improve. The bank achieved an adequate performance in the Hartford CSA and a good performance in the Worcester MSA. As mentioned, the bank primarily operates in Connecticut and therefore its performance in the state carried more weight in the overall rating compared to its performance in Rhode Island.

Retail Banking Services

This criterion evaluates the availability and effectiveness of a bank's systems for delivering retail banking services, pursuant to the following criteria: 1) the current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies; 2) in the context of its current distribution of branches, the record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals; 3) the availability and effectiveness of alternative systems for delivering

retail banking services in low- and moderate-income geographies and to low- and moderate-income individuals; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's service delivery systems are reasonably accessible to essentially all portions of the bank's assessment areas. The bank's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or to low- and moderate-income individuals. Services do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies, and/or low- and moderate-income individuals.

The bank offers online banking to all customers. Bank management estimates that 71.0 percent of customers are enrolled in online banking. Through online banking, customers can check account and loan balances, transfer funds, pay bills, review account activity, receive account alerts, open accounts or apply for loans, and order new checks. Mobile banking can be accessed via an application on web-enabled devices and allows customers to deposit checks, view balances and account activity, pay bills, transfer funds, and locate branches and ATMs. Of the customers enrolled in online banking, the bank estimates that 40.6 percent utilize the mobile application. Online and mobile banking allow bank customers access to accounts and services regardless of proximity to a branch or ATM location. The bank also offers telephone banking through EASI-Banker. The telephone banking system allows customers to check current account balances, transfer funds, review account activity, make stop payment requests, and report lost or stolen debit or ATM cards.

Bank by mail is offered to all customers. Complementary self-addressed envelopes are provided to customers at no charge. Customers may mail their transactions or drop them in one of the 24 hour night drops available at 25 facilities for after-hours transactions. Bank management explained that bank by mail is limited and foresees minimal use in the future based on the growth of online and mobile banking.

Community Development Services

Community development services are evaluated pursuant to the following criteria: 1) The extent to which the bank provides community development services; 2) the innovativeness, including whether the bank serves low- or moderate-income customers in new ways or serve groups of customers not previously served; and 3) the degree to which they serve low- and moderate-income community development services. Community development service has its primary purpose of community development and is related to the provision of financial services.

Overall, the bank provides an adequate level of community development services. The bank provided an adequate level of community development services in Connecticut, with an adequate level in the Hartford CSA and a good level in the Worcester MSA, and provided a poor level in Rhode Island.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Concurrent with this CRA evaluation, a review of the bank's compliance with consumer protection laws and regulations was conducted, and no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs were identified.

CONNECTICUT

CRA RATING FOR *Connecticut*: SATISFACTORY

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

The major components supporting this rating include:

LENDING TEST

- Lending levels reflect excellent responsiveness to assessment areas credit needs.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes.
- The bank exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses.
- The bank makes low level of community development loans.
- The bank makes limited use of innovative and/or flexible lending practices in serving assessment area credit needs.

INVESTMENT TEST

- The bank has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those not routinely provided by private investors.
- The bank makes occasional use of innovative and/or complex investments to support community development initiatives.
- The bank exhibits adequate responsiveness to credit and community economic development needs.

SERVICE TEST

- Delivery systems are accessible to essentially all portions of the bank's assessment area.
- The bank's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income individuals.
- Services do not vary in a way that inconveniences portions of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals.
- The bank provides an adequate level of community development services.

SCOPE OF EXAMINATION

The scope of the review for Connecticut was consistent with the overall scope for the bank. The evaluation of the bank's lending performance was based on residential, small business, and consumer loans originated from January 1, 2013 to December 31, 2016. The bank's community development lending, investment, and service activity was evaluated for the period October 26, 2012, through February 14, 2017. Based upon the percentage of loans, deposits, and branch distribution in Connecticut, the Hartford CSA and Worcester MSA assessment areas received full scope reviews and were weighted equally.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CONNECTICUT

The bank's presence in Connecticut includes the Hartford CSA and the Worcester MSA assessment areas. The assessment areas cover the central and eastern portions of the state. The bank maintains 20 of its 25 branches in Connecticut. Of the Connecticut branches, seven are located in the Worcester MSA in the following towns: Willimantic (2), Brooklyn, Canterbury, Dayville, Moosup, and North Windham. Six branches are located in the Hartford MSA in the following towns: East Hampton, Enfield, Hebron, Mansfield, South Windsor, and Tolland. Seven branches are located in the Norwich MSA in the following towns: Colchester, Groton, Lebanon, Lisbon, Mystic, Norwich, and Pawcatuck.

According to the FDIC Summary of Deposits report as of June 30, 2016, Connecticut branch deposits totaled \$862.2 million, or 76.7 percent of the bank's total deposits, and 0.7 percent of the FDIC insured deposits within the State of Connecticut. The FDIC Deposit Market Share Report for the same time period shows approximately 48 financial institutions offering deposit services within the counties that comprise the Connecticut assessment area. Competition for deposits includes large national banks as well as community banks. Bank of America, N.A., ranked first for deposit market share, at 28.9 percent, and Webster Bank, N.A., ranked second, at 18.7 percent. SIBT ranked 12th overall, with a deposit market share of 1.1 percent.

Composition

The assessment areas in Connecticut consists of 179 census tracts, of which 3.9 percent are low-income, 17.9 percent are moderate-income, 51.4 percent are middle-income, 24.6 percent are upper-income, and 2.2 percent are unknown-income. As mentioned, the seven low-income tracts are located in Connecticut in the towns of East Hartford (3), Groton, New London, Norwich, and Windham. The 32 moderate-income tracts in Connecticut are located in East Hartford (6), New London (5), Groton (4), Manchester (3), Norwich (3), Windham (3), Enfield (2), Killingly (2), Griswold, Putnam, Stafford, and Vernon.

Housing

The assessment areas include 324,715 housing units, of which 4.0 percent are located in low-income tracts, 19.8 percent are in moderate-income tracts, 51.0 percent are in middle-income tracts, and 25.2 percent are in upper-income tracts. Of the housing units, 66.1 percent are owner-occupied, 26.2 percent are rental units, and 7.7 percent are vacant. Of the 85,041 owner-occupied housing units, 1.3 percent are located in low-income tracts, and 12.2 percent are in moderate-

income tracts. Of the 24,910 rental units, 6.7 percent are located in low-income tracts, and 24.9 percent are in moderate-income tracts. Of the housing units in the Connecticut portion of the assessment area, 277,719, or 85.5 percent are 1-4 family and 14.6 percent are multifamily units. Of the 1-4 family housing units, 3.0 percent are located in low-income tracts and 16.7 percent are located in moderate-income tracts. Of the housing units in low-income tracts, 21.2 percent are owner-occupied, 66.0 percent are rental, and 63.7 percent are one-to-four family. Of the housing units in moderate-income tracts, 40.6 percent are owner-occupied, 49.7 percent are rental, and 72.1 percent are one-to-four family.

The median home value in the assessment areas is \$248,254 and the median age of the housing stock is 45 years. According to data from The Warren Group as of October 2016, the median sales prices of homes in the following counties were as follows: \$165,000 in Windham County; \$188,197 in Tolland County; \$190,000 in New London County; \$200,000 in Hartford County; and \$240,000 in Middlesex County. Of note were year-over-year increases in the median sales prices in Middlesex, Hartford, and New London counties at 8.1 percent, 10.5 percent, and 12.1 percent, respectively.

According to the Connecticut Department of Labor's Office of Research, in 2014, the Eastern Workforce Development Area (EWDA), which is a geographic region overseen by a Workforce Development Board as prescribed in the Workforce Innovation and Opportunity Act, contains 41 of the 57 of the cities and towns in the assessment areas. The EWDA accounted for 15 percent of new housing permits in Connecticut in 2014 and the North Central WDA (NWDA), which contains 15 cities and towns in the assessment areas, accounted for 21 percent. The only town in the assessment areas not included in the EWDA or the NWDA is East Hampton in Middlesex County.

Although the low percentage of owner-occupied housing units and percentage of 1-4 family units in low- and moderate-income tracts paired with the high percentage of rental units in each tract-income level suggests limited opportunity to originate home mortgage loans in these tracts in the assessment areas, the median family income in relation to the median housing values suggest realistic opportunities for home ownership in these areas.

Business Characteristics

According to 2015 D&B data, there are 39,435 businesses in the Connecticut assessment area, of which 3.0 percent are located in low-income tracts, 15.0 percent are in moderate-income tracts, 51.2 percent are in middle-income tracts, 30.6 percent are in upper-income tracts, and 0.2 percent are in unknown-income tracts. Of all the businesses, 92.9 percent have GARs of \$1 million or less.

According to the Connecticut Department of Labor, the largest employers in the counties that comprise the Connecticut assessment areas include Aetna (insurance) in Hartford, Foxwoods Resort Casino in Ledyard, General Dynamics Electric Boat (ship builders) in Groton, and Pratt & Whitney (aerospace industries) in East Hartford. Based on the same source, the top employers for the cities and towns which comprise the Connecticut assessment area also include Mohegan Sun (casino) in Uncasville, and Pfizer (drug manufacturer) in Groton.

Population

The assessment areas are comprised of 789,982 individuals, which includes 202,791 families. Of the families in the assessment areas, 18.7 percent are low-income, 18.1 percent are moderate-income, 24.0 percent are middle-income, and 39.2 percent are upper-income. Approximately 10,784 families, or 5.3 percent, are below the poverty level, which is below the state’s level at 6.5 percent. There are 299,805 households in the assessment areas, of which 21.8 percent are low-income, 16.3 percent are moderate-income, 19.7 percent are middle-income, and 42.2 percent are upper-income. Approximately 22,913 households, or 7.6 percent, are below the poverty level, which is below the state’s level at 9.2 percent.

According to the Connecticut Department of Labor’s Office of Research, the towns in the EWDA with the largest increases in population over the last 14 years were Mansfield (25.4 percent) and Union (22.1 percent) in Tolland County, and Sterling (21.7 percent) in Windham County. Ellington, which is located in Tolland County, was one of the towns in the NWDA that also experienced a large population increase.

Income

| Table 3 Median Family Income Connecticut | |
|---|------------|
| Geographic Area | MFI |
| Connecticut Assessment Area | \$ 80,418 |
| New London County | \$ 80,425 |
| Tolland County | \$ 91,631 |
| Windham County | \$ 69,642 |
| Hartford County | \$ 78,599 |
| Middlesex County | \$ 91,589 |

2010 United States (U.S.) Census Data

Table 3 includes the MFIs for the Connecticut assessment areas and the counties which comprise the assessment areas based on Census data. The MFI for the Connecticut assessment area is \$80,418, which is in line with New London County and above Windham and Hartford counties. Of the counties which comprise the Connecticut assessment area, Windham County has the lowest MFI income at \$69,642. Both Tolland County and Middlesex County have higher MFIs compared to the Connecticut assessment area, at \$91,631 and \$91,589, respectively.

According to the Connecticut Department of Labor’s Office of Research, in 2014 the average wage in the EWDA was \$48,275 and \$62,703 in the NWDA. The average wage for the State of Connecticut in 2014 was \$63,909. The EWDA contained many of the lowest wages in industries such as health care, retail trade, finance and insurance, and administrative and waste management compared to the four other Workforce Development Areas in the state.

In 2015, 11.0 percent of Connecticut’s total Temporary Family Assistance (TFA) recipients live in the EWDA, of which 52 percent lived in Norwich, New London, or Windham. Thirty-seven percent of the state’s total TFA population lived in the NWDA, among which East Hartford and Manchester had over 500 recipients each. The TFA program provides monthly cash and

employment assistance to eligible families in Connecticut to support basic needs such as food, shelter, and clothing.

For the same year, 12.0 percent of Connecticut's total Supplemental Nutrition Assistance Program (SNAP) recipients resided in the EWDA, of which 47.6 percent lived in Norwich, New London, and Windham. Thirty-three percent of the state's SNAP recipient population resided in the NWDA, of which over 10,000 lived in East Hartford. SNAP is offered by the USDA, which offers nutrition assistance to millions of eligible, low-income individuals and families. Twelve percent of the state's total Medicaid population resided in the EWDA, of which 38.0 percent lived in Norwich, New London, or Windham.

Employment Statistics

According to the Census, the unemployment rate for the Connecticut assessment area is 6.8 percent, which is lower than the State of Connecticut at 7.6 percent, but higher than Middlesex, New London, and Tolland counties, which all have unemployment rates less than 6.0 percent. Hartford and Windham counties both have unemployment rates higher than the Connecticut assessment area at 8.1 percent and 9.4 percent, respectively. The unemployment rates within low- and moderate-income tracts are 14.8 percent and 10.1 percent, respectively.

According to the September 2016 release by the U.S. Bureau of Labor Statistics, the non-seasonally adjusted unemployment rate for the counties that comprise the Connecticut assessment area are as follows: 4.3 percent for Tolland County; 4.3 percent for Middlesex County; 5.0 percent for New London County; 5.2 percent for Windham County; and 5.3 percent for Hartford County. Based on the October 2016 release, the non-seasonally adjusted unemployment rate in the state of Connecticut is 4.5 percent, representing a 3.1 percent decrease compared to the figure from the 2010 U.S. Census.

According to the Connecticut Department of Labor's Office of Research, the EWDA had an unemployment rate of 6.8 percent in 2014, which was a 1.2 percentage point decrease from 2013. New London had the highest unemployment rate, at 9.8 percent, and Lyme had the lowest, at 4.7 percent. The NWDA had an unemployment rate of 6.7 percent in 2014, also a 1.2 percentage point decrease from 2013.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CONNECTICUT

LENDING TEST

The Lending Test for Connecticut is rated Low Satisfactory as the bank's performance in the Hartford CSA is adequate and its performance in the Worcester MSA is good. Lending levels in the Hartford CSA reflect good responsiveness and lending levels in the Worcester MSA reflect excellent responsiveness. The geographic distribution of loans reflects good penetration throughout the Worcester MSA and adequate penetration throughout the Hartford CSA. The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes in both assessment areas; the bank exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses in Connecticut. The bank makes a low level of community

development loans in the Hartford CSA and an adequate level in the Worcester MSA. The bank makes limited use of innovative and/or flexible lending practices in serving assessment area credit needs in Connecticut.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs given the bank’s market share of deposits, competition, economic environment, and other performance context factors in the assessment area. Since the last evaluation, the bank originated a total of 2,571 loans in Connecticut, of which 53.8 percent were residential, 33.9 percent were HELOCs, and 12.3 percent were small business loans. In 2014 and 2015, the bank was ranked within the top 5.0 percent of lenders by number of originations within the state for HMDA loans. In 2015, the bank was ranked 24th of 81 lenders for small business originations within the state.

| Loan Type | # | % | \$(000s) | % |
|-------------------------------|--------------|--------------|-----------------|--------------|
| Home Purchase | 667 | 25.9 | 115,457 | 33.0 |
| Home Improvement | 111 | 4.3 | 8,269 | 2.4 |
| Multifamily | 6 | 0.2 | 4,326 | 1.2 |
| Refinance | 599 | 23.3 | 98,496 | 28.1 |
| Total Residential | 1,383 | 53.8 | 226,548 | 64.7 |
| Total Small Business | 317 | 12.3 | 55,681 | 15.9 |
| Total Consumer (HELOC) | 871 | 33.9 | 68,017 | 19.4 |
| TOTAL LOANS | 2,571 | 100.0 | 350,246 | 100.0 |

*HMDA data 1/1/2014-12/31/2015; CRA data 1/1/2014 – 12/31/2015; and
HELOC data 1/1/2014-12/31/2015.*

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Geographic Distribution of Loans

Overall, the geographic distribution of loans reflects an adequate penetration throughout Connecticut. The distribution of loans in the Hartford CSA is adequate and the distribution in the Worcester MSA is good. As mentioned, each assessment area in the state was given equal weight. For detailed discussion of geographic distribution, see Conclusions with Respect to Performance Tests section for the Hartford CSA and the Worcester MSA.

Borrower Distribution

Overall, the distribution of borrowers in Connecticut reflects good penetration among individuals of different income levels, including low- and moderate-income individuals, and among businesses of different sizes, including those with GARs \$1 million or less, when compared to area demographics and aggregate performance. The distribution of borrowers in both assessment areas in Connecticut was good. For detailed discussion of borrower distribution, see Conclusions with Respect to Performance Tests section for the Hartford CSA and the Worcester MSA.

In terms of responsiveness, the bank exhibits a good record of serving the credit needs of low-income individuals and small businesses in Connecticut. The bank partners with CHFA, whose

mission is to make affordable mortgages available to eligible Connecticut residents by offering multiple home mortgage products. CHFA loan programs target first time homebuyers, and eligibility is determined by household income or based on property location if in areas in need of revitalization such as New London and portions of areas such as East Hartford, Groton, Manchester, Mansfield, Norwich, and Windham. The bank also originated 11 Express loans, 3 SBA 504 loans, 1 SBA 7(a), and 17 Velocity Small Business Loans in Connecticut. Of the SBA loans originated, the 11 Express loans are included in the small business analysis and one SBA 504 loan is a qualified community development loan. All Velocity loans are included in the analysis as small business loans.

All CHFA loans originated by the bank are included in the residential mortgage analysis as HMDA loans. The bank acts as a delegated underwriter for CHFA's conventional 30 year fixed-rate loans and for the following programs if the borrower does not obtain a downpayment assistance program (DAP) loan: USDA Rural Development loans, FHA insured loans, the HFA Preferred Loan Program, and Veteran's Homeownership Pilot Program. The HFA Preferred Loan Program offers home loans at below-market interest rates to first time homebuyers with low mortgage insurance costs and the Veteran's Homeownership Pilot Program offers a below-market rate for the first mortgage and a zero percent interest rate for the DAP loan to veterans. The DAP loan offers supplementary loans at below-market interest rates to borrowers who are unable to raise sufficient funds to pay for the upfront costs associated with purchasing a home. During the evaluation period, the bank originated and referred a combined 408 loans totaling \$44.7 million through its participation with the CHFA.

The bank also participates in the FHLB's Equity Builder Program (EBP). As outlined on the FHLB's website, the EBP enables member to provide households with incomes at or below 80 percent of the area's median income with down-payment, closing-cost, home-buyer counseling, and rehabilitation assistance. Since the last evaluation, the bank originated 19 EBP loans, totaling \$256,048, in the Connecticut assessment area.

Community Development Lending

The bank makes a low level of community development loans in Connecticut considering the needs and opportunities in the community and economic development environment in which the bank was operating during the time period considered. The bank made a low level of community development loans in the Hartford CSA and an adequate level in the Worcester MSA.

The bank originated five qualified community development loans in Connecticut since the last examination, totaling \$4.9 million. Two loans totaling \$3.4 million were originated in the Hartford CSA and three loans were originated in the Worcester MSA totaling \$1.5 million. For detailed discussion of community development lending, see Conclusions with Respect to Performance Tests section for the Hartford CSA and the Worcester MSA.

INVESTMENT TEST

The bank's performance under the Investment Test in Connecticut is rated Low Satisfactory as the bank's performance in the Hartford CSA and the Worcester MSA are both considered adequate. The bank made an adequate level of qualified community development investments

and grants in Connecticut, which totaled \$730,480. The bank's investments were not routinely provided by private investors and rarely in a leadership position. The bank makes occasional use of innovative and/or complex investments to support community development initiatives. Additionally, the bank exhibits adequate responsiveness to credit and community development needs.

Prior Period Equity Investments

The bank made two prior period investments in The Community Economic Development Fund's (CEDF) Eastern CT Segmented Loan Fund in 2005 and 2006. As stated on the CEDF website, the fund was created to revitalize distressed neighborhoods in low- to moderate-income communities throughout Connecticut by improving the business and community economic conditions. Of the 52 towns in which the fund focuses, 23 are in the bank's assessment areas (14 in the Hartford CSA and 9 in the Worcester MSA). The two investments in the CEDF have a current value of \$473,862. These investments also carry lesser weight as they are over ten years old and their current impact on low- and moderate-income communities is unknown.

Grants and Donations

For detailed discussion of grants and donations in Connecticut, see Conclusions with Respect to Performance Tests section for the Hartford CSA and the Worcester MSA.

SERVICE TEST

The bank's performance in Connecticut under the Service Test is rated Low Satisfactory as the bank's performance in the Hartford CSA is adequate and its performance in the Worcester MSA is good.

Retail Banking Services

The bank's service delivery systems are accessible to essentially all portions of the bank's assessment areas. The bank's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or to low- and moderate-income individuals. Services do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies, and/or low- and moderate-income individuals. For detailed discussion of retail banking services, see Conclusions with Respect to Performance Tests section for the Hartford CSA and the Worcester MSA.

The bank employs nine mortgage originators who are available to take applications after hours at a customer's place of business or residence. Although the loan originators are made available to customers at specific branch locations, they do not operate within a defined territory.

Community Development Services

The bank provides an adequate level of community development services in Connecticut, with an adequate level in the Hartford CSA and a good level in the Worcester MSA. The following are

instances of qualified community development services performed by bank employees that apply to the entire State of Connecticut. Descriptions of employee services and educational programs and seminars benefitting the Connecticut assessment areas are detailed in the evaluations for the Hartford CSA and the Worcester MSA.

Employee Services

Connecticut Housing Finance Authority – The vice president retail lending manager is a member of the advisory board for the CHFA. The CHFA’s mission is to further affordable housing opportunities for eligible Connecticut residents and offers multiple home mortgage products targeted to first time homebuyers. As a member, the employee discusses updates to products, new programs, changes in underwriting guidelines, and helps promote CHFA programs to realtors and lenders.

Connecticut Mortgage Bankers Association (CMBA) – The vice president retail lending manager is a member of the affordable housing committee. A component of the CMBA’s mission is to improve services in the community. The purpose of the affordable housing committee is to provide education and awareness of the affordable housing markets, address fair lending and regulatory opportunities, create and support new initiatives across the state in all avenues of affordable lending, and providing support and accessibility of all resources in affordable markets.

Other Community Development Services

The bank remitted \$7,703 to the Connecticut Bar Foundation’s Interest on Lawyer’s Trust Accounts (IOLTA) program. The Foundation receives and distributes interest granted from IOLTA to support nonprofit organizations that provide civil legal services to low-income people in Connecticut.

The bank remitted \$546 to the Interest on Real Estate Broker’s Trust Account Program. As summarized in a CHFA annual report, this program was established with the purpose of providing mortgage assistance for low- or moderate-income families or persons with downpayment or any other appropriate housing subsidies. Under the program, real estate brokers deposit residential and commercial escrow funds into interest-bearing accounts specifically for the program.

The executive vice president of retail lending and a marketing specialist have been assisting the CEDF in the development and design of its new website. The CEDF’s mission is to revitalize distressed neighborhoods in low- and moderate-income communities throughout Connecticut by improving business and economic conditions.

HARTFORD CSA FULL-SCOPE REVIEW

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE HARTFORD CSA

The Hartford CSA is comprised of 7 of the 29 cities and towns in Hartford County located east of the Connecticut River, the entirety of New London County, which is located in the Norwich MSA, and the town of East Hampton in Middlesex County. Six branches are located in the Hartford MSA in East Hampton, Enfield, Hebron, Mansfield, South Windsor, and Tolland and seven branches are located in the Norwich MSA in Colchester, Groton, Lebanon, Lisbon, Mystic, Norwich, and Pawcatuck.

According to the FDIC Deposit Market Share Report, as of June 30, 2016, there were approximately 36 institutions offering deposit services within the Hartford and Norwich MSAs. Competition for deposits includes large national banks and community banks. Bank of America, N.A., ranked first for deposit market share, at 39.8 percent, and Webster Bank, N.A., ranked second, with 9.1 percent. SIBT ranked 14th overall with a deposit market share of 1.1 percent. The FDIC Summary of Deposits Report shows branch deposits within the Hartford and Norwich MSAs totaled \$499.1 million, or 57.9 percent of the deposits within the Connecticut assessment area, and 44.4 percent of total deposits.

| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
|--|----------------------------------|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| | # | % | # | % | # | % | # | % |
| Low-income | 6 | 3.9 | 5,933 | 3.4 | 1,407 | 23.7 | 30,648 | 17.8 |
| Moderate-income | 26 | 16.9 | 25,529 | 14.8 | 3,070 | 12.0 | 31,018 | 18.0 |
| Middle-income | 75 | 48.7 | 84,651 | 49.1 | 2,794 | 3.3 | 41,182 | 23.9 |
| Upper-income | 43 | 27.9 | 56,428 | 32.7 | 890 | 1.6 | 69,715 | 40.4 |
| Unknown-income | 4 | 2.6 | 22 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 154 | 100.0 | 172,563 | 100.0 | 8,161 | 4.7 | 172,563 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 11,274 | 2,614 | 1.4 | 23.2 | 7,203 | 63.9 | 1,457 | 12.9 |
| Moderate-income | 49,914 | 18,895 | 10.3 | 37.9 | 26,126 | 52.3 | 4,893 | 9.8 |
| Middle-income | 133,876 | 96,161 | 52.4 | 71.8 | 29,820 | 22.3 | 7,895 | 5.9 |
| Upper-income | 81,033 | 65,714 | 35.8 | 81.1 | 8,900 | 11.0 | 6,419 | 7.9 |
| Unknown-income | 100 | 14 | 0.0 | 14.0 | 37 | 37.0 | 49 | 49 |
| Total Assessment Area | 276,197 | 183,398 | 100.0 | 66.4 | 72,086 | 26.1 | 20,713 | 7.5 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 972 | 2.8 | 884 | 2.8 | 83 | 3.7 | 5 | 2.6 |
| Moderate-income | 4,528 | 13.2 | 4,064 | 12.8 | 434 | 19.5 | 30 | 15.9 |
| Middle-income | 16,698 | 48.7 | 15,449 | 48.5 | 1,155 | 51.8 | 94 | 49.7 |
| Upper-income | 11,993 | 35.0 | 11,389 | 35.8 | 547 | 24.5 | 57 | 30.2 |
| Unknown-income | 77 | 0.2 | 63 | 0.2 | 11 | 0.5 | 3 | 1.6 |
| Total Assessment Area | 34,268 | 100.0 | 31,849 | 100.0 | 2,230 | 100.0 | 189 | 100.0 |
| Percentage of Total Businesses: | | | | 92.9 | | 6.5 | | 0.6 |

2010 United States (U.S.) Census Data and 2015 D&B data.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

As shown in the table above, the Hartford CSA consists of 154 census tracts, of which 3.9 percent are low-income, 16.9 percent are moderate-income, 48.7 percent are middle-income, 27.9 percent are upper-income, and 2.6 percent are unknown-income. As mentioned, the four unknown-income census tracts include a correctional facility, university, naval base, and the coastline of New London County. The six low-income tracts are located in East Hartford (3), Groton, New London, and Norwich. The 26 moderate-income tracts are located in East Hartford (6), New London (5), Groton (4), Manchester (3), Norwich (3) Enfield (2), Griswold, Stafford, and Vernon.

Housing

There are 276,197 housing units in the Hartford CSA, of which 4.1 percent are located in low-income tracts, 18.1 percent are in moderate-income tracts, 48.5 percent are in middle-income tracts, and 29.3 percent are in upper-income tracts. Of the housing units, 66.4 percent are owner-occupied, 26.1 percent are rental units, and 7.5 percent are vacant. Of the 183,398 owner-occupied housing units, 1.4 percent are located in low-income tracts, and 10.3 percent are in moderate-income tracts. Of the 72,086 rental units in the CSA, 10.0 percent are located in low-income tracts, and 36.2 percent are in moderate-income tracts. Of the housing units in the CSA, 234,857, or 85.0 percent are 1-4 family and 15.0 percent are multifamily units. Of the 1-4 family housing units, 3.0 percent are located in low-income tracts and 14.9 percent are located in moderate-income tracts. Of the housing units in low-income tracts, 23.2 percent are owner-occupied, 63.9 percent are rental, and 62.9 percent are one-to-four family. Of the housing units in moderate-income tracts, 37.9 percent are owner-occupied, 52.3 percent are rental, and 70.1 percent are one-to-four family. The median housing value in the Hartford CSA is \$252,514.

The low percentage of owner-occupied housing units and percentage of 1-4 family units in low- and moderate-income tracts paired with the high percentage of rental units in each tract-income level, suggests limited opportunity to originate home mortgage loans in these tracts in the Hartford CSA.

Business Characteristics

According to 2015 D&B data, there are 34,268 businesses, of which 2.8 percent are located in low-income tracts, 13.2 percent are in moderate-income tracts, 48.7 percent are in middle-income tracts, and 35.0 percent are in upper-income tracts. Of all the businesses, 92.9 percent have GARs of \$1 million or less. According to the Connecticut Department of Labor, some of the largest employers in Hartford, Tolland, and New London Counties include Connecticut Aetna (insurance) and Foxwoods Resort Casino.

Population

The Hartford CSA is comprised of 671,554 individuals, which includes 172,563 families. Of the families in the CSA, 17.8 percent are low-income, 18.0 percent are moderate-income, 23.9 percent are middle-income, and 40.4 percent are upper-income. Approximately 8,161 families, or 4.7 percent, are below the poverty level, which is below the state's level at 6.5 percent. There are 255,484 households in the CSA, of which 21.1 percent are low-income, 16.2 percent are moderate-income, 19.4 percent are middle-income, and 43.3 percent are upper-income. Approximately 18,226 households, or 7.1 percent, are below the poverty level, which is below the state's level at 9.2 percent.

Income

| Table 6 Median Family Income Comparison Hartford-West Hartford, CT CSA | | | | | |
|--|--|----------|------|--|----------|
| Year | Geographic Area | MFI | Year | Geographic Area | MFI |
| 2014 | Hartford-West Hartford-East Hartford, CT MSA | \$85,700 | 2015 | Hartford-West Hartford-East Hartford, CT MSA | \$87,500 |
| 2014 | Norwich-New London, CT MSA | \$84,600 | 2015 | Norwich-New London, CT MSA | \$87,100 |

FFIEC data based on estimates.

As shown in the table above, in 2014, the MFI for the Hartford-West Hartford-East Hartford MSA was \$85,700 and \$84,600 for the Norwich MSA. In 2015, the MFI increased for the Hartford MSA by \$1,800 and by \$2,500 in the Norwich MSA.

Employment Statistics

According to the Census, the unemployment rate for the Hartford CSA is 6.3 percent, which is lower than the state, at 7.6 percent, but higher than Middlesex, New London, and Tolland counties, which all have unemployment rates less than 6.0 percent, although Hartford County has an unemployment rate higher than the Connecticut assessment area, at 8.1 percent. The unemployment rates within low- and moderate-income tracts are 13.4 percent and 9.8 percent, respectively. According to the September 2016 release by the U.S. Bureau of Labor Statistics, the non-seasonally adjusted unemployment rates for both the Hartford and Norwich MSAs is 5.1 percent.

Community Contacts

Three contacts were conducted with organizations that serve the needs of the low- and moderate-income populations within the Hartford CSA. The first contact was the Executive Director of an organization whose mission is to serve and meet the needs of low-income individual in New London County and eastern Connecticut whose services include energy assistance, education, employment, food and nutrition, housing, and financial services. The contact stated a lack of jobs that pay a livable wage compared to the cost of rising rents in the county is a primary challenge for low-income individuals. In addition, because low-income individuals are most focused on meeting immediate needs such as housing and food, goal oriented concepts such as budgeting and managing credit issues are not a priority. The contact suggested a useful service not currently available through federal or state programs would be an “emergency fund” that low-income individuals could use for issues such as car repairs or unexpected medical payments.

Another contact was conducted with the Senior Vice President of Investments for a charitable giving organization that serves the Greater Hartford region, which includes numerous towns in the Hartford CSA portion of the assessment area. The organization’s purpose and function is to find lasting solutions for the community to address issues that are most prevalent. The organization focuses on areas such as education, family and social services, health, housing, workforce development, and adult financial literacy. The individual stated that East Hartford exhibits a growing need for early childhood education and basic human needs as Hartford residents are moving out of the city into areas with better housing opportunities. East Hartford also has underperforming schools.

The last contact was conducted with the director of a social services department in a town within

the Hartford CSA that has a concentration of moderate-income tracts. The department works with residents that have special needs from financial, health, and mental challenges. The contact stated that housing is the town's largest challenge, specifically affordable rental housing. Most of the department's clients do not have bank accounts because the cost of a checking and/or savings account, specifically the maintenance fees, overdraft fees, or minimum balance requirements, are prohibitive. The contact stated credit repair services would be beneficial as individuals are often denied for rental housing based on poor credit.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN HARTFORD CSA

LENDING TEST

The Lending Test is considered adequate. Lending levels reflect adequate responsiveness to assessment area credit needs. The geographic distribution of loans reflects poor penetration throughout the CSA. In 2014 and 2015, the bank only originated one home mortgage loan in a low-income tract and the bank's percentage in moderate-income tracts was below the aggregate. The bank did not originate or purchase any small business loans in low-income tracts and lending in moderate-income tracts in 2015 was below the aggregate. The bank did not originate any HELOCs in low-income tracts in 2014 or 2015. The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes as penetration to low- and moderate-income borrowers for home mortgage loans was adequate and penetration of businesses with GARs of \$1 million or less was excellent. The bank made a low level of community development loans considering the needs and opportunities in the community and economic development environment in which the bank operates.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs. Since the last evaluation, the bank originated a total of 1,530 loans in the Hartford CSA, of which 53.4 percent were residential, 35.0 percent were HELOCs, and 11.6 percent were small business loans. In 2014 and 2015, the bank was ranked within the top 10.0 percent of lenders by number of originations within the CSA for HMDA loans. In 2015, the bank was ranked 27th of 80 lenders for small business originations within the CSA.

Geographic Distribution of Loans

Overall, the geographic distribution of loans reflects adequate penetration throughout the Hartford CSA.

Residential Lending

The bank's geographic distribution of loans reflects adequate penetration throughout the assessment area. Table 7 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the Hartford CSA.

| Table 7 Geographic Distribution of HMDA Loans Hartford-West Hartford, CT CSA | | | | | | | | | | | | | | |
|--|---------------------|------------------------|-------------------------------------|---------------|---------------|-----------------|---------------|---------------|------------|---------------|---------------|-----------------|---------------|---------------|
| Product Type | Tract Income Levels | Owner Occupied Units % | Bank & Aggregate Lending Comparison | | | | | | | | | | | |
| | | | 2014 | | | | | | 2015 | | | | | |
| | | | Count | | | Dollar | | | Count | | Dollar | | | |
| | | | Bank # | Agg % | Agg % | Bank \$ (000s) | Agg \$ % | Agg \$ % | Bank # | Agg % | Agg % | Bank \$ (000s) | Agg \$ % | Agg \$ % |
| HOME PURCHASE | Low | 1.4% | 0 | 0.0% | 1.7% | \$0 | 0.0% | 1.0% | 0 | 0.0% | 1.4% | \$0 | 0.0% | 0.9% |
| | Moderate | 10.3% | 6 | 5.6% | 10.6% | \$394 | 2.1% | 6.8% | 1 | 1.3% | 10.5% | \$112 | 0.7% | 6.8% |
| | Middle | 52.4% | 61 | 57.0% | 51.5% | \$9,512 | 51.3% | 46.5% | 45 | 56.3% | 52.2% | \$7,530 | 47.3% | 47.2% |
| | Upper | 35.8% | 40 | 37.4% | 36.2% | \$8,645 | 46.6% | 45.6% | 34 | 42.5% | 35.9% | \$8,280 | 52.0% | 45.1% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Total | 100.0% | 107 | 100.0% | 100.0% | \$18,551 | 100.0% | 100.0% | 80 | 100.0% | 100.0% | \$15,922 | 100.0% | 100.0% |
| REFINANCE | Low | 1.4% | 0 | 0.0% | 1.5% | \$0 | 0.0% | 1.1% | 0 | 0.0% | 1.1% | \$0 | 0.0% | 0.7% |
| | Moderate | 10.3% | 3 | 6.5% | 9.5% | \$481 | 6.3% | 7.2% | 8 | 10.3% | 9.2% | \$1,154 | 8.4% | 6.6% |
| | Middle | 52.4% | 25 | 54.3% | 52.8% | \$3,915 | 51.4% | 49.1% | 36 | 46.2% | 50.4% | \$5,468 | 40.0% | 46.1% |
| | Upper | 35.8% | 18 | 39.1% | 36.2% | \$3,223 | 42.3% | 42.6% | 34 | 43.6% | 39.2% | \$7,037 | 51.5% | 46.6% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Total | 100.0% | 46 | 100.0% | 100.0% | \$7,619 | 100.0% | 100.0% | 78 | 100.0% | 100.0% | \$13,659 | 100.0% | 100.0% |
| HOME IMPROVEMENT | Low | 1.4% | 0 | 0.0% | 0.9% | \$0 | 0.0% | 0.4% | 1 | 10.0% | 1.2% | \$10 | 2.3% | 0.9% |
| | Moderate | 10.3% | 1 | 20.0% | 10.0% | \$89 | 19.4% | 5.9% | 0 | 0.0% | 7.3% | \$0 | 0.0% | 4.0% |
| | Middle | 52.4% | 2 | 40.0% | 53.2% | \$195 | 42.5% | 46.6% | 4 | 40.0% | 54.4% | \$236 | 54.6% | 48.0% |
| | Upper | 35.8% | 2 | 40.0% | 35.9% | \$175 | 38.1% | 47.0% | 5 | 50.0% | 37.1% | \$186 | 43.1% | 47.1% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Total | 100.0% | 5 | 100.0% | 100.0% | \$459 | 100.0% | 100.0% | 10 | 100.0% | 100.0% | \$432 | 100.0% | 100.0% |
| MULTIFAMILY | Low | 10.1% | 0 | 0.0% | 15.0% | \$0 | 0.0% | 2.5% | 0 | 0.0% | 15.0% | \$0 | 0.0% | 8.3% |
| | Moderate | 36.2% | 1 | 100.0% | 20.0% | \$100 | 100.0% | 27.0% | 0 | 0.0% | 30.0% | \$0 | 0.0% | 32.6% |
| | Middle | 41.7% | 0 | 0.0% | 57.5% | \$0 | 0.0% | 55.1% | 0 | 0.0% | 47.5% | \$0 | 0.0% | 28.9% |
| | Upper | 11.9% | 0 | 0.0% | 7.5% | \$0 | 0.0% | 15.3% | 0 | 0.0% | 7.5% | \$0 | 0.0% | 30.1% |
| | Unknown | 0.1% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Total | 100.0% | 1 | 100.0% | 100.0% | \$100 | 100.0% | 100.0% | 0 | 0.0% | 100.0% | \$0 | 0.0% | 100.0% |
| HMDA TOTALS | Low | 1.4% | 0 | 0.0% | 1.6% | \$0 | 0.0% | 1.1% | 1 | 0.6% | 1.3% | \$10 | 0.0% | 1.1% |
| | Moderate | 10.3% | 11 | 6.9% | 10.2% | \$1,064 | 4.0% | 7.9% | 9 | 5.4% | 9.7% | \$1,266 | 4.2% | 7.7% |
| | Middle | 52.4% | 88 | 55.3% | 52.2% | \$13,622 | 51.0% | 47.9% | 85 | 50.6% | 51.7% | \$13,234 | 44.1% | 46.0% |
| | Upper | 35.8% | 60 | 37.7% | 36.1% | \$12,043 | 45.1% | 43.1% | 73 | 43.5% | 37.3% | \$15,503 | 51.7% | 45.2% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Total | 100.0% | 159 | 100.0% | 100.0% | \$26,729 | 100.0% | 100.0% | 168 | 100.0% | 100.0% | \$30,013 | 100.0% | 100.0% |

2010 U.S. Census, 2014 and 2015 Aggregate HMDA Data, 2014 and 2015 HMDA LARs
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2014, the bank did not originate a home mortgage loan in a low-income tract within the Hartford CSA. However, it should be noted that aside from multifamily lending, in which the bank is not an active participant, aggregate lending percentage suggest limited opportunity to originate home purchase, refinance, and home improvement loans in the low-income tracts. For the same year, the bank originated 11 home mortgage loans, or 6.9 percent, in moderate-income tracts, which is 3.3 percentage points below the aggregate and 3.4 percentage points below the percentage of owner-occupied housing units in moderate-income tracts. Of the bank's 11 home mortgage loans originations in moderate-income tracts, 6 were home purchase loans and the bank's lending percentage was 5.0 percentage points below the aggregate for the loan type.

In 2014, of the 26 moderate-income tracts in the CSA, the bank penetrated 8 tracts with loans in Norwich (2), Enfield, Griswold, Groton, Manchester, Stafford, and Vernon. The bank did not originate home mortgage loans in the moderate-income tracts within East Hartford or New London, which account for 11 of the 26 moderate-income tracts in the CSA. The bank's home mortgage origination in low- and moderate-income tracts in 2014 decreased compared to 2013 when the bank originated 2 home mortgage loans in low-income tracts and 19 in moderate-income tracts.

In terms of competition for home mortgage loans in low-income tracts in 2014, two comparable community banks with assessment areas almost wholly located within the SIBT's Connecticut assessment area both originated five home mortgage loans. For the same year, the same two competitor banks originated or purchased a combined 50 home mortgage loans in moderate-income tracts.

In 2015, the bank originated one home mortgage loan (home improvement), or 0.6 percent, in a low-income tract in Norwich, which is below the aggregate and the percentage of owner-occupied housing units. Aggregate lending percentages for home purchase and refinance loans in low-income tracts suggest limited opportunity. Although the bank's percentage is below the aggregate and demographics, the bank improved from the prior year. For the same year, the bank originated 9 loans, or 5.4 percent, in moderate-income tracts, which is 4.3 percentage points below the aggregate and 4.9 percentage points below the percentage of owner-occupied housing units. Eight of the nine home mortgage loans in moderate-income tracts were refinance loans. In this loan category, the bank's lending percentage exceeded the aggregate by 1.1 percentage points, although with one home purchase origination, the bank's lending percentage (1.3 percent) was far below the aggregate (10.5 percent).

Although the number of loans in moderate-income tracts decreased from 2014 to 2015, the bank originated 2 loans in New London, which it did not penetrate in the prior year. It should be noted that the bank did not originate any home mortgage loans within the six moderate-income tracts in East Hartford, which represents the highest concentration of moderate-income tracts in the CSA. East Hartford is a recent addition to the bank's assessment area and bank management contends residents have historically sought residential loans and banking services within the city of Hartford, which is across the Connecticut River. In addition, the bank contends competition for loans within Hartford area is significant as there are less than 500 households per branch location. Given current low lending levels and recent addition to the assessment area, the bank will focus its attention on home mortgage loan origination within the town and its six moderate-income tracts. In 2016, the bank originated one home mortgage loan in low-income tracts and six in moderate-income tracts. In 2015, the same two banks discussed above also originated just one home mortgage loan in low-income tracts, although one originated 15 loans in moderate-income tracts and the other originated 42.

As discussed in the description of the Hartford CSA, the low percentage of owner-occupied housing units, the percentage of 1-4 family units in low- and moderate-income tracts, and the high percentage of rental units in low- and moderate-income tracts, suggests limited opportunity to originate home mortgage loans in these tracts in the Hartford CSA. In addition, the bank recently added three towns to the assessment area, which resulted in the addition of three low- and nine moderate-income tracts that the bank historically did not focus its residential lending efforts. However, despite limited opportunity, the bank's performance in low- and moderate-income tracts was below aggregate lending percentages as well as below community bank competitor lending percentages. Increased aggregate and competitor bank lending percentages is suggestive of a demand for home mortgage loans in the low- and moderate-income tracts.

Small Business Lending

The bank’s geographic distribution reflects adequate penetration throughout the assessment area. Table 8 represents the distribution of small business loans by census tract income level compared to aggregate lending and business demographics in the Hartford CSA.

| Census Tract Income Level | 2014 % Total Business by Tracts | 2014 Aggregate | 2014 Bank | | 2015 % Total Business by Tracts | 2015 Aggregate | 2015 Bank | | Bank Total | |
|---------------------------|---------------------------------|----------------|-----------|--------------|---------------------------------|----------------|-----------|--------------|------------|--------------|
| | % | % | # | % | % | % | # | % | # | % |
| Low | 3.0 | 2.5 | 0 | 0.0 | 2.8 | 2.5 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 13.4 | 13.3 | 9 | 14.8 | 13.2 | 13.2 | 4 | 10.8 | 13 | 13.3 |
| Middle | 48.9 | 48.0 | 22 | 36.1 | 48.7 | 47.8 | 22 | 59.5 | 44 | 44.9 |
| Upper | 34.5 | 34.9 | 30 | 49.2 | 35.0 | 35.3 | 11 | 29.7 | 41 | 41.8 |
| Unknown | 0.2 | 0.1 | 0 | 0.0 | 0.2 | 0.1 | 0 | 0.0 | 0 | 0.0 |
| N/A | | 1.3 | 0 | 0.0 | | 1.1 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 100.0 | 61 | 100.0 | 100.0 | 100.0 | 37 | 100.0 | 98 | 100.0 |

*D&B 2014 & 2015 Aggregate CRA Data, 2014 and 2015 Small Business Loan Registers
Total percentages shown may vary by 0.1 percent due to automated rounding differences.*

The bank did not originate or purchase any small business loans in low-income tracts in 2014 or 2015. Although only 3.0 percent of the total businesses in the Hartford CSA are located in low-income tracts in 2014 and 2.8 percent in 2015, aggregate lending percentages suggest some opportunity to originated small business loans. In 2013, the bank originated or purchased 2 small business loans in a low-income tract in East Hartford, despite originating 18 fewer total loans compared to 2014. Weighed in the consideration of this point was the expansion of the assessment area, which included Manchester’s three low-income tracts, immediately prior to the examination. The bank may not have had sufficient time to develop a strategy to penetrate these tracts.

In 2014, the bank originated or purchased 9 small business loans, or 14.8 percent, in 5 of the 26 moderate-income tracts in the Hartford CSA. At 14.8 percent, the bank exceeded the aggregate by 1.6 percentage points and the percentage of businesses in moderate-income tracts in the CSA by 1.4 percentage points. Of the nine small business loans, five were in Groton, three in New London, and one in Norwich. The bank also originated or purchased nine small business loans in moderate-income tracts in 2013.

In 2015, the bank originated or purchased 4 small business loans, or 10.8 percent, in 3 of the 26 moderate-income tracts in the CSA. Two of the loans were originated or purchased in Groton and two were in New London. At 10.8 percent, the bank was 2.4 percentage points below the aggregate and 2.6 percentage points below the percentage of businesses in moderate-income tracts. The bank did not originate any small business loans in low-income tracts in 2016 and only originated or purchased two in moderate-income tracts.

Consumer Lending

The bank’s geographic distribution reflects adequate penetration throughout the assessment area. Table 9 represents the bank’s HELOC originations based on tract income level compared to the percentage of households in the Hartford CSA.

| Table 9 Geographic Distribution of Consumer Loans Hartford-West Hartford, CT CSA | | | | | |
|---|---|----------------------------|--------------|----------------------------|--------------|
| Tract Income Levels | Bank Lending & Demographic Data Comparison | | | | |
| | Households | Bank 2014 Count | | Bank 2015 Count | |
| | % | # | % | # | % |
| Low | 3.9 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 17.6 | 6 | 3.6 | 2 | 2.1 |
| Middle | 49.3 | 88 | 52.4 | 58 | 61.7 |
| Upper | 29.2 | 74 | 44 | 34 | 36.2 |
| Unknown | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 168 | 100.0 | 94 | 100.0 |

2010 U.S. Census, 2014 & 2015 bank provided data.

The bank did not originate any HELOCs in low-income census tracts since the last evaluation. In 2014, the bank originated 6 HELOCs, or 3.6 percent, in 5 of the 26 moderate-income tracts in the CSA. At 3.6 percent, the bank is 14.0 percentage points below the percentage of households in moderate-income tracts within the CSA. The bank’s six originations in 2014 is an increase from the prior year when the bank originated only one. The bank originated two HELOCs in moderate-income tracts in both 2015 and 2016.

Although the bank’s HELOC origination percentages are far below the percentage of households, it should be noted that household demographics include owner-occupied housing units as well as rental units. As mentioned, 63.9 percent of units in low-income tracts and 52.3 percent in moderate-income tracts in the Hartford CSA are rental units. High percentage of rental units in the low- and moderate-income tracts suggests that individuals living in these areas likely do not own the units in which they reside and therefore would be ineligible to receive a HELOC. In addition, percentage of households within an assessment area is not representative of loan demand.

Borrower Distribution

Overall, the distribution of borrowers reflects good penetration among individuals of different income levels, including low- and moderate-income individuals, and among businesses of different sizes, including those with GARs \$1 million or less, when compared to area demographics and aggregate performance.

Residential Lending

The distribution of borrowers reflects good penetration among customers of different income levels. Table 10 provides a comparison of the bank’s lending by borrower income level to the income distribution of families in the Hartford CSA and aggregate data.

| Product Type | Borrower Income Levels | Families by Family Income % | Bank & Aggregate Lending Comparison | | | | | | | | | | | |
|------------------|------------------------|-----------------------------|-------------------------------------|---------------|----------------|-----------------|---------------|---------------|----------------|---------------|---------------|-----------------|---------------|---------------|
| | | | 2014 | | | | | | 2015 | | | | | |
| | | | Count | | Dollar | | Count | | Dollar | | | | | |
| | | | Bank # | Agg % | Bank \$ (000s) | Agg % | Bank # | Agg % | Bank \$ (000s) | Agg % | | | | |
| HOME PURCHASE | Low | 17.8% | 8 | 7.5% | 9.0% | \$609 | 3.3% | 5.1% | 3 | 3.8% | 9.8% | \$281 | 1.8% | 5.6% |
| | Moderate | 18.0% | 37 | 34.6% | 24.9% | \$5,031 | 27.1% | 19.1% | 21 | 26.3% | 24.5% | \$3,093 | 19.4% | 18.9% |
| | Middle | 23.9% | 35 | 32.7% | 21.9% | \$6,126 | 33.0% | 22.2% | 25 | 31.3% | 22.1% | \$4,719 | 29.6% | 22.2% |
| | Upper | 40.4% | 25 | 23.4% | 26.5% | \$6,624 | 35.7% | 37.1% | 31 | 38.8% | 25.5% | \$7,829 | 49.2% | 36.5% |
| | Unknown | 0.0% | 2 | 1.9% | 17.7% | \$161 | 0.9% | 16.6% | 0 | 0.0% | 18.0% | \$0 | 0.0% | 16.9% |
| | Total | 100.0% | 107 | 100.0% | 100.0% | \$18,551 | 100.0% | 100.0% | 80 | 100.0% | 100.0% | \$15,922 | 100.0% | 100.0% |
| REFINANCE | Low | 17.8% | 3 | 6.5% | 8.4% | \$412 | 5.4% | 5.3% | 4 | 5.1% | 6.1% | \$465 | 3.4% | 3.5% |
| | Moderate | 18.0% | 11 | 23.9% | 18.3% | \$1,519 | 19.9% | 14.0% | 13 | 16.7% | 16.3% | \$1,674 | 12.3% | 12.0% |
| | Middle | 23.9% | 11 | 23.9% | 23.5% | \$1,643 | 21.6% | 21.3% | 23 | 29.5% | 21.2% | \$4,552 | 33.3% | 19.2% |
| | Upper | 40.4% | 20 | 43.5% | 31.8% | \$3,932 | 51.6% | 39.5% | 36 | 46.2% | 31.8% | \$6,708 | 49.1% | 38.7% |
| | Unknown | 0.0% | 1 | 2.2% | 18.0% | \$113 | 1.5% | 20.0% | 2 | 2.6% | 24.6% | \$260 | 1.9% | 26.6% |
| | Total | 100.0% | 46 | 100.0% | 100.0% | \$7,619 | 100.0% | 100.0% | 78 | 100.0% | 100.0% | \$13,659 | 100.0% | 100.0% |
| HOME IMPROVEMENT | Low | 17.8% | 0 | 0.0% | 8.8% | \$0 | 0.0% | 4.2% | 0 | 0.0% | 7.1% | \$0 | 0.0% | 3.5% |
| | Moderate | 18.0% | 1 | 20.0% | 21.9% | \$89 | 19.4% | 14.2% | 2 | 20.0% | 18.0% | \$26 | 6.0% | 11.4% |
| | Middle | 23.9% | 0 | 0.0% | 29.7% | \$0 | 0.0% | 27.4% | 2 | 20.0% | 27.6% | \$48 | 11.1% | 23.7% |
| | Upper | 40.4% | 3 | 60.0% | 36.2% | \$270 | 58.8% | 49.5% | 5 | 50.0% | 39.8% | \$258 | 59.7% | 51.7% |
| | Unknown | 0.0% | 1 | 20.0% | 3.4% | \$100 | 21.8% | 4.7% | 1 | 10.0% | 7.5% | \$100 | 23.1% | 9.6% |
| | Total | 100.0% | 5 | 100.0% | 100.0% | \$459 | 100.0% | 100.0% | 10 | 100.0% | 100.0% | \$432 | 100.0% | 100.0% |
| MULTIFAMILY | Low | 17.8% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Moderate | 18.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Middle | 23.9% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Upper | 40.4% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Unknown | 0.0% | 1 | 100.0% | 100.0% | \$100 | 100.0% | 100.0% | 0 | 0.0% | 100.0% | \$0 | 0.0% | 100.0% |
| | Total | 100.0% | 1 | 100.0% | 100.0% | \$100 | 100.0% | 100.0% | 0 | 0.0% | 100.0% | \$0 | 0.0% | 100.0% |
| HMDA TOTALS | Low | 17.8% | 11 | 6.9% | 8.7% | \$1,021 | 3.8% | 4.9% | 7 | 4.2% | 8.0% | \$746 | 2.5% | 4.5% |
| | Moderate | 18.0% | 49 | 30.8% | 22.1% | \$6,639 | 24.8% | 16.2% | 36 | 21.4% | 20.5% | \$4,793 | 16.0% | 15.0% |
| | Middle | 23.9% | 46 | 28.9% | 23.1% | \$7,769 | 29.1% | 21.0% | 50 | 29.8% | 22.2% | \$9,319 | 31.0% | 20.1% |
| | Upper | 40.4% | 48 | 30.2% | 29.3% | \$10,826 | 40.5% | 36.5% | 72 | 42.9% | 29.3% | \$14,795 | 49.3% | 36.5% |
| | Unknown | 0.0% | 5 | 3.1% | 16.8% | \$474 | 1.8% | 21.5% | 3 | 1.8% | 20.1% | \$360 | 1.2% | 23.9% |
| | Total | 100.0% | 159 | 100.0% | 100.0% | \$26,729 | 100.0% | 100.0% | 168 | 100.0% | 100.0% | \$30,013 | 100.0% | 100.0% |

2010 U.S. Census, 2014 and 2015 Aggregate HMDA Data, 2014 and 2015 HMDA LARs
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2014, the bank originated 11 home mortgage loans, or 6.9 percent, to low-income borrowers in the Hartford CSA, which is 1.8 percentage points below the aggregate and 10.9 percentage points below the percentage of low-income families. Of the 11 loans, 8 were home purchase loans and 3 were home improvement. The bank's lending percentage in home purchase and home improvement loans to low-income borrowers was less than the aggregate. Although the bank's lending to low-income borrowers is far below the percentage of low-income families in the CSA, the aggregate percentage is below the demographic data as well.

With a median family income in the CSA of \$82,522, low-income families would have an annual income of \$41,260. With a median housing value of \$252,514, home ownership may be unattainable for low-income families. Based on the 2010 U.S. Census, for 44.3 percent of all renters, the cost of monthly rent exceeds 30.0 percent of their income and 26.1 percent of all housing units in the Hartford CSA are rentals. In addition, the bank recently added East Hartford to the assessment area, in which 35.8 percent of families are low-income. Based on rental unit availability, the percentage of renters with a high monthly housing expense, and a recent increase in the number of low-income families to the assessment area, opportunities to originate home

mortgage loans to low-income borrowers in the Hartford CSA may be limited.

For the same year, the bank originated 49 loans, or 30.8 percent, to moderate-income borrowers, which exceeded the aggregate and the percentage of moderate-income families by 8.7 percentage points and 12.8 percentage points, respectively. The bank's lending percentage margin against the aggregate was primarily driven by 37 home purchase loan originations, which exceeded the aggregate's lending percentage for the loan type by 9.7 percentage points. The bank also outperformed the aggregate in refinance loan originations by 5.6 percentage points. Although the bank outperformed the aggregate overall for home mortgage originations to moderate-income borrowers, a community bank competitor that operates wholly within SIBT's Connecticut assessment area, originated a total of 71 home mortgage loans to moderate-income borrowers in the same year. The bank's home mortgage loan originations in 2014 increased compared to 2013 when the bank originated only 2 home mortgage loans to low-income borrowers and 19 to moderate-income borrowers.

In 2015, the bank originated 7 home mortgage loans, or 4.2 percent, to low-income borrowers, which is 3.8 percentage points below the aggregate and 13.6 percentage points below the percentage of low-income families. Of the 7 loans to low-income borrowers, 3 were home purchase loans and 4 were refinance loans. The bank's lending percentage for home purchase loans was 6.0 percentage points lower than the aggregate and was 1.0 percentage points lower than the aggregate for refinance loans. The bank did not originate a home improvement loan to low-income borrowers, although the aggregate's lending percentage was 7.1 percent, which suggests an unmet demand by the bank for this loan type. For the same year, the bank originated 36 loans, or 21.4 percent, to moderate-income borrowers, which exceeded the aggregate by 0.9 percentage points and the percentage of moderate-income families by 3.4 percentage points. The bank's lending percentage of home mortgage loans to moderate-income borrowers by loan type was in line with the aggregate.

From 2014 to 2015, overall home mortgage lending increased by 9 loans, but originations to low-income borrowers decreased by 36.3 percent and 26.5 percent for moderate-income borrowers. From 2015 to 2016, the bank's home mortgage originations increased by 38.1 percent, which resulted in a corresponding increase in loans to low- and moderate-income borrowers to 12 loans and 46 loans, respectively.

As previously discussed, the bank participates in the FHLB's EBP. Of the 19 loans originated under the program since the last evaluation, 10 loans totaling \$138,000 were originated in the Hartford CSA.

Small Business Lending

The distribution of borrowers reflects excellent penetration among businesses of different sizes. Table 11 compares the bank’s lending to aggregate data and small businesses according to revenue size.

| Gross Annual Revenues | 2014 Total Businesses | 2014 Bank | | | 2015 Total Businesses | 2015 Bank | | | Bank Total | |
|-----------------------|-----------------------|-----------|--------------|-------|-----------------------|-----------|--------------|-------|------------|--------------|
| | % | # | % | Agg | % | # | % | Agg | # | % |
| ≤\$1MM | 90.9 | 34 | 55.7 | 43.4% | 92.9 | 24 | 64.9 | 49.4% | 58 | 59.2 |
| > \$1MM | 6.1 | 24 | 39.3 | | 6.5 | 13 | 35.1 | | 37 | 37.8 |
| N/A | 3.0 | 3 | 4.9 | | 0.6 | 0 | 0.0 | | 3 | 3.1 |
| Total | 100.0 | 61 | 100.0 | | 100.0 | 37 | 100.0 | | 98 | 100.0 |

*D&B 2014 & 2015 Aggregate CRA Data, 2014 and 2015 Small Business Loan Registers
Total percentages shown may vary by 0.1 percent due to automated rounding differences.*

In 2014, the bank originated or purchased 34 small business loans, or 55.7 percent, to businesses with GARs of \$1 million or less, which exceeded the aggregate by 12.3 percent. In 2013, the bank originated or purchased 18 small business loans to businesses with GARs of \$1 million or less. In 2015, the bank’s small business originations or purchases to businesses with GARs of \$1 million or less decreased to 24 loans, but the bank’s percentage increased to 64.9 percent, which exceeded the aggregate by 15.5 percentage points. The bank’s originations or purchased to businesses with GARs of \$1 million or less decreased to 21 loans, or 58.3 percent, in 2016. Although the percentage of businesses in the CSA with GARs of \$1 million or less greatly exceeds the bank’s lending percentage, bank performance is primarily assessed against the aggregate lending percentage as this is a better indicator of loan demand and the economic environment in the assessment area.

Consumer Lending

The distribution of borrowers reflects good penetration among customers of different income levels. Table 12 represents the bank’s HELOC originations based on borrower income levels compared to the household income levels in the Hartford CSA.

| Table 12 Borrower Distribution of Consumer Loans Hartford-West Hartford, CT CSA | | | | | |
|---|--|-----------|--------------|-----------|--------------|
| Borrower Income Level | Bank Lending & Demographic Data Comparison | | | | |
| | Households by Household Incomes | Bank 2014 | | Bank 2015 | |
| | | % | # | % | # |
| Low | 21.1 | 15 | 8.9 | 6 | 6.4 |
| Moderate | 16.3 | 35 | 20.8 | 11 | 11.7 |
| Middle | 19.4 | 47 | 28.0 | 24 | 25.5 |
| Upper | 43.3 | 69 | 41.1 | 51 | 54.3 |
| Unknown | 0.0 | 2 | 1.2 | 2 | 2.1 |
| Total | 100.0 | 168 | 100.0 | 94 | 100.0 |

2010 U.S. Census, 2014 & 2015 bank provided data.

Total percentages shown may vary by 0.1 percent due to automated rounding differences

In 2014, the bank originated 15 HELOCs, or 8.9 percent, to low-income borrowers, which is 12.2 percentage points less than the percentage of low-income households. For the same year, the bank originated 35 HELOCs, or 20.8 percent, to moderate-income borrowers. The bank's originations to low- and moderate-income borrowers in 2014 increased compared to 2013 when the bank originated 8 to low-income borrowers and 27 to moderate-income borrowers. In 2015, the bank originated 6 HELOCs, or 6.4 percent, to low-income borrowers and 11 lines, or 11.7 percent, to moderate-income borrowers. The bank increased originations to low- and moderate-income borrowers in 2016 with 11 HELOCs and 19 lines, respectively.

Although the bank's HELOC origination percentages to low-income borrowers are far below the percentage of households by household income, opportunities may be limited. With a median household income in the CSA of \$68,227, low-income households would have an annual income of \$34,227 or less. With the median housing value of \$252,514, home ownership, and therefore eligibility to qualify for a HELOC, may be unattainable for low-income households. In addition, given the percentage of high percentage rental units in the Hartford CSA (26.1 percent), rental opportunities are abundant for low-income families are likely a more affordable option.

Community Development Lending

The bank makes a low level of community development loans in the Hartford CSA considering the needs and opportunities in the community and economic development environment in which the bank was operating during the time period considered. During the evaluation period, the bank originated two loans totaling \$3.4 million in the Hartford CSA; one was an SBA 504 loan for \$2,626,934 for the construction of a warehouse and administrative building for a real estate holding company, and the other was a \$750,000 loan to a non-profit economic development agency, which serves towns in New London County.

In addition to community development needs and opportunities outlined in the community contacts section, common themes attained from HUD Consolidated Plans for the cities and towns in the Hartford CSA, which are designed to help states and local jurisdictions to assess affordable housing and community development needs, include housing revitalization for older homes for both renters and owners, neighborhood revitalization, transportation barriers, and a lack of

decent affordable rental units. Additional opportunities for community development attained from the design grant applications from the Connecticut Working Cities Challenge include family services, business development, improvements in livability in low- and moderate-income neighborhoods, entrepreneurial training, workplace preparedness, and general social services.

Based on identified opportunities and needs in the Hartford CSA and the level and qualitative consideration of community development loans originated by the bank, SIBT’s community development lending in the Hartford CSA is considered low.

INVESTMENT TEST

The bank made an adequate level of qualified investments in the Hartford CSA during the evaluation period, totaling \$139,478, all of which were donations. The bank’s investments were not routinely provided by private investors and rarely in a leadership position. The bank makes occasional use of innovative and/or complex investments to support community development initiatives. Additionally, the bank exhibits adequate responsiveness to credit and community development needs as the purpose of numerous donations were in line with needs identified by community contacts.

| Community Development Category | 2012 | | 2013 | | 2014 | | 2015 | | 2016 | | Total | |
|--------------------------------|----------|---------------|----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|----------------|
| | # | \$ | # | \$ | # | \$ | # | \$ | # | \$ | # | \$ |
| Affordable Housing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Services | 4 | 14,500 | 6 | 18,000 | 19 | 54,200 | 15 | 34,268 | 10 | 18,510 | 54 | 139,478 |
| Revitalization/Stabilization | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 4 | 14,500 | 6 | 18,000 | 19 | 54,200 | 15 | 34,268 | 10 | 18,540 | 54 | 139,478 |

Bank records.

As noted in Table 13, all qualified donations and grants in the Hartford CSA are categorized as community services. The following is a sample of the organizations that served low- and moderate-income communities in the Hartford CSA with the donations provided by the foundation.

Covenant Shelter of New London, Inc. – This emergency shelter located in a moderate-income tract is for single adults and families consisting of a single parent with children. The shelter provides meals, case management, and other supportive services for shelter residents.

Martin House, Inc. – The Martin House is located in a moderate-income tract in Norwich and provides supportive single room occupancy with 24-hour support. The program provides support to people with mental illness and addiction. Additional services include hot meals, adult education, employment services, case management, and medical services.

Norwich Safety Net Team – This is a group who helps fundraise for Norwich Works, an organization headquartered in a low-income tract with the goal of providing job training and employment services to the area’s unemployed and underemployed individuals. The goal is to enable them to enter the workforce and obtain economic security.

Thames River Community Service, Inc. – The mission of this organization is to provide safe housing with support services through permanent housing or through a transitional living program where formerly homeless families are committed to developing healthy relationships, new dignity, and a renewed life. The organization is located in a moderate-income tract.

In 2016, the bank’s branches coordinated collections and provided in-kind donations that supported communities within the Hartford CSA. The Tolland branch provided non-perishable food to ensure children who would otherwise face hunger on the weekends between free school meals from Friday to Monday and also provided winter clothing items such as socks, jackets, and gloves through the local chamber of commerce to benefit individuals in need within the town of Tolland. The Norwich branch coordinated a food drive challenge with other area businesses and non-profits and in total raised 46,000 pounds of food for the local food bank.

SERVICE TEST

The bank’s performance under the Service Test for the Hartford CSA is adequate. The bank’s delivery systems are reasonably accessible to essentially all portions of the bank’s geographies and individuals of different income levels in the CSA; the bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies or individuals; services do not vary in a way that inconveniences portions of its assessment area, particularly for low- and moderate-income geographies or individuals; and the bank provides an adequate level of community development services.

Retail Banking Services

Table 14 displays the distribution of the bank’s branch network compared to the percentage of census tracts within the Hartford CSA and the percentage of the population residing in those tracts.

| Table 14 | | | | |
|--|---|-----------------------------|---|--------------|
| Distribution of Branch Offices by Income Category | | | | |
| Hartford-West Hartford, CT CSA | | | | |
| Census Tract Income Category | Assessment Area Demographics | | Bank Offices by Tract Location | |
| | Total Census Tracts | Total Population | Bank Branches | |
| | % of # | % of # | # | % |
| Low | 3.9 | 3.7 | 0 | 0.0 |
| Moderate | 16.9 | 16.5 | 1 | 7.7 |
| Middle | 48.7 | 47.6 | 9 | 69.2 |
| Upper | 27.9 | 30.0 | 3 | 23.1 |
| Unknown | 2.6 | 2.2 | 0 | 0.0 |
| Total | 100.0 | 100.0 | 13 | 100.0 |

2010 U.S. Census data and bank records

The bank only has one branch in a low-income tract and it is not located in the Hartford CSA. Of the bank’s four branches in moderate-income tracts, one is in the Hartford CSA. Although the bank only has one branch located in a moderate-income tract, some branches located in middle-

income tracts are reasonably accessible (i.e. within a two mile radius) to essentially all portions of the CSA; the Mansfield branch is accessible to a low- and three moderate-income tracts in Willimantic; the Lisbon-Walmart branch is accessible to a moderate-income tract in Griswold; the Norwich branch is accessible to a moderate-income tract within the town; and the Pawcatuck branch is accessible to a moderate-income tract in Westerly, Rhode island.

During the evaluation period, the bank closed one branch in East Lyme, which was located in an upper-income tract. As a result of the Newport Federal acquisition, the bank obtained a branch in Pawcatuck, which is located in a middle-income tract. Branches in the Hartford CSA are generally open seven hours Monday through Wednesday, nine hours on Thursday and Friday, three hours on Saturday, and the Lisbon-Walmart branch is opened for four hours on Sunday. In December 2016, the bank removed the East Lyme ATM from service, which was located in an upper-income tract. Aside from the Lisbon Walmart branch location, which has a walk-up ATM, each branch has a drive-up ATM that is available 24-hours a day. The bank also maintains a drive-up ATM at a self-storage facility in Franklin and a walk-up ATM at its Mansfield branch location.

Community Development Services

The bank provides an adequate level of community development services. The following are instances of qualified community development services performed by bank employees that apply to the Hartford CSA. Employee services include participation with organizations focusing on education for low- and moderate-income students and economic development. Educational programs and seminars provided were geared towards low- and moderate-income areas and individuals, and small businesses.

Employee Services

Three Rivers College Foundation – A commercial lender is a former board member. Three Rivers Community College is located in a moderate-income tract in Norwich. The foundation provides student scholarships, books, fees, classroom equipment, and emergency assistance for students who struggle financially.

Greater Norwich Chamber of Commerce (Chamber) – A branch manager is the chairperson of the chamber, which is located in a low-income tract. The chamber takes a leadership role to support, promote, enhance, and advance the general welfare and prosperity of the greater Norwich area so that its citizens, and its businesses, and professional community can prosper. The organization emphasizes economic, civic, commercial, cultural, and educational interest of the greater Norwich area to insure the area is a desirable place in which to work, live, or visit.

Educational Programs and Seminars

FDIC Money Smart – In 2013, the bank presented a condensed version of eight FDIC Money Smart for Young Adult modules at the Access Agency's Life Skills Group in Norwich. The Money Smart program is a comprehensive financial education curriculum designed to help low- and moderate-income individuals outside the financial mainstream enhance their financial skills and create positive banking relationships. The youth adults program helps youths between 15 and

20 learn the basics of handling their money and finances, including creating a positive relationship with financial institutions.

Community Economic Development Fund – The CEDF provides loans to small business owners primarily in Connecticut’s low-to-moderate communities who are not able to obtain traditional bank financing. The bank participated in four events with CEDF targeted to small businesses. In 2013, the bank participated in three two-part presentations to small business owners covering topics including accepting credit cards, lending options, training resources, growing a business by targeting customers, managing cash flow, establishing record keeping systems, and cash and credit management. In 2015, a bank employee provided a keynote presentation about criteria a bank considers aside from financials when considering a business loan application.

Bethsaida Community, Inc. – This organization provides recovery, transitional, permanent, and low-income housing. Its clients are focusing on recovery from substance abuse disorders and trauma. The bank provided two sessions on identity theft and also discussed budgeting. The bank also provided a general financial education session. The organization is located in a low-income tract in Norwich.

Nathan Hale Elementary School – The bank provided two financial education sessions for students at the elementary school. More than 50.0 percent of the students at the school are eligible for free or reduced lunch.

Catholic Charities of Norwich – This organization, which is located in a low-income tract, provides food, shelter, clothing, transportation, and other social services for families facing emergency situations. The bank provided a first time homebuyer session covering topics such as preapprovals, real estate agents, finding a home, making an offer, applying for a mortgage, home inspections, and preparing for a closing.

Elder Abuse Seminars – The bank held one session at Stonington Human Services, a town department offering social services that address poverty. The bank also held an elder abuse session at the Pawcatuck Neighborhood center, which is an organization that helps provide basic human needs, social interaction, and transportation for seniors to obtain medical care.

WORCESTER MSA FULL-SCOPE REVIEW

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN WORCESTER MSA

The Worcester MSA assessment area is comprised entirely of Windham County and only includes the Connecticut portion of the Worcester, MA-CT MSA; it does not include Worcester County in Massachusetts. The Worcester MSA is located in the northeastern part of the State of Connecticut. Seven branches are located in the following towns: Willimantic (2), Brooklyn, Canterbury, Dayville, Moosup, and North Windham.

According to the FDIC Deposit Market Share Report, as of June 30, 2016, there were approximately 10 institutions offering deposit services within Windham County. Competition for deposits includes Federal Reserve System state member banks as well as national banks. SIBT ranked first in Windham County with 22.4 percent market share and Putnam Bank ranked second with 18.0 percent. The FDIC Summary of Deposits Report shows branch deposits within the Worcester MSA totaled \$363.1 million, or 42.1 percent of deposits within the Connecticut assessment area, and 32.3 percent of total bank deposits.

| Table 15 Assessment Area Demographics Worcester, MA-CT MSA | | | | | | | | |
|--|--|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 1 | 4.0 | 907 | 3.0 | 296 | 32.6 | 7,277 | 24.1 |
| Moderate-income | 6 | 24.0 | 8,032 | 26.6 | 1,187 | 14.8 | 5,643 | 18.7 |
| Middle-income | 17 | 68.0 | 20,790 | 68.8 | 1,128 | 5.4 | 7,523 | 24.9 |
| Upper-income | 1 | 4.0 | 499 | 1.7 | 12 | 2.4 | 9,785 | 32.4 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 25 | 100.0 | 30,228 | 100.0 | 2,623 | 8.7 | 30,228 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 1,725 | 138 | 0.4 | 8.0 | 1,372 | 79.5 | 215 | 12.5 |
| Moderate-income | 14,415 | 7,243 | 23.1 | 50.2 | 5,850 | 40.6 | 1,322 | 9.2 |
| Middle-income | 31,604 | 23,401 | 74.6 | 74.0 | 5,677 | 18.0 | 2,526 | 8.0 |
| Upper-income | 774 | 584 | 1.9 | 75.5 | 56 | 7.2 | 134 | 17.3 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 48,518 | 31,366 | 100.0 | 64.6 | 12,955 | 26.7 | 4,197 | 8.7 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 193 | 3.7 | 174 | 3.6 | 17 | 5.3 | 2 | 3.3 |
| Moderate-income | 1,394 | 27.0 | 1,263 | 26.4 | 114 | 35.7 | 17 | 27.9 |
| Middle-income | 3,496 | 67.7 | 3,273 | 68.4 | 184 | 57.7 | 39 | 63.9 |
| Upper-income | 84 | 1.6 | 77 | 1.6 | 4 | 1.3 | 3 | 4.9 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 5,167 | 100.0 | 4,787 | 100.0 | 319 | 100.0 | 61 | 100.0 |
| | Percentage of Total Businesses: | | | 98.5 | | 1.0 | | 0.5 |

2010 United States (U.S.) Census Data and 2015 D&B data.
Total percentages shown may vary by 0.1 percent due to automated rounding differences

As shown in Table 15, the Worcester MSA consists of 25 census tracts, of which 4.0 percent are low-income, 24.0 percent are moderate-income, 68.0 percent are middle-income, and 4.0 percent are upper-income. The low-income tract is located in Willimantic and the six moderate-income tracts are located in Killingly (2), Willimantic (2), Putnam, and Windham.

Housing

There are 48,518 housing units in the Worcester MSA, of which 3.6 percent are located in low-income tracts, 29.7 percent are in moderate-income tracts, 65.1 percent are in middle-income tracts, and 1.6 percent are in upper-income tracts. Of the housing units, 64.6 percent are owner-occupied, 26.7 percent are rental units, and 8.7 percent are vacant. Of the 31,366 owner-occupied housing units, 0.4 percent are located in low-income tracts and 23.1 percent are in moderate-income tracts. Of the 12,955 rental units in the MSA, 10.6 percent are located in low-income

tracts and 45.2 percent are in moderate-income tracts. Of the housing units in the MSA, 42,862 or 88.3 percent are 1-4 family and 11.7 percent are multifamily units. Of the 1-4 family housing units, 2.8 percent are located in low-income tracts and 26.7 percent are located in moderate-income tracts. Of the housing units in low-income tracts, 8.0 percent are owned-occupied, 79.5 percent are rental, and 69.0 percent are one-to-four family. Of the housing units in moderate-income tracts, 50.3 percent are owner-occupied, 40.6 percent are rental, and 79.4 percent are one-to-four family. The median housing value in the Worcester MSA is \$230,084.

The low percentage of owner-occupied housing units and percentage of 1-4 family units in in low- and moderate-income tracts paired with the high percentage of rental units in each tract-income level, suggests limited opportunity to originate home mortgage loans in these tracts in the Worcester MSA.

Business Characteristics

According to 2015 D&B data, there are 5,167 businesses, of which 3.7 percent are located in low-income tracts, 27.0 percent are in moderate-income tracts, 67.7 percent are in middle-income tracts, and 1.6 percent are in upper-income tracts. Of all the businesses, 98.5 percent have GARs of \$1 million or less. According to the Connecticut Department of Labor, some of the largest employers in Windham County include Day Kimball Healthcare, Windham Public Schools, and Windham Hospital.

Population

The Worcester MSA is comprised of 118,428 individuals, which includes 30,228 families. Of the families in the MSA, 24.1 percent are low-income, 18.7 percent are moderate-income, 24.9 percent are middle-income, and 32.4 percent are upper-income. Approximately 2,623 families, or 8.9 percent, are below the poverty level, which is above the state’s level, at 6.5 percent. There are 44,321 households in the MSA, of which 26.3 percent are low-income, 16.5 percent are moderate-income, 21.3 percent are middle-income, and 35.9 percent are upper-income. Approximately 4,687 households, or 10.6 percent, are below the poverty level, which is above the state’s level, at 9.2 percent.

Income

| Year | Geographic Area | MFI | Year | Geographic Area | MFI |
|------|----------------------|----------|------|----------------------|----------|
| 2014 | Worcester, MA-CT MSA | \$77,900 | 2015 | Worcester, MA-CT MSA | \$81,500 |

FFIEC data based on estimates.

As shown in Table 16, in 2014, the MFI for the Worcester MSA was \$77,900. In 2015, the MFI increased by \$3,600.

Employment Statistics

According to the 2010 U.S. Census, the unemployment rate for the Worcester MSA is 9.4 percent, which is higher than the state of Connecticut at 7.6 percent. The unemployment rates within low- and moderate-income tracts are 22.3 percent and 11.2 percent, respectively. According to the September 2016 release by the U.S. Bureau of Labor Statistics, the non-seasonally adjusted unemployment rates for the Worcester MSA and Windham County is 5.2 percent.

Community Contact

A contact was conducted with the Senior Director and Vice President of Community Services for an organization's whose purpose is to alleviate the effects of and move people out of poverty in Windham and Tolland counties. The organization works to meet basic human needs, facilitate positive at-risk-youth development, and build capacity for income and asset accumulation for residents. The contact stated the most prevalent need for low- and moderate-income individuals is employment, housing, and transportation. The organization serves a predominately rural area and transportation services are scarce. The organization's service area includes many towns with less than ten percent affordable housing units and higher home values makes ownership unattainable for low-income residents. The contact stated that both financial institutions and community organizations need to be more focused in addressing the needs of the low- and moderate-income community. The contact stated more can be done to address credit repair, providing services related to economic development, specifically with financial literacy and small business support services for low-income entrepreneurs. Lastly, the contact contends the cost of a banking relationship, such as maintenance fees on checking accounts, is prohibitive for low-income residents.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WORCESTER MSA

LENDING TEST

The bank performance under the Lending Test is considered good. Lending levels reflect excellent responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the MSA, with a good penetration of home mortgage loans and excellent penetration of small business loans. The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. The bank made an adequate level of community development loans considering the needs and opportunities in the community and economic development environment in which the bank operates.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. Since the last evaluation, the bank originated a total of 1,041 loans in the Worcester MSA, of which 54.4 percent were residential, 32.2 percent were HELOCs, and 13.4 percent were small business loans. In 2014 and 2015, the bank was ranked within the top 3.0 percent of lenders by number of

originations within the MSA for HMDA loans. In 2015, the bank was ranked 11th of 43 lenders for small business originations within the MSA.

Geographic Distribution of Loans

Overall, the geographic distribution of loans reflects a good penetration throughout the Worcester MSA.

Residential Lending

The bank’s geographic distribution of loans reflects good penetration throughout the assessment area. Table 17 provides a comparison of the bank’s lending by census tract income level to the aggregate lending data and demographics of the Worcester MSA.

**Table 17
Geographic Distribution of HMDA Loans
Worcester, MA-CT MSA**

| Product Type | Tract Income Levels | Owner Occupied Units % | Bank & Aggregate Lending Comparison | | | | | | | | | | | |
|------------------|---------------------|------------------------|-------------------------------------|---------------|----------------|-----------------|---------------|---------------|----------------|---------------|---------------|-----------------|---------------|---------------|
| | | | 2014 | | | | | | 2015 | | | | | |
| | | | Count | | Dollar | | Count | | Dollar | | | | | |
| | | | Bank # | Agg % | Bank \$ (000s) | Agg % | Bank # | Agg % | Bank \$ (000s) | Agg % | | | | |
| HOME PURCHASE | Low | 0.4% | 4 | 5.9% | 0.8% | \$261 | 3.0% | 0.5% | 0 | 0.0% | 0.5% | \$0 | 0.0% | 0.3% |
| | Moderate | 23.1% | 20 | 29.4% | 24.2% | \$1,941 | 22.3% | 20.0% | 12 | 26.1% | 23.0% | \$1,836 | 22.2% | 19.4% |
| | Middle | 74.6% | 42 | 61.8% | 73.5% | \$6,325 | 72.7% | 78.0% | 33 | 71.7% | 75.1% | \$6,177 | 74.7% | 78.7% |
| | Upper | 1.9% | 2 | 2.9% | 1.5% | \$170 | 2.0% | 1.5% | 1 | 2.2% | 1.4% | \$252 | 3.0% | 1.6% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | <i>Total</i> | <i>100.0%</i> | <i>68</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$8,697</i> | <i>100.0%</i> | <i>100.0%</i> | <i>46</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$8,265</i> | <i>100.0%</i> | <i>100.0%</i> |
| REFINANCE | Low | 0.4% | 0 | 0.0% | 0.8% | \$0 | 0.0% | 0.9% | 0 | 0.0% | 0.8% | \$0 | 0.0% | 0.4% |
| | Moderate | 23.1% | 18 | 32.1% | 21.0% | \$1,978 | 30.0% | 18.4% | 7 | 11.9% | 17.3% | \$655 | 6.8% | 13.9% |
| | Middle | 74.6% | 37 | 66.1% | 76.4% | \$4,462 | 67.6% | 79.0% | 51 | 86.4% | 79.3% | \$8,919 | 92.4% | 82.6% |
| | Upper | 1.9% | 1 | 1.8% | 1.7% | \$156 | 2.4% | 1.7% | 1 | 1.7% | 2.7% | \$79 | 0.8% | 3.1% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | <i>Total</i> | <i>100.0%</i> | <i>56</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$6,596</i> | <i>100.0%</i> | <i>100.0%</i> | <i>59</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$9,653</i> | <i>100.0%</i> | <i>100.0%</i> |
| HOME IMPROVEMENT | Low | 0.4% | 0 | 0.0% | 0.3% | \$0 | 0.0% | 1.2% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Moderate | 23.1% | 3 | 23.1% | 17.8% | \$98 | 16.5% | 16.9% | 2 | 10.0% | 13.8% | \$229 | 13.7% | 12.8% |
| | Middle | 74.6% | 9 | 69.2% | 80.8% | \$479 | 80.8% | 81.6% | 17 | 85.0% | 84.3% | \$1,180 | 70.5% | 84.2% |
| | Upper | 1.9% | 1 | 7.7% | 1.0% | \$16 | 2.7% | 0.3% | 1 | 5.0% | 2.0% | \$264 | 15.8% | 3.0% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | <i>Total</i> | <i>100.0%</i> | <i>13</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$593</i> | <i>100.0%</i> | <i>100.0%</i> | <i>20</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$1,673</i> | <i>100.0%</i> | <i>100.0%</i> |
| MULTIFAMILY | Low | 9.4% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Moderate | 52.6% | 0 | 0.0% | 81.3% | \$0 | 0.0% | 90.5% | 0 | 0.0% | 54.5% | \$0 | 0.0% | 38.6% |
| | Middle | 37.4% | 0 | 0.0% | 18.8% | \$0 | 0.0% | 9.5% | 0 | 0.0% | 45.5% | \$0 | 0.0% | 61.4% |
| | Upper | 0.5% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | <i>Total</i> | <i>100.0%</i> | <i>0</i> | <i>0.0%</i> | <i>100.0%</i> | <i>\$0</i> | <i>0.0%</i> | <i>100.0%</i> | <i>0</i> | <i>0.0%</i> | <i>100.0%</i> | <i>\$0</i> | <i>0.0%</i> | <i>100.0%</i> |
| HMDA TOTALS | Low | 0.4% | 4 | 2.9% | 0.8% | \$261 | 1.6% | 0.6% | 0 | 0.0% | 0.5% | \$0 | 0.0% | 0.3% |
| | Moderate | 23.1% | 41 | 29.9% | 22.7% | \$4,017 | 25.3% | 25.7% | 21 | 16.8% | 20.0% | \$2,720 | 13.9% | 17.2% |
| | Middle | 74.6% | 88 | 64.2% | 75.0% | \$11,266 | 70.9% | 72.4% | 101 | 80.8% | 77.5% | \$16,276 | 83.1% | 80.2% |
| | Upper | 1.9% | 4 | 2.9% | 1.5% | \$342 | 2.2% | 1.4% | 3 | 2.4% | 2.0% | \$595 | 3.0% | 2.2% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | <i>Total</i> | <i>100.0%</i> | <i>137</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$15,886</i> | <i>100.0%</i> | <i>100.0%</i> | <i>125</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$19,591</i> | <i>100.0%</i> | <i>100.0%</i> |

2010 U.S. Census, 2014 and 2015 Aggregate HMDA Data, 2014 and 2015 HMDA LARs
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2014, the bank originated 4 home mortgage loans, or 2.9 percent, in the low-income tract in the MSA, which contains the bank’s main office. All four loans were for home purchase loans. At 2.9 percent, the bank exceeded the aggregate by 2.1 percentage points and the percentage of

owner-occupied housing units by 2.5 percentage points. As mentioned, the bank's main office is located in the low-income tract and there are three additional branch locations in close proximity to the tract. Based on aggregate lending percentages by loan type, there was limited opportunity for home mortgage loan origination in the low-income tract in the MSA.

For the same year, the bank originated 41 home mortgage loans, or 29.9 percent, in moderate-income tracts, which exceeded the aggregate by 7.2 percentage points and the percentage of owner-occupied housing units by 6.8 percentage points. Of the 41 home mortgage loans, 20 were home purchase loans, 18 were refinance loans, and 3 were home improvement loans. The bank's lending percentage by loan type exceeded the aggregate for all categories mentioned, with the largest margin compared to the aggregate for refinance loans at 11.1 percent. The bank penetrated five of the six moderate-income tracts in the Worcester MSA in 2014. In 2013, the bank originated one home mortgage loan, or 0.5 percent, in the low-income tract and 53 home mortgage loans, or 27.6 percent, in moderate-income tracts.

Although the bank's lending performance in 2014 exceeded that of the aggregate and demographics, its performance substantially declined in low- and moderate-income tracts the following year. While the bank did not originate any loans in the low-income tract in 2015, the aggregate's lending percentage at 0.5 percent and the percentage of owner-occupied housing units in low-income tracts within the Worcester MSA at 0.4 percent suggests limited opportunity to originate home mortgage loans within the tract. For the same year, the bank originated 21 home mortgage loans, or 16.8 percent, in moderate-income tracts, which is 3.2 percentage points below the aggregate and 6.3 percentage points below the percentage of owner-occupied housing units. Of the 21 home mortgage loans, 12 were home purchase loans, 7 were refinance loans, and 2 were home improvement loans. The bank's lending percentage exceeded the aggregate for home purchase lending, but was below the aggregate for refinance and home improvement loans.

Although the overall percentage of home mortgage originations decreased by 48.8 percent from 2014 to 2015 in moderate-income tracts, the bank originated loans in all six moderate-income tracts in the Worcester MSA. In 2016, the bank increased originations in low- and moderate-income tracts with 2 loans and 32 loans, respectively.

Small Business Lending

The bank's geographic distribution reflects excellent penetration throughout the assessment area. Table 18 represents the distribution of small business loans by census tract income level compared to aggregate lending and business demographics in the Worcester MSA.

Table 18
Geographic Distribution of Small Business Loans by Census Tract
Worcester, MA-CT MSA

| Census Tract Income Level | 2014 % Total Business by Tracts | 2014 Aggregate | 2014 Bank | | 2015 % Total Business by Tracts | 2015 Aggregate | 2015 Bank | | Bank Total | |
|---------------------------|---------------------------------|----------------|-----------|--------------|---------------------------------|----------------|-----------|--------------|------------|--------------|
| | % | % | # | % | % | % | # | % | # | % |
| Low | 3.8 | 3.6 | 7 | 15.9 | 3.7 | 3.4 | 5 | 16.7 | 12 | 16.2 |
| Moderate | 26.9 | 24.5 | 13 | 29.5 | 27.0 | 24.8 | 11 | 36.7 | 24 | 32.4 |
| Middle | 67.7 | 65.7 | 24 | 54.5 | 67.7 | 66.7 | 14 | 46.7 | 38 | 51.4 |
| Upper | 1.7 | 2.0 | 0 | 0 | 1.6 | 2.4 | 0 | 0.0 | 0 | 0.0 |
| Unknown | 0.0 | 0.0 | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| N/A | | 4.2 | 0 | 0 | | 2.8 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 100.0 | 44 | 100.0 | 100.0 | 100.0 | 30 | 100.0 | 74 | 100.0 |

*D&B 2014 & 2015 Aggregate CRA Data, 2014 and 2015 Small Business Loan Registers
Total percentages shown may vary by 0.1 percent due to automated rounding differences.*

In 2014, the bank originated or purchased 7 small business loans, or 15.9 percent, in the low-income tract. At 15.9 percent, the bank significantly exceeded the aggregate by 12.3 percentage points and the percentage of businesses in the tract by 12.1 percentage points. The bank's 2014 small business lending or purchases in the low-income tract increased slightly compared to 2013 when the bank originated or purchased 6 loans in the low-income tract.

For the same year, the bank originated or purchased 13 small business loans in 4 of the 6 moderate-income tracts in the MSA; 5 in Willimantic, 3 in Putnam, and 1 in Killingly. The 13 small business loans, or 29.5 percent, exceeded the aggregate by 5.0 percentage points and the percentage of businesses in moderate-income tracts by 2.6 percentage points. The bank originated four more loans in moderate-income tracts in 2014 compared to 2013.

In 2015, the bank originated 5 small business loans in the low-income tract in Willimantic, which again significantly exceeded the aggregate by 13.3 percentage points and the percentage of businesses in the tract by 13.0 percentage points. For the same year, the bank originated 11 small business loans in 4 of the 6 moderate-income tracts; 6 in Willimantic, 2 in Putnam, 2 in Windham, and 1 in Killingly. The 11 loans in moderate-income tracts, or 36.7 percent, exceeded the aggregate by 11.9 percentage points and the percentage of businesses in moderate-income tracts by 9.7 percentage points. In 2016, the bank originated 4 small business loans in the low-income tract and originated 13 loans in the moderate-income tracts.

Consumer Lending

The bank's geographic distribution reflects adequate penetration throughout the assessment area. Table 19 represents the bank's HELOC originations based on tract income level compared to the percentage of households in the Worcester CSA.

| Table 19 Geographic Distribution of Consumer Loans Worcester, MA-CT MSA | | | | | |
|---|--|--------------------|--------------|--------------------|--------------|
| Tract Income Levels | Bank Lending & Demographic Data Comparison | | | | |
| | Households | Bank 2014 Count | | Bank 2015 Count | |
| | % | # | % | # | % |
| Low | 3.4 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 29.5 | 20 | 22.2 | 6 | 9.1 |
| Middle | 65.6 | 70 | 77.8 | 60 | 90.9 |
| Upper | 1.5 | 0 | 0.0 | 0 | 0.0 |
| Unknown | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 90 | 100.0 | 66 | 100.0 |

2010 U.S. Census, 2014 & 2015 bank provided data.

The bank did not originate any HELOCs in the low-income census tract in the MSA in 2014 and 2015. In 2014, the bank originated 20 HELOCs, or 22.2 percent, in 5 of the 6 moderate-income tracts in the MSA, which is 7.0 percentage points below the percentage of households. The 20 originations in 2014 represent a slight decrease from the 23 originated in 2013. In 2015, the bank originated 6 HELOCs in moderate-income tracts, or 9.1 percent, in 2 of the 5 moderate-income tracts in the MSA. From 2014 to 2015, HELOC originations within the MSA decreased by 26.7 percent. In 2016, the bank originated a HELOC in the low-income tract and 19 HELOCs in moderate-income tracts.

Although the bank's HELOC origination percentages are below the percentage of households, it should be noted that household demographics include owner-occupied housing units as well as rental units. As mentioned, 79.5 percent of units in the low-income tract and 40.6 percent in moderate-income tracts in the Worcester MSA are rental units. High percentage of rental units in the low- and moderate-income tracts suggests that individuals living in these areas likely do not own the units in which they reside and therefore would be ineligible to receive a HELOC. In addition, percentage of household within an assessment area is not representative of loan demand.

Borrower Distribution

Overall, the distribution of borrowers reflects good penetration among individuals of different income levels, including low- and moderate-income individuals and businesses of different sizes, including those with GARs \$1 million or less, when compared to area demographics and aggregate performance.

Residential Lending

The distribution of borrowers reflects adequate penetration among customers of different income levels. Table 20 provides a comparison of the bank's lending by borrower income level to the income distribution of families in the Worcester MSA and aggregate data.

| Product Type | Borrower Income Levels | Families by Family Income % | Bank & Aggregate Lending Comparison | | | | | | | | | | | |
|------------------|------------------------|-----------------------------|-------------------------------------|---------------|----------------|-----------------|---------------|---------------|----------------|---------------|---------------|-----------------|---------------|---------------|
| | | | 2014 | | | | | | 2015 | | | | | |
| | | | Count | | Dollar | | Count | | Dollar | | | | | |
| | | | Bank # | Agg % | Bank \$ (000s) | Agg % | Bank # | Agg % | Bank \$ (000s) | Agg % | | | | |
| HOME PURCHASE | Low | 24.1% | 7 | 10.3% | 7.5% | \$447 | 5.1% | 4.6% | 4 | 8.7% | 11.2% | \$314 | 3.8% | 7.4% |
| | Moderate | 18.7% | 22 | 32.4% | 28.4% | \$2,480 | 28.5% | 24.6% | 10 | 21.7% | 29.6% | \$1,275 | 15.4% | 26.4% |
| | Middle | 24.9% | 24 | 35.3% | 24.1% | \$3,218 | 37.0% | 25.5% | 15 | 32.6% | 22.5% | \$2,762 | 33.4% | 24.4% |
| | Upper | 32.4% | 11 | 16.2% | 18.3% | \$2,111 | 24.3% | 24.3% | 16 | 34.8% | 14.5% | \$3,806 | 46.0% | 20.2% |
| | Unknown | 0.0% | 4 | 5.9% | 21.7% | \$441 | 5.1% | 21.0% | 1 | 2.2% | 22.2% | \$108 | 1.3% | 21.7% |
| | <i>Total</i> | <i>100.0%</i> | <i>68</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$8,697</i> | <i>100.0%</i> | <i>100.0%</i> | <i>46</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$8,265</i> | <i>100.0%</i> | <i>100.0%</i> |
| REFINANCE | Low | 24.1% | 4 | 7.1% | 11.9% | \$357 | 5.4% | 8.3% | 5 | 8.5% | 8.8% | \$387 | 4.0% | 6.0% |
| | Moderate | 18.7% | 17 | 30.4% | 19.2% | \$1,877 | 28.5% | 15.1% | 13 | 22.0% | 17.7% | \$1,263 | 13.1% | 14.6% |
| | Middle | 24.9% | 17 | 30.4% | 26.9% | \$1,995 | 30.2% | 26.6% | 16 | 27.1% | 23.8% | \$1,985 | 20.6% | 22.0% |
| | Upper | 32.4% | 18 | 32.1% | 24.3% | \$2,367 | 35.9% | 28.5% | 22 | 37.3% | 29.6% | \$5,721 | 59.3% | 35.8% |
| | Unknown | 0.0% | 0 | 0.0% | 17.7% | \$0 | 0.0% | 21.5% | 3 | 5.1% | 20.1% | \$297 | 3.1% | 21.6% |
| | <i>Total</i> | <i>100.0%</i> | <i>56</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$6,596</i> | <i>100.0%</i> | <i>100.0%</i> | <i>59</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$9,653</i> | <i>100.0%</i> | <i>100.0%</i> |
| HOME IMPROVEMENT | Low | 24.1% | 0 | 0.0% | 9.1% | \$0 | 0.0% | 5.9% | 0 | 0.0% | 7.9% | \$0 | 0.0% | 6.0% |
| | Moderate | 18.7% | 2 | 15.4% | 27.6% | \$35 | 5.9% | 25.3% | 7 | 35.0% | 22.3% | \$479 | 28.6% | 23.1% |
| | Middle | 24.9% | 2 | 15.4% | 24.5% | \$56 | 9.4% | 21.1% | 6 | 30.0% | 27.5% | \$388 | 23.2% | 25.3% |
| | Upper | 32.4% | 8 | 61.5% | 35.3% | \$392 | 66.1% | 42.7% | 7 | 35.0% | 37.4% | \$806 | 48.2% | 42.9% |
| | Unknown | 0.0% | 1 | 7.7% | 3.5% | \$110 | 18.5% | 5.0% | 0 | 0.0% | 4.9% | \$0 | 0.0% | 2.7% |
| | <i>Total</i> | <i>100.0%</i> | <i>13</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$593</i> | <i>100.0%</i> | <i>100.0%</i> | <i>20</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$1,673</i> | <i>100.0%</i> | <i>100.0%</i> |
| MULTIFAMILY | Low | 24.1% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Moderate | 18.7% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Middle | 24.9% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Upper | 32.4% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Unknown | 0.0% | 0 | 0.0% | 100.0% | \$0 | 0.0% | 100.0% | 0 | 0.0% | 100.0% | \$0 | 0.0% | 100.0% |
| | <i>Total</i> | <i>100.0%</i> | <i>0</i> | <i>0.0%</i> | <i>100.0%</i> | <i>\$0</i> | <i>0.0%</i> | <i>100.0%</i> | <i>0</i> | <i>0.0%</i> | <i>100.0%</i> | <i>\$0</i> | <i>0.0%</i> | <i>100.0%</i> |
| HMDA TOTALS | Low | 24.1% | 11 | 8.0% | 9.2% | \$804 | 5.1% | 5.4% | 9 | 7.2% | 9.9% | \$701 | 3.6% | 6.7% |
| | Moderate | 18.7% | 41 | 29.9% | 24.9% | \$4,392 | 27.6% | 19.4% | 30 | 24.0% | 24.2% | \$3,017 | 15.4% | 21.3% |
| | Middle | 24.9% | 43 | 31.4% | 25.0% | \$5,269 | 33.2% | 23.4% | 37 | 29.6% | 23.4% | \$5,135 | 26.2% | 23.2% |
| | Upper | 32.4% | 37 | 27.0% | 22.1% | \$4,870 | 30.7% | 24.2% | 45 | 36.0% | 22.5% | \$10,333 | 52.7% | 27.0% |
| | Unknown | 0.0% | 5 | 3.6% | 18.8% | \$551 | 3.5% | 27.6% | 4 | 3.2% | 20.0% | \$405 | 2.1% | 21.9% |
| | <i>Total</i> | <i>100.0%</i> | <i>137</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$15,886</i> | <i>100.0%</i> | <i>100.0%</i> | <i>125</i> | <i>100.0%</i> | <i>100.0%</i> | <i>\$19,591</i> | <i>100.0%</i> | <i>100.0%</i> |

2010 U.S. Census, 2014 and 2015 Aggregate HMDA Data, 2014 and 2015 HMDA LARs
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2014, the bank originated 11 home mortgage loans, or 8.0 percent, to low-income borrowers in the MSA, which is 1.2 percentage points below the aggregate and 16.1 percentage points below the percentage of low-income families. Of the 11 home mortgage loans to low-income borrowers, 7 were home purchase loans and 4 were refinance loans. The bank's lending percentage for home mortgage loans exceeded the aggregate by 2.8 percentage points, but trailed the aggregate by 4.8 percentage points for refinance loans.

Although the bank's lending to low-income borrowers is below the percentage of low-income families in the MSA, the aggregate percentage is below the demographic data as well. With a median family income of \$69,218, low-income families would have an annual income of \$36,609 or less. With a median housing value of \$230,084, home ownership is likely unattainable for low-income families. Based on the 2010 U.S. Census, for 41.6 percent of all renters, the cost of monthly rent exceeds 30.0 percent of their income and 26.7 percent of all housing units in the Worcester MSA are rentals. Based on rental unit availability and the percentage of renters with a high monthly housing expense, opportunities to originate home mortgage loans to low-income borrowers in the Worcester MSA may be limited.

For the same year, the bank originated 41 home mortgage loans, or 29.9 percent, to moderate-income borrowers, which is 5.0 percentage points higher than the aggregate and 11.2 percentage points higher than the percentage of moderate-income families. Of the 41 loans, 22 were home purchase loans, 17 were refinance loans, and 2 were home improvement loans. The bank's lending percentage margin in moderate-income tracts compared to the aggregate is primarily driven by the origination of 17 refinance loans, or 30.4 percent, which exceeded the aggregate's lending percentage by 11.2 percentage points. Out of 101 lenders that originated a home mortgage loan in moderate-income tracts in the Worcester MSA in 2014, the bank was ranked 2nd only behind Wells Fargo Bank, N.A. In 2014, the bank increased home mortgage lending to low-income borrowers compared to 2013 when it originated 1 loan, but lending to moderate-income borrowers decreased from 53 loans in 2013.

In 2015, the bank originated 9 home mortgage loans, or 7.2 percent, to low-income borrowers, which is 2.7 percentage points below the aggregate and 16.9 percentage points below the percentage of low-income families. Of the 9 loans, 4 were home purchase loans and 5 were refinance loans. The bank's lending percentage for home purchase loans was below the aggregate and its percentage for refinance loans was in line with the aggregate. For the same year, the bank originated 30 home mortgage loans, or 24.0 percent, to moderate-income borrowers, which is 0.2 percentage points below the aggregate and 5.4 percentage points higher than the percentage of moderate-income families. Of the 30 loans, 10 were home purchase loans, 13 were refinance loans, and 7 were home improvement loans. Although the bank's overall lending percentage to moderate-income borrowers was in line with the aggregate, the bank's lending percentage for home purchase loans was 7.9 percentage points below the aggregate, but 12.7 percentage points higher than the aggregate for home improvement loans. In 2016, home mortgage loan originations to low-income borrowers increased to 10 loans, but originations to moderate-income borrower decreased to 22 loans.

Small Business Lending

The distribution of borrowers reflects excellent penetration among businesses of different sizes. Table 21 compares the bank's lending to aggregate data and small businesses according to revenue size.

| Gross Annual Revenues | 2014 Total Businesses | 2014 Bank | | | 2015 Total Businesses | 2015 Bank | | | Bank Total | |
|-----------------------|-----------------------|-----------|--------------|-------|-----------------------|-----------|--------------|-------|------------|--------------|
| | % | # | % | Agg | % | # | % | Agg | # | % |
| ≤\$1MM | 90.3 | 28 | 63.6 | 37.8% | 92.6 | 15 | 50.0 | 45.7% | 43 | 58.1 |
| > \$1MM | 5.9 | 16 | 36.4 | | 6.2 | 15 | 50.0 | | 31 | 41.9 |
| N/A | 3.8 | 0 | 0.0 | | 1.2 | 0 | 0.0 | | 0 | 0.0 |
| Total | 100.0 | 44 | 100.0 | | 100.0 | 30 | 100.0 | | 74 | 100.0 |

D&B 2014 & 2015 Aggregate CRA Data, 2014 and 2015 Small Business Loan Registers

In 2014, the bank originated or purchased 28 small business loans, or 63.6 percent, to businesses with GARs of \$1 million or less, which significantly exceeded the aggregate by 25.8 percentage points. The 28 small business loans in 2014 represent a 39.3 percent increase compared to 2013.

In 2015, the bank originated or purchased 15 small business loans, or 50.0 percent, to businesses with GARs of \$1 million or less, which exceeded the aggregate by 4.3 percentage points. In 2016, the bank originated or purchased 23 small business loans, or 69.7 percent, to businesses with GARs of \$1 million or less.

Although the percentage of businesses in the CSA with GARs of \$1 million or less greatly exceeds the bank’s lending percentage, bank performance is primarily assessed against the aggregate lending percentage as this is a better indicator of loan demand and the economic environment in the assessment area.

Consumer Lending

The distribution of borrowers reflects good penetration among customers of different income levels. Table 22 represents the bank’s HELOC originations based on borrower income levels compared to the household income levels in the Worcester MSA.

| Table 22 Borrower Distribution of Consumer Loans Worcester, MA-CT MSA | | | | | |
|--|---|------------------|--------------|------------------|--------------|
| Borrower Income Level | Bank Lending & Demographic Data Comparison | | | | |
| | Households by Household Incomes | Bank 2014 | | Bank 2015 | |
| | | % | # | % | # |
| Low | 26.3 | 13 | 14.4 | 3 | 4.5 |
| Moderate | 16.5 | 17 | 18.9 | 16 | 24.2 |
| Middle | 21.3 | 24 | 26.7 | 24 | 36.4 |
| Upper | 35.9 | 35 | 38.9 | 21 | 31.8 |
| Unknown | 0.0 | 1 | 1.1 | 2 | 3.0 |
| Total | 100.0 | 90 | 100.0 | 66 | 100.0 |

*2010 U.S. Census, 2014 & 2015 bank provided data.
Total percentages shown may vary by 0.1 percent due to automated rounding differences*

In 2014, the bank originated 13 HELOCs, or 14.4 percent, to low-income borrowers, which is 11.9 percentage points less than the percentage of low-income households. For the same year, the bank originated 17 HELOCs, or 18.0 percent, to moderate-income borrowers, which is 2.4 percentage points higher than the percentage of moderate-income households. The 13 HELOCs to low-income borrowers represent a slight increase compared to 2013 when the bank originated 12 HELOCs to low-income borrowers. Although the 17 HELOCs to moderate-income borrowers in 2014 represent a notable decrease from 2013 when the bank originated 26 HELOCs to moderate-income borrowers, the bank’s lending percentage exceeded the percentage of moderate-income households.

In 2015, the bank originated 3 HELOCs, or 4.5 percent, to low-income borrowers and 16 HELOCs, or 24.2 percent, to moderate-income borrowers. The bank increased HELOC originations to low- and moderate-income borrowers in 2016 with 8 HELOCs and 18 HELOCs, respectively. Again, the bank’s lending percentage to moderate-income borrowers exceeded the percentage of moderate-income households.

Although the bank’s HELOC origination percentages to low-income borrowers are far below the percentage of households by household income, opportunities may be limited. With a median household income in the MSA of \$59,231, low-income households would have an annual income of \$29,615 or less. With the median housing value of \$230,084, home ownership, and therefore eligibility to qualify for a HELOC, may be unattainable for low-income households. In addition, given the high percentage rental units in the Worcester MSA (26.7 percent), rental opportunities are abundant for low-income families are likely a more affordable option.

Community Development Lending

The bank made an adequate level of community development loans in the Worcester MSA during the evaluation period. In 2014, the bank originated a \$500,000 commercial line of credit to a non-profit organization to enable the availability of funds for the purchase and rehabilitation of one-to-four family homes to supply safe, quality, and affordable housing for low-income individuals and families in Windham County. The line of credit was renewed in 2015 and 2016 in the same amount, for a total of \$1.5 million. As indicated by the community contact, affordable housing is one of many needs in the Worcester MSA.

INVESTMENT TEST

The bank made an adequate level of qualified investments in the Worcester MSA during the evaluation period totaling \$117,140. The bank’s investments were not routinely provided by private investors and rarely in a leadership position. The bank makes occasional use of innovative and/or complex investments to support community development initiatives. Additionally, the bank exhibits adequate responsiveness to credit and community development needs as the purpose of numerous donations were in line with needs identified by community contacts. As noted in Table 23, most qualified donations and grants in the Worcester MSA are categorized as community services.

| Community Development Category | 2012 | | 2013 | | 2014 | | 2015 | | 2016 | | Total | |
|--------------------------------|----------|---------------|-----------|---------------|----------|---------------|----------|---------------|-----------|---------------|-----------|----------------|
| | # | \$ | # | \$ | # | \$ | # | \$ | # | \$ | # | \$ |
| Affordable Housing | 0 | 0 | 0 | 0 | 1 | 2,500 | 1 | 1,500 | 1 | 3,000 | 3 | 7,000 |
| Community Services | 3 | 10,000 | 10 | 27,950 | 7 | 18,790 | 7 | 23,800 | 8 | 20,600 | 35 | 101,140 |
| Revitalization/Stabilization | 0 | 0 | 1 | 1,500 | 1 | 1,500 | 1 | 2,500 | 2 | 3,500 | 5 | 9,000 |
| Total | 3 | 10,000 | 11 | 29,450 | 9 | 22,790 | 9 | 27,800 | 11 | 27,100 | 43 | 117,140 |

Bank records.

The following is a sample of the organizations that served low- and moderate-income communities in the Worcester MSA with the donations provided by the bank.

Access Community Action Agency – This organization serves low-income individuals and families from Tolland and Windham counties. The agency takes a comprehensive approach at looking at poverty-related issues of individuals and families and then develops individualized plans to help their clients. Services include basic needs such as affordable housing programs, emergency shelter, a food pantry, and supportive housing. The organization also offers services related to income asset accumulation and youth programs.

Willimantic Renaissance, Inc. – This is a non-profit corporation whose mission is to revitalize downtown Willimantic, which is predominately low- and moderate-income, by using the arts to enhance diversity, build community, and attract consumers. The organization aims to provide an economic engine for the local economy that promotes local business and to help reestablish Main Street as a regional commercial center.

Windham Area Interfaith Ministry (WAIM) – The mission of WAIM, which is headquartered in a low-income tract, is the free redistribution of clothing, household goods, and furniture to people in need. The volunteer driven program serves about 7,500 people a year via basic services and special programs. The organization has expanded into the provision of energy assistance and administering funds to prevent homelessness.

The Windham Region No Freeze Project, Inc. – This is a non-profit agency dedicated to the survival of homeless adults in the Windham region. They provide safe temporary shelter and strive to address unmet needs including food, clothing, hygiene, case management, emergency and transport funding.

SERVICE TEST

The bank's performance under the Service Test for the Worcester MSA is good. The bank's delivery systems are readily accessible to the bank's geographies and individuals of different income levels in the MSA; the bank's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies or individuals; services do not vary in a way that inconveniences portions of its assessment area, particularly for low- and moderate-income geographies or individuals; and the bank provides a relatively high level of community development services.

Retail Banking Services

Table 24 displays the distribution of the bank's branch network compared to the percentage of census tracts within the Worcester MSA and the percentage of the population residing in those tracts.

| Table 24 | | | | |
|--|---|-----------------------------|---|--------------|
| Distribution of Branch Offices by Income Category | | | | |
| Worcester, MA-CT MSA | | | | |
| Census Tract Income Category | Assessment Area Demographics | | Bank Offices by Tract Location | |
| | Total Census Tracts | Total Population | Bank Branches | |
| | % of # | % of # | # | % |
| Low | 4.0 | 3.7 | 1 | 14.3 |
| Moderate | 24.0 | 28.7 | 3 | 42.9 |
| Middle | 68.0 | 66.1 | 3 | 42.9 |
| Upper | 4.0 | 1.5 | 0 | 0.0 |
| Unknown | 0.0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 100.0 | 7 | 100.0 |

2010 U.S. Census data and bank records

Total percentages shown may vary by 0.1 percent due to automated rounding differences

The bank’s delivery systems are readily accessible to the bank’s geographies and individuals of different income levels in the Worcester MSA. The bank’s main office is in a low-income tract and three branches are in moderate-income tracts in Dayville, Willimantic, and Windham. The bank’s percentage of branches in low- and moderate-income tracts greatly exceeds that of the census tract composition of the MSA as well as the low- and moderate-income population.

The bank did not open or close any branches in the Worcester MSA during the evaluation period. Branches in the Worcester MSA are generally open eight hours Monday through Wednesday, nine hours on Thursday and Friday, and three hours on Saturday. The North Windham Walmart branch and the Willimantic PriceRite branch are open for four hours and three hours on Sunday, respectively. The main office is the only branch in the MSA that is not open on Saturday. The bank explained the main office branch does not generate enough foot traffic to justify Saturday hours, but the Willimantic PriceRite branch is less than two miles away and the North Windham Walmart branch is four miles away. The main office maintains a drive-up ATM that is accessible 24-hours a day and accepts deposits. In addition to the main office drive-up ATM, there is a 24-hour a day drive-up ATM at each branch location, an ATM at the North Windham Walmart and the Willimantic PriceRite branch locations, a stand-alone ATM on Main Street in Willimantic, and two stand-alone ATMs on the campus of Eastern Connecticut State University.

Community Development Services

The bank provides a good level of community development services in the Worcester MSA as the majority of branches in the MSA are located in low- and moderate-income census tracts, which allows responsiveness and awareness of community development needs. Employee services include participation with organizations focused on homelessness, economic development, affordable housing, and education for low- and moderate-income students. Educational programs and seminars provided were geared towards students located in low- and moderate-income tracts.

Employee Services

Windham Area 10-Year Plan to End Homelessness – The bank president & CEO is the co-chair of this partnership of community leaders that developed a 10-year plan to end homelessness. The mission of the partnership is to seek long-term and sustainable solutions for homelessness and to ensure there is an appropriate, affordable, and permanent roof over the head of everyone living in the Greater Windham Region.

Connecticut Working Cities Challenge – The vice president retail lending manager represented the bank as a core partner for Windham’s design grant application for the Connecticut Working Cities Challenge. The Working Cities Challenge is a grant competition designed to advance collaborative leadership in smaller, postindustrial cities to transform the lives of low-income residents. The employee attended a kickoff and a brainstorming meeting and also helped finalize details of Windham’s application.

Northeastern CT Community Development Corporation (NCCDC) – The president & CEO of the bank is the president of this nonprofit organization, whose mission is to provide affordable housing to low- and moderate-income households. NCCDC has provided an array of affordable housing in the Willimantic area over the past 30 years by building and helping to secure public resources for affordable housing projects.

Access Community Action Agency – The mortgage sales manager is the chair of the strategic planning and programming committee. As the committee chair, the employee supports the board understanding of community needs and plans programs to address the needs identified.

Northeast CT Economic Alliance – The branch administrator is the co-chair of this non-profit economic development corporation. The organization serves small businesses in northeast Connecticut by providing loans to new and existing businesses that are primarily unable to obtain funding through traditional lending sources.

Windham PATH Academy – The senior vice president commercial loan officer is the treasurer of this charter school, which is located in a low-income tract. The mission of the school is to re-engage over-age, under-credited students in education, supporting them through mastery of critical skills necessary for success in college, career, and community.

Windham Economic Development Committee – A branch manager is a board member of the this committee, whose mission is to facilitate growth, diversification, and stability of the Windham economy; to create meaningful employment opportunities for all its citizens, and by expanding the economy, to provide a stable and growing tax base for the operations of government.

The Windham Region No Freeze Project, Inc. – A branch manager is the acting treasurer of this non-profit organization dedicated to the survival of homeless adults in the Windham region. They provide safe temporary shelter and strive to address unmet needs including food, clothing, hygiene, case management, emergency and transport funding.

Educational Programs and Seminars

FDIC Money Smart – During the evaluation period, the bank presented seven FDIC Money Smart sessions to students attending Quinebaug Valley Community College, Windham High School, Arts at the Capital Theatre, the Perceptions Program, and the Killingly branch location. All presentations were conducted in low- or moderate-income tracts.

Quinebaug Valley Community College (QVCC) – The bank conducted four financial education sessions on the campus of QVCC. Two sessions were conducted by branch managers during personal finance classes and covered topics such as banking products with higher interest rates, the mortgage environment status and trends, retirement saving, establishing credit, and practical life applications of consumer credit. The bank also presented two FDIC Money Smart budgeting and savings modules to students of EASTCONN, which is a public, nonprofit, regional education center that provides competitively priced education and related services in northeast Connecticut.

RHODE ISLAND

CRA RATING FOR *Rhode Island*: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Needs to Improve

The Service Test is rated: Needs to Improve

The major components supporting this rating include:

LENDING TEST

- Lending levels reflect good responsiveness to assessment areas credit needs.
- The geographic distribution of loans reflects good penetration through the assessment areas.
- The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes.
- The bank exhibits an excellent record of serving the credit needs of low-income individuals and areas and very small businesses.
- The bank makes an adequate level of community development loans.
- The bank makes limited use of innovative and/or flexible lending practices in serving assessment area credit needs.

INVESTMENT TEST

- The bank has a poor level of qualified community development investments and grants.
- The bank makes rare use of innovative and/or complex investments to support community development initiatives.
- The bank exhibits poor responsiveness to credit and community economic development needs.

SERVICE TEST

- Delivery systems are reasonably accessible to essentially all portions of the bank's assessment area.
- The bank's record of opening and closing branches has generally not adversely affected accessibility of its delivery systems, particularly to low- and moderate-income individuals.
- Services do not vary in a way that inconveniences portions of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals.
- The bank provides a limited level of community development services.

SCOPE OF EXAMINATION

The scope of the review for Rhode Island was consistent with the overall scope for the institution. The evaluation of the bank's lending performance was based on residential, small business, and consumer loans originated from January 1, 2013 to December 31, 2016. The bank's community development lending, investment, and service activity was evaluated for the period October 26, 2012, through February 14, 2017. The Rhode Island assessment area is comprised wholly of the Providence MSA, therefore, the evaluation of this assessment area and the MSA are one in the same.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN RHODE ISLAND

The Rhode Island assessment area is comprised of the southernmost portion of the state and includes the four island-towns of Newport County and six of the nine towns in Washington County. The bank maintains five branches in Rhode Island, all of which are located in the Providence MSA. All Rhode Island branches were acquired through the Newport Federal acquisition in September, 2013. The three branches in Newport County are located in Middletown, Newport, and Portsmouth and the two branches in Washington County are located in South Kingstown and Westerly.

According to the FDIC Summary of Deposits as of June 30, 2016, Rhode Island branch deposits total \$261.2 million, or 23.7 percent of the bank's total deposits and 0.9 percent of the FDIC insured deposits within the state of Rhode Island. The FDIC Deposit Market Share Report, for the same period shows 11 institutions offering deposit services within Washington and Newport counties. Competition for deposits includes community and national banks. The Washington Trust Company, of Westerly, ranked first with a 38.4 percent market share and Citizens Bank, N.A., ranked second, with 19.1 percent. SIBT ranked fifth, with 5.1 percent.

| Table 25 Assessment Area Demographics Rhode Island | | | | | | | | |
|--|--|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 1 | 2.8 | 1,396 | 3.5 | 272 | 19.5 | 5,752 | 14.5 |
| Moderate-income | 3 | 8.3 | 1,444 | 3.6 | 145 | 10.0 | 5,726 | 14.4 |
| Middle-income | 16 | 44.4 | 18,910 | 47.7 | 620 | 3.3 | 7,964 | 20.1 |
| Upper-income | 16 | 44.4 | 17,931 | 45.2 | 533 | 3.0 | 20,239 | 51.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 36 | 100.0 | 39,681 | 100.0 | 1,570 | 4.0 | 39,681 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 2,355 | 744 | 1.7 | 31.6 | 1,345 | 57.1 | 266 | 11.3 |
| Moderate-income | 3,366 | 1,083 | 2.5 | 32.2 | 1,805 | 53.6 | 478 | 14.2 |
| Middle-income | 35,119 | 20,026 | 46.6 | 57.0 | 9,244 | 26.3 | 5,849 | 16.7 |
| Upper-income | 37,710 | 21,085 | 49.1 | 55.9 | 7,671 | 20.3 | 8,954 | 23.7 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 78,550 | 42,938 | 100.0 | 54.7 | 20,065 | 25.5 | 15,547 | 19.8 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 163 | 1.8 | 148 | 1.7 | 14 | 2.4 | 1 | 2.6 |
| Moderate-income | 470 | 5.0 | 427 | 4.9 | 37 | 6.3 | 6 | 15.8 |
| Middle-income | 4,406 | 47.3 | 4,125 | 47.5 | 265 | 45.3 | 16 | 42.1 |
| Upper-income | 4,272 | 45.9 | 3,988 | 45.9 | 269 | 46.0 | 15 | 39.5 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 9,311 | 100.0 | 8,688 | 100.0 | 585 | 100.0 | 38 | 100.0 |
| | Percentage of Total Businesses: | | | 93.3 | | 6.3 | | 0.4 |

2010 United States (U.S.) Census Data and 2015 D&B data.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

As shown in Table 25, the Rhode Island assessment area consists of 36 census tracts, of which 2.8 percent are low-income, 8.3 percent are moderate-income, 44.4 percent are middle-income, and 44.4 percent are upper-income. As mentioned, the one low-income tract is located in Newport and the three moderate-income census tracts are located in Newport, South Kingstown, and Westerly.

Housing

There are 78,550 housing units in the Rhode Island assessment area. Of the housing units, 54.7 percent are owner-occupied, 25.5 percent are rental units, and 19.8 percent are vacant. According to information obtained from the 2010 U.S. Census, the high percentage of vacant units is due to the seasonal occupancy of vacation homes. For example, 32.0 percent of housing units in

Charlestown, 24.4 percent of units in Narragansett, and 17.5 percent of units in South Kingstown are used for seasonal, recreational, or occasional use. Of the owner-occupied housing units, 1.7 percent are located in low-income tracts and 2.5 percent are in moderate-income tracts. Of the rental units, 6.7 percent are located in the low-income tract and 9.0 percent are in moderate-income tracts. Of the housing units in the low-income tract, 31.6 percent are owner-occupied, 57.1 percent are rental, and 79.5 percent are one-to-four family. Of the housing units in moderate-income tracts, 32.2 percent are owner-occupied, 53.6 percent are rental, and 82.4 percent are one-to-four family. Low owner-occupancy percentages and a high proportion of rental units in low- and moderate-income tracts suggest limited opportunity to originate home mortgage loans.

According to the Census, of the housing units in the assessment area, 79.5 percent are 1-4 family and 20.5 percent are multifamily units. The median home value in the Rhode Island assessment area is \$368,686 and the median age of the housing stock is 44 years. According to data from The Warren Group as of November 2016, the median sales price of homes in Washington County was \$329,193 and \$393,500 in Newport County. Median sales prices in both counties have experienced significant increases in the prior two years; median sale prices in Washington County increased by 10.9 percent from 2014 to 2015, and then 7.9 percent from 2015 to 2016. In Newport County, median sales prices increased 37.6 percent year-over-year, as of November 2016.

Business Characteristics

According to 2015 D&B data, there are 9,311 businesses in the Rhode Island assessment area, of which 1.8 percent are located in low-income tracts, 5.0 percent are in moderate-income tracts, 47.3 percent are in middle-income tracts, and 45.9 percent are in upper-income tracts. Of all the businesses, 93.3 percent have GARs of \$1 million or less.

According to the Rhode Island Department of Labor and Training, as of 2015, the state's largest employers (1,000 employees or more) are in the industries of health care and social assistance, retail trade, accommodation and food service, and manufacturing. Healthcare and social assistance accounts for 19.5 percent of the state's employment and retail trade accounts for 11.7 percent. Some of the largest employers in Rhode Island, but not necessarily located in the Rhode Island assessment area, include Amica Mutual Insurance Company, CVS Pharmacy Inc., General Dynamics, Hasbro, Inc., Raytheon, Shaw's Supermarkets, Inc., and Verizon.

Population

The assessment area is comprised of 156,633 individuals, which includes 39,681 families. Of the families in the assessment area, 14.5 percent are low-income, 14.4 percent are moderate-income, 20.1 percent are middle-income, and 51.0 percent are upper-income. Approximately 1,570 families, or 4.0 percent, are below the poverty level, which is below the state's level at 8.4 percent. There are 63,003 households in the assessment area, of which 19.2 percent are low-income, 13.4 percent are moderate-income, 16.3 percent are middle-income, and 51.1 percent are upper-income. Approximately 5,259 households, or 8.3 percent, are below the poverty level, which is below the state's level at 12.6 percent.

Income

| Geographic Area | MFI |
|-------------------------------|------------|
| Rhode Island Assessment Area | \$ 84,067 |
| Providence-Warwick, RI-MA MSA | \$ 74,400 |
| Newport County | \$ 82,477 |
| Washington County | \$ 87,999 |

2010 United States (U.S.) Census Data and FFIEC data based on estimates.

Table 26 includes the MFIs for the Rhode Island assessment area, the Providence MSA, and the counties which comprise the assessment area. The MFI for the Rhode Island assessment area is \$84,067, which is slightly above Newport County at \$82,477 and below Washington County at \$87,999. The 2015 MFI for the Providence MSA is \$74,400, which represents a \$2,200 increase from 2014.

Employment Statistics

According to the Census, the unemployment rate for the Rhode Island assessment area is 5.4 percent, which is lower than the state as a whole, at 7.9 percent. The assessment area's unemployment rate is slightly lower than Washington County's, at 5.8 percent, but higher than Newport County, at 4.9 percent. The unemployment rates within low- and moderate-income tracts are 2.6 percent and 8.7 percent, respectively.

According to the September 2016 release by the U.S. Bureau of Labor Statistics, the non-seasonally adjusted unemployment rate for the counties that comprise the Rhode Island assessment area are 4.3 percent in Newport County, and 4.4 percent in Washington County. Based on the October 2016 release, the non-seasonally adjusted unemployment rate in the state of Rhode Island is 4.8 percent, representing a 3.1 percent decreased compared to the figure from the 2010 U.S. Census.

Community Contact

A contact was conducted with the Executive Director of a non-profit organization that serves Newport County by providing safe and affordable housing for low- and moderate-income families as well as health services and substance abuse programs. The contact stated the area has high median home value compared to the prevalence of low-paying seasonal service jobs available. Although the area is predominately wealthy, the majority of individual and families who live in the area year round are renters. The demand for affordable housing stock is high, but there are no incentives for builders who would rather concentrate on the high-end housing market.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN RHODE ISLAND

LENDING TEST

The Lending Test is rated High Satisfactory. Lending levels reflect good responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes in both metropolitan areas. The bank exhibits an excellent record of serving the credit needs of low-income individuals and areas and very small businesses in Rhode Island. The bank makes an adequate level of community development loans. The bank makes limited use of innovative and/or flexible lending practices in serving assessment area credit needs in Rhode Island.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs given the bank's market share of deposits, competition, economic environment, and other performance context factors in the assessment area. Since the last evaluation, the bank originated a total of 542 loans in the Rhode Island assessment area, of which 48.2 percent were residential, 33.9 percent were HELOCs, and 17.9 percent were small business loans.

| Loan Type | # | % | \$(000s) | % |
|-------------------------------|------------|--------------|-----------------|--------------|
| Home Purchase | 81 | 14.9 | 25,935 | 23.1 |
| Home Improvement | 28 | 5.2 | 6,344 | 5.6 |
| Multifamily | 3 | 0.6 | 1,600 | 1.4 |
| Refinance | 149 | 27.5 | 38,647 | 34.4 |
| Total Residential | 261 | 48.2 | 72,526 | 64.5 |
| Total Small Business | 97 | 17.9 | 22,084 | 19.7 |
| Total Consumer (HELOC) | 184 | 33.9 | 17,762 | 15.8 |
| TOTAL LOANS | 542 | 100.0 | 112,372 | 100.0 |

*HMDA data 1/1/2014-12/31/2015; CRA data 1/1/2014 - 12/31/2015; and
HELOC data 1/1/2014-12/31/2015.*

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Geographic Distribution of Loans

Overall, the geographic distribution of loans reflects a good penetration throughout the Rhode Island assessment area.

Residential Lending

The bank's geographic distribution reflects good penetration throughout the assessment area. Table 28 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the Rhode Island assessment area.

| Product Type | Tract Income Levels | Owner Occupied Units % | Bank & Aggregate Lending Comparison | | | | | | | | | | | |
|------------------|---------------------|------------------------|-------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------|---------------|---------------|-----------------|---------------|---------------|
| | | | 2014 | | | | | | 2015 | | | | | |
| | | | Count | | | Dollar | | | Count | | Dollar | | | |
| | | | Bank # | Agg % | Agg % | Bank \$ (000s) | Agg \$ % | Agg \$ % | Bank # | Agg % | Agg % | Bank \$ (000s) | Agg \$ % | Agg \$ % |
| HOME PURCHASE | Low | 1.7% | 0 | 0.0% | 1.6% | \$0 | 0.0% | 1.4% | 1 | 4.8% | 2.0% | \$241 | 3.9% | 1.5% |
| | Moderate | 2.5% | 3 | 13.0% | 3.0% | \$273 | 3.5% | 1.9% | 0 | 0.0% | 2.4% | \$0 | 0.0% | 1.6% |
| | Middle | 46.6% | 9 | 39.1% | 46.8% | \$3,172 | 40.9% | 41.0% | 8 | 38.1% | 48.2% | \$2,504 | 40.1% | 44.0% |
| | Upper | 49.1% | 11 | 47.8% | 48.6% | \$4,302 | 55.5% | 55.7% | 12 | 57.1% | 47.4% | \$3,493 | 56.0% | 52.9% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Total | 100.0% | 23 | 100.0% | 100.0% | \$7,747 | 100.0% | 100.0% | 21 | 100.0% | 100.0% | \$6,238 | 100.0% | 100.0% |
| REFINANCE | Low | 1.7% | 2 | 9.1% | 1.7% | \$520 | 8.8% | 1.3% | 3 | 5.7% | 1.8% | \$553 | 4.7% | 1.4% |
| | Moderate | 2.5% | 0 | 0.0% | 2.7% | \$0 | 0.0% | 2.1% | 2 | 3.8% | 2.3% | \$870 | 7.4% | 1.9% |
| | Middle | 46.6% | 8 | 36.4% | 48.2% | \$1,511 | 25.7% | 43.5% | 18 | 34.0% | 47.2% | \$3,356 | 28.4% | 42.8% |
| | Upper | 49.1% | 12 | 54.5% | 47.4% | \$3,854 | 65.5% | 53.1% | 30 | 56.6% | 48.6% | \$7,048 | 59.6% | 53.9% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Total | 100.0% | 22 | 100.0% | 100.0% | \$5,885 | 100.0% | 100.0% | 53 | 100.0% | 100.0% | \$11,827 | 100.0% | 100.0% |
| HOME IMPROVEMENT | Low | 1.7% | 0 | 0.0% | 0.6% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 1.7% | \$0 | 0.0% | 1.2% |
| | Moderate | 2.5% | 0 | 0.0% | 2.4% | \$0 | 0.0% | 0.5% | 0 | 0.0% | 2.0% | \$0 | 0.0% | 1.0% |
| | Middle | 46.6% | 2 | 50.0% | 53.4% | \$530 | 65.5% | 36.1% | 1 | 11.1% | 49.5% | \$187 | 11.0% | 36.1% |
| | Upper | 49.1% | 2 | 50.0% | 43.6% | \$279 | 34.5% | 63.4% | 8 | 88.9% | 46.8% | \$1,509 | 89.0% | 61.6% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Total | 100.0% | 4 | 100.0% | 100.0% | \$809 | 100.0% | 100.0% | 9 | 100.0% | 100.0% | \$1,696 | 100.0% | 100.0% |
| MULTIFAMILY | Low | 6.6% | 0 | 0.0% | 7.1% | \$0 | 0.0% | 8.9% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Moderate | 8.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 5.3% | \$0 | 0.0% | 0.6% |
| | Middle | 48.9% | 0 | 0.0% | 50.0% | \$0 | 0.0% | 79.9% | 1 | 100.0% | 63.2% | \$500 | 100.0% | 85.1% |
| | Upper | 36.5% | 0 | 0.0% | 42.9% | \$0 | 0.0% | 11.2% | 0 | 0.0% | 31.6% | \$0 | 0.0% | 14.2% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Total | 100.0% | 0 | 0.0% | 100.0% | \$0 | 0.0% | 100.0% | 1 | 100.0% | 100.0% | \$500 | 100.0% | 100.0% |
| HMDA TOTALS | Low | 1.7% | 2 | 4.1% | 1.6% | \$520 | 3.6% | 1.6% | 4 | 4.8% | 1.9% | \$794 | 3.9% | 1.4% |
| | Moderate | 2.5% | 3 | 6.1% | 2.8% | \$273 | 1.9% | 1.8% | 2 | 2.4% | 2.3% | \$870 | 4.3% | 1.7% |
| | Middle | 46.6% | 19 | 38.8% | 47.9% | \$5,213 | 36.1% | 43.4% | 28 | 33.3% | 47.9% | \$6,547 | 32.3% | 44.5% |
| | Upper | 49.1% | 25 | 51.0% | 47.7% | \$8,435 | 58.4% | 53.1% | 50 | 59.5% | 47.9% | \$12,050 | 59.5% | 52.4% |
| | Unknown | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Total | 100.0% | 49 | 100.0% | 100.0% | \$14,441 | 100.0% | 100.0% | 84 | 100.0% | 100.0% | \$20,261 | 100.0% | 100.0% |

2010 U.S. Census, 2014 and 2015 Aggregate HMDA Data, 2014 and 2015 HMDA LARs
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2014, the bank originated 2 home mortgage loans, or 4.1 percent, in the only low-income census tract in the Rhode Island assessment area. The two home mortgage loans were refinance loans. At 4.1 percent, the bank's lending percentage exceeded the aggregate by 2.5 percentage points and the percentage of owner-occupied housing units in low-income tracts by 2.4 percentage points. Although the bank outperformed the aggregate by 2.5 percentage points in the low-income tract, based on the low overall number of originations by the bank in the assessment area, one loan represents 2.0 percent of the bank's total origination in Rhode Island and the bank would have outperformed the aggregate with just one origination. Within the low-income tract, the bank was one of just 40 lenders that originated a home mortgage loan and originated 2.9 percent of all HMDA loans for 2014.

For the same year, the bank originated 3 home mortgage loans, or 6.1 percent, in moderate-income census tracts, which exceeded the aggregate and the percentage of owner-occupied housing units in moderate-income tracts by 3.3 percentage points and 3.6 percentage points, respectively. All three loans were home purchase loans in Westerly. Although the bank performed well against the aggregate, bank originations only totaled 2.5 percent of all HMDA loans originated in the moderate-income tracts for the year. Although total home mortgage

lending increased substantially compared to 2013, the bank only originated two more loans in the low-income tract and one more in moderate-income tracts.

In 2015, the bank originated 4 home mortgage loans, or 4.8 percent, in the low-income tract, which again exceeded the aggregate and the percentage of owner-occupied housing units in low-income tracts by 2.9 percentage points and 3.1 percentage points, respectively. One of the four loans was a home purchase loan and the other three were refinance loans. The bank outperformed the aggregate in both home purchase loans and refinance loans. The bank improved its share of lending in the low-income tract compared to 2014 by originating 4.8 percent of all home mortgage loans in the low-income tract.

For the same year, the bank originated 2 home mortgage loans, or 2.4 percent, in moderate-income tracts, which was in line with both the aggregate and the percentage of owner-occupied housing units in moderate-income tracts, although the 2 loans represent a decrease from the prior year. The home mortgage loans originated in the moderate-income tracts were in Westerly and South Kingstown. In 2016, the bank originated two home mortgage loan in the low-income tract and six loans in moderate-income tracts.

Despite the low percentages of owner-occupied housing units in low- and moderate-income tracts in the assessment area and the high proportion of rental units at 57.1 percent and 53.6 percent respectively, the bank was able to penetrate the low- and moderate-income tracts in Rhode Island to a greater extent than the aggregate.

Small Business Lending

The bank’s geographic distribution reflects good penetration throughout the assessment area. Table 29 represents the distribution of small business loans by census tract income level compared to aggregate lending and business demographics in the Rhode Island assessment area.

| Census Tract Income Level | 2014 % Total Business by Tracts | 2014 Aggregate | 2014 Bank | | 2015 % Total Business by Tracts | 2015 Aggregate | 2015 Bank | | Bank Total | |
|---------------------------|---------------------------------|----------------|-----------|--------------|---------------------------------|----------------|-----------|--------------|------------|--------------|
| | % | % | # | % | % | % | # | % | # | % |
| Low | 1.9 | 1.3 | 1 | 2.8 | 1.8 | 2.1 | 0 | 0.0 | 1 | 1.6 |
| Moderate | 5.4 | 4.4 | 3 | 8.3 | 5.0 | 4.4 | 2 | 8.0 | 5 | 8.2 |
| Middle | 47.4 | 49.0 | 16 | 44.4 | 47.3 | 48.6 | 9 | 36.0 | 25 | 41.0 |
| Upper | 45.4 | 45.3 | 16 | 44.4 | 45.9 | 44.9 | 14 | 56.0 | 30 | 49.2 |
| Unknown | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| N/A | | 0.0 | 0 | 0.0 | | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 100.0 | 36 | 100.0 | 100.0 | 100.0 | 25 | 100.0 | 61 | 100.0 |

*D&B 2014 & 2015 Aggregate CRA Data, 2014 and 2015 Small Business Loan Registers
Total percentages shown may vary by 0.1 percent due to automated rounding differences.*

In 2014, the bank originated or purchased 1 small business loan, or 2.8 percent, in the low-income tract, which exceeded the aggregate by 1.5 percentage points and the percentage of businesses in the low-income tract by 0.9 percentage points. For the same year, the bank originated or purchased 3 small business loans, or 8.3 percent, in moderate-income tracts, which

exceeded the aggregate by 3.9 percentage points and the percentage of businesses by 2.9 percentage points. Small business originations and purchases increased by 86.1 percent from 2014 to 2013 as the bank did not have branch presence in Rhode Island until September 2013.

In 2015, the bank did not originate a small business loan in the low-income census tract and 2 loans, or 8.0 percent, in moderate-income tracts, which exceeded the aggregate by 3.6 percentage points and the percentage of businesses by 3.0 percentage points. The bank did not originate small business loans in the low- and moderate-income tracts in 2016, although given the percentage of businesses in the low-income tract in the prior two years, small business loan origination opportunities may be limited.

Consumer Lending

The bank’s geographic distribution reflects good penetration throughout the assessment area. Table 30 represents the bank’s HELOC originations based on tract income level compared to the percentage of households in the Rhode Island assessment area.

| Table 30 Geographic Distribution of Consumer Loans Rhode Island | | | | | |
|--|---|----------------------------|--------------|----------------------------|--------------|
| Tract Income Levels | Bank Lending & Demographic Data Comparison | | | | |
| | Households | Bank 2014 Count | | Bank 2015 Count | |
| | | % | # | % | # |
| Low | 3.3 | 2 | 3.0 | 1 | 2.6 |
| Moderate | 4.6 | 4 | 6.0 | 1 | 2.6 |
| Middle | 46.5 | 18 | 26.9 | 15 | 38.5 |
| Upper | 45.6 | 43 | 64.2 | 22 | 56.4 |
| Unknown | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 67 | 100.0 | 39 | 100.0 |

*2010 U.S. Census, 2014 & 2015 bank provided data.
Total percentages shown may vary by 0.1 percent due to automated rounding differences*

In 2014, the bank originated 2 HELOCs, or 3.0 percent, in the low-income tract, which is 0.3 percentage points below the percentage of low-income households. For the same year, the bank originated 4 HELOCs, or 6.0 percent, in moderate-income tracts, which is 1.4 percentage points higher than the percentage of moderate-income households. The bank originated one HELOC in the low-income tract and did not originate any in moderate-income tracts in 2013. In 2015, the bank originated one HELOC each in low- and moderate-income tracts, or 2.6 percent. From 2014 to 2015, HELOC originations within the Rhode Island assessment area decreased by 41.8 percent. The bank did not originate any HELOCs in the low- and moderate-income tracts in 2016.

Although the bank’s HELOC origination percentages are slightly below the percentage of households in the low-income tract, it should be noted that household demographics include owner-occupied housing units as well as rental units. As mentioned, 57.1 percent of units in the low-income tract and 53.6 percent in moderate-income tracts are rental units. High percentage of rental units in the low- and moderate-income tracts suggests that individuals living in these areas likely do not own the units in which they reside and therefore would be ineligible to receive a

HELOC. In addition, percentage of household within an assessment area is not representative of loan demand.

Borrower Distribution

Overall, the distribution of loans to borrowers reflects an excellent penetration among individuals of different income levels, including low- and moderate-income individuals and businesses of different sizes, including those with GARs \$1 million or less, when compared to area demographics and aggregate performance.

Residential Lending

The distribution of borrowers reflects an excellent penetration among customers of different income levels. Table 31 provides a comparison of the bank's lending by borrower income level to the income distribution of families in the Rhode Island assessment area and aggregate data.

| Table 31 Borrower Distribution of HMDA Loans Rhode Island | | | | | | | | | | | | | | |
|---|------------------------|-----------------------------|-------------------------------------|---------------|----------------|-----------------|---------------|---------------|----------------|---------------|---------------|-----------------|---------------|---------------|
| Product Type | Borrower Income Levels | Families by Family Income % | Bank & Aggregate Lending Comparison | | | | | | | | | | | |
| | | | 2014 | | | 2015 | | | 2015 | | | | | |
| | | | Count | | Dollar | Count | | Dollar | Count | | Dollar | | | |
| | | | Bank # | Agg % | Bank \$ (000s) | Agg % | Bank # | Agg % | Bank \$ (000s) | Agg % | Agg % | | | |
| HOME PURCHASE | Low | 14.5% | 0 | 0.0% | 2.1% | \$0 | 0.0% | 0.9% | 0 | 0.0% | 1.4% | \$0 | 0.0% | 0.6% |
| | Moderate | 14.4% | 4 | 17.4% | 9.5% | \$473 | 6.1% | 5.7% | 2 | 9.5% | 10.8% | \$352 | 5.6% | 6.5% |
| | Middle | 20.1% | 3 | 13.0% | 18.9% | \$538 | 6.9% | 14.1% | 4 | 19.0% | 20.5% | \$1,129 | 18.1% | 16.1% |
| | Upper | 51.0% | 15 | 65.2% | 53.2% | \$6,361 | 82.1% | 64.3% | 13 | 61.9% | 50.1% | \$3,930 | 63.0% | 60.9% |
| | Unknown | 0.0% | 1 | 4.3% | 16.4% | \$375 | 4.8% | 15.1% | 2 | 9.5% | 17.1% | \$827 | 13.3% | 15.9% |
| | Total | 100.0% | 23 | 100.0% | 100.0% | \$7,747 | 100.0% | 100.0% | 21 | 100.0% | 100.0% | \$6,238 | 100.0% | 100.0% |
| REFINANCE | Low | 14.5% | 1 | 4.5% | 4.4% | \$42 | 0.7% | 2.4% | 6 | 11.3% | 2.7% | \$681 | 5.8% | 1.2% |
| | Moderate | 14.4% | 4 | 18.2% | 10.8% | \$736 | 12.5% | 6.2% | 6 | 11.3% | 9.6% | \$565 | 4.8% | 5.6% |
| | Middle | 20.1% | 3 | 13.6% | 19.2% | \$653 | 11.1% | 14.7% | 7 | 13.2% | 18.8% | \$1,329 | 11.2% | 14.1% |
| | Upper | 51.0% | 13 | 59.1% | 49.2% | \$4,239 | 72.0% | 58.8% | 33 | 62.3% | 50.1% | \$9,067 | 76.7% | 58.3% |
| | Unknown | 0.0% | 1 | 4.5% | 16.3% | \$215 | 3.7% | 17.9% | 1 | 1.9% | 18.9% | \$185 | 1.6% | 20.8% |
| | Total | 100.0% | 22 | 100.0% | 100.0% | \$5,885 | 100.0% | 100.0% | 53 | 100.0% | 100.0% | \$11,827 | 100.0% | 100.0% |
| HOME IMPROVEMENT | Low | 14.5% | 0 | 0.0% | 7.1% | \$0 | 0.0% | 1.9% | 1 | 11.1% | 4.9% | \$115 | 6.8% | 1.3% |
| | Moderate | 14.4% | 0 | 0.0% | 15.7% | \$0 | 0.0% | 7.4% | 2 | 22.2% | 14.5% | \$377 | 22.2% | 8.4% |
| | Middle | 20.1% | 1 | 25.0% | 22.8% | \$180 | 22.2% | 14.1% | 4 | 44.4% | 26.8% | \$480 | 28.3% | 18.4% |
| | Upper | 51.0% | 3 | 75.0% | 50.1% | \$629 | 77.8% | 59.2% | 2 | 22.2% | 48.8% | \$724 | 42.7% | 59.3% |
| | Unknown | 0.0% | 0 | 0.0% | 4.2% | \$0 | 0.0% | 17.5% | 0 | 0.0% | 4.9% | \$0 | 0.0% | 12.6% |
| | Total | 100.0% | 4 | 100.0% | 100.0% | \$809 | 100.0% | 100.0% | 9 | 100.0% | 100.0% | \$1,696 | 100.0% | 100.0% |
| MULTIFAMILY | Low | 14.5% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Moderate | 14.4% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Middle | 20.1% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Upper | 51.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | \$0 | 0.0% | 0.0% |
| | Unknown | 0.0% | 0 | 0.0% | 100.0% | \$0 | 0.0% | 100.0% | 1 | 100.0% | 100.0% | \$500 | 100.0% | 100.0% |
| | Total | 100.0% | 0 | 0.0% | 100.0% | \$0 | 0.0% | 100.0% | 1 | 100.0% | 100.0% | \$500 | 100.0% | 100.0% |
| HMDA TOTALS | Low | 14.5% | 1 | 2.0% | 3.4% | \$42 | 0.3% | 1.4% | 7 | 8.3% | 2.3% | \$796 | 3.9% | 0.9% |
| | Moderate | 14.4% | 8 | 16.3% | 10.5% | \$1,209 | 8.4% | 5.7% | 10 | 11.9% | 10.4% | \$1,294 | 6.4% | 6.0% |
| | Middle | 20.1% | 7 | 14.3% | 19.3% | \$1,371 | 9.5% | 13.7% | 15 | 17.9% | 20.1% | \$2,938 | 14.5% | 14.7% |
| | Upper | 51.0% | 31 | 63.3% | 51.2% | \$11,229 | 77.8% | 59.3% | 48 | 57.1% | 49.8% | \$13,721 | 67.7% | 57.7% |
| | Unknown | 0.0% | 2 | 4.1% | 15.7% | \$590 | 4.1% | 19.9% | 4 | 4.8% | 17.4% | \$1,512 | 7.5% | 20.7% |
| | Total | 100.0% | 49 | 100.0% | 100.0% | \$14,441 | 100.0% | 100.0% | 84 | 100.0% | 100.0% | \$20,261 | 100.0% | 100.0% |

2010 U.S. Census, 2014 and 2015 Aggregate HMDA Data, 2014 and 2015 HMDA LARs
Total percentages shown may vary by 0.1 percent due to automated rounding differences

In 2014, the bank originated 1 home mortgage loan, or 2.0 percent, to low-income borrowers, which is 1.4 percentage points below the aggregate and 12.5 percentage points below the percentage of low-income families. The one loan was a refinance loan.

Although the bank's lending to low-income borrowers is far below the percentage of low-income families, the aggregate percentage is below the demographic data as well. With a median family income of \$84,067, low-income families would have an annual income of \$42,033 or less. Even with a median housing value of \$299,358, home ownership may be unattainable for low-income families. Based on the 2010 U.S. Census, for 43.4 percent of all renters, the cost of monthly rent exceeds 30.0 percent of their income and 25.5 percent of all housing units in the Rhode Island assessment area are rentals. Based on rental unit availability and the percentage of renters burdened by monthly housing expense, opportunities to originate home mortgage loans to low-income borrowers in the Rhode Island assessment area may be limited.

For the same year, the bank originated eight home mortgage loans, or 16.3 percent, to moderate-income borrowers, which exceeded both the aggregate and the percentage of moderate-income families in the assessment area by 5.8 percentage points and 1.9 percentage points, respectively. The eight home mortgage loans were split between home purchase and refinance loans. From 2013 to 2014, the bank originated one less home mortgage loan to low-income borrowers, but originated seven more to moderate-income borrowers.

In 2015, the bank originated 7 home mortgage loans, or 8.3 percent, to low-income borrowers, which exceeded the aggregate by 6.0 percentage points. Six of the seven loans were refinance loans and one was a home improvement loan. Of the 49 financial institutions that originated a home mortgage loan to moderate-income borrowers in 2015, the bank was tied for third. For the same year, the bank originated 10 home mortgage loans, or 11.9 percent, to moderate-income borrowers, which exceeded the aggregate by 1.5 percentage points. Two of the ten home mortgage loans were home purchase loans, six were refinance loans, and two were home improvement. In 2016, the bank originated 3 home mortgage loans to low-income borrowers, and 14 loans to moderate-income borrowers.

Small Business Lending

The distribution of borrowers reflects excellent penetration among businesses of different sizes. Table 32 compares the bank's lending to aggregate data and small businesses according to revenue size.

| Gross Annual Revenues | 2014 Total Businesses | 2014 Bank | | | 2015 Total Businesses | 2015 Bank | | | Bank Total | |
|-----------------------|-----------------------|-----------|--------------|-------|-----------------------|-----------|--------------|-------|------------|--------------|
| | % | # | % | Agg | % | # | % | Agg | # | % |
| ≤\$1MM | 90.3 | 25 | 69.4 | 46.6% | 93.3 | 22 | 88.0 | 51.7% | 47 | 77.0 |
| > \$1MM | 5.9 | 11 | 30.6 | | 6.3 | 3 | 12.0 | | 14 | 23.0 |
| N/A | 3.8 | 0 | 0.0 | | 0.4 | 0 | 0.0 | | 0 | 0.0 |
| Total | 100.0 | 36 | 100.0 | | 100.0 | 25 | 100.0 | | 61 | 100.0 |

D&B 2014 & 2015 Aggregate CRA Data, 2014 and 2015 Small Business Loan Registers

In 2014, the bank originated or purchased 25 small business loans, or 69.4 percent, to businesses with GARs of \$1 million or less, which significantly exceeded the aggregate by 22.8 percentage points. The 25 small business loans is a substantial increase compared to 2013 when the bank originated 3 loans to businesses of the same size. In 2015, the bank originated 22 small business loans, or 88.0 percent, to businesses with GARs of \$1 million or less, which again significantly exceeds the aggregate by 36.3 percentage points. In 2016, the bank originated 24 small business loans, or 77.4 percent, to businesses of the same size.

Although the percentage of businesses in the CSA with GARs of \$1 million or less greatly exceeds the bank’s lending percentage, bank performance is primarily assessed against the aggregate lending percentage as this is a better indicator of loan demand and the economic environment in the assessment area.

In terms of responsiveness, the bank exhibits a good record of serving the credit needs of very small businesses in Rhode Island. During the evaluation period, the bank originated 3 SBA 504 loans in Newport and 5 Velocity small business loans. Two of the SBA 504 loans are incorporated into the small business lending analysis as are the Velocity small business loans.

Consumer Lending

The distribution of borrowers reflects adequate penetration among customers of different income levels. Table 33 represents the bank’s HELOC originations based on borrower income levels compared to the household income levels in the Rhode Island assessment area.

| Table 33 Borrower Distribution of Consumer Loans Rhode Island | | | | | |
|---|--|-----------|--------------|-----------|--------------|
| Borrower Income Level | Bank Lending & Demographic Data Comparison | | | | |
| | Households by Household Incomes | Bank 2014 | | Bank 2015 | |
| | | % | # | % | # |
| Low | 19.3 | 2 | 3.0 | 6 | 15.4 |
| Moderate | 13.4 | 8 | 11.9 | 4 | 10.3 |
| Middle | 16.3 | 12 | 17.9 | 9 | 23.1 |
| Upper | 51.0 | 45 | 67.2 | 19 | 48.7 |
| Unknown | 0.0 | 0 | 0.0 | 1 | 2.6 |
| Total | 100.0 | 67 | 100.0 | 39 | 100.0 |

2010 U.S. Census, 2014 & 2015 bank provided data.

Total percentages shown may vary by 0.1 percent due to automated rounding differences

In 2014, the bank originated 2 HELOCs, or 3.0 percent, to low-income borrowers, which is 16.3 percentage points less than the percentage of low-income households. For the same year, the bank originated 8 HELOCs, or 11.9 percent, to moderate-income borrowers, which is 1.5 percentage points less than the percentage of moderate-income households. In 2013, the bank did not originate any HELOCs to low-income borrowers, and originated four to moderate-income borrowers.

In 2015, the bank originated 6 HELOCs, or 15.4 percent, to low-income borrowers and 4 HELOCs, or 10.3 percent, to moderate-income borrowers. In 2016, the bank originated 3 HELOCs to low-income borrowers and 4 HELOCs to moderate-income borrowers.

Although the bank's HELOC origination percentages to low- and moderate-income borrowers are below the percentage of households by household income, opportunities may be limited. With a median household income of \$66,743, low-income households would have an annual income of \$33,371 or less. With the median housing value of \$299,358, home ownership, and therefore eligibility to qualify for a HELOC, may be unattainable for low-income households. In addition, given the high percentage of rental units in the Rhode Island assessment area (25.5 percent), rental opportunities are abundant for low-income families and are likely a more affordable option.

The bank makes limited use of innovative and/or flexible lending practice in serving assessment area credit needs.

Community Development Lending

The bank made an adequate level of community development loans, considering the needs and opportunities in the community and economic environment in which the bank was operating during the time period considered. The bank originated a loan for the construction of 40 independent living units for a non-profit senior living facility in Newport. Of the 40 units, 30 percent were designated for low-income residents, which was an identified need by the community contact, although not specifically for the elderly population. The pro rata share for the affordable units totaled \$3,676,926.

INVESTMENT TEST

The bank’s performance under the Investment Test is rated Needs to Improve. The bank made a poor level of qualified community development investments and grants in the Rhode Island assessment area, totaling \$19,350. The bank makes rare use of innovative and/or complex investments and exhibits poor responsiveness to credit and community development needs. As previously mentioned, 23.7 percent of the bank’s total deposits come from Rhode Island and 20.0 percent of the bank’s branches are located in Rhode Island. Of the bank’s total qualified donations, only 7.0 percent were made in Rhode Island, which is disproportionate to the level of deposits and branch distribution. The bank did not make any qualified equity investments in Rhode Island during the evaluation period. As described in the community contacts section, there is a need for affordable housing in Newport County and as illustrated in the table below, the bank did not make any grants or donations in support of the identified need. The level of qualified donations also decreased from 2015 to 2016.

The table below details the bank’s qualified contributions according to the organization’s purpose.

| Community Development Category | 2013 (Sept - Dec) | | 2014 | | 2015 | | 2016 | | Total | |
|--------------------------------|-------------------|----------|----------|------------|----------|---------------|----------|--------------|-----------|---------------|
| | # | \$ | # | \$ | # | \$ | # | \$ | # | \$ |
| Affordable Housing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Services | 0 | 0 | 1 | 250 | 7 | 12,600 | 3 | 6,500 | 11 | 19,350 |
| Revitalization/Stabilization | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 1 | 250 | 7 | 12,600 | 3 | 6,500 | 11 | 19,350 |

Bank records.

The following is a sample of the organizations that served low- and moderate-income communities in Rhode Island with the donations provided by the bank.

Dr. Martin Luther King Jr. Community Center – The primary focus of the Center is on hunger relief, nutrition awareness and counseling, education, and community support. The people served by the Center are primarily low-income individuals and families in Newport County.

Boys & Girls Club of Newport County (Club) – This is a non-profit charitable organization dedicated to the healthy lifestyle and academic advancement of youth. Programs include child care and Science, Technology, Engineering, and Math (STEM) programs. The Club is located in a low-income tract.

Jonnycake Center of Peace Dale (Center) – The mission of this organization is to improve the quality of life for individuals and families by providing comprehensive assistance to those in need of food, clothing, and household items and through individual and systemic advocacy for their clients. The Center serves Washington County.

SERVICE TEST

The bank’s performance under the Service Test for Rhode Island is rated Needs to Improve.

Retail Banking Services

The bank’s service delivery systems are reasonably accessible to the bank’s geographies and individuals of different income levels. The bank has a total of five branches in Rhode Island, of which four are located in middle-income tracts and one is in an upper-income tract. Table 35 displays the distribution of the bank’s branch network compared to the percentage of census tracts in the Rhode Island assessment area and the percentage of the population residing in those tracts.

| Table 35 Distribution of Branch Offices by Income Category Rhode Island | | | | |
|--|---|-----------------------------|---|--------------|
| Census Tract Income Category | Assessment Area Demographics | | Bank Offices by Tract Location | |
| | Total Census Tracts | Total Population | Bank Branches | |
| | % of # | % of # | # | % |
| Low | 2.8 | 2.7 | 0 | 0.0 |
| Moderate | 8.3 | 8.6 | 0 | 0.0 |
| Middle | 44.4 | 44.5 | 4 | 80.0 |
| Upper | 44.4 | 44.2 | 1 | 20.0 |
| Unknown | 0.0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 100.0 | 5 | 100.0 |

2010 U.S. Census data and bank records

Although the bank does not have any branches in low- and moderate-income tracts in Rhode Island, delivery systems are reasonably accessible to essentially all portions of the assessment area as the Middletown and Newport branches are within two miles of the low- and moderate-income tracts in Newport. Additionally, the moderate-income tract in Westerly is within two miles of the Westerly branch, which is located in a middle-income tract, and is also within a mile of the Pawcatuck, Connecticut branch.

As previously mentioned, through the acquisition of Newport Federal in September 2013, the bank acquired five branches in Rhode Island. Based upon the acquisition of branches at their previous locations, the bank generally has not affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or individuals.

Services do not vary in a way that inconveniences portions of the Rhode Island assessment area, particularly low- and moderate-income geographies, and/or low- and moderate-income individuals. All Rhode Island branches are open for seven hours Monday through Thursday, and nine hours on Friday. The branches, except the main office, are open for at least three hours on Saturday and none are open on Sunday. Bank management cited a Newport Federal analysis that the onsite walk-up ATM at the Newport branch provides adequate accessibility and meets the service needs of its clients on Sunday.

Community Development Services

The bank provides a limited level of community development services in Rhode Island as only one bank employee is involved in a community development organization and the bank did not conduct any financial literacy sessions or seminars to benefit low- and moderate-income individuals or areas.

Employee Services

The vice president of retail lending represents the Rhode Island Bankers Association as a commissioner for the Rhode Island Housing Resource Commission, which is a division of the Rhode Island Housing. The commission is tasked with promoting affordable housing initiatives, preservation, and creation of affordable housing, and the elimination of homelessness.

Other Community Development Services

Since the last examination, the bank remitted \$2,285 to Rhode Island Bar Association's IOLTA program. The Association utilizes the funds to provide legal services to the poor in Rhode Island.

CRA APPENDIX A

SCOPE OF EXAMINATION

| | | | |
|---|-------------------------------|--|--|
| TIME PERIOD REVIEWED | 10/26/12 to 2/14/17 | | |
| FINANCIAL INSTITUTION | | | PRODUCTS REVIEWED |
| Savings Institute Bank and Trust Company Willimantic, CT | | | <ul style="list-style-type: none"> • HMDA • Small Business • Consumer (HELOC) |
| AFFILIATE(S) | AFFILIATE RELATIONSHIP | | PRODUCTS REVIEWED |
| N/A | N/A | | N/A |

| LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION | | | |
|---|----------------------------|-------------------------|--|
| ASSESSMENT AREA | TYPE OF EXAMINATION | BRANCHES VISITED | OTHER INFORMATION |
| CONNECTICUT | | | |
| Hartford-West Hartford, CT CSA | Full scope procedures | 803 Main Street | The CSA and the MSA were reviewed using full scope procedures. |
| Worcester, MA-CT MSA | Full scope procedures | Willimantic, CT | |
| RHODE ISLAND | Full scope procedures | | |
| | | | |

Note: "Branches Visited" indicates where technical compliance with the CRA (signs, public file, etc.) was confirmed. The evaluation of the institution's CRA performance takes into consideration activity from all branch locations, as described in the Scope of Examination.

CRA APPENDIX B

Summary of State Ratings

| State Name | Lending Test Rating | Investment Test Rating | Service Test Rating | Overall State Rating |
|-------------------|----------------------------|-------------------------------|----------------------------|-----------------------------|
| Connecticut | Low Satisfactory | Low Satisfactory | Low Satisfactory | Satisfactory |
| Rhode Island | High Satisfactory | Needs to Improve | Needs to Improve | Satisfactory |