



STATE OF CONNECTICUT
DEPARTMENT OF BANKING

**COMMUNITY REINVESTMENT
PERFORMANCE EVALUATION**

Fairfield County Bank
Certificate Number: 18213

150 Danbury Road
Ridgefield, Connecticut 06877

Date of Examination August 31, 2018

Examiner-in-Charge Terralyn Cooper

THIS CRA EVALUATION IS AVAILABLE FOR PUBLIC REVIEW AND COMMENT

This evaluation reflects the Banking Commissioner's assessment pursuant to Connecticut General Statutes §36a-30 of the performance of this bank in helping to meet the credit needs of its local communities, 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 herein does not represent an analysis, conclusion, or opinion of the State of Connecticut Department of Banking concerning the safety and soundness of this financial institution.

**JORGE L. PEREZ
BANKING COMMISSIONER**

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GENERAL INFORMATION

Connecticut General Statutes (C.G.S.) section 36a-30(3)(b) Connecticut Community Reinvestment (CRA) requires the Banking Commissioner to assess the record of each bank in satisfying its continuing and affirmative obligations to help meet the credit needs of its local communities, including low- and moderate-income neighborhoods, consistent with safe and sound operations of such banks. Upon conclusion of such assessment, the Commissioner shall prepare a written evaluation of the bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods.

This document reflects an evaluation of the CRA performance of Fairfield County Bank prepared by the Connecticut Department of Banking as of August 31, 2018. This agency rates CRA performance of state chartered banks, under its supervision, consistent with the provisions set forth in subsection (a) of section 36a-32 of the C.G.S.

This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Connecticut Department of Banking concerning the safety and soundness of this financial institution.

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated "**Satisfactory**".

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following table reflects the performance of Fairfield County Bank with respect to the Lending, Investment, and Service Tests

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X	X	
Needs Improvement			
Substantial Noncompliance			

**The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*

Fairfield County Bank's performance under the Lending, Investment, and Service Tests supports the overall satisfactory rating.

The Lending Test is rated Low Satisfactory

- FCB's lending levels reflect excellent responsiveness to assessment area credit needs.
- A substantial majority of loans are made in the bank's assessment area.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different size.
- The bank exhibits an adequate record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, and/or small businesses consistent with safe and sound banking practices.
- FCB has an adequate level of community development loans.
- The bank uses innovative and/or flexible lending practices in order to serve assessment area credit needs.

The Investment Test is rated Low Satisfactory

- FCB has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.
- FCB exhibits adequate responsiveness to credit and community economic development needs.

- The bank rarely uses innovative and/or complex investments to support community development initiatives. Based on the bank's asset size and resources opportunities for these investments are limited.

The Service Test is rated High Satisfactory

- The bank's delivery systems are accessible to essentially all portions of the assessment area.
- To the extent changes have been made, the bank's opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- The bank's services and business hours do not vary in a way that inconveniences portions of the assessment area particularly low- and moderate-income geographies and/or individuals.
- The bank provides a relatively high level of community development services.

SCOPE OF EVALUATION

General Information

The State of Connecticut Department of Banking (CTDOB) conducted an offsite evaluation of Fairfield County Bank's (FCB's) CRA performance. The Community Reinvestment Act performance of FCB was evaluated using the Federal Financial Institution Examination Council's (FFIEC's) CRA Examination Procedures for Large Institutions. This evaluation covers the bank's CRA performance since the previous evaluation dated October 17, 2016. The FFIEC's CRA Examination Procedures for Large Institutions include three tests: Lending Test, Investment Test, and Service Test.

In conducting this evaluation, examiners relied on records provided by the bank, public loan and financial information, demographic and economic data from the 2010 U.S. Census, 2015 American Community Survey (ACS), U.S. Bureau of Labor Statistics, and Dun and Bradstreet (D&B), as well as, loan information reported under the Home Mortgage Disclosure Act (HMDA) and the Community Reinvestment Act (CRA). Bank financial data was obtained from the December 31, 2018 Report of Income and Condition (Call Report).

The Lending Test considered the bank's performance according to the following criteria:

- Lending activity
- Assessment area concentration
- Geographic distribution of loans
- Borrower profile
- Use of innovative and/or flexible lending practices
- Community development lending activities

The bank does not have any affiliates engaged in lending.

The Investment Test assessed the following criteria:

- Number and dollar amount of qualified investments
- Innovativeness and complexity of qualified investments
- Responsiveness of qualified investments to credit and community development needs
- Degree to which qualified investments are not routinely provided by private investors

The Service Test assessed the following criteria:

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services in meeting assessment area(s) needs
- Number of qualified community development services offered and used.

In addition to performance under the Lending Test, Investment Test, and Service Test subsection (a) of section 36a-32 of the C.G.S. requires the Banking Commissioner also consider:

- The bank's record of offering escrow accounts for purposes of compliance with subsection (h) of section 47a-21 (Rental Security Deposits);
- Efforts of the bank to work with delinquent residential mortgage customers who are unemployed or underemployed to facilitate a resolution of the delinquency; and
- Written comments received by the Banking Commissioner.

Loan Products Reviewed

Examiners determined that the bank’s major product lines are home mortgage and small business loans. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period. The bank originated or purchased significantly more home mortgage loans by number and dollar volume than small business loans during this evaluation period; therefore, home mortgage lending performance carried greater weight in assigning the Lending Test rating. Bank records indicated that the lending focus and product mix remained consistent throughout this evaluation period.

The table below shows the total number and dollar amounts for home mortgage and small business loans that the bank originated and purchased during 2016 and 2017.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage (HMDA)	889	406,959	889	406,959
Small Business	259	58,407	259	58,407

Source: HMDA LARs and CRA LARs for 2016 and 2017

Examiners considered all loans reported on the bank’s Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) for 2016 and 2017. The LARs contain data about home purchase and home improvement loans, including refinances of one-to-four and multifamily properties. In 2016, the bank originated and/or purchased 511 home loans totaling \$246.2 million. In 2017, the bank originated and/or purchased 378 loans totaling 160.8 million. The bank’s lending performance was compared to 2016 and 2017 aggregate lending data and to demographic information using 2010 U.S. Census data and 2015 American Community Survey data.

Examiners also considered all small business loans reported on the bank’s CRA Loan Registers for 2016 and 2017. The registers contain information on originated commercial real estate and commercial and industrial loans with original balances of \$1 million or less. The bank’s performance was compared to 2016 CRA aggregate data, the most recent year for which aggregate data is available, and to D&B business demographic data. CRA aggregate data includes all small business loans reported in the bank’s assessment area; however, aggregate data excludes activity of many institutions not required to report such information.

Small farm loans and consumer loans are not included within the lending analysis. FCB did not originate any small farm loans during this review period. Examiners did not include consumer loans within this lending analysis. The bank is not required to report such information and has chosen not to do so. These loans are not considered a major product line; therefore, these loans provided no material support for conclusions and ratings.

Examiners reviewed and analyzed community development loans, community development investments, grants, and donations from October 17, 2016 through December 31, 2018. A review of the bank’s community development services included the bank’s activities during January 1, 2017 through December 31, 2018.

DESCRIPTION OF THE INSTITUTION

Background

FCB is a state chartered stock savings bank headquartered in Ridgefield, Connecticut. The bank is wholly owned by Fairfield County Bank, MHC a mutual holding company also incorporated in Connecticut. FCB wholly owns four subsidiaries, Residential Investment LLC (RILLC), a residential real estate joint venture subsidiary, Fairfield County Bank Insurance Services, LLC (FCBIS) an insurance subsidiary, Real Estate Holdings, LLC, a subsidiary that holds foreclosed properties, and Ridgefield Bank Mortgage Corporation, a passive investment company. The FDIC last evaluated FCB's CRA performance on October 17, 2016 using the FFIEC's Interagency Large Institution Examination Procedures. The bank received a "Satisfactory" CRA rating.

Operations

FCB operates 15 full service branches and its main office in the Bridgeport-Stamford-Norwalk, CT MSA. Each office has a 24-hour ATM and 12 offices offer drive-up services. The bank also operates eight ATMs outside the branch network, two of which accepts deposits.

Since the 2016 Evaluation, the bank relocated a full service office and closed a limited branch. On December 18, 2017, the bank relocated the Fairfield branch from 1312 Post Road to 2000 Post Road, Fairfield, Connecticut. The new location is also located in an upper-income census tract approximately .7 miles from the original location. FCB also closed a limited branch located at 100 Redding Road, Redding, CT on June 30, 2017. This branch offered limited hours one day a week to serve the needs of the residents at Meadow Ridge, a retirement community. This office was also located in an upper-income census tract. Services offered at this location were consolidated into the bank's Georgetown office, which is located less than a mile away. No merger or acquisition activities occurred since the prior evaluation.

Ability and Capacity

As of December 31, 2018, FCB had total assets of \$1.5 billion including total loans of \$1.1 billion and securities totaling \$273.4 million. Deposits totaled \$1.2 billion as of the same date. The bank's assets declined 6.9% since the prior evaluation primarily due to loan sales. Total loans decreased 13.82% while total securities increased 78.3%, total deposits decreased 7.2% during the same period. The bank is an active participant in the home mortgage secondary market. Since October 17, 2016, FCB sold 547 home loans totaling \$184.2 million. Selling loans in the secondary market allows the bank to manage interest rate risk while providing additional liquidity to further support the bank's lending activities.

The Call Report shows that commercial real estate loans and commercial and industrial loans continue to represent the majority of the loan portfolio at 58.7%. Home mortgage lending, consisting of one-to-four family and multi-family properties, also represents a significant segment of the portfolio at 30.7%. The following table shows the composition of the loan portfolio as of December 31, 2018.

Distribution of the Loan Portfolio as of 12/31/2018		
Loan Category	\$(000s)	%
Construction and Land Development	110,882	10.1
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	320,753	29.2
Secured by Multifamily (5 or more) Residential Properties	16,519	1.5
Secured by Nonfarm Nonresidential Properties	505,579	46.0
Total Real Estate Loans	953,733	86.8
Loans to Depository Institutions	0	0.0
Loans to finance Agricultural Production and Other Farm Loans	0	0.0
Commercial and Industrial Loans	138,925	12.7
Loans to Individuals	2,305	0.2
Obligations of States and Political Subdivisions in the U.S.	3,342	0.3
Loans to Non Depository Financial Institutions	0	0.0
Other Loans	272	0.0
Lease Financing Receivables	0	0.0
Less Unearned Income	0	0.0
Total Loans and Leases	1,098,577	100.0
<i>Source: Report of Condition and Income December 31, 2018</i>		
<i>Due to rounding, totals may not equal 100.0</i>		

Examiners did not identify any financial or legal impediments that would affect the bank's ability to help meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

Section 36a-30(3)(c) of the Connecticut General Statutes requires each Connecticut bank to, in accordance with the provisions of Federal CRA and without excluding low- and moderate-income neighborhoods, delineate one or more assessment areas in which it intends to focus its lending efforts. The Banking Commissioner uses these areas when evaluating the bank's CRA performance.

FCB delineated one assessment area composed of all cities and towns in Fairfield County. These include the municipalities of Bethel, Bridgeport, Brookfield, Danbury, Darien, Easton, Fairfield, Greenwich, Monroe, New Canaan, New Fairfield, Newtown, Norwalk, Shelton, Sherman, Stamford, Stratford, Redding, Ridgefield, Trumbull, Weston, Westport, and Wilton. Fairfield County is located in the Bridgeport-Stamford-Norwalk, Connecticut Metropolitan Statistical Area (MSA #14860). All of the bank's offices, deposit taking ATMs, and a substantial portion of its lending activities occur within this county. The assessment area as defined does not arbitrarily exclude low- or moderate-income geographies and appears to meet statutory requirements.

The assessment area's census tracts reflected the following income designations according to the 2010 U.S. Census:

- 31 low-income tracts,
- 40 moderate-income tracts;
- 57 middle-income tracts,
- 81 upper-income tracts, and
- 1 tract with no income designation.

Geographies

According to the 2015 American Community Survey (ACS), released in 2017, the assessment area contains 210 census tracts, of which 31 or 14.8% are low-income, 40 or 19.1% are moderate-income, 57 or 27.1% are middle-income, and 81 or 38.6% are upper-income. One census tract has no income designation and is where the Danbury Federal Correctional Institution is located. This reflects a change from the 2010 U.S. Census Data, where 33 (15.9%) census tracts were low-income, 37 (17.9%) were moderate-income, 65 (31.4%) were middle-income, and 72 (34.8%) were upper-income.

A high concentration of the area's low-income tracts and several moderate-income tracts are located in the city of Bridgeport. Bridgeport contains 22 or 71% of the assessment area's low-income tracts. Bridgeport also has 15 or 37.5% of the area's 40 moderate-income census tracts. The remaining low- and moderate-income tracts are geographically dispersed in Bethel (two moderate-income), Danbury (two low-income and five moderate-income), Fairfield (one moderate-income), Norwalk (three low-income and five moderate-income), Shelton (one moderate-income), Stamford (three low-income and seven moderate-income) and, Stratford (one low-income and four moderate-income).

Connecticut offers an Enterprise Zone Tax Credit Program to provide an abatement of real and personal property taxes, and state income tax credits to businesses in return for job creation, and investment in the state's most economically distressed communities. As of the date of this evaluation there were three enterprise zones contained within the assessment area. Designated enterprise zones are located in Bridgeport, Norwalk, and Stamford.

The following table illustrates other select demographic characteristics of the assessment area, based on 2010 U.S. Census data and the 2015 ACS.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	210	14.8	19.0	27.1	38.6	0.5
Population by Geography	939,983	12.6	20.6	29.9	36.8	0.1
Housing Units by Geography	363,556	12.6	21.4	31.7	34.2	0.0
Owner-Occupied Units by Geography	228,381	5.1	16.1	34.6	44.2	0.0
Occupied Rental Units by Geography	105,939	26.5	32.3	26.3	14.9	0.0
Vacant Units by Geography	29,236	21.2	23.8	28.3	26.6	0.0
Businesses by Geography	96,586	9.5	16.3	29.8	44.3	0.0
Farms by Geography	2,622	8.8	16.9	33.8	40.4	0.0
Family Distribution by Income Level	232,921	24.6	15.6	17.8	42.0	0.0
Household Distribution by Income Level	334,320	26.6	14.6	16.1	42.7	0.0
Median Family Income MSA - 14860 Bridgeport-Stamford-Norwalk, CT MSA		\$105,628	Median Housing Value			\$489,561
			Median Gross Rent			\$1,414
			Families Below Poverty Level			6.4%

Source: 2010 U.S. Census & 2015 ACS Census and 2017 D&B Data
 Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.

Population

According to the 2010 U.S. Census Data, the population of the assessment area is 983,983. Of the total population 12.6% reside in low-income census tracts, 20.6% reside in moderate-income census tracts, 29.9% reside in middle-income census tracts, and 36.8% reside in upper-income census tracts. Just 0.1% of the area's population reside in the tract for which limited demographic information is available.

The area's population includes 232,921 family households (households where one or more occupants are related by birth, marriage, or adoption), of which 24.6% are low-income, 15.6% are moderate-income, 17.8% are middle-income, and 42.0% are upper-income. According to the 2015 ACS U.S. Census data, 6.4% of area families have incomes below the federal poverty levels. The total number of households (family and nonfamily) within the assessment area is 334,320, of which 26.6% are low-income, 14.6% are moderate-income, 16.1% are middle-income, and 42.7% are upper-income. The 2015 ACS U.S. Census data also reports that 9.1% of all area households have incomes below the federal poverty level.

Housing

The 2010 U.S. Census Data shows 363,556 housing units in the assessment area, of which 62.8% are owner-occupied, 29.1% are occupied rentals, and 8.0% are vacant. Approximately 5.1% of the owner-occupied units are located in low-income census tracts and 16.1% are located in moderate-income census tracts within the assessment area.

An analysis of affordability of housing was performed during this evaluation. The affordability ratio is a method used to determine the amount of single-family owner-occupied housing that a dollar of income can purchase, for the median household income based on the median housing value of the area or geography under analysis. Values closer to 1.0 indicate greater affordability. The median household income of the bank's assessment area is \$99,181, and the median housing value is \$581,785, resulting in an affordability ratio of .17. The affordability ratio for Connecticut is .23. These ratios indicate that housing within the assessment area is less affordable than housing within Connecticut as a whole.

The supply of affordable housing within the assessment area remains limited for both homebuyers and renters. According to the 2015 ACS, more than half the area's renters pay more than 30% of their income for rent. This further supports the needs for affordable housing within the assessment area. Both the high cost and the limited supply poses as a challenge for low- and moderate-income individuals and families to find affordable housing. The lack of opportunities for low –and moderate-income residents to purchase a home may impact the bank's lending to these groups.

Business Demographics

According to 2016 Dun & Bradstreet Data, there were 91,306 non-farm businesses in the assessment area. Gross annual revenues (GARs) for these businesses are as follows:

- 87.1% have \$1 million or less
- 5.9% have more than \$1 million
- 7.0% have unknown revenues

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses GAR level, with an emphasis on businesses with gross annual revenues of \$1.0 million or less. Business Demographics show that the majority of businesses in the assessment area are small businesses with four or fewer employees. Specifically, 78.0% have four or fewer employees, 91.7% operate from a single location. Service industries represent the largest portion of businesses at 50.5%; followed by finance, insurance, and real estate at 10.6%, retail trade at 10.4% and construction at 10.0%.

Median Family Income Levels

The Federal Financial Institutions Examination Council (FFIEC) updated median family income levels were used to analyze home mortgage loans under the Borrower Profile criterion. The following table shows low-, moderate-, middle-, and upper-income ranges for the Bridgeport-Stamford-Norwalk, CT MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Bridgeport-Stamford-Norwalk, CT MSA Median Family Income (14860)				
2016 (\$104,400)	<\$52,200	\$52,200 to <\$83,520	\$83,520 to <\$125,280	≥\$125,280
2017 (\$108,300)	<\$54,150	\$54,150 to <\$86,640	\$86,640 to <\$129,960	≥\$129,960
<i>Source: FFIEC</i>				
<i>Due to rounding, totals may not equal 100.0</i>				

Economic Data

The following table shows unemployment statics for the assessment area during this review period. The table also includes unemployment rates for Connecticut and the U.S. for comparison purposes.

Unemployment Statistics				
Geography	2016	2017	July 2018	
Fairfield County	4.9	4.5	4.7	
State of Connecticut	5.1	4.7	4.5	
United States	4.9	4.4	4.1	

According to the Bureau of Labor Statistics, the 2017 annual average unemployment rate was 4.5% in Fairfield County and 4.7% in the Bridgeport-Stamford-Norwalk, CT MSA. These rates are below the 4.9% and 5.0% reported in 2016. Fairfield County's 2017 annual unemployment rate was also below the 4.7% for Connecticut and only slightly higher than the 4.4% national rate. Unemployment rates in the assessment area have generally declined since the previous evaluation.

Competition

The assessment area is highly competitive for financial services. According to the FDIC Deposit Market Share Data as of June 30, 2017, there were 29 institutions operating 360 branches within the assessment area. FCB ranked 8th with a 2.6% deposit market share. The banks with the largest deposit market share were People's United Bank, National Association, Bank of America, National Association, Citibank, National Association, JP Morgan Chase Bank, National Association, and Wells Fargo Bank, National Association. These five banks dominated the deposit market with a combined 71.0% market share. However, FCB ranked 1st out of nine Connecticut chartered banks headquartered in Fairfield County. Three of these banks, Union Savings Bank, Bankwell Bank, and First County Bank are larger than FCB. There are also two other Connecticut chartered banks with a limited presence in the area.

There is a high level of competition for home mortgage loans in the assessment area. In 2016, 441 lenders reported 25,483 home mortgage originations or purchases in the assessment area. Of these institutions, FCB ranked 10th with a market share of 1.8% by number of loans. Wells Fargo Bank, National Association, JP Morgan Chase Bank, National Association, and People's

United Bank, National Association, were the top three lenders and accounted for a combined 21.6% market share. Similarly situated institutions, including First County Bank was ranked 16th, Union Savings Bank ranked 23rd, and Bankwell Bank ranked 85th. Newtown Savings Bank ranked 8th with 606 home loans, and Savings Bank of Danbury ranked 15th, with 370 home loans.

Similarly, there is significant competition for small business loans among several banks and credit card companies. In 2016, 124 lenders originated or purchased 32,329 small business loans in the assessment area. FCB, ranked 22nd with a 0.3% market share. The top three small business lenders were American Express, Federal Savings Bank, Citibank, National Association, and Bank of America, National Association. These lenders accounted for a combined market share of 58.3%, Fairfield County Bank, Bankwell Bank, and Union Savings Bank, ranked 19th, 24th, and 30th with market shares of 0.3%, 0.2% and 0.2% respectively.

Credit and Community Development Needs and Opportunities

Based on information from bank management, and area demographics, examiners identified various community development needs. Community development needs include affordable housing, investment in loan pools that provide funding for affordable housing, and financial literacy. The relatively high percentage of low- and moderate-income families residing in the assessment area, including those living in poverty, supports these conclusions.

Opportunities exist for community development activities, as several non-profit organizations that facilitate community development programs operate in the assessment area. The state of Connecticut and local communities also sponsor various affordable housing, economic development, and revitalization and stabilization programs. The assessment area contains three areas defined as enterprise zones. These defined areas offer local and state incentives to attract, retain, and expand businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FCB's overall Lending Test performance is Satisfactory. The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area by considering home mortgage, small business, and community development lending. The following section addresses the bank's performance throughout the assessment area under each criterion.

Lending Activity

FCB's lending levels, particularly given the strong competition, reflects excellent responsiveness to assessment area credit needs.

Home Mortgage Loans

FCB originated 455 loans totaling \$213.8 million in 2016 and 334 loans totaling \$145.2 million in 2017. In 2016, FCB ranked tenth with a 1.8% market share out of 441 HMDA lenders. The top lenders in the assessment area were generally large national and regional banks and mortgage companies. FCB ranked twelfth out of 422 HMDA lenders in 2017. The bank ranked second among all local banks in each year. Newtown Savings Bank was the only local lender ranked ahead of FCB. Newtown Savings Bank ranked eighth and ninth in each of the two years.

Small Business Loans

The bank originated 129 loans totaling \$32.3 million in 2016 and 113 loans totaling \$21.7 million in 2017. In 2016, FCB ranked nineteenth out of 124 small business loan reporters with a 0.4% market share by number and 3.46% market share by dollar volume. The top lenders were primarily national banks and credit card companies. The top three lenders included American

Express, FSB, Citibank, N.A. and Bank of America, N.A. Taken together, these lenders accounted for 58.3% of the market by number of loans and 33.1% by dollar volume.

Assessment Area Concentration

FCB originated a substantial majority of its home mortgage and small business loans, by number and dollar volume, within the assessment area. The bank originated 89.8% by number and 88.8% by dollar volume of its combined home mortgage and small business loans within the assessment area.

The following table shows the bank’s lending inside and outside of the assessment area for each loan type. The portion of lending activity in the assessment area, by both number of loans and dollar volume, remained consistently high during this evaluation period. However, the number of loans and dollars extended decreased significantly during the review period. The decrease in volume appears consistent with the broader market and lower demand due to rising interest rates.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	455	89.0	56	11.0	511	213,774	86.8	32,415	13.2	246,189
2017	334	88.4	44	11.6	378	145,242	90.3	15,528	9.7	160,770
Subtotal	789	88.8	100	11.2	889	359,016	88.2	47,943	11.8	406,959
Small Business										
2016	129	92.1	11	7.9	140	32,347	92.3	2,699	7.7	35,046
2017	113	95.0	6	5.0	119	21,740	93.1	1,621	6.9	23,361
Subtotal	242	93.4	17	6.6	259	54,087	92.6	4,320	7.4	58,407
Total	1,031	89.8	117	10.2	1,148	413,103	88.8	52,263	11.2	465,366
<i>Source: Evaluation Period: 1/1/2016 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0</i>										

Geographic Distribution of Credit

The geographic distribution of loans reflects adequate penetration throughout the assessment area. The bank’s adequate home mortgage lending performance and excellent small business lending performance supports this conclusion. Emphasis was placed on the percentage by number of loans in low- and moderate-income census tracts. Home mortgage lending activities received greater weight due to higher volume of originations compared to small business lending during this evaluation period.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects an adequate penetration throughout the assessment area. The performance of home mortgage and small business lending support this conclusion. The following table reflects the geographic distribution of home mortgage loans.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	5.2	3.6	11	2.4	2,963	1.4
2017	5.1	4.8	8	2.4	1,524	1.0
Moderate						
2016	15.9	13.2	36	7.9	10,622	5.0
2017	16.1	15.9	32	9.6	7,689	5.3
Middle						
2016	40.3	39.2	139	30.5	41,046	19.2
2017	34.6	33.9	78	23.4	25,152	17.3
Upper						
2016	38.6	44.0	269	59.1	159,143	74.4
2017	44.2	45.4	216	64.7	110,877	76.3
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	0.0	0	0.0	0	0.0
Totals						
2016	100.0	100.0	455	100.0	213,774	100.0
2017	100.0	100.0	334	100.0	145,242	100.0

Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0

FCB’s lending in low- income census tracts was consistently below aggregate market lenders during this review period. Both the bank’s and aggregate lenders’ lending levels were below the area’s owner-occupied housing units located in these geographies. In 2016, FCB ranked 22nd out of 159 lenders with a 1.19% market share in low-income census tracts. The bank trailed two other local lenders active in the area. Overall, the bank’s home mortgage lending activities declined. Despite the general decline in lending, the portion of the bank’s loans originated in low-income census tracts remained constant. In 2017, FCB’s ranking dropped to 44th out of 150 lenders with a 0.9% market share.

Similarly, FCB’s home mortgage lending in moderate-income census tracts trailed aggregate market performance and demographic data during this review period. While the actual number of loans originated in moderate-income census tracts decreased, the level of lending in these tracts increased as a percentage of the bank’s total originations in 2017. FCB continues to offer several flexible loan programs in an effort to help address the credit needs in the area’s low- and moderate-income geographies. Refer to the Innovative and Flexible Lending Section for further detail.

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. Examiners compared the bank's performance to the 2016 aggregate data and to the percentage of businesses by tract income level.

Approximately 10.4% of area businesses operate within the low-income census tracts. All lenders generated 8.8% of small business loans within those census tracts. FCB originated 15.5% of its small business loans to businesses operating in low-income census tracts. This level is well above both aggregate market lending levels and percentage of small businesses operating in the area's low-income geographies.

Geographic Distribution of Small Business Loans							
Tract Income Level		% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2016	10.4	8.8	20	15.5	5,717	17.7
	2017	9.5	--	13	11.5	2,260	10.4
Moderate							
	2016	16.5	15.8	9	7.0	3,172	9.8
	2017	16.3	--	28	24.8	6,675	30.7
Middle							
	2016	32.5	34.4	26	20.2	8,906	27.5
	2017	29.8	--	21	18.6	4,776	22.0
Upper							
	2016	40.6	41.0	74	57.4	14,552	45.0
	2017	44.3	--	51	45.1	8,029	36.9
Not Available							
	2016	0.0	0.0	0	0.0	0	0.0
	2017	0.0	--	0	0.0	0	0.0
Totals							
	2016	100.0	100.0	129	100.0	32,347	100.0
	2017	100.0	--	113	100.0	21,740	100.0

Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

In 2016, the bank's performance in moderate-income census tracts, at 7.0%, was below both aggregate market levels and the portion of area businesses operating in these tracts. The bank's activity in moderate-income census tracts increased in part due to the demographic shift noted by the 2015 ACS data. Nonetheless, FCB's lending in moderate-income census tracts increased to 24.8% and exceeded the percentage of area businesses operating therein. The 2017 small business aggregate market lending data was not available at the time of this evaluation.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of

different sizes. The bank's adequate distribution of home mortgage loans and small business loans supports this conclusion.

For this criterion, more emphasis was placed on the bank's lending to low- and moderate-income borrowers and to small businesses. Additionally, more weight was placed on the number of loans since low- and moderate-income individuals and small businesses typically borrow in smaller amounts. Only those loans extended within the assessment area are included in this analysis.

Home Mortgage Loans

The distribution of borrowers reflects adequate penetration among individuals of different income levels. The following table shows the distribution of home mortgage loans within the bank's assessment area for 2016 and 2017.

In 2016, FCB originated nine home loans to low-income borrowers representing 2.0% of total originations. The bank also originated 43 or 9.5% the bank's home loans to moderate-income borrowers. The percentage of bank loans extended to low- and moderate-income borrowers was below aggregate market levels. Lending levels of both the bank and aggregate market lenders were significantly lower than the percentage of low- and moderate-income families residing in the area.

High home values relative to the incomes of low- and moderate-income families likely contribute to the difference between the bank's performance and the percentage of these families residing in the area. Additionally, the supply of affordable housing, for low- and moderate-income individuals and families, is limited in the assessment area. According to the 2015 ACS, the median housing value in the area was \$581,785. This compares to low-income families earning less than \$52,200 and moderate-income families earning less than \$83,520.

In 2016, FCB ranked 48th with a 0.6% market share of 164 lenders originating loans to low-income borrowers. Most of the top lenders were large national and regional banks and mortgage companies. However, FCB's performance also lagged four local community banks.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	22.7	6.1	9	2.0	1,255	0.6
2017	24.6	4.8	16	4.8	2,439	1.7
Moderate						
2016	16.7	14.8	43	9.5	9,226	4.3
2017	15.6	10.8	36	10.8	8,747	6.0
Middle						
2016	20.0	18.4	87	19.1	26,098	12.2
2017	17.8	23.1	77	23.1	23,572	16.2
Upper						
2016	40.7	49.1	275	60.4	126,258	59.1
2017	42.0	54.5	182	54.5	87,756	60.4
Not Available						
2016	0.0	11.6	41	9.0	50,937	23.8
2017	0.0	6.9	23	6.9	22,728	15.6
Totals						
2016	100.0	100.0	455	100.0	213,774	100.0
2017	100.0	100.0	334	100.0	145,242	100.0
<i>Source: 2010 U.S. Census & 2015 ACS Census ; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data, "-" data not available. Due to rounding, totals may not equal 100.0</i>						

In 2017, the number of loans extended to low-income borrowers rose to 16 and represented 4.8% of total home loan originations. The bank's performance was commensurate with the lending level of aggregate market lenders, which declined from 2016. FCB ranking improved to 28th with a 1.0% market share of 166 lenders originating home loans to this group. There were just two other local community banks ranked higher than FCB. Local lenders ahead of FCB were ranked 9th with a 2.5% market share and 25th with a 1.2% market share.

The number of home loans originated to moderate-income borrowers declined slightly to 36 representing 10.8% of total originations. The bank's performance was consistent with aggregate market lenders. Both the bank's and aggregate market lenders' levels were lower than the percentage of moderate-income families at 15.6%. The bank ranked 30th with a 0.9% market share of 223 reporting loans to moderate-income borrowers. Two local lenders ranked higher than FCB.

Small Business

The distribution of small business loans reflects, given the demographics of the assessment area, adequate penetration of loans to businesses of different sizes, including those with gross annual revenues of \$1 million or less.

The following table illustrates the distribution of the bank's small business loans by revenue originated and/or purchased in 2016 and 2017. Also included in the table for comparison, is the distribution of area businesses by gross annual revenues and those businesses that did not report revenues within the assessment area.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2016	87.1	48.3	59	45.7	13,678	42.3
2017	87.3	--	56	49.6	10,758	49.5
>\$1,000,000						
2016	5.9	--	68	52.7	18,564	57.4
2017	5.8	--	55	48.7	10,947	50.4
Revenue Not Available						
2016	7.0	--	2	1.6	105	0.3
2017	6.9	--	2	1.8	35	0.2
Totals						
2016	100.0	100.0	129	100.0	32,347	100.0
2017	100.0	--	113	100.0	21,740	100.0
<i>Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; 2016 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>						

In 2016 and 2017, FCB originated 45.7% and 49.6% of its small business loans to businesses with gross annual revenues of \$1 million or less. These levels are lower than the percentage of small businesses operating in the assessment area during 2016. Business demographic data for 2017 was not available at the time of this evaluation. Both the number of loans and dollar of loans extended to small businesses declined in 2017. However, loans to businesses with gross annual revenues of \$1 million or less as a percentage of total originations increased as the bank's overall lending volume declined.

Responsiveness to Credit Needs of Highly Economically Disadvantaged Geographies and Low-Income persons and Small Business

FCB, by its product offerings and lending activities, exhibits an adequate record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, and/or very small businesses consistent with safe and sound banking practices.

Innovative and Flexible Lending

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: (1) the degree to which the loans serve low- and moderate-income credit worthy borrowers in new ways or serve groups of credit worthy borrowers not previously served by the institution; and (2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

FCB uses flexible lending practices in order to serve assessment area credit needs. The bank's efforts rarely include innovative products and services. Nonetheless, many of the bank's

products help to address one of the most pressing needs of the assessment area, affordable housing. The following table shows the bank's innovative and/or flexible program activities during the review period.

Innovative or Flexible Lending Programs								
Type of Program	10/17/2016-12/31/2016		2017		2018		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
CHFA	1	196	7	1,426	19	5,643	27	7,265
CHFA-DAP	1	14	3	48	2	47	6	109
CHFA-HFA	2	530	10	2,876	0	0	12	3,406
CHFA FHA	0	0	3	946	0	0	3	946
FHA	0	0	5	2,011	5	1,700	10	3,711
VA	0	0	0	0	0	0	0	0
SBA	0	0	0	0	1	150	1	150
FNMA HOMEReady	0	0	0	0	2	495	2	495
Total	4	740	28	7,307	28	7,885	60	15,932

The programs are described below to highlight the innovative and/or flexible underwriting standards used to improve access to credit for low- and moderate-income individuals and small businesses.

Connecticut Housing Finance Authority (CHFA) Loan Programs

CHFA helps to promote affordable housing opportunities for low- and moderate-income individuals and families in Connecticut. The Homebuyer Mortgage Programs offer low-down payments, flexible underwriting, and reduced closing costs. These programs, which include income limits and sale price limits, generally target first time homebuyers. Previous homeowners may qualify for mortgages if they intend to purchase a home in a federally targeted area that would benefit from increased homeownership. This quasi-public agency also provides financing for the acquisition, construction, and rehabilitation of affordable rental units.

The Down Payment Assistance Program (DAP) program offers supplemental loans at below-market interest rates to eligible borrowers to assist in paying upfront expenses associated with purchasing a home.

The HFA Preferred Loan Program provides below-market interest rates to first-time homebuyers with low mortgage insurance costs.

The bank originated 48 home loans totaling approximately \$11.7 million to qualified borrowers through CHFA loan programs since the previous evaluation.

Fannie Mae Home Ready Mortgage Program

Started in December 2015, this program improves homeownership opportunities for low- and moderate-income homebuyers and those wishing to refinance existing mortgages. Borrowers are not required to be first time homebuyers. HomeReady offers a variety of flexible underwriting features including lower downpayment and mortgage insurance requirements. Additionally, lenders are allowed to consider nontraditional sources of income from non-occupant borrowers, non-borrower household members, and boarders when evaluating a borrower's mortgage application. Applicants may have debt-to-income ratios of up to 50% and credit scores as low as 620. Borrowers may also use nontraditional sources to establish credit history, including utility bills, gym memberships, and most other accounts requiring monthly payments. Outside contributions towards down payments and closing costs are permitted. There is no minimum

borrower equity requirement. FCB became a participating lender in 2017. During the evaluation period, the bank originated two residential mortgages totaling approximately \$495,000.

Federal Housing Administration (FHA) Loan Program

FHA loans target low- and moderate-income first time homebuyers that do not qualify for conventional financing. Under the FHA program, borrowers are able to qualify for loans up to 97 percent of the home's value. Borrowers pay for mortgage insurance that protects the lender from a loss if the borrower defaults on the loan. Because of the insurance, the bank can offer FHA loans with flexible underwriting requirements. During this evaluation period, the bank originated ten loans totaling approximately \$3.7 million.

Small Business Administration (SBA) Loan Programs

FCB is a certified lender and participates in the SBA 504, 7(a) Loan Guaranty, and 7(a) Express Loan Programs. The 7(a) is the SBA's primary program for providing financing to start-up and existing small businesses. The SBA guarantees between 75% and 85% based on the loan amount, which cannot exceed \$5 million. Borrowers may use proceeds to fund working capital, purchase new land (including construction costs), repair existing capital, purchase or expand an existing business, refinance existing debt, and purchase of machinery, furniture, supplies or materials.

The SBA 7(a) Express Loan Program offers SBA loans up to \$350,000, with a 36-hour turnaround on approval. Express loans include term loans and lines of credit. Funds may be used to among other things purchase real estate, refinance debt, and support working capital needs. FCB originated one \$150,000 line of credit under the 7(a) program during this review period.

The SBA Certified Development Company 504 Loan Program was created to promote economic development, and create and retain jobs. Under this program, a bank partners with a certified development company, a specialized SBA-certified nonprofit corporation, to finance small businesses looking to expand. Approved small businesses may borrow up to \$5 million in long-term fixed rate financing for up to 20 years. Proceeds from the loans must be used to acquire fixed assets, such as purchase of land or building improvements, newly constructed facilities, and long-term machinery and equipment. FCB originated three SBA 504 loans totaling approximately \$1.4 million during the evaluation period.

Community Development Lending Activities

Community development lending includes loans that have a primary purpose of community development and have not been reported or collected by the bank for consideration as a home mortgage, small business, small farm, or consumer loan. Community development by definition, includes activities that

- (1) support affordable housing for low- and moderate-income individuals including multifamily rental housing;
- (2) target community services to low- or moderate-income individuals;
- (3) activities that promote economic development by financing businesses or farms that have gross annual revenues of \$1 million or less or meet the size eligibility requirements of the U.S. Small Business Administration's (SBA) Small Business Development Company or Small Business Investment Company (SBIC) programs;
- (4) revitalize or stabilize low- and moderate-income geographies, designated disaster areas; or distressed or underserved nonmetropolitan middle-income geographies.

The institution's community development lending activities are evaluated pursuant to the following criteria:

- (1) the extent to which community development lending opportunities have been made available to the institution;
- (2) the responsiveness of the institution's community development lending; and
- (3) the extent of leadership the institution demonstrated in community development lending.

FCB has made an adequate level of community development loans. During the review period, the bank originated or renewed ten qualified community development loans totaling approximately \$6.9 million. This level of activity represents 0.5% of total assets and 0.6% of total loans.

Community development loans decreased from activities identified at the previous evaluation. At that evaluation, the bank originated 15 community development loans totaling approximately \$17.9 million during a 33-month evaluation period representing 1.1% of total assets and 1.4% of total loans, as of June 30, 2016.

The following table shows the bank's community development lending activities by year and by purpose.

Community Development Loans								
Activity Year	Affordable Housing		Economic Development		Community Services		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
10/17/2016-12/31/2016	0	0	0	0	0	0	0	0
2017	1	2,100	0	0	2	1,300	3	3,400
2018	3	1,867	1	128	3	1,550	7	3,545
Total	4	3,967	1	128	5	2,850	10	6,945

Below are examples of the bank's community development loans.

- FCB originated a \$4.0 million loan to fund the purchase and conversion of a former factory building into office space and 17 residential apartment units. Approximately 47.1% of the property consists of affordable housing units. The bank received community development credit for this portioned share of the loan.
- Bank originated a \$1.5 million loan to finance various capital improvements for 90-unit affordable housing condominium development in South Norwalk. Deed restrictions limit buyers' incomes to no more than 80% of the area's median income.
- In 2017, the bank originated a \$1 million line of credit to help fund on-going, effective crime prevention programs that promote safe environments for low- and moderate-income senior housing residents. The Foundation uses these funds to support the Senior Crimestoppers Program for low-to moderate-income seniors residing in senior housing facilities in Norwalk, Connecticut. FCB renewed this line in 2018.
- The bank renewed two lines of credit totaling \$550,000 to a nonprofit community health care agency that provides services to low- and moderate-income residents.

INVESTMENT TEST

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: (1) the 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; and (4) the degree to which qualified investments are not routinely provided by private investors.

Qualified Investments

FCB had 180 qualified investments totaling \$5.2 million during the evaluation period. This total includes six qualified equity investments of approximately \$4.7 million and qualified donations of \$583,400. One equity investment approximating \$1.5 million is new, since the previous evaluation. The bank directed qualified investments to organizations that work to address some of the area's most pressing needs.

The majority of the equity investments are mortgage-backed securities (MBS) that target low- and moderate-income borrowers. By number qualified equity investments, remained consistent while dollars invested declined 16.5% since the previous evaluation. At that evaluation, qualified equity investments totaled \$5.6 million and represented 3.6% of the bank's total securities.

The following are examples of the bank's qualified equity investments.

Current Period Investments

Government National Mortgage Association (GNMA) MBS

FCB invested \$1.4 million in a GNMA Mortgage Backed Security since the previous examination. This investment contains pools of home loans to low- and moderate-income borrowers. The current book value is \$1.5 million.

Prior Period Investments

CRA Fund

FCB continues to hold an investment fund that provides CRA credit through investments in fixed income securities that support community development activities. The investment includes Fannie Mae and Freddie Mac loan pools with loans to low- and moderate-income borrowers. The current book value of this investment is \$1.0 million.

Government National Mortgage Association (GNMA) MBS

Prior to the current evaluation period, the bank purchased a GNMA mortgage backed security backed by a pool of outstanding mortgages benefiting low- and moderate-income borrowers. The current book value of the investment is \$1.6 million.

Small Business Investment Company Program (SBIC)

As of December 31, 2018, FCB had a commitment to a SBIC totaling \$1 million, of which approximately \$511,000 was outstanding.

Donations and Grants

In addition to the qualified equity investments, FCB provided numerous charitable donations and grants to organizations that operate within the assessment area. A majority of these organizations assist low- and moderate-income individuals and families through a variety of programs and services. Organizations whose primary mission is to support the development and/or retention of affordable housing units also received funds from the bank.

Below are notable examples of the bank's qualified donations and grants:

- FCB made eighteen donations totaling \$117,875 to an organization providing services to victims of sexual and domestic violence who are primarily low- and moderate-income.
-
- During 2016, 2017, and 2018, bank made five donations totaling \$101,450 to a nonprofit organization that provides services to individuals struggling with homelessness, addictions, and mental illness.
- Bank made seven donations totaling \$13,625 to a nonprofit organization providing supportive care to the elderly in an effort to help them remain in their homes.

Responsiveness to Credit and Community Development Needs

FCB continues to demonstrate an adequate responsiveness to the credit and community development needs of the assessment area. Based on area's demographics and information from bank management, affordable housing remains one of the most pressing needs in the assessment area. High costs and the limited supply of affordable housing units, makes housing a challenge for low- and moderate-income residents. The bank through its flexible lending programs, community development lending, and qualified investments has supported efforts to address this need.

Innovativeness or Complexity of Qualified Investments

FCB rarely uses innovative and complex investments to support community initiatives. Based on the bank's asset size and resources opportunities for such investments are limited.

SERVICE TEST

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which services

Accessibility of Delivery Systems

FCB's delivery systems are accessible to essentially all portions of the assessment area. FCB currently operates sixteen full service branches throughout Fairfield County. All full service branches have ATMs and twelve branches have a drive-up window. The bank also operates a stand alone drive up teller in Ridgefield. This location also houses an ATM. Of the bank's sixteen offices, one is located in a low-income census tract, two are in a moderate-income census tract, two are in middle-income census tracts, and eleven are in upper-income census tracts. The geographic distribution of the bank's offices and ATMs demonstrate the availability of banking services to low- and moderate-income neighborhoods and to low- and moderate-income individuals.

The following table shows the distribution of the bank's branch and ATM locations. The table only includes ATMs that accept deposits.

Branch and ATM Distribution by Geography Income Level												
Tract Income Level	Census Tracts		Population		Branches		ATMs ¹		Open Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	31	14.8	118,259	12.6	1	6.3	1	5.6	0	0.0	0	0.0
Moderate	40	19.0	193,394	20.6	2	12.5	2	11.1	0	0.0	0	0.0
Middle	57	27.1	280,979	29.9	2	12.5	2	11.1	0	0.0	0	0.0
Upper	81	38.6	346,293	36.8	11	68.8	13	72.2	1	0.0	2	100.0
NA	1	0.5	1,058	0.1	0	0.0	0	0.0	0	0.0	0	0.0
Totals	210	100.0	939,983	100.0	16	100.1	18	100.0	1	0.0	2	100.0

Source: 2010 U.S. Census & 2015 ACS Census & Bank Data
Due to rounding, totals may not equal 100.0

The bank also employs 30 bilingual individuals to provide access to bank services for those individuals not fluent in English. Employees of the bank speak Albanian, Arabic, German, Greek, Hindi, Italian, Kapampangan, Khmer, Konkani, Polish, Portuguese, Russian, Spanish, and Tagalog.

Changes in Branch Locations

To the extent that changes have occurred to the bank's branch network, changes have not adversely affected the accessibility of delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. The bank closed two branches since the 2016 evaluation. The bank closed its limited branch located at 100 Redding Road, Redding Connecticut in 2017. The bank also closed a branch located at 1320 Post Road Fairfield, Connecticut. Subsequent to the closing of this location, the bank opened a branch at 2000 Post Road. Both the branch closures and opening occurred in upper-income census tracts. No merger of acquisition activities occurred since the previous evaluation.

Alternative Delivery Systems

Alternative delivery systems are reasonably accessible to all segments of the assessment area. The bank has several alternative systems available for its customers. In addition to the bank's branches, customers have access to various ATMs. ATMs are available at each of the bank's offices, as well as at other remote locations. FCB operates eight stand-alone ATMs, two of which accept deposits. Additionally, the bank offers internet banking, mobile banking, and telephone banking. These delivery systems generally provide customers with 24 hours seven days a week access to retail services. FCB also offers cash management services for commercial customers.

Reasonableness of Business Hours and Retail Banking Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Products and services are uniformly offered in each full service office and hours do not materially vary among locations. All offices are open from 8:30 a.m. to 5:00 p.m. Monday through Thursday and from 8:30 a.m. to 6:00 p.m. on Friday. Fifteen of the bank's branches also

¹ ATMs only include those locations that accept deposits

open 9:00 am to 12:00 pm of Saturdays. The bank's branch located in the low-income census tract does not offer Saturday hours. This is somewhat mitigated by the alternative delivery systems available to all bank customers including those in low-income neighborhoods.

Community Development Services

FCB provided relatively high level of community development services throughout its assessment area during this evaluation period. During this evaluation period, bank employees provided 180 community development services representing 1,114 hours. These services involved providing financial expertise or technical assistance to community organizations in the assessment area. A substantial majority, 83.9% of the bank's activities were to organizations that provide community services to low- and moderate-income individuals and families. The following table shows the number by year and purpose.

Community Development Services				
Review Period	Affordable Housing	Community Services	Economic Development	Totals
	#	#	#	#
2017	4	51		55
2018	14	100	11	125
Total	28	151	11	180

Source Bank Records

The following are examples of community development services provided by the bank during the evaluation period.

- Bank officer served as a board member for a non-profit organization that facilitates the development of affordable housing and assists low-income individuals and families to become and remain homeowners.
- Bank officer served on the board of an organization that facilitates the development of affordable housing, both rental and owner-occupied. This organization helps households to become and remain owners of affordable homes.
- Bank officer served on the board of directors of a nonprofit organization that oversees the management of a multiunit apartment building, that rents to and provides safe affordable housing and supportive services to homeless and/or imminently homeless individuals. Residents are assisted with access to medical care, nutrition, employment and education and budgeting to promote economic stability and independence. This organization is helping to reduce homelessness and advancing economic development in South Norwalk.
- Bank officer served on an Affordable Housing Committee that provides resources for all affordable housing issues in Connecticut by providing education and awareness of the affordable housing markets, addressing fair lending and regulatory opportunities, creating and supporting new initiatives across the state in all avenues of affordable lending, and providing support and accessibility of all resources in affordable markets.
- Bank officer is a member of the Employer Advisory Council for an organization that provides educational and employment resources to help individuals reestablish their independence after financial crisis, job loss, divorce or other major life crisis.

- Bank officer serves as a member of an Advisory Council for an organization whose mission is to provide prevention, crisis intervention, and support services with regard to domestic violence, sexual assault, and other major life crises.
- Bank employee volunteers with an organization that provides free services and technical assistance to local small businesses.

Educational Seminars

In addition to the various community services provided by the bank, there were also a number of financial seminars and programs provided to local residents and businesses. Examples are summarized below.

- Bank employees participated in and conducted several educational seminars to promote financial literacy. A program offered in conjunction with a local organization whose primary mission is to provide education and job skills for unemployed women included budgeting, basic banking and investing, and setting financial goals, and the importance of establishing and maintaining good credit in an effort promote self-sufficiency.
- Employees conducted numerous educational programs aimed at helping elderly residents detect and prevent fraud that included information on elder abuse, internet scams, and overall information security.

In addition to the other numerous educational seminars, in 2017, the bank participated in the Housing Development Fund “Home in A Day” event. This event enabled first time homebuyers the opportunity to meet with HDF counselors and bank loan officers and underwriters to become pre-qualified and learn about other support services to help them purchase a home.

Other Services

Interest on Lawyers Trust Account (IOLTA)

FCB participates in the Interest on Lawyer’s Trust Account (IOLTA) program, which permits lawyers to deposit funds into interest bearing accounts. The interest generated is donated to the Connecticut Bar Association to provide legal assistance to low-income individuals. Remittances made during this review period totaled \$91,369 and included \$34,189 in 2016, \$34,659 in 2017, and \$22,521 for the first eight months of 2018.

Interest on Real Estate Brokers Trust Accounts (IOREBTA)

FCB also participates in the Interest on Real Estate Brokers Trust Accounts (IOREBTA). Created in 1991, the program allows real estate firms to place client funds into interest bearing accounts. The interest earned on these accounts is not paid to the real estate firm or its clients but instead are used to provide mortgage assistance for low- or moderate-income families and persons. Funds are used for down payments or any other appropriate housing subsidies. Remittances made during this review period totaled \$5,527 and included \$1,651 in 2016, \$2,332 in 2017, and \$1,544 for the first eight months of 2018.

Escrow Accounts for Rental Security Deposits

This criterion evaluates the bank’s record of offering escrow accounts for purposes of compliance with subsection (h) of C.G.S. section 47a-21 (rental security deposits). FCB offers an escrow deposit account. However, the account is not specifically for rental security deposits. Management indicated that commercial property owners primarily use the accounts. The same accounts are also used by attorneys for their client’s funds that they need to hold longer than what they keep in their IOLTA accounts. Further, the bank reports that individual property

owners who open security deposit accounts typically place them in regular savings accounts at the bank. The bank does not offer any special pricing or rates for these type of accounts.

Foreclosure Prevention

FCB does not have a formal loss mitigation program. However, management expressed a willingness to assist borrowers who are having temporary difficulties due to such issues as job loss, medical emergency, or change in family structure. Each borrower's situation is evaluated on a case-by-case basis. Generally, the bank attempts to work out a mutually agreeable arrangement to ensure orderly repayment of debt when possible. Borrowers may be offered modified payment plans to help bring their loans current. Those borrowers needing a formal modification are given a "hardship package" which advises them of the necessary information needed to evaluate their request.

All formal modification requests are submitted to the bank's Loss Mitigation Committee for review and decision. Modifications offered to the borrower may include, but are not limited to, re-agings, extensions, deferrals, renewals, and rewrites of loans. All decisions are based on a reasonable assurance that the borrower has the ability and has shown the willingness to repay the debt. When after the review of the borrower's financial condition, it is evident that repayment of the debt is not possible; the bank may allow the borrower to enter into a short sale or grant a deed in lieu of foreclosure. The bank makes every effort to avoid foreclosures when practicable.

Written Comments Received by the Banking Commissioner

The State of Connecticut Department of Banking did not receive any written complaints concerning the bank's CRA performance during this review period.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a country or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms;
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial

institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or broader statewide or regional area including the bank's assessment area (s).

Community Development Service: A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under §345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or

- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5 year period preceding the most recent census.

Family: Includes a householder and one or more persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineation by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and tie income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with a least one urbanized area having a population of at least 10,000 but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or median family income that is at least 80 percent and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institutions will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBIC are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of the SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and

profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for the preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.