

# SAMPLE BANK

## CRA Performance Report

This Report reviews the performance of Sample Bank with respect to the “Lending Tests” administered during a Community Reinvestment Act performance evaluation. The Report identifies important performance context factors as well as “Lending Test” calculations and standards. Key Performance Benchmark Reports, Lending Test Analysis Tables, Demographic Tables and Maps are included in other books that constitute the entire Report.



61 NORTH PLAINS INDUSTRIAL RD, PBN 174 WALLINGFORD, CT 06492  
[www.geodatavision.com](http://www.geodatavision.com) (203) 237-1332



## CONTENTS

Background .....	12
Performance Context Information.....	15
Demographic Maps.....	15
Tract Income Designation Maps .....	16
Low- and Moderate-Income Family Population Map .....	16
Housing Demographics Map.....	16
Minority Tracts Map .....	16
Metropolitan Statistical Areas Map .....	17
Demographic Data Tables .....	17
Housing Demographics Table .....	17
LMI Family Population Table.....	18
FFIEC Underserved & Distressed Areas and LMI Tracts .....	19
Assessment Area Key Loan Market Data .....	20
Market Penetration Rates.....	20
Market Rank Analysis.....	21
Assessment Area Delineation .....	23
Lending Test Analysis .....	24
Lending Test 1: Assessment Area Concentration Ratio .....	24

Lending Test 2: Area Loan Distribution-Lending Gaps .....	27
Lending Test 3: Lending in Assessment Area LMI Tracts.....	33
Lending Test 4: Lending by Applicant Characteristics .....	40
Lending Test 5: Community Development Lending .....	46
Loan-to-Deposit Ratio .....	50
Lending: Responsiveness to the Community .....	51

APPLE

A

## SAMPLE BANK CRA PERFORMANCE SUMMARY

The following comments are based on a review and comparison of the Bank's performance and market-driven performance standards under the so-called "Lending Tests" administered during a CRA Performance Evaluation. Management is encouraged to review the results and to develop a documented response that will help to explain each test result. CRA and HMDA market data are extracted from the Aggregate and Disclosure data files which are the most current files as the date of this Report.

➤ **Lending Test 1 Assessment Area Summary:**

- Performance Standard -  $\geq 50\%$
- SB performance - HMDA (units) 485 or 75.5%. HMDA \$(000) \$82,104 or 67.1%.
- SB performance - S.BUS (units) 167 or 90.3%, S.BUS \$(000) \$25,506, 87.6%.

✓ **Comments:**

The Bank easily exceeded the 50% standard applied to this test. The Bank extended more than three quarters (75.5%) of its HMDA reported mortgages and more than two thirds (67.1%) of their value within the defined community. The Bank's performance with respect to small business lending is even more impressive with more than 90% (90.3%) of its small business loans and 87.6% of their value originated within the Assessment Area. For composite performance rating purposes, examiners will give more weight to the performance of the Bank's HMDA lending because it is roughly triple the volume and more than triple the value of its small business lending activity.

➤ **Lending Test 2 GAP Analysis Summary:**

- Performance Standard - no "conspicuous gaps"
- SB performance - AA tract count: 70 Number of tracts with loans: 69

✓ **Comments:**

The Bank is not required to lend in every tract within the Assessment Area, but examiners will question any “conspicuous gaps in contiguous tracts”. SB extended loans in all but one tract within its assessment area. The Bank passes this test with flying colors.

➤ **Lending Test 3 LMI Tract Penetration Rate Summary:**

- Performance Standards
  - Number of Tracts in AA 70. LMI tract count: 16 LMI Tract percentage: 22.9%
  - Owner-Occupied Houses in LMI Tracts 13.4%
  - HMDA Mkt. (units): 13.2% HMDA Mkt. (dollars): 14.1%
  - S. BUS Mkt. (units): 18.3% S. BUS Mkt. (dollars) 16.4%
- SB Performance
  - HMDA. (units) 10.1% HMDA \$(000) 7.4%
  - S. BUS. (units) 22.2% S. BUS \$(000) \$21.1%

✓ **Comments:**

Frequently the demographic-driven standards are unrealistic, and this is the case with respect to the percentage of LMI tracts standard of 22.9% in this AA the average LMI tract penetration rates in the AA of all reporting HMDA lenders for originations and loan values was only 13.2% and 14.1% respectively – far below the target based on this standard. SB exhibited AA LMI tract penetration rates of 10.1% (units) and 7.4% (values) – substantially below both the demographic- and market-driven standards. The second demographic-driven standard, the relative percent of owner-occupied housing in the AA LMI tracts, was 13.4%- a much more realistic standard which was nonetheless above both the market and SB's results. The Bank should anticipate questions about these results, particularly why the Bank's performance is well below the average LMI tract penetration rates experienced by all HMDA reporters in this AA. However, SB in the latest HMDA market data available at the time of this Report (July 25, 2019) was ranked as the #9 leading mortgage lender in the AA LMI tracts.

- ✓ Insofar as the Bank's small business lending is concerned, a strong picture emerges with SB outperforming the demographic standard (relative percent of AA LMI tracts) and the AA LMI tract penetration rates of CRA reporters in the community. SB exhibited LMI tract penetration rates of 22.2% (units) and 21.1% (values) compared to the market averages of 18.3% (units) and 16.4% (values) and the LMI tract standard of 22.9%. Small business lending is a strength of SB CRA performance under this test.

➤ **Lending Test 4 Borrower Characteristics Summary:**

○ Performance Standards:

- LMI Families 38.3%
- HMDA Mkt. (units) 31.9% HMDA Mkt. (dollars) 19.6%
- S. BUS Mkt. (units) 53.4% S. BUS Mkt. (dollars) 41.1%

○ SB Performance

- HMDA (units) 29.9% HMDA \$(000) 17.3%
- S. BUS (units) 53.9% S. BUS \$(000) 35.6%

✓ **Comments:**

- ✓ Once again, the demographic-driven standard (the relative percent of LMI families – 38.3%) is unrealistic. In this case, because the standard assumes homeownership is distributed pro-rata among families of different income classifications, but typically home ownership has a much lower incidence among poorer families. Nevertheless, since this is a specific CRA exam standard applied by examiners we cite it in this analysis. In fact, the market performance of all HMDA-reporters active in this AA underscores the unrealistic nature of the standard with only 31.9% of all reported mortgages extended to LMI family borrowers. When calculated based on mortgage values the market exhibited LMI borrower penetration rates of only 19.6%. FCB's performance at 29.9% for units and 17.3% for mortgage dollars was below but competitive with both the demographic-driven standard and the market experience of HMDA reporters in this community. As remarked in Test 3 comments, SB is highly ranked (#3) as a source of residential mortgage credit to LMI borrowers in the Assessment Area.

- ✓ With respect to small business lending SB generated 53.9% of its small business loans to businesses with \$1 million GAR or less (and 35.6% of those loan values) while the market experienced a 53.4% penetration rate for originations and 41.1% for loan values. SB performance was competitive with the market in this case.
- **Lending Test 5 Community Development Lending Summary:**
  - Performance Standard (0.5% to 1.0% assets): with Assets of \$1.1 billion the standard recommended for annual lending by GDV would be a range from \$5.6 million to \$11.2 million
  - SB made 13 Community Development loans valued at \$31.8 million inside their Assessment Area and an additional 2 loans valued at \$1.5 million outside their Assessment Area.
  - This performance would be rated outstanding if all the CD activity reported by SB survives examiner scrutiny
- ✓ **Comments:** There is no published performance standard. Like all CRA tests the standard is based on “performance context” and there is little data available regarding “community development”. GeoDataVision recommends a standard reference point of 0.5% to 1.0% of bank assets based on our experience, but “performance context” can dictate different results. Nevertheless, based on our conversations with examiners we believe the standard we suggest will frequently apply. In this case SB falls far above the recommended target. Documentation in file should clearly indicate the community development definition that applies to each loan as well as a clearly articulated rationale stating the reasons that apply and independent documentation substantiating the CD qualifications for each loan



➤ Lending Test 6 Loan-to-Deposit Ratio Summary: As of 12/31/

- Ratio: 93.3%
- Peer Group Trimmed Average: 94.7%
- Percentile: 41<sup>st</sup>

✓ **Comments:**

The Bank's loan-to-deposit ratio was 93.3% at year end compared to the Peer Group trimmed average of 94.7% resulting in a 41<sup>st</sup> percentile ranking. This should be considered as satisfactory.

➤ **Responsiveness to the Community Summary:**

- The Bank is not required to maintain loan programs that are flexible and innovative and responsive to the community but if it does it can get extra credit during a CRA exam. Programs that qualify can include SBA 7A and 504 loans. We suggest that if SB has such programs the Bank should identify each program, describe its features and benefits and compile data regarding annual volume. This would be an opportunity to earn CRA credit during an exam.

➤ **Comments on data integrity, personnel knowledge, etc.**

Finally, regulators are putting increased emphasis on "process", - the systems and procedures employed by the Bank to assure data integrity. Process includes how well procedures are documented, personnel training, audit practices and procedures and communications with the Board. The CRA Officer at least annually should certify to the Board that systems and procedures are up-to-date, the public file is complete and accurate and independent reviews have been conducted of the CRA and HMDA programs. An independent review of Sample Bank's process is strongly recommended if one has not been conducted in the past three years.

## SAMPLE BANK CRA PERFORMANCE REPORT

This report is an analysis of the performance of Sample Bank (SB) based on the “Lending Test” standards enumerated in the Community Reinvestment Act (CRA, U.S. Code, Title 12 Chapter 30, Regulation BB). Sample Bank has requested this analysis to help the Bank critically evaluate its performance so that it can better serve the need for credit services within its Assessment Area by recognizing its performance strengths and weaknesses and better understanding the market for loans within its community. In developing its observations, GeoDataVision (GDV) reviewed the Sample Bank small business loans reportable under CRA and mortgage originations disclosed under HMDA. In addition, Sample Bank collects and monitors performance of loan portfolios that are not mandatory under CRA, but that can be included in a bank’s CRA Performance Evaluation (PE) if the bank exercises its elective under the Regulation. Bank management recognizes that a complete picture that depicts *non-reported* lending will be a more accurate measurement of the Bank’s service to the community. Moreover, federal regulations allow lenders to elect to include in a CRA PE other non-reported portfolios subdivided into five consumer types as well as “Other Loans/Lines of Credit for Business Purposes” and “All Other” loans. Sample Bank maintains its books and records with loan codes consistent with the federal classifications permitted by CRA thereby allowing analysis within the CRA framework. This Report breaks out the Sample Bank loan portfolios according to the federal portfolio classifications identified within the CRA regulation and analyzes their effect on Sample Bank’s performance relative to the reported portfolios.

Intermediate-Small Banks (ISB) undergoing a CRA examination according to the ISB performance standards must pass a two-part test. The first test is the so-called “lending test” and the second part is the community

development test. The bank must pass both parts to earn a composite satisfactory performance rating.

The CRA “Lending Test” establishes five primary criteria for analysis of Intermediate-Small Bank loan performance under CRA. While conducting its analysis, GDV applied three geographic parameters to portfolio data as delineated in federal regulations. These three parameters included (1) the proportion of lending in the Assessment Area, (2) the dispersion of lending in the Assessment Area and (3) the distribution among different census tract income classes as defined in CRA regulations. In addition, GDV analyzed (4) “borrower characteristics” (income class for mortgage borrowers and Gross Annual Revenues for small businesses). The Regulation also incorporates evaluation of (5) the loan-to-deposit ratio. All of these tests emphasize “responsiveness to the community” as a qualitative factor that recognizes small loan volume sometimes can have a disproportionately beneficial impact on the community. This normally is applied in terms of “flexible and innovative” lending practices (which GDV compiles in this Report as a sixth element of the Lending Test).

Finally, Intermediate-Small Banks such as Sample Bank also are subject to a Community Development Test that measures Community Development Lending, Community Development Investments and Community Development Services. The “Composite Performance Rating” for an ISB is weighted 50% for the Lending Test and 50% for Community Development activities. In order to attain a Composite Performance Rating of “satisfactory” a bank must achieve a satisfactory Performance Rating on each Test. A “needs to improve” on either test will result in a “needs to improve” composite performance rating.

Although not required to do so by Regulation, Sample Bank has voluntarily collected and *reported* its CRA data. Voluntarily reporting its CRA data affords the Bank the option to be examined under the Large Bank

standard, a uniquely different set of tests in which Community Development does not receive as much weight as an ISB CRA Performance Evaluation. Election of this option would be exercised by the Bank if it so chooses by notifying the examiner-in-charge approximately 30 days before a CRA examination.

The Regulation, while delineating five lending criteria, does not identify any specific quantitative performance standards. Rather, the regulation requires the application of “performance context” parameters. These performance context factors are intended to include all the facts and circumstances relevant to a lender’s performance. Among these factors are: community demographics, lender size, resources and strategy, local economics and small business and mortgage market data. Accordingly, the collection and compilation of this information is indispensable for the evaluation of a lender’s performance as measured under CRA. GeoDataVision, as part of this Report, has included a “Performance Benchmarks” section as well as tables and maps regarding critical community demographics.

## BACKGROUND

Sample Bank is a Connecticut-based bank headquartered in Norwich. The Bank operates 14 full-service branches located in the Assessment Area. As of December 31, , the Bank had total assets of \$1,116.8 billion qualifying the Bank as an Intermediate-Small Bank for CRA purposes. The Bank offers a variety of loan and deposit products. The Bank’s lending product line features residential mortgage, construction, commercial, and consumer loans. The Bank also offers a range of deposit services including checking accounts, statement savings, certificates of deposit and money market accounts to consumers and businesses.

Table: Uniform Bank Performance Report (UBPR)

Assets							
Real Estate Loans	756,938	754,420	735,721	711,983	719,885	0.33	5.15
Commercial Loans	66,897	64,027	65,139	56,822	56,702	4.48	17.98
Individual Loans	5,916	5,997	5,976	6,433	6,479	-1.35	-8.69
Agricultural Loans	0	0	0	0	0	N/A	N/A
Other Loans & Leases	9,529	16,082	16,480	13,786	11,476	-40.75	-16.97
LN&LS Allowance	7,853	7,257	7,134	7,134	7,070	8.21	11.07
Unearned Income	0	0	0	0	0	N/A	N/A
Net Loans & Leases	831,427	833,269	816,182	781,890	787,472	-0.22	5.58
U.S. Treasury & Agency Securities	105,253	108,260	104,790	105,041	108,009	-2.78	-2.55
Municipal Securities	9,629	10,011	10,308	10,782	10,905	-3.82	-11.70
Foreign Debt Securities	4,929	3,928	5,870	4,909	4,990	25.48	-1.22
All Other Securities	72,155	72,783	72,854	74,200	74,383	-0.86	-3.00
HTM Securities Allowance	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest-Bearing Bank Balances	9,462	22,798	17,653	28,003	8,453	-58.50	11.94
Federal Funds Sold & Resales	0	0	0	0	0	N/A	N/A
Trading Account Assets	0	0	0	0	0	N/A	N/A
Total Investments	201,428	217,780	211,475	222,935	206,740	-7.51	-2.57
Total Earning Assets	1,032,855	1,051,049	1,027,657	1,004,825	994,212	-1.73	3.89
Nonint Cash & Due From Banks	18,750	16,907	18,522	14,985	17,013	10.90	10.21
Premises, Fix Assts, Cap Leases	16,078	15,608	15,782	15,928	16,153	3.01	-0.46
Other Real Estate Owned	177	275	1,103	491	929	-35.64	-80.95
Dir & Indir Inv RE Ventures	0	0	0	0	0	N/A	N/A
Inv in Unconsolidated Subs	224	224	224	224	224	0.00	0.00
Acceptances & Oth Assets	48,813	47,253	47,162	48,435	48,068	3.30	5.56
Total Assets	1,116,897	1,131,316	1,110,450	1,082,868	1,074,599	-1.27	3.34
Average Assets During Quarter	1,112,110	1,099,055	1,069,800	1,051,676	1,065,218	1.19	4.40

This report uses GIS (Geographic Information Science) to analyze Sample Bank's CRA loan data as presented to GeoDataVision for evaluation. SB has requested this analysis:

- to help it monitor its CRA performance on a continuous basis
- to recognize potential problems as they develop and
- to formulate a plan of action to help the Bank meet its responsibilities under CRA.

Strong CRA performance is not something that is just observed. It is produced by active management of a bank's CRA lending, investing and service activities. *Performance analysis is the foundation of a successful CRA program.* GeoDataVision has prepared this analysis based on loan application and "course of action" (originated and purchased loans) data from Sample Bank's HMDA LAR, and from small business lending activity recorded by the Bank under CRA regulations and submitted for evaluation to GDV. Any analysis is dependent on the integrity of the data on which it is based. Therefore, before using Sample Bank's data, GeoDataVision subjected the data to a series of edit checks to identify any potential data integrity

issues. The results of the Data Edit Check Report are included in the Loan Analysis Book that is a part of this Report.

CRA analysis is primarily predicated on loan originations made, not on applications processed. Examiners also consider loans purchased if applicable. Sample Bank purchased 43 HMDA mortgages valued at \$16.5 million during . Any mortgages purchased by SB were uploaded to GeoDataVision and incorporated into this analysis. Sample Bank did submit other loan records coded consistent with CRA “loan type” as defined in the regulation to incorporate in the analysis so that a determination can be made regarding the Bank’s elective to include any or all such portfolios in a CRA Performance Evaluation. (As noted earlier, the Community Reinvestment Act allows banks to elect to include non-reportable loans organized by portfolio type in a CRA performance evaluation.) The analysis is based on the so-called “Lending Test” in §.22, Regulation BB, Community Reinvestment, 12 CFR as amended, July 1995 and again in August 2005.

As explained earlier, this GIS analysis focused on two areas emphasized by regulators: (1) *the geographic distribution of credit activity and (2) borrower characteristics*. With respect to the *geographic distribution of activity*, the analysis reviewed (a) the proportion of lending inside and outside the Assessment Area (the so-called “Assessment Area Concentration Ratio”), (b) “GAP” Analysis *i.e.*, the geographic dispersion within the Assessment Area to determine potential geographic “lending gaps” and (c) the volume of activity in the Assessment Area low / moderate income geographies (the LMI Tract “Penetration Rate”). The *borrower characteristics analysis* reviewed (a) the volume of mortgages and certain types of consumer loans extended to individuals in the four different compliance income categories (“LMI Borrower Penetration Rate”) and (b) the amount of credit accommodations to small businesses with annual revenues ≤ \$1 million (“Very Small Business Penetration Rate”). These criteria were

selected by GDV because they are specifically mentioned as part of the performance criteria in Regulation BB as amended as well as in the Agency Examination Manuals for CRA. The methodology relies on comparison of Sample Bank's performance to market-driven standards as described in the "Performance Context" sections of this Report.

## PERFORMANCE CONTEXT INFORMATION

Analysis of performance under the Community Reinvestment Act is not based on quantitative static performance standards enumerated within the Regulation, with one exception – Test 1, Lending Inside/Outside the Assessment Area which is defined as a minimum of 50% (units and dollars). All other performance parameters are based on what the Regulation calls "Performance Context". This context is defined in terms of the facts and circumstances in which a lender operates. It includes factors such as the bank's performance history, its resources and strategy, the local economy, community demographics and comparative loan market data.

Therefore, as preparation for this analysis, GDV has developed a series of maps and tables that depict important demographic and loan market data within the Bank's Assessment Area. This demographic and loan market information represents some of the most important performance context variables that are an indispensable background for analysis of CRA performance.

## DEMOGRAPHIC MAPS

First, to allow a comprehensive overview of the community GDV has developed a series of maps depicting the "geo-demographics" of the communities served by Sample Bank. GDV has selected three important demographic variables in addition to the tract income classifications defined in regulations and an MSA map. The maps are as follows:

## TRACT INCOME DESIGNATION MAPS

All tracts are identified by color code as NA-, Low-, Moderate-, Middle- or Upper-Income based on the latest CRA definition. There are 70 tracts within the Assessment Area. The following is the latest ( ) breakdown of tracts by income classification within the Bank's Assessment Area: Tracts with NA-Income -1 Low-Income Tracts -6, Moderate-Income Tracts -10, Middle-Income Tracts - 32 and Upper-Income Tracts – 21.

## LOW- AND MODERATE-INCOME FAMILY POPULATION MAP

This is a "single theme" map that uses color to show census tracts with the highest percent of low- and moderate-income families as determined by the Federal Financial Institutions Council (FFIEC) using a color theme explained in the legend for all census tracts. The color theme is based on deciles determined by the relative percentage of LMI families. The database source for this demographic has been developed by GeoDataVision using the FFIEC demographic database as explained in the Demographic Reports section.

## HOUSING DEMOGRAPHICS MAP

This is a "single theme" map that shows the tracts with the highest volume of owner-occupied housing using "deciles" as explained in the map legend. Examiners will compare the relative geographic distribution of owner-occupied housing in LMI tracts to the Bank's relative percentage of mortgage lending in those tracts as one performance barometer.

## MINORITY TRACTS MAP

GeoDataVision has developed a color theme map identifying "majority-minority" tracts whose minority population is 50% or greater.



While minority tracts are not directly an issue within CRA, Fair Lending issues can affect CRA ratings. Therefore, it is important for banks to be aware of the identity and location of minority tracts within their Assessment Area and bordering the Assessment Area.

## **METROPOLITAN STATISTICAL AREAS MAP**

This map identifies the MSAs in which the Bank's Assessment Area is located. Because Metropolitan Areas by their definition consist of areas with a "large population nucleus, together with adjacent communities that have a high degree of economic and social integration with that nucleus", this map is a good indication of the complexity and diversity of the Bank's community. This also is helpful to confirm that your Assessment Area does not violate the Regulation by substantially overlapping from one MSA into another except when they are in the same CSA ("Combined Statistical Area).

## **DEMOGRAPHIC DATA TABLES**

As stated above, Sample Bank's Assessment Area consists of 70 census tracts broken into 5 different income categories. Some areas may even contain tracts without income attributions. Normally, this is when there is no population in a tract or a large institutional population (such as a prison). However, aside from census tract income designations, examiners consider several other important demographic variables when evaluating a bank's CRA performance.

## **HOUSING DEMOGRAPHICS TABLE**

Housing demographics are a very important variable considered by examiners when they evaluate a lender's performance under CRA. In particular, examiners will compile the geographic distribution of owner-

occupied housing in LMI tracts as part of Lending Test 3. In this case, the distribution of housing can be broken down as follows:

Table: Owner-Occupied Housing Units in Assessment Area

Sample Bank Owner-Occupied Housing Units (OOHU) in Assessment Area	
OOHU in Assessment Area	76,912
OOHU in LMI Tracts	10,268
% OOHU in LMI Tracts	13.4%

Source: FFIEC Census Database.

Examiners will use the percentage of OOHU in LMI tracts as one benchmark to compare to the percentage of the HMDA mortgage portfolio in the Assessment Area LMI tracts. This is not as useful or accurate an indicator as the comparison to the distribution of the Assessment Area mortgages market in the area LMI tracts, but examiners use it nevertheless.

#### LMI FAMILY POPULATION TABLE

GeoDataVision has developed a special report that compiles and displays the population of families that falls into the four distinct income classes (low-, moderate-, middle- and upper-income) in each census tract. This data was developed by using the family income demographic data within the FFIEC Census database. That database divides the family population in each census tract into 16 different annual income intervals. The family population in each range has been compared to the income thresholds for each income class as determined by the FFIEC Median Family Income for the MSA or non-MSA in which the family resides. This allows for grouping the family population within the income classes used by the Regulatory Agencies for CRA examination purposes. The following table summarizes the data for the Assessment Area (for more details see the Family Income Demographics Report located in the back of the Maps book).

Table: Low- and Moderate-Income Family Population in Assessment Area

Sample Bank Low- and Moderate- Income Family Population in Assessment Area	
Estimated Family Population	75,620
Estimated LMI Family Population	28,969
% LMI Family Pop to Total Family Pop	38.3%

Source: FFIEC.

Again, this is another important standard used by examiners to evaluate performance under Test 4, Lending by Applicant Income. Examiners calculate the percentage of families in the community that are qualified as low- or moderate-income families. This percentage becomes the target against which a bank's relative percentage of mortgages to LMI borrowers will be compared. The LMI population in the community is 38.3%, this becomes the target for the relative percentage of a bank's Assessment Area mortgages to LMI borrowers.

## FFIEC UNDERSERVED & DISTRESSED AREAS AND LMI TRACTS

As explained in the maps section, the FFIEC has designated certain tracts as Underserved or Distressed. Tracts that fall into this classification are eligible for Community Development "revitalization/stabilization" activities. The following table recaps the tracts (if any) that fall into these categories.

Table: FFIEC Underserved Areas in Assessment Area

FFIEC Underserved & Distressed Areas in Assessment Area	
FFIEC "Underserved" & "Distressed" Tracts	0
Total Number of Tracts	70
% "Underserved" Tracts to Total Tracts	0.0%
Total Number of LMI Tracts	16
% of LMI Tracts in AA to Total Tracts	22.9%

Source: FFIEC.

## ASSESSMENT AREA KEY LOAN MARKET DATA

An essential element of CRA performance analysis is the consideration of performance context data, in particular the loan market data reported for the Assessment Area. The following table summarizes the most important HMDA and CRA loan market information for the latest year available as of the date of this Report.

### MARKET PENETRATION RATES

Table: Market Penetration Rates-All Reporting Lenders

Market Penetration Rates - All Reporting Lenders				
	KPB Report Number	Assessment Area LMI Tracts	Total Assessment Area	Lending in LMI Tracts Market Penetration Rate
Mortgage Originations	1 and 2	838	6,357	13.2%
Mortgage Dollars (000's)	1 and 2	\$201,497	\$1,432,911	14.1%
CRA Small Business Loans	6 and 7	865	4,728	18.3%
CRA Small Business \$ (000's)	6 and 7	\$22,927	\$140,016	16.4%
		LMI Applicants	All Applicants	Lending to LMI
Mortgage Originations	1	2,028	6,357	31.9%
Mortgage \$ (000's)	1	\$280,282	\$1,432,911	19.6%
		Very Small Business/Farm	All Small Business/Farm	Lending Very Sm.
Small Business Loans	6	2,526	4,728	53.4%
Small Business Loan \$ (000's)	6	\$57,531	\$140,016	41.1%

The above table contains not only important information pertaining to the size and scope of the mortgage and small business loan markets within the Sample Bank Assessment Area, it also compiles critical CRA benchmarks,

called “penetration rates” with respect to lending in the low- and moderate-income geographies and with respect to loans to low- and moderate-income borrowers and very small business (\$1 million annual revenues or less) borrowers. The market-driven penetration rates under Lending Tests 3 and 4 are very important considerations in the development of a performance rating for any bank.

As important as penetration rates are as a comparative indicator of bank performance under the Lending Test, they sometimes can be misleading because of statistical skewing. The penetration rates are the “mean” or average of the relative percentage of loans made in an area or to a borrower class. This statistic is susceptible to distortion caused by a concentration of activity. Therefore, it is important to have detailed loan market data that allows analysis beneath the surface of the statistics. Moreover, an in-depth analysis should consider the competitive structure of the loan markets and the performance of peers and banks of varying size and resources. This requires comprehensive reports that depict the breakdown of loan market activity for every lender active in the Assessment Area. These details are provided in the suite of Reports contained in the Key Performance Benchmarks (KPB) Book with this analysis. The following table summarizes the detailed market rank and market share analysis.

## MARKET RANK ANALYSIS

Table: Market Ranking

SB Market Ranking			
	KPB Report	Mortgage Market Rank	# Lenders
Assessment Area Mtg Mkt	1	2	272
Assessment Area Mtg LMI Tracts	2	9	119

SB Market Ranking			
Assessment Area LMI Borrowers	1	3	272
Assessment Area Minority Borrowers	1	2	272
<u>County Small Business Loans:</u>		<b>County</b>	<b>Small Business Market Rank</b>
	8	New London	1
		Washington	12
<u>County Very Small Business Loans (\$1,000,000 or less annual volume)</u>			
		<b>County</b>	<b>Rank</b>
	10	New London	1
		Washington	23
<u>Very Small Business Lending Index Rank:</u>		<b>State</b>	<b>Rank</b>
	11	Connecticut	28
		Rhode Island	12
<u>Community Development Lending Rank:</u>			
		<b>State</b>	<b>Rank</b>
	9	Connecticut	10

The foregoing tables summarize the market activity of all CRA and HMDA reporting lenders and provide another perspective on the Bank's performance by comparing it to all other lenders in the Assessment Area. This approach can help uncover statistical bias if present in the penetration ratios in the first table.

All the data contained in the foregoing tables are extracted from the detailed Key Performance Benchmark Reports included as a separate book with this Report. The tables are intended to provide a snapshot of the most important loan market data used to evaluate Bank performance. It is strongly suggested that the reader review those reports in detail for the

insights they provide on the Assessment Area loan markets and the competitive structure of those markets.

The CRA performance benchmarks established from the above data are as follows:

Table: CRA Performance Benchmarks

CRA Performance Benchmarks		
	Units	\$(000)
Assessment Area Mortgage Market LMI Tract Penetration Rate	13.2%	14.1%
Assessment Area Small Business Market LMI Tract Penetration	18.3%	16.4%
Assessment Area Mortgage Market LMI Borrower Penetration	31.9%	19.6%
AA Small Business Market LMI Penetration Rate to Very SmBus Borrowers	53.4%	41.1%

## ASSESSMENT AREA DELINEATION

The Community Reinvestment Act under the regulation sub-section .41 (345.41 for FDIC, 25.41 for OCC, 228.41 for Fed, and 195.41 for CFPB) establishes both prescriptive and proscriptive rules for how a bank may delineate its Assessment Area(s). Banks are required to include any census tracts in which they maintain deposit-taking facilities and the immediately surrounding tracts in which they engage in loan activity. Banks cannot avoid low- or moderate-income tracts simply because they are economically depressed. All tracts within an Assessment Area must be contiguous and Assessment Areas may not extend “substantially” beyond the areas of a state or MSA unless it is a metropolitan division or a multi-state MSA or within a CSA.

GeoDataVision has reviewed the delineation of Sample Bank’s Assessment Area(s) and has determined that there are no technical violations of the regulation evident in the Assessment Area as delineated.

## LENDING TEST ANALYSIS

The following is an analysis of Bank performance under the 6 elements of the Intermediate-Small Bank Lending Tests used to rate performance under the Community Reinvestment Act.

### LENDING TEST 1: ASSESSMENT AREA CONCENTRATION RATIO

Table: Lending Test 1: Assessment Area Loan Concentration Ratio

LENDING TEST 1: ASSESSMENT AREA LENDING RATIO								
COMMUNITY	HMDA	SBUS	SBUS-O	HE	AUTO	CON-S	CON-U	TOTAL
OUTSIDE	157	18	5	18	3	4	3	208
<b>INSIDE</b>	<b>485</b>	<b>167</b>	<b>21</b>	<b>103</b>	<b>18</b>	<b>21</b>	<b>35</b>	<b>850</b>
TOTAL	642	185	26	121	21	25	38	1058

LENDING TEST 1: ASSESSMENT AREA LENDING RATIO								
COMMUNITY	HMDA	SBUS	SBUS-O	HE	AUTO	CON-S	CON-U	TOTAL
OUTSIDE	24.5%	9.7%	19.2%	14.9%	14.3%	16.0%	7.9%	19.7%
<b>INSIDE</b>	<b>75.5%</b>	<b>90.3%</b>	<b>80.8%</b>	<b>85.1%</b>	<b>85.7%</b>	<b>84.0%</b>	<b>92.1%</b>	<b>80.3%</b>
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

LENDING TEST 1: ASSESSMENT AREA LENDING \$(000) RATIO								
COMMUNITY	HMDA	SBUS	SBUS-O	HE	AUTO	CON-S	CON-U	TOTAL
OUTSIDE	\$40,318	\$3,598	\$4,007	\$2,070	\$51	\$344	\$17	\$50,405
<b>INSIDE</b>	<b>\$82,104</b>	<b>\$25,506</b>	<b>\$8,424</b>	<b>\$10,143</b>	<b>\$284</b>	<b>\$1,039</b>	<b>\$211</b>	<b>\$127,711</b>
TOTAL	\$122,422	\$29,104	\$12,431	\$12,213	\$335	\$1,383	\$228	\$178,116

LENDING TEST 1: ASSESSMENT AREA LENDING \$(000) RATIO								
COMMUNITY	HMDA	SBUS	SBUS-O	HE	AUTO	CON-S	CON-U	TOTAL
OUTSIDE	32.9%	12.4%	32.2%	16.9%	15.2%	24.9%	7.5%	28.3%
<b>INSIDE</b>	<b>67.1%</b>	<b>87.6%</b>	<b>67.8%</b>	<b>83.1%</b>	<b>84.8%</b>	<b>75.1%</b>	<b>92.5%</b>	<b>71.7%</b>
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

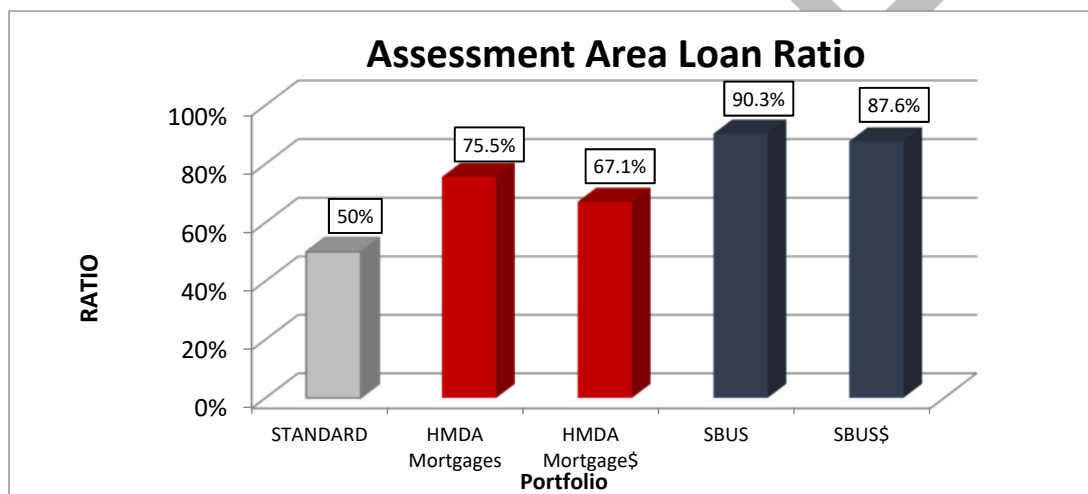
The first test under CRA measures the relative percentage of Bank lending within the Assessment Area compared to Bank lending inside and outside the community. The CRA expects a bank to lend the “majority” of its loans within the communities the bank recognizes as its “Assessment Area”. The underlying premise is that banks should “reinvest” in their communities



by lending deposit money back into the local economy. Activity is measured both in number of loans as well as in the value of those loans. This may be the most important CRA test because it measures the most fundamental responsibility of a bank under CRA. Moreover, examiners are least tolerant of bank failure under this test because the standard is minimal and because banks have been given wide discretion in identifying their “market” to regulators.

Performance is evaluated based on units and dollar values, although some examiners will give more emphasis on the calculation derived from units.

Figure: Lending Test 1 Performance Graph



The above tables and graphs show the following results for Sample Bank. Within its Assessment Area, the Bank extended 485 mortgages constituting 75.5% of mortgages originated and purchased by SB during . The AA ratio based on mortgage values (\$82.1 million) was 67.1%. With respect to its small business lending activity SB originated 90.2% (167 loans) of its small business loans within the Defined Community. The relative percent of those small business loans when computed based on loan values was 87.6% (\$25.5 million). For composite performance rating purposes, the performance of

the HMDA portfolio will receive considerably more weight by examiners since the number and value of those mortgages are roughly 3 times the number and value of the small business loans originated by SB

Most (40 of 43) mortgages purchased were outside the AA and therefore diluted SB's performance under this test. But the impact was minimal.

The performance of the optional portfolios was excellent with all reflecting AA ratios far above the regulatory standard of 50%.

GeoDataVision also examined SB lending outside the AA and discerned no concentrations of lending that would suggest expanding the defined community.

Since the Community Reinvestment Act expects that a bank “meet the need for credit services in its community” there are other ways of measuring performance under Test 1. To understand the community's need for credit services it is important to have the loan market data for all reporting lenders active in the community. This will help establish some of the most important performance context data necessary to evaluate and understand performance under the Community Reinvestment Act. For example, knowledge of the size and geographic distribution of the mortgage market and small business loan market is necessary because they are a direct reflection on what the community's credit needs are in the first place. The reported loan market data also provides insight into the competitive structure of the local loan markets, making it easier to comprehend how competition affects your Bank's performance. The competitive loan market data can reveal if there are distortions of the “penetration rates” caused by concentrations of lending by dominant lenders. Loan market rank is a good indicator of the bank's record meeting the need for credit services by measuring its importance as a provider of credit services. In the case of the mortgage market, the salient market data for SB's community is as follows:

Number of mortgage lenders: 272

## Mortgage Market Rank: 2

This is a very competitive market with 272 HMDA-reporting mortgage lenders competing for the residential mortgage market. SB's market rank as the #2 leading source of residential mortgage credit indicates the Bank not only is fulfilling its CRA responsibility to meet the need for mortgage credit, but is an important and leading source of residential mortgage credit within the defined community.

Table: KPB Report 1A: Mortgage Market Rank & Share

Sample Bank- Assessment Area Report 1A: Lender Profile by Institution Market Share											
Based on HMDA Data Released by the Bureau of Consumer Financial Protection											
RANK: By Assessment Area Origination Dollar Volume	FINANCIAL INSTITUTION	INSTITUTION ID—Agency	MARKET SHARE: Percent by Assessment Area	TOTAL DOLLARS Originated (\$1,000's)	TOTAL UNITS Originated	RANK: By Low or Moderate Income Applicant Dollar Volume Originated	DOLLARS ORIGINATED (\$1,000's) by Low or Moderate Income Applicants	UNITS ORIGINATED by Low or Moderate Income Applicants	RANK: By Minority Dollar Volume Originated	DOLLARS ORIGINATED (\$1,000's) by Minority Applicants	UNITS ORIGINATED by Minority Applicants
1	CHARTER OAK FEDERAL CREDIT UNION	0000003413-S	6.48%	92,955	609	1	20,257	191	3	9,086	68
2	SAMPLE BANK	000000000000	5.96%	85,753	473	3	15,189	132	2	9,516	52
3	WELLS FARGO BANK NA	0000451985-B	5.31%	76,157	93	28	2,857	18	20	1,948	9
4	NAVY FEDERAL CREDIT UNION	0000617677-9	5.02%	71,864	382	2	18,742	129	1	12,400	67
5	QUICKEN LOANS	7170000003-7	4.07%	58,236	284	5	11,466	81	5	6,701	36
6	CAPITAL ONE, NA	0000112637-B	3.57%	51,120	19	75	537	4	27	1,346	4
7	DIME BANK	0000018200-3	2.48%	35,642	154	20	4,199	41	13	3,218	21
8	THE WASHINGTON TRUST COMPANY	0000023623-3	2.39%	34,284	136	21	4,082	32	41	679	3
9	SAVINGS INSTITUTE BANK & TRUST	0000480808-2	2.16%	30,738	150	11	6,486	47	19	2,100	11

## Small Business Lending Rank in Counties in AA:

County Name: New London, Number of Lenders: 63, Rank:1

County Name: Washington, Number of Lenders: 53, Rank: 12

New London Connecticut and Washington County RI are very competitive small business loan markets. SB's rank as the #1 small business lender in New London County is particularly impressive.

## LENDING TEST 2: AREA LOAN DISTRIBUTION-LENDING GAPS

The CRA does not expect a bank to lend in every census tract within its Assessment Area. However, the Regulation does proscribe "unexplained

gaps in contiguous tracts”. GeoDataVision has collected and compiled the Bank’s data on two geographic levels: (a) town/county and (b) census tract to evaluate the performance of the Bank in terms of serving the needs of sub-communities within its Assessment Area.

The following tables present the Bank’s performance at the town level:

**Table: Lending Test 2: Assessment Area Loan Distribution by Town**

LENDING TEST 2: ASSESSMENT AREA LENDING BY MCD								
MCD	HMDA	SBUS	SBUS-O	HE	AUTO	CON-S	CON-U	TOTAL
Bozrah	2	0	0	0	1	0	0	3
Colchester	18	1	1	5	0	0	0	25
East Lyme	45	16	0	12	0	1	1	75
Franklin	6	4	1	2	0	1	1	15
Griswold	11	3	0	3	2	0	3	22
Groton	92	31	1	19	3	1	4	151
Lebanon	4	2	2	1	0	0	1	10
Ledyard	28	8	3	4	0	1	5	49
Lisbon	5	0	0	0	0	0	3	8
Lyme	1	1	0	0	0	0	1	3
Montville	20	1	1	5	2	1	0	30
New London	24	24	3	3	0	1	3	58
North Stonington	16	3	0	10	0	3	2	34
Norwich	41	20	2	10	1	2	6	82
Old Lyme	12	5	1	1	0	1	0	20
Preston	11	0	0	3	0	3	0	17
Salem	11	1	0	2	0	1	0	15
Sprague	11	5	0	3	2	0	1	22
Stonington	64	25	4	9	1	3	2	108
Voluntown	4	1	0	1	1	1	1	9
Waterford	46	14	2	9	4	1	1	77
Westerly	13	2	0	1	1	0	0	17
TOTAL	485	167	21	103	18	21	35	850

LENDING TEST 2: ASSESSMENT AREA LENDING BY MCD								
MCD	HMDA	SBUS	SBUS-O	HE	AUTO	CON-S	CON-U	TOTAL
Bozrah	0.4%	0.0%	0.0%	0.0%	5.6%	0.0%	0.0%	0.4%
Colchester	3.7%	0.6%	4.8%	4.9%	0.0%	0.0%	0.0%	2.9%
East Lyme	9.3%	9.6%	0.0%	11.7%	0.0%	4.8%	2.9%	8.8%
Franklin	1.2%	2.4%	4.8%	1.9%	0.0%	4.8%	2.9%	1.8%
Griswold	2.3%	1.8%	0.0%	2.9%	11.1%	0.0%	8.6%	2.6%
Groton	19.0%	18.6%	4.8%	18.4%	16.7%	4.8%	11.4%	17.8%
Lebanon	0.8%	1.2%	9.5%	1.0%	0.0%	0.0%	2.9%	1.2%
Ledyard	5.8%	4.8%	14.3%	3.9%	0.0%	4.8%	14.3%	5.8%
Lisbon	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.6%	0.9%
Lyme	0.2%	0.6%	0.0%	0.0%	0.0%	0.0%	2.9%	0.4%
Montville	4.1%	0.6%	4.8%	4.9%	11.1%	4.8%	0.0%	3.5%
New London	4.9%	14.4%	14.3%	2.9%	0.0%	4.8%	8.6%	6.8%
North Stonington	3.3%	1.8%	0.0%	9.7%	0.0%	14.3%	5.7%	4.0%
Norwich	8.5%	12.0%	9.5%	9.7%	5.6%	9.5%	17.1%	9.6%
Old Lyme	2.5%	3.0%	4.8%	1.0%	0.0%	4.8%	0.0%	2.4%
Preston	2.3%	0.0%	0.0%	2.9%	0.0%	14.3%	0.0%	2.0%
Salem	2.3%	0.6%	0.0%	1.9%	0.0%	4.8%	0.0%	1.8%
Sprague	2.3%	3.0%	0.0%	2.9%	11.1%	0.0%	2.9%	2.6%
Stonington	13.2%	15.0%	19.0%	8.7%	5.6%	14.3%	5.7%	12.7%
Voluntown	0.8%	0.6%	0.0%	1.0%	5.6%	4.8%	2.9%	1.1%
Waterford	9.5%	8.4%	9.5%	8.7%	22.2%	4.8%	2.9%	9.1%
Westerly	2.7%	1.2%	0.0%	1.0%	5.6%	0.0%	0.0%	2.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

LENDING TEST 2: ASSESSMENT AREA LENDING \$(000) BY MCD								
MCD	HMDA	SBUS	SBUS-O	HE	AUTO	CON-S	CON-U	TOTAL
Bozrah	\$141	\$0	\$0	\$0	\$7	\$0	\$0	\$148
Colchester	\$4,184	\$250	\$500	\$387	\$0	\$0	\$0	\$5,321
East Lyme	\$10,065	\$1,310	\$0	\$1,453	\$0	\$130	\$10	\$12,968
Franklin	\$1,427	\$439	\$15	\$169	\$0	\$68	\$3	\$2,121
Griswold	\$1,540	\$996	\$0	\$340	\$20	\$0	\$21	\$2,917
Groton	\$14,771	\$4,408	\$200	\$2,147	\$28	\$4	\$15	\$21,573
Lebanon	\$498	\$575	\$660	\$40	\$0	\$0	\$7	\$1,780
Ledyard	\$3,609	\$805	\$467	\$250	\$0	\$16	\$27	\$5,174
Lisbon	\$771	\$0	\$0	\$0	\$0	\$0	\$25	\$796
Lyme	\$220	\$30	\$0	\$0	\$0	\$0	\$6	\$256
Montville	\$2,807	\$225	\$80	\$780	\$44	\$80	\$0	\$4,016
New London	\$3,792	\$3,471	\$1,602	\$280	\$0	\$1	\$7	\$9,153
North Stonington	\$1,994	\$274	\$0	\$646	\$0	\$63	\$12	\$2,989
Norwich	\$5,128	\$4,927	\$315	\$607	\$7	\$26	\$43	\$11,053
Old Lyme	\$3,095	\$1,330	\$1,000	\$160	\$0	\$3	\$0	\$5,588
Preston	\$2,394	\$0	\$0	\$130	\$0	\$183	\$0	\$2,707
Salem	\$1,439	\$100	\$0	\$160	\$0	\$46	\$0	\$1,745

LENDING TEST 2: ASSESSMENT AREA LENDING BY MCD								
MCD	HMDA	SBUS	SBUS-O	HE	AUTO	CON-S	CON-U	TOTAL
Sprague	\$867	\$550	\$0	\$246	\$25	\$0	\$5	\$1,693
Stonington	\$14,035	\$3,670	\$3,110	\$925	\$25	\$382	\$14	\$22,161
Voluntown	\$848	\$150	\$0	\$80	\$27	\$36	\$8	\$1,149
Waterford	\$6,048	\$1,571	\$475	\$1,321	\$81	\$1	\$8	\$9,505
Westerly	\$2,431	\$425	\$0	\$22	\$20	\$0	\$0	\$2,898
TOTAL	\$82,104	\$25,506	\$8,424	\$10,143	\$284	\$1,039	\$211	\$127,711

LENDING TEST 2: ASSESSMENT AREA LENDING \$(000) BY MCD								
MCD	HMDA	SBUS	SBUS-O	HE	AUTO	CON-S	CON-U	TOTAL
Bozrah	0.2%	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%	0.1%
Colchester	5.1%	1.0%	5.9%	3.8%	0.0%	0.0%	0.0%	4.2%
East Lyme	12.3%	5.1%	0.0%	14.3%	0.0%	12.5%	4.7%	10.2%
Franklin	1.7%	1.7%	0.2%	1.7%	0.0%	6.5%	1.4%	1.7%
Griswold	1.9%	3.9%	0.0%	3.4%	7.0%	0.0%	10.0%	2.3%
Groton	18.0%	17.3%	2.4%	21.2%	9.9%	0.4%	7.1%	16.9%
Lebanon	0.6%	2.3%	7.8%	0.4%	0.0%	0.0%	3.3%	1.4%
Ledyard	4.4%	3.2%	5.5%	2.5%	0.0%	1.5%	12.8%	4.1%
Lisbon	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	11.8%	0.6%
Lyme	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	2.8%	0.2%
Montville	3.4%	0.9%	0.9%	7.7%	15.5%	7.7%	0.0%	3.1%
New London	4.6%	13.6%	19.0%	2.8%	0.0%	0.1%	3.3%	7.2%
North Stonington	2.4%	1.1%	0.0%	6.4%	0.0%	6.1%	5.7%	2.3%
Norwich	6.2%	19.3%	3.7%	6.0%	2.5%	2.5%	20.4%	8.7%
Old Lyme	3.8%	5.2%	11.9%	1.6%	0.0%	0.3%	0.0%	4.4%
Preston	2.9%	0.0%	0.0%	1.3%	0.0%	17.6%	0.0%	2.1%
Salem	1.8%	0.4%	0.0%	1.6%	0.0%	4.4%	0.0%	1.4%
Sprague	1.1%	2.2%	0.0%	2.4%	8.8%	0.0%	2.4%	1.3%
Stonington	17.1%	14.4%	36.9%	9.1%	8.8%	36.8%	6.6%	17.4%
Voluntown	1.0%	0.6%	0.0%	0.8%	9.5%	3.5%	3.8%	0.9%
Waterford	7.4%	6.2%	5.6%	13.0%	28.5%	0.1%	3.8%	7.4%
Westerly	3.0%	1.7%	0.0%	0.2%	7.0%	0.0%	0.0%	2.3%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The foregoing tables show that SB has been an active lender in all towns within the Assessment Area. There are some concentrations of lending in East Lyme, Groton and Stonington. Overall however, the data demonstrate the Bank is serving all areas of the defined community.

The HMDA Market Rank & Market Share Analysis for the towns inside the SB community provides another perspective on this element of Bank performance.

Table: Mortgage Market Rank by Area Town

ASSESSMENT AREA MORTGAGE MARKET RANK & SHARE BY TOWN							
Rank	MCD	MTG \$(000)	Market Share	Mortgages	Rank: Low Mod Borrower	LMI Borrower Mortgage \$(000)	LMI Borrower Mortgages
30	Old Lyme	\$738	1.08%	6	22	\$7	1
22	Lyme	\$285	1.35%	2	***	\$0	0
2	East Lyme	\$6,075	5.56%	41	3	\$1,188	11
5	New London	\$1,774	5.20%	19	5	\$990	9
3	Waterford	\$7,548	6.34%	39	7	\$1,077	11
4	Groton	\$18,640	6.86%	89	4	\$2,334	22
1	Stonington	\$16,515	14.97%	66	3	\$1,469	11
1	Salem	\$3,536	13.70%	16	2	\$323	3
1	Colchester	\$5,282	6.80%	22	5	\$915	5
8	Lebanon	\$1,144	3.10%	6	6	\$479	3
3	Montville	\$2,758	4.41%	18	7	\$1,058	8
1	Bozrah	\$1,116	13.17%	8	5	\$221	3
10	Franklin	\$269	3.56%	2	***	\$0	0
7	Norwich	\$3,202	3.75%	31	7	\$1,661	17
6	Ledyard	\$3,472	4.33%	20	9	\$584	4
1	Preston	\$3,631	14.52%	17	1	\$1,060	6
2	Sprague	\$1,057	10.43%	10	9	\$172	2
1	Lisbon North	\$1,270	8.15%	8	2	\$474	3
1	Stonington	\$2,938	10.44%	22	2	\$701	7
3	Griswold	\$2,492	6.52%	16	17	\$215	3
1	Voluntown	\$928	9.02%	6	4	\$231	2

The latest Mortgage Market data shows the Bank was a top ten residential mortgage lender in 19 of 21 AA towns. That is very impressive performance and again demonstrates the Bank is successfully serving all communities within its market.

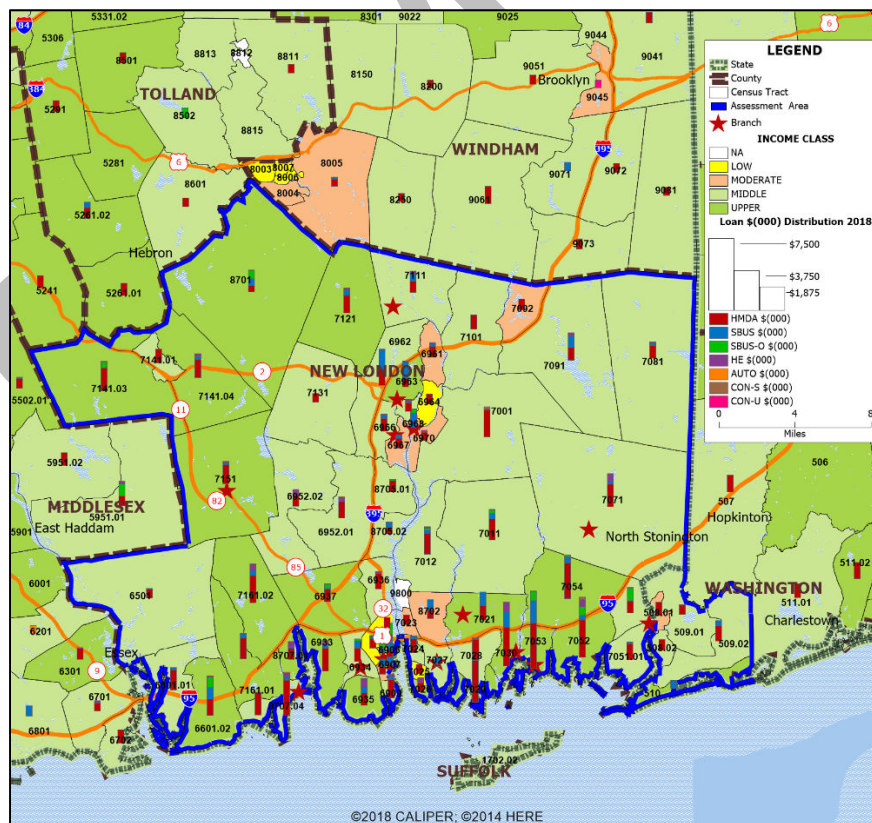


Finally, GDV also examined Sample Bank's lending on the census tract level. The Regulation does not expect bankers to lend in every tract within their community. However, if there are large gaps of contiguous tracts with little or no Bank lending activity within the Assessment Area, the Bank should recognize and be able to explain why it is not actively lending in those neighborhoods. GDV found that the Bank originated loans in 69 of 70 tracts within the Assessment Area.

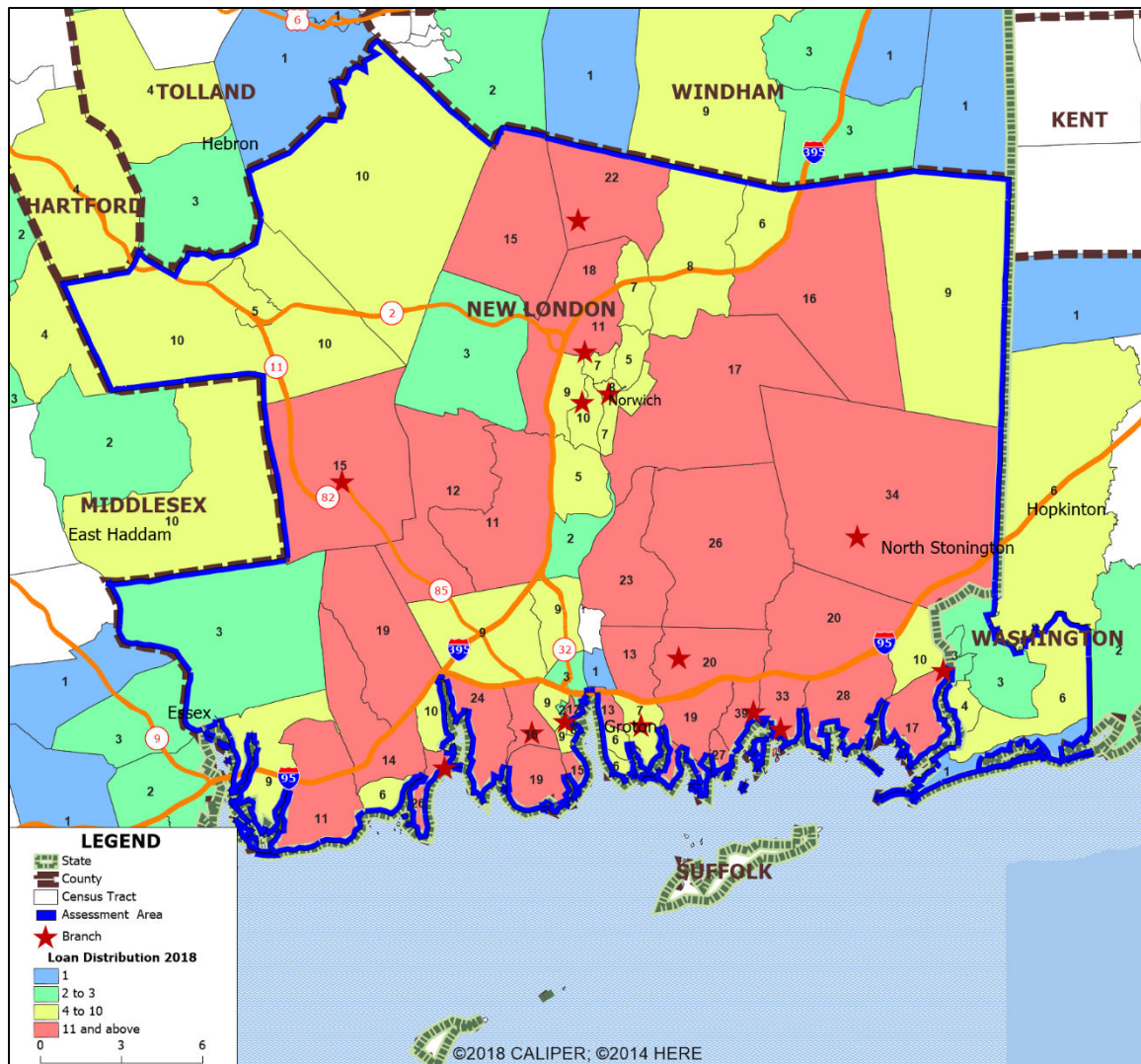
TRACT LENDING GAPS		
TRACT	INC CLASS	MCD
09011980000	NA	Groton

A review of the loan distribution maps shows there were not any geographic gaps in Sample Bank's lending within the community. This is excellent performance.

Map: Loan Distribution







### LENDING TEST 3: LENDING IN ASSESSMENT AREA LMI TRACTS

The Community Reinvestment Act gives banks special responsibility for the economic vitality of low- and moderate-income census tracts in the community. Again, like Test 2, the Regulation does not require that a bank lend in every LMI tract in the Assessment Area. However, it does expect that a bank will do its fair share of stimulating economic activity by extending loans in the LMI geographies consistent with safe and sound banking

practice. The following table delineates the Bank's performance in the area LMI neighborhoods.

Table: Lending Test 3: Assessment Area Lending by Tract Income

LENDING TEST 3: ASSESSMENT AREA LENDING BY TRACT INCOME CLASS								
TRACT INC	HMDA	SBUS	SBUS-O	HE	AUTO	CON-S	CON-U	TOTAL
NA	0	0	0	0	0	0	0	0
<b>LOW</b>	<b>18</b>	<b>16</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>43</b>
<b>MODERATE</b>	<b>31</b>	<b>21</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>66</b>
MIDDLE	230	59	6	47	12	13	23	390
UPPER	206	71	10	49	3	5	7	351
TOTAL	485	167	21	103	18	21	35	850

LENDING TEST 3: ASSESSMENT AREA LENDING BY TRACT INCOME CLASS								
TRACT INC	HMDA	SBUS	SBUS-O	HE	AUTO	CON-S	CON-U	TOTAL
NA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>LOW</b>	<b>3.7%</b>	<b>9.6%</b>	<b>9.5%</b>	<b>1.9%</b>	<b>11.1%</b>	<b>9.5%</b>	<b>2.9%</b>	<b>5.1%</b>
<b>MODERATE</b>	<b>6.4%</b>	<b>12.6%</b>	<b>14.3%</b>	<b>4.9%</b>	<b>5.6%</b>	<b>4.8%</b>	<b>11.4%</b>	<b>7.8%</b>
MIDDLE	47.4%	35.3%	28.6%	45.6%	66.7%	61.9%	65.7%	45.9%
UPPER	42.5%	42.5%	47.6%	47.6%	16.7%	23.8%	20.0%	41.3%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

LENDING TEST 3: ASSESSMENT AREA LENDING \$(000) BY TRACT INCOME CLASS								
TRACT INC	HMDA	SBUS	SBUS-O	HE	AUTO	CON-S	CON-U	TOTAL
NA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>LOW</b>	<b>\$2,352</b>	<b>\$2,670</b>	<b>\$1,508</b>	<b>\$80</b>	<b>\$15</b>	<b>\$3</b>	<b>\$3</b>	<b>\$6,631</b>
<b>MODERATE</b>	<b>\$3,760</b>	<b>\$2,713</b>	<b>\$409</b>	<b>\$200</b>	<b>\$12</b>	<b>\$4</b>	<b>\$14</b>	<b>\$7,112</b>
MIDDLE	\$34,930	\$7,692	\$1,707	\$3,807	\$187	\$618	\$137	\$49,078
UPPER	\$41,062	\$12,431	\$4,800	\$6,056	\$70	\$414	\$57	\$64,890
TOTAL	\$82,104	\$25,506	\$8,424	\$10,143	\$284	\$1,039	\$211	\$127,711

LENDING TEST 3: ASSESSMENT AREA LENDING \$(000) BY TRACT INCOME CLASS								
TRACT INC	HMDA	SBUS	SBUS-O	HE	AUTO	CON-S	CON-U	TOTAL
NA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>LOW</b>	<b>2.9%</b>	<b>10.5%</b>	<b>17.9%</b>	<b>0.8%</b>	<b>5.3%</b>	<b>0.3%</b>	<b>1.4%</b>	<b>5.2%</b>
<b>MODERATE</b>	<b>4.6%</b>	<b>10.6%</b>	<b>4.9%</b>	<b>2.0%</b>	<b>4.2%</b>	<b>0.4%</b>	<b>6.6%</b>	<b>5.6%</b>
MIDDLE	42.5%	30.2%	20.3%	37.5%	65.8%	59.5%	64.9%	38.4%
UPPER	50.0%	48.7%	57.0%	59.7%	24.6%	39.8%	27.0%	50.8%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

In , there were 16 LMI tracts within the Bank's defined community. Those tracts constitute 22.9% of the 70 tracts in the Assessment Area. This is

one standard applied by regulators to this performance parameter. In comparison, the Bank extended 10.1% of its mortgages within those LMI tracts. When computed based on dollar values, the Bank's mortgage "penetration rate" in the LMI tracts was 7.4%. Thus, the mortgage portfolio was below the relative percentage of LMI tracts. The performance of the Small Business loan portfolio was 22.2% (units) and 21.1% (\$). Therefore, the Small Business portfolio was competitive with the percentage in terms of units and dollar values.

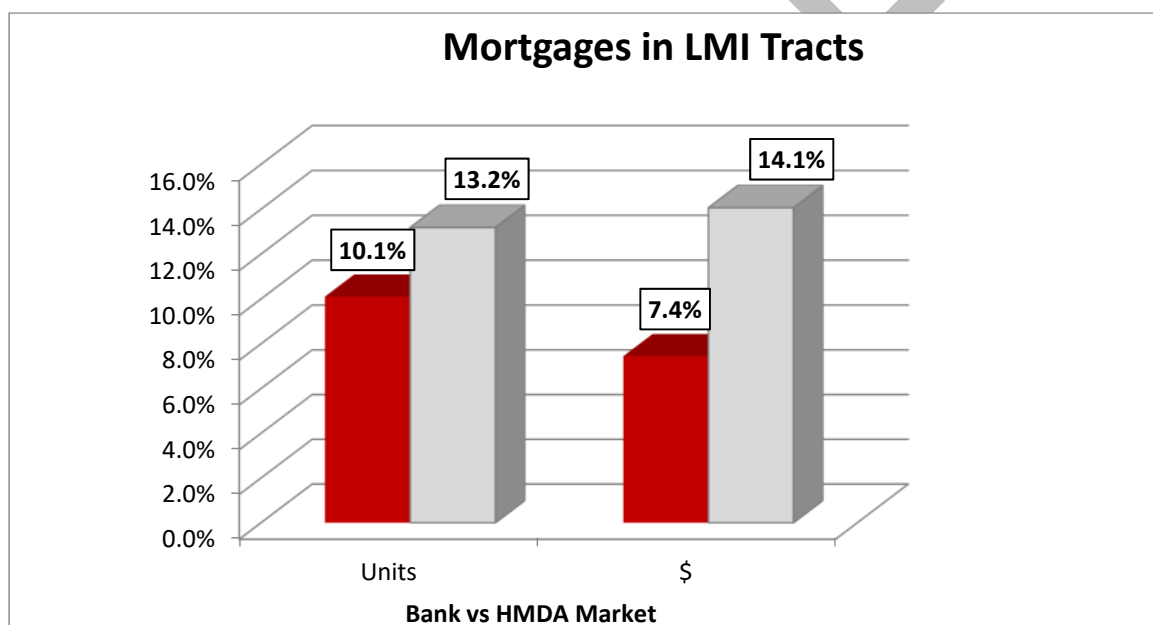
The weakness of this approach is that the distribution of housing normally is less than proportional to the distribution of low and moderate-income tracts because many of the LMI tracts are industrial areas. Furthermore, the LMI tracts by definition are economically depressed and therefore areas with reduced commercial transactions. This would suggest fewer business lending opportunities in those areas too. Therefore, this standard relying on an exact linear correlation can be misleading. Nevertheless, it is a barometer used by examiners and the Bank should be aware of how its lending compares under this parameter.

Another standard of performance used by regulators is to compare mortgage distribution in the LMI tracts to the owner-occupied housing unit distribution in those tracts. In this case, the demographic tables in the Maps & Demographic Data Book show that there are 76,912 owner-occupied housing units in the Bank's community including 10,268 owner-occupied units in the LMI tracts. This is equivalent to 13.4% of the owner-occupied housing. This lower standard results in a more favorable comparison to the Bank's mortgage distribution with the Bank originating 10.1% of its mortgages in the Area LMI tracts. Again however, a major weakness exists with this approach because it implicitly assumes that mortgage lending activity is linearly proportional to the distribution of owner-occupied housing. This ignores the differences in population stability in

neighborhoods. Some low and moderate-income areas may have very stable populations.

Finally, the most compelling and meaningful comparison can be found in the latest mortgage market and small business loan market-determined penetration rates. The market experience of all reporting lenders is useful because it not only reveals the activity of those competitor lenders in comparison with the Bank, it also is an indication of the need for this type of credit within the community (CRA ultimately is about meeting the need for credit services within the community). In the case of the mortgage market the comparison is presented in the following graph.

Figure: Lending Test 3: Mortgages in LMI Areas



The detailed market data that was used to calculate the market-driven standards may be found in the Key Performance Benchmark Reports Book and the tables that recap the market data at the beginning of this narrative. The comparison would indicate Sample Bank performance under this Test is substantially below the average LMI tract penetration rates of all HMDA reporters active in the community. However, a comparison of Sample Bank's

LMI tract penetration rate with the average experience of all HMDA reporting lenders can be misleading for several reasons. In particular, the market-driven standard may be distorted by statistical skewing. For example, the market-derived LMI tract penetration rate may be affected by the activity of a dominant mega-lender in the Assessment Area LMI tracts or by a large subprime lender that has focused its market strategy on the LMI neighborhoods. Therefore, it is important to examine the market data in more detail to determine if such dynamics have distorted the market experience thereby making it an unfair comparison. The detailed mortgage market data for the Sample Bank Assessment Area is contained in Key Performance Benchmark Report 1 through Report 4.

A review of the relevant Key Performance Benchmark Reports shows that Sample Bank was ranked #9 in mortgage lending in the LMI tracts out of the 272 reporting HMDA lenders (see KPB Report 2). In other words, the Bank was ranked in the Top 5% of all competing mortgage lenders in the community. Furthermore, close examination of that Report also reveals 7 of the top 10 mortgage lenders in the Assessment Area LMI tracts were non-bank lenders suggesting that the market-driven standard may have been skewed by the activity of those lenders.

Table: KPB Report 2: Mortgage Market Rank-LMI Tracts

Sample Bank- Assessment Area Report 2:											
Lender Profile by Institution Market Share-LMI Tracts only											
Based on HMDA Data Released by the Bureau of Consumer Financial Protection											
RANK: By Assessment Area Origination Dollar Volume	FINANCIAL INSTITUTION	INSTITUTION ID—Agency	MARKET SHARE: Percent by Assessment Area	TOTAL DOLLARS Originated (\$1,000's)	TOTAL UNITS Originated	RANK: By Low or Moderate Income Applicant Dollar Volume Originated	DOLLARS ORIGINATED (\$1,000's) by Low or Moderate Income Applicants	UNITS ORIGINATED by Low or Moderate Income Applicants	RANK: By Minority Dollar Volume Originated	DOLLARS ORIGINATED (\$1,000's) by Minority Applicants	UNITS ORIGINATED by Minority Applicants
1	WELLS FARGO BANK NA	0000451955-9	26.70%	53,793	8	38	327	3	51	101	1
2	MBT BANK	0000501105-9	9.48%	19,123	2	***	0	0	37	183	1
3	BERKELEY POINT CAPITAL	45-3608205-7	5.33%	10,741	2	***	0	0	***	0	0
4	CHARTER OAK FEDERAL CREDIT UNION	0000033413-5	4.15%	8,361	78	2	3,211	40	3	2,103	25
5	NAVY FEDERAL CREDIT UNION	0000617677-9	4.12%	8,308	60	1	4,642	35	6	1,459	13
6	QUICKEN LOANS	7197000003-7	3.18%	6,400	40	7	2,177	16	2	2,272	13
7	THE MCCUE MORTGAGE COMPANY	0023000900-7	2.41%	4,849	35	4	2,890	22	1	2,362	16
8	WALKER & DUNLOP, LLC	80-2312140-7	2.34%	4,522	1	***	0	0	***	0	0
9	SAMPLE BANK	0000000000	2.14%	4,320	46	6	2,529	29	9	1,147	10
10	RESIDENTIAL MORTGAGE SERVICES	01-0464600-7	1.98%	3,961	34	3	3,034	27	11	862	10

Another helpful Report is KPB Report 1B that compiles and compares the LMI tract penetration rates (and LMI borrower penetration rates) for every lender reporting under HMDA.

Table: KPB Report 1B: Mortgage Market Penetration Rates

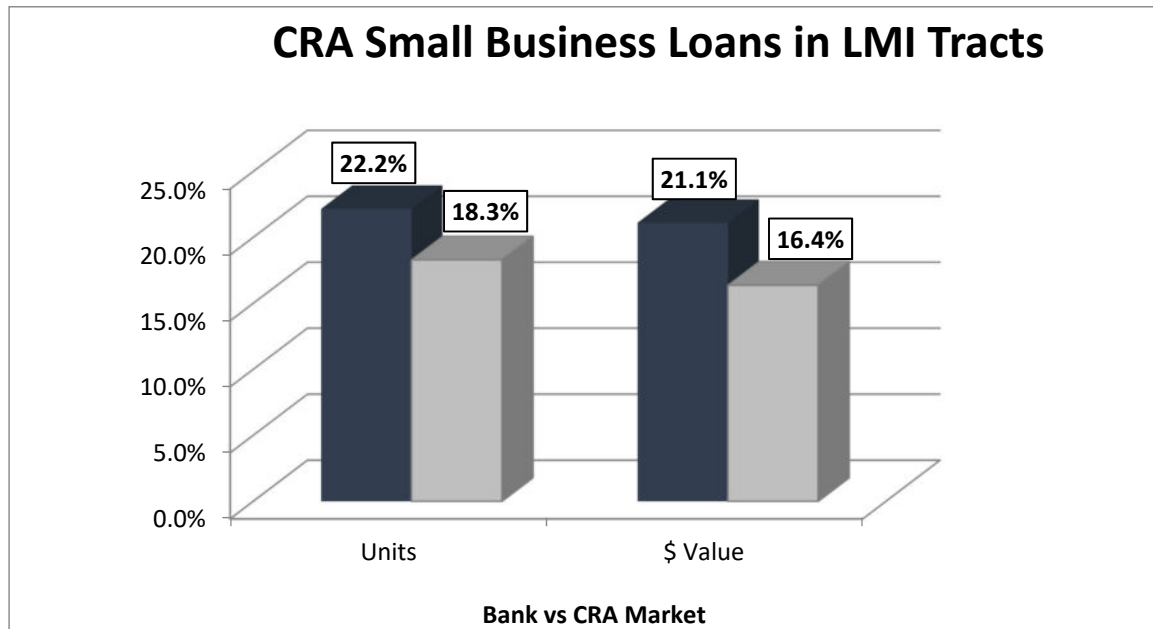
Sample Bank- Assessment Area Report 1B: Lender Profile with Penetration Rates														
Based on HMDA Data Released by the Bureau of Consumer Financial Protection														
RANK: By Assessment Area Origination Dollar Volume	FINANCIAL INSTITUTION	MARKET SHARE: Percent by Assessment Area	TOTAL DOLLARS Originated (\$1,000's)	TOTAL UNITS Originated	RANK: By Low to Moderate Income Applicant Penetration Rate	DOLLARS ORIGINATED (\$1,000's) by Low or Moderate Income Applicants	UNITS ORIGINATED by Low or Moderate Income Applicants	PENETRATION RATE by Low or Moderate Income Applicant Dollars	PENETRATION RATE by Low or Moderate Income Applicant Units	RANK: By Low to Moderate Income Tract Penetration Rate	DOLLARS ORIGINATED (\$1,000's) in Low to Moderate Tracts	UNITS ORIGINATED in Low to Moderate Tracts	PENETRATION RATE by Low or Moderate Income Tract Dollars	PENETRATION RATE by Low or Moderate Income Tract Units
1	CHARTER OAK FEDERAL CREDIT UNION	5.49%	92,955	809	93	20,257	191	21.79%	31.36%	80	8,361	78	8.90%	12.81%
2	SANITY F BANK	5.98%	65,753	473	105	15,169	132	17.71%	27.91%	108	4,320	46	5.04%	9.73%
3	WELLS FARGO BANK NA	5.31%	78,157	93	148	2,857	18	3.75%	19.35%	19	53,793	8	70.63%	6.60%
4	NAVY FEDERAL CREDIT UNION	5.02%	71,864	382	80	18,742	123	26.08%	32.20%	64	8,308	60	11.56%	15.71%
5	QUICKEN LOANS	4.07%	58,295	284	100	11,469	81	19.67%	28.52%	68	6,400	40	10.96%	14.08%
6	CAPITAL ONE NA	3.57%	51,120	19	153	537	4	1.05%	21.05%	***	0	0	0.00%	0.00%
7	DIME BANK	2.49%	35,642	154	128	4,199	41	11.78%	26.62%	93	2,614	21	7.33%	13.64%
8	THE WASHINGTON TRUST COMPANY	2.39%	34,284	136	127	4,082	32	11.91%	23.55%	90	2,663	18	7.83%	13.24%
9	SAVINGS INSTITUTE BANK & TRUST	2.15%	30,738	150	94	8,488	47	21.11%	31.33%	104	1,624	10	5.28%	6.67%

A review of the foregoing Market Penetration Ranking and Rate Report reveals that Wells Fargo Bank extended only 8 mortgages in the LMI tracts but the value of those mortgages was \$53.8 million thereby indicating the mortgages were multifamily loans that materially inflated the LMI tract penetration rates when computed based on loan values.

A similar analysis can be done with the small business loan data reported under CRA. The following graph recaps a comparison of Bank performance with the market-determined LMI tract penetration rates.



Figure: Lending Test 3: CRA Small Business Loans in LMI Areas



In this case, the comparison with market averages is very favorable to Sample Bank. The record shows the Bank outperformed the market with respect to results calculated based on units as well as dollars. The CRA database does not allow identification of lenders below the county level and a market rank and market share analysis on the exact composition of the Assessment Area is not possible therefore. However, GeoDatatVision has developed reports giving market rank and market share by county. KPB Report 8C presents the LMI tract small business lending performance of all CRA-reporting lenders active by County and shows market rank and market share comparisons. That report shows that SB was the #2 source of small business loan in the AA LMI tracts. The performance of the Bank's small business loan portfolio in the Assessment Area LMI tracts is very strong.

Table: KPB Report 8C: CRA Small Business Loan Ranking for Lending in County

Sample Bank- Assessment Area												
Report 8C:LMI Tracts Small Business Lending by Lender Market Rank by Origination Dollars												
Based on CRA data released by the FFIEC												
New London												
Rank based on LMI Dollar Volume	Financial Institution	LMI Tract Dollars (000's)	Tract Income Class \$(000)					Penetration Rates				
			LOW	MODERATE	MIDDLE	UPPER	N.A. or Unknown	LOW	MODERATE	MIDDLE	UPPER	N.A. or Unknown
1	BANK OF AMERICA, N.A.	3,777	3,135	642	4,013	3,824	25	26.94%	5.52%	34.48%	32.86%	0.21%
2	SAMPLE BANK	2,461	686	1,775	6,717	10,185	0	3.54%	9.17%	34.69%	52.60%	0.00%
3	SIGNATURE BANK	2,083	0	2,083	320	0	0	0.00%	86.68%	13.32%	0.00%	0.00%
4	PEOPLES UNITED BANK, N.A.	1,446	1,082	364	4,583	2,833	0	12.21%	4.11%	51.72%	31.97%	0.00%
5	AMERICAN EXPRESS, FSB	1,349	581	768	3,065	3,215	42	7.57%	10.01%	39.96%	41.91%	0.55%
6	LAKE FOREST BANK AND TRUST	795	504	291	828	1,704	0	15.15%	8.75%	24.89%	51.22%	0.00%
7	FARMINGTON BANK	750	750	0	0	0	0	100.00%	0.00%	0.00%	0.00%	0.00%
8	SANTANDER BANK N.A.	704	597	107	989	0	0	35.26%	6.32%	58.42%	0.00%	0.00%
9	CHASE BANK USA, NA	611	248	363	1,076	1,090	202	8.32%	12.19%	36.12%	36.59%	6.78%
10	WELLS FARGO BANK, N.A.	545	545	0	3,115	780	0	53.24%	0.00%	46.76%	31.07%	0.00%

## LENDING TEST 4: LENDING BY APPLICANT CHARACTERISTICS

The Community Reinvestment Act places heavy emphasis on this particular performance parameter. The focus is on mortgage lending to low- and moderate-income mortgage borrowers and very small business borrowers (those with \$1 million or less annual revenue). The following tables recap the performance of the mortgage and optional consumer loan portfolios.

Table: Lending Test 4: Lending to LMI Borrowers

TEST 4A: ASSESSMENT AREA LENDING BY BORROWER INCOME CLASS						
BORR INC	HMDA	HE	AUTO	CON-S	CON-U	TOTAL
NA	19	1	0	6	0	26
LOW	46	7	7	3	12	75
MODERATE	99	4	4	1	11	119
MIDDLE	121	24	3	2	6	156
UPPER	200	67	4	9	6	286
TOTAL	485	103	18	21	35	662



TEST 4A: ASSESSMENT AREA LENDING BY BORROWER INCOME CLASS						
BORR INC	HMDA	HE	AUTO	CON-S	CON-U	TOTAL
NA	3.9%	1.0%	0.0%	28.6%	0.0%	3.9%
<b>LOW</b>	<b>9.5%</b>	<b>6.8%</b>	<b>38.9%</b>	<b>14.3%</b>	<b>34.3%</b>	<b>11.3%</b>
<b>MODERATE</b>	<b>20.4%</b>	<b>3.9%</b>	<b>22.2%</b>	<b>4.8%</b>	<b>31.4%</b>	<b>18.0%</b>
MIDDLE	24.9%	23.3%	16.7%	9.5%	17.1%	23.6%
UPPER	41.2%	65.0%	22.2%	42.9%	17.1%	43.2%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

TEST 4A: ASSESSMENT AREA LENDING \$(000) BY BORROWER INCOME CLASS						
BORR INC	HMDA	HE	AUTO	CON-S	CON-U	TOTAL
NA	\$4,385	\$127	\$0	\$38	\$0	\$4,550
<b>LOW</b>	<b>\$2,950</b>	<b>\$355</b>	<b>\$93</b>	<b>\$40</b>	<b>\$48</b>	<b>\$3,486</b>
<b>MODERATE</b>	<b>\$11,239</b>	<b>\$375</b>	<b>\$50</b>	<b>\$48</b>	<b>\$68</b>	<b>\$11,780</b>
MIDDLE	\$18,881	\$1,671	\$53	\$163	\$43	\$20,811
UPPER	\$44,649	\$7,615	\$88	\$750	\$52	\$53,154
TOTAL	\$82,104	\$10,143	\$284	\$1,039	\$211	\$93,781

TEST 4A: ASSESSMENT AREA LENDING \$(000) BY BORROWER INCOME CLASS						
BORR INC	HMDA	HE	AUTO	CON-S	CON-U	TOTAL
NA	5.3%	1.3%	0.0%	3.7%	0.0%	4.9%
<b>LOW</b>	<b>3.6%</b>	<b>3.5%</b>	<b>32.7%</b>	<b>3.8%</b>	<b>22.7%</b>	<b>3.7%</b>
<b>MODERATE</b>	<b>13.7%</b>	<b>3.7%</b>	<b>17.6%</b>	<b>4.6%</b>	<b>32.2%</b>	<b>12.6%</b>
MIDDLE	23.0%	16.5%	18.7%	15.7%	20.4%	22.2%
UPPER	54.4%	75.1%	31.0%	72.2%	24.6%	56.7%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

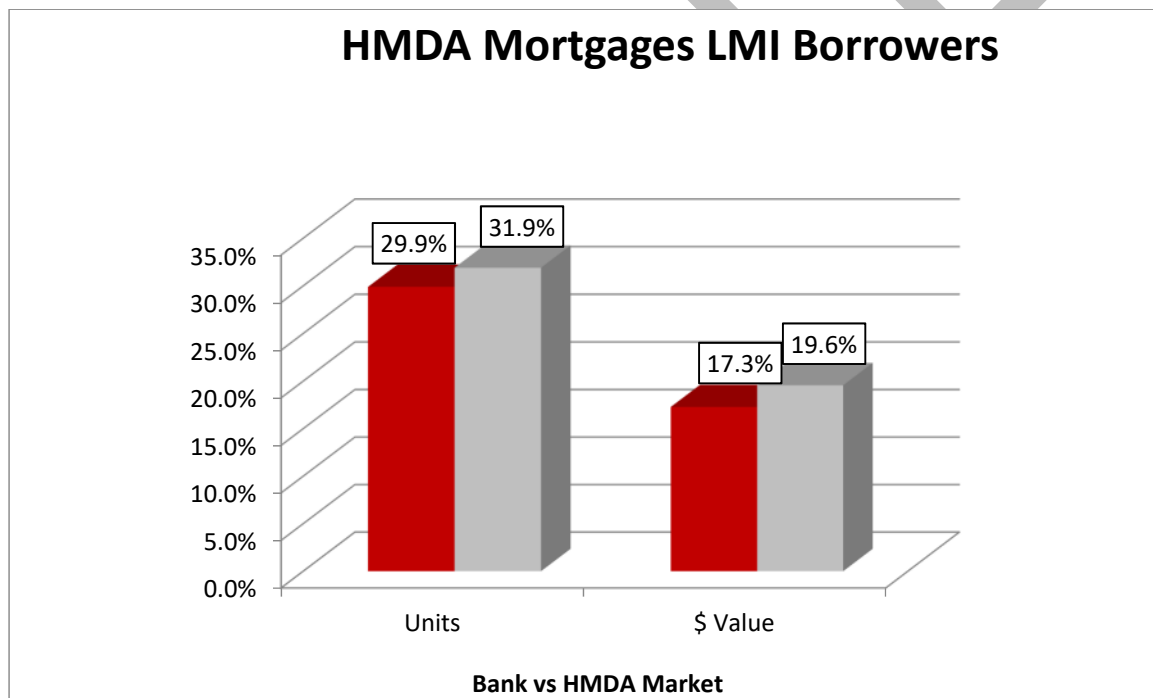
The tables demonstrate that the Bank originated 29.9% of its mortgages to LMI borrowers. When calculated based on values, the penetration rate was 17.3%.

Examiners evaluate this performance in the context of the demographic distribution of the low- and moderate-income population in the Assessment Area and, in comparison to market-driven LMI borrower penetration rate of other lenders. In the case of the distribution of the LMI population, there was a FFIEC-estimated population of 75,620 families in the community of whom there were 28,969 families qualified as low- or moderate-income. This accounts for 38.3% of the family population. Thus, the Bank's penetration rate of 29.9% of its Assessment Area mortgages is

significantly below the demographic distribution. But the weakness in this approach is that it assumes that families across all income classes have a proportionate share of home ownership. While that may be a worthy goal it is far from reality. In most cases the poorer the family the lower the incidence of home ownership. Therefore, this approach is not particularly accurate, but it is used by examiners and the Bank should be aware of the comparison.

Another approach is to use the actual loan market data. Again, the following graph demonstrates the comparison of the Bank to the market.

Figure: Lending Test 4: HMDA Mortgage LMI Applications



The graphs reveal that the Bank's performance is marginally below the market performance of all combined lenders with respect to the penetration rate based on units. The comparison based on dollar values is similarly below the market penetration rates of competitors.

Again however, a more thorough review of the mortgage market data is required to completely understand the comparison and to develop a fair

judgment of Bank performance. Key Performance Benchmark Report 1 in the KPB Reports Book shows that Sample Bank was ranked as the #3 provider of mortgage credit to LMI borrowers out of all 272 reporting lenders in the market. A close inspection of the latest HMDA market data reveals more detail about the competitive structure of this mortgage market. For example, the report shows SB was ranked #3 for mortgage lending to LMI borrowers, while 7 of the top 10 overall mortgage lenders in the community fall far behind SB.

Table: KPB Report 1A: Mortgage Market Rank & Share

Sample Bank- Assessment Area Report 1A: Lender Profile by Institution Market Share											
Based on HMDA Data Released by the Bureau of Consumer Financial Protection											
RANK: By Assessment Area Origination Dollar Volume	FINANCIAL INSTITUTION	INSTITUTION ID—Agency	MARKET SHARE: Percent by Assessment Area	TOTAL DOLLARS Originated (\$1,000's)	TOTAL UNITS Originated	RANK: By Low or Moderate Income Applicant Dollar Volume Originated	DOLLARS ORIGINATED (\$1,000's) by Low or Moderate Income Applicants	UNITS ORIGINATED by Low or Moderate Income Applicants	RANK: By Minority Dollar Volume Originated	DOLLARS ORIGINATED (\$1,000's) by Minority Applicants	UNITS ORIGINATED by Minority Applicants
1	CHARTER OAK FEDERAL CREDIT UNION	0000003413-5	6.49%	92,965	809	1	20,257	191	3	9,588	68
2	SAMPLE BANK	000000000000	5.98%	85,763	473	3	15,189	132	2	9,516	62
3	WELLS FARGO BANK NA	0000451985-9	5.31%	76,157	93	28	2,857	18	20	1,948	9
4	NAVY FEDERAL CREDIT UNION	0000617677-9	5.02%	71,864	382	2	18,742	123	1	12,400	67
5	QUICKEN LOANS	7197000053-7	4.07%	58,295	284	5	11,469	81	5	6,791	38
6	CAPITAL ONE, NA	0000112837-9	3.57%	51,120	10	75	537	4	27	1,346	4
7	DIME BANK	0000018200-3	2.49%	35,642	154	20	4,199	41	13	3,218	21
8	THE WASHINGTON TRUST COMPANY	0000023623-3	2.39%	34,284	136	21	4,082	32	41	679	3
9	SAVINGS INSTITUTE BANK & TRUST	0000480808-2	2.18%	30,738	150	11	8,488	47	19	2,100	11
10	BANK OF AMERICA, N.A.	0000480228-0	2.14%	30,688	84	33	2,263	16	12	3,309	16

Another useful report that provides insight into the performance of all competing lenders who report under the Home Mortgage Disclosure Act may be found in KPB Report 1B that displays the "penetration rates" of all reporting lenders active in the Assessment Area.

Table: KPB Report 1B: Mortgage Market Penetration Rates

Sample Bank- Assessment Area Report 1B: Lender Profile with Penetration Rates														
Based on HMDA Data Released by the Bureau of Consumer Financial Protection														
RANK: By Assessment Area Origination Dollar Volume	FINANCIAL INSTITUTION	MARKET SHARE: Percent by Assessment Area	TOTAL DOLLARS Originated (\$1,000's)	TOTAL UNITS Originated	RANK: By Low to Moderate Income Applicant Penetration Rate	DOLLARS ORIGINATED (\$1,000's) by Low or Moderate Income Applicants	UNITS ORIGINATED by Low or Moderate Income Applicants	PENETRATION RATE by Low or Moderate Income Applicant Dollars	PENETRATION RATE by Low or Moderate Income Applicant Units	RANK: By Low to Moderate Income Tract Penetration Rate	DOLLARS ORIGINATED (\$1,000's) in Low to Moderate Tracts	UNITS ORIGINATED in Low to Moderate Tracts	PENETRATION RATE by Low or Moderate Income Tract Dollars	PENETRATION RATE by Low or Moderate Income Tract Units
1	CHARTER OAK FEDERAL CREDIT UNION	6.48%	92,965	809	93	20,257	191	21.76%	31.36%	80	8,361	76	8.99%	12.81%
2	SHOPLIF LLYNK	5.88%	85,753	473	105	15,189	132	17.71%	27.61%	108	4,320	46	5.04%	9.73%
3	WELLS FARGO BANK NA	5.21%	76,157	93	148	2,857	18	3.75%	19.35%	19	53,793	8	70.63%	8.60%
4	NAVY FEDERAL CREDIT UNION	5.02%	71,864	382	80	15,742	123	28.06%	32.20%	64	8,308	60	11.56%	15.71%
5	QUICKEN LOANS	4.07%	58,298	284	100	11,469	81	19.67%	26.52%	68	8,400	40	10.96%	14.06%
6	CAPITAL ONE, NA	3.57%	51,120	19	153	537	4	1.05%	21.05%	***	0	0	0.00%	0.00%
7	DIME BANK	2.40%	35,842	154	128	4,199	41	11.76%	26.62%	93	2,614	21	7.33%	13.84%
8	THE WASHINGTON TRUST COMPANY	2.30%	34,284	136	127	4,082	32	11.91%	23.53%	90	2,683	16	7.83%	13.24%
9	SAVINGS INSTITUTE BANK & TRUST	2.16%	30,738	150	94	6,468	47	21.11%	31.33%	104	1,824	10	5.28%	8.87%
10	BANK OF AMERICA, N.A.	2.14%	30,888	84	140	2,263	16	7.37%	19.05%	113	1,140	8	3.71%	9.52%
11	LOANDEPOT.COM, LLC	2.11%	30,167	139	71	8,801	54	29.17%	38.85%	88	2,507	18	8.31%	12.95%

The above Report indicates that SB's LMI borrower penetration rates equal or exceed the performance of other top lenders in the Assessment Area. These comparisons to other lenders suggest that SB's performance may be better than that indicated by merely comparing its LMI borrower penetration rate to the market average LMI borrower penetration rate.

Examiners also look at bank lending to very small businesses and calculate a penetration rate for that type of lending as well. The performance of the Bank is summarized as follows:

Table: Lending Test 4: Small Business Lending

TEST 4B: ASSESSMENT AREA LOANS BY BUSINESS SIZE			
GAR	SBUS	SBUS-O	TOTAL
<= \$1 MIL	90	10	100
> \$1 MIL	77	11	88
UNKNOWN	0	0	0
TOTAL	167	21	188

TEST 4B: ASSESSMENT AREA LOANS BY BUSINESS SIZE			
GAR	SBUS	SBUS-O	TOTAL
<= \$1 MIL	53.9%	47.6%	53.2%
> \$1 MIL	46.1%	52.4%	46.8%
UNKNOWN	0.0%	0.0%	0.0%
TOTAL	100.0%	100.0%	100.0%

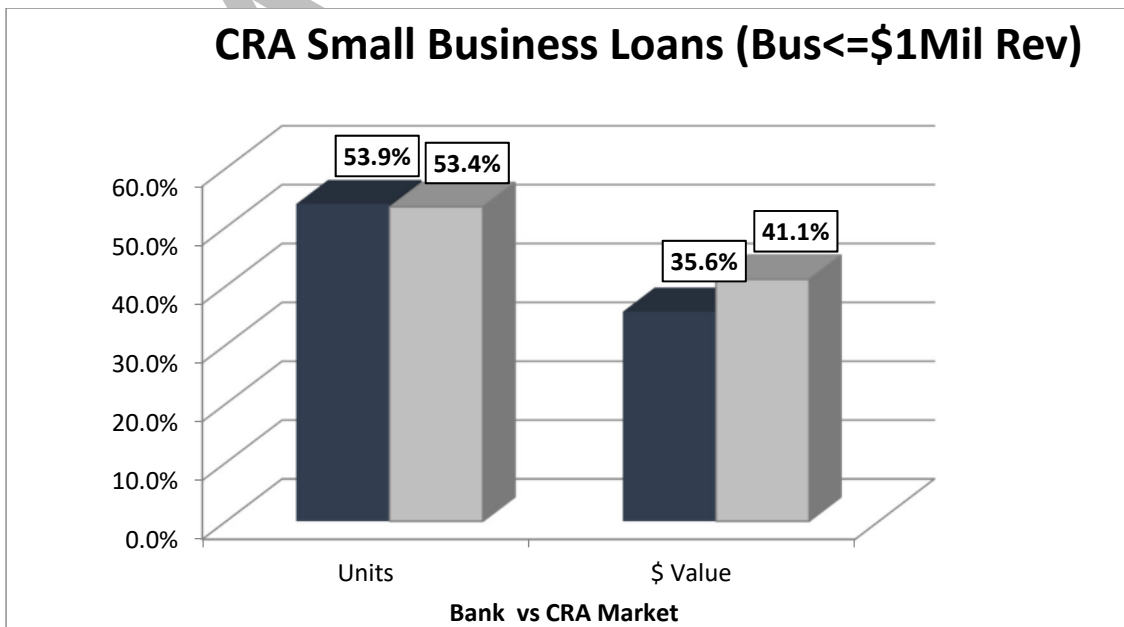
TEST 4B: ASSESSMENT AREA LOANS \$(000) BY BUSINESS SIZE			
GAR	SBUS	SBUS-O	TOTAL
<b>&lt;= \$1 MIL</b>	<b>\$9,081</b>	<b>\$2,351</b>	<b>\$11,432</b>
> \$1 MIL	\$16,425	\$6,073	\$22,498
UNKNOWN	\$0	\$0	\$0
TOTAL	\$25,506	\$8,424	\$33,930

TEST 4B: ASSESSMENT AREA LOANS \$(000) BY BUSINESS SIZE			
GAR	SBUS	SBUS-O	TOTAL
<b>&lt;= \$1 MIL</b>	<b>35.6%</b>	<b>27.9%</b>	<b>33.7%</b>
> \$1 MIL	64.4%	72.1%	66.3%
UNKNOWN	0.0%	0.0%	0.0%
TOTAL	100.0%	100.0%	100.0%

The table indicates that 53.9% of the Bank's small business loans went to very small businesses. When determined based on dollar values the percentage of Bank loans to very small businesses was 35.6%.

Again, the best way to form a judgment about bank performance is to compare the results to market experience. The following graph juxtaposes Sample Bank performance with the market in its community.

Figure: Lending Test 4: CRA Small Business Loans



The foregoing graph demonstrates that the Bank's performance is slightly exceeds the market average penetration rate computed based on the number of loans (53.9% vs 53.4%). The performance based on dollars is slightly below the market average penetration rate (35.6% vs 41.1%). KPB Report 10 offers more insight and shows the ranking of banks based on their lending to very small businesses. Sample Bank ranked #1 in New London (of 63 lenders), #23 in Washington County (of 53 lenders). Thus, the Bank performance in this category should be considered high satisfactory.

Table: KPB Report 10: Very Small Business Lending Rank

Sample Bank- Assessment Area						
Report 10: County-Reported CRA Lending to Very Small Businesses (Under \$1 Million Sales) by Lender Market Share						
New London						
Rank Based on Dollar Volume to Businesses with \$1 Million Sales or Less. No Rank for Zero Dollar Volume	Market Share Based on Dollar Volume to Businesses with \$1 Million Sales or less	Small Business Originations				
		Financial Institution	Total Units	Total Dollars (000)	Units to Businesses with \$1 Million Sales or less	Dollars (000's) to Businesses with \$1 Million Sales
1	14.33	SAMPLE BANK	128	19,363	64	6,938
2	12.69	DIME BANK	98	13,107	61	6,143
3	9.51	CITIZENS BANK, NA	122	6,184	108	4,603
4	8.24	AMERICAN EXPRESS, FSB	846	7,671	516	3,987
5	6.82	BANK OF AMERICA, N.A.	406	11,639	194	3,303
6	5.76	THE WASHINGTON TRUST COMPANY	17	4,217	11	2,791
Washington						
Rank Based on Dollar Volume to Businesses with \$1 Million Sales or Less. No Rank for Zero Dollar Volume	Market Share Based on Dollar Volume to Businesses with \$1 Million Sales or less	Small Business Originations				
		Financial Institution	Total Units	Total Dollars (000)	Units to Businesses with \$1 Million Sales or less	Dollars (000's) to Businesses with \$1 Million Sales
21	0.60	BANTERRA BANK	1	246	1	246
22	0.42	TEXAS CAPITAL BANK	70	490	29	172
23	0.38	SAMPLE BANK	7	2,207	3	157
23	0.38	STEARNS BANK N A	17	841	2	157
25	0.37	NORTHERN BANK & TRUST COMPANY	1	150	1	150
26	0.36	TCF NATIONAL BANK	7	683	1	147
27	0.27	THE HUNTINGTON NATIONAL BANK	6	168	4	109

## LENDING TEST 5: COMMUNITY DEVELOPMENT LENDING

The CRA was revised in 2005 to place increased emphasis on Community Development activity of Intermediate-Small banks (as of January

1, 2019) "Intermediate small bank" or "intermediate small savings association" means an institution with assets of at least \$321 million as of December 31 of the prior two calendar years as of the time of the study and no more than \$1.284 billion as of December 31 of either of the prior two calendar years). Whereas a Large bank can earn a satisfactory composite performance evaluation with substandard Community Development activity, an Intermediate-Small Bank must earn a satisfactory rating on its Community Development activities to be eligible to receive a composite satisfactory performance evaluation rating. If an ISB does not have a sufficient level of Community Development activity to comfortably earn a satisfactory rating the bank should consider voluntarily filing its CRA data so it can preserve its elective to be examined under the Large Bank standards. Sample Bank has voluntarily filed its CRA data thereby preserving its elective to be examined as a Large Bank.

As is true for most CRA performance parameters, performance standards are dictated by performance context. But the problem with respect to Community Development is the absence of a universal database that can help to compare to Sample Bank performance. The best public information available is the Community Development lending reported by other lenders who do report under CRA. The best thing a bank can do is to develop a "Community Needs Assessment" that identifies community needs and community development opportunities. In fact, although a formal Community Needs Assessment is not required by the Regulation, it is encouraged in the Q&A's and by examiners. The Q & A's state that a bank that has developed a Community Needs Assessment may rely on it for evaluating community development performance under CRA. Therefore, the Bank should consider developing a formal Community Needs Assessment for CRA purposes.

The only public database containing Community Development lending data is the data released by the FFIEC each year. GeoDataVision has compiled this data into market reports for each state based on the location of the headquarters of the reporting banks. According to Key Performance Benchmark Report 9, Sample Bank originated 24 community development loans in , the last year for which public CRA data is available as of the date of this Report. The value of the loans was \$12.3 million. This placed the Bank at a #10 ranking of 19 reporting Connecticut-based lenders (see KPB Report 9). During the Bank extended 13 Community Development loans valued at \$31.8 million. An additional 2 Community Development loans valued at \$1.5 million were made outside the Assessment Area.

Table: KPB Report 9: Community Development Lending Rank

Report 9a: Community Development Loans CRA Data For State with Lender Rank - CONNECTICUT									
Based on CRA data released by the FFIEC									
Rank	Bank	CD / Assets Ratio	CD Loans Total Dollars (000's)	# of CD Loans	Rank	Bank	CD / Assets Ratio	CD Loans Total Dollars (000's)	# of CD Loans
1	PEOPLES UNITED BANK, N.A.	0.10%	\$74,968	52	11	ION BANK	0.89%	\$10,764	5
2	LIBERTY BANK	0.70%	\$36,169	23	12	FARMINGTON BANK	0.26%	\$7,502	16
3	WEBSTER BANK, N.A.	0.14%	\$35,878	14	13	DIME BANK	0.79%	\$6,516	7
4	UNITED BANK	0.42%	\$27,512	5	14	FIRST COUNTY BANK	0.31%	\$4,750	2
5	DARIEN ROWAYTON BANK	3.23%	\$19,849	7	15	SAVINGS BANK OF DANBURY	0.48%	\$4,700	4
6	PATRIOT BANK, N.A.	2.46%	\$18,606	8	16	THOMASTON SAVINGS BANK	0.31%	\$2,977	6
7	SALISBURY BANK AND TRUST CO	1.59%	\$14,867	7	17	FAIRFIELD COUNTY BANK	0.18%	\$2,758	3
8	BANKWELL	0.88%	\$14,335	8	18	SAVINGS INSTITUTE BANK & TRUST	0.12%	\$1,821	4
9	CONNECTICUT COMMUNITY BANK, NA	2.89%	\$13,114	11	19	UNION SAVINGS BANK	0.07%	\$1,525	2
10	SAMPLE BANK	1.18%	\$12,302	24	Total Community Development Loans for 19 Lenders in CT			310,913	209

Without a Community Needs Assessment, GeoDataVision recommends a target of 0.5% to 1.0% of asset size. In the case of Sample



Bank whose assets size is \$1.1 billion this may be translated into Community Development loan dollars the equivalent of \$5.6 million to \$11.2 million. By comparison, Sample Bank made 13 community development loans valued at \$31.8 million inside the Assessment Area and an additional 2 loans valued at \$1.5 million outside the Assessment Area far exceed this target. If the qualifications of the CD loans claimed by SB are sustained in a CRA exam the Bank's CD lending should be considered outstanding by examiners.

In light of the increased emphasis on Community Development activity for ISBs, it is vital the Bank complement its Community Development lending performance with strong CD Investment results and significant CD services. The Bank did voluntarily report its CRA small business loans in thereby preserving its option under CRA to elect to be examined under the familiar "Large Bank" criteria.

Table: Community Development Lending in Assessment Area

COMMUNITY DEVELOPMENT LENDING INSIDE ASSESSMENT AREA		
MCD	COM DEV	COM DEV \$(000)
Groton	3	\$3,965
Montville	3	\$2,439
North Stonington	3	\$21,590
Salem	1	\$60
Sprague	1	\$3,580
Waterford	1	\$39
Westerly	1	\$80
TOTAL	13	\$31,753

COMMUNITY DEVELOPMENT LENDING OUTSIDE ASSESSMENT AREA		
MCD	COM DEV	COM DEV \$(000)
Tolland	1	\$730
Wilton	1	\$779
TOTAL	2	\$1,509

## LOAN-TO-DEPOSIT RATIO

Under the Lending Test Intermediate-Small Banks are examined for their loan-to-deposit ratio. Again, there is no quantitative standard enumerated in the Regulation. Examiners are supposed to determine how reasonable the ratio is. The source for the information is the Uniform Bank Performance Report in the Liquidity & Investments Section. That Section also includes a comparison to a group of peer banks using the “trimmed average” as well as a percentile disclosing what percentage of banks in the peer group have a lower ratio than the reporting bank.

GeoDataVision has extracted the following information from Sample Bank’s UBPR.

Table: Uniform Bank Performance Report

	BANK	PG 101	PCT	BANK	PG 101	PCT	BANK	PG 101	PCT	BANK	PG 101	PCT	BANK	PG 101	PCT
Percent of Total Deposits															
Individ, Partnerships, and Corp.	87.06	93.34	20	85.42	93.17	15	89.02	93.54	23	87.34	93.34	15	87.92	92.90	21
U.S. Govt, States & Political Sub	12.94	4.89	85	14.58	5.07	87	10.98	4.73	84	12.66	4.89	86	12.08	5.08	81
in U.S.															
Comm Bank & Other Dep Inst.	0.00	0.62	43	0.00	0.59	42	0.00	0.61	45	0.00	0.54	44	0.00	0.57	43
in U.S.															
Banks in Foreign Countries	0.00	0.00	98	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99	0.00	0.00	99
Foreign Govts and Official Inst.	0.00	0.02	98	0.00	0.00	99	0.00	0.00	98	0.00	0.00	99	0.00	0.00	99
Total deposits	100.00	100.00	92	100.00	100.00	91	100.00	100.00	93	100.00	100.00	93	100.00	100.00	87
Domestic Demand Deposits	9.49	7.06	73	9.25	6.79	72	9.57	7.31	71	8.16	7.05	68	7.73	7.35	62
Domestic Other Transaction	7.98	3.60	81	7.52	3.66	79	8.24	3.78	81	8.04	3.85	81	7.60	3.95	78
Accts															
Domestic Nontransaction Accts	82.53	87.88	23	83.24	88.23	21	82.19	87.69	23	83.80	87.75	24	84.66	86.98	29
Total Domestic Deposits	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99
Deposits in Foreign Offices	0.00	0.00	99	0.00	0.00	98	0.00	0.00	98	0.00	0.00	98	0.00	0.00	98
Total Deposits	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99	100.00	100.00	99
Liquidity/Funding Ratios															
Net Non Core Fund Dep \$250M	5.25	16.07	28	4.06	15.11	25	3.60	14.99	24	2.92	14.64	27	3.78	15.34	26
Core Deposits	76.45	68.65	72	76.61	69.30	72	77.30	69.42	74	75.81	69.08	74	77.39	68.17	74
Short Term Non Core Funding	4.50	12.09	23	4.44	11.46	26	3.79	11.12	24	4.46	11.04	23	4.18	11.68	20
S.T Inv to S.T. Noore Fund	27.80	62.76	50	53.32	88.54	63	61.01	88.88	66	75.15	99.80	68	42.93	76.43	60
S.T. Asset to S.T. Liabilities	52.31	59.82	57	69.61	63.17	70	72.09	62.37	66	75.73	78.41	63	62.02	76.17	57
Net S.T. Liabilities to Assets	4.02	9.71	34	2.58	8.67	29	2.24	8.31	29	2.12	6.29	36	3.16	7.17	35
Net Loans & Leases to Deposits	93.29	94.67	41	92.07	94.85	36	91.18	94.61	36	89.73	94.18	31	90.54	95.50	30
Net LN&LS to Core Deposits	97.37	109.31	33	96.15	106.82	31	95.08	107.10	31	94.00	106.18	29	94.69	106.95	29
Brkr Dep Mat < 1 Yr to Brkr Deps	N/A	64.20	N/A	N/A	66.02	N/A	0.00	60.38	7	100.00	73.55	98	100.00	69.75	98
Brokered Deposits to Deposits	0.00	4.68	36	0.00	4.58	35	0.04	4.57	37	0.08	5.46	34	0.15	4.83	34
Listing Service Dep to Deposits	0.00	0.31	72	0.00	0.36	71	0.00	0.39	69	0.00	0.44	70	0.00	0.41	69
List Service and Brkrd Dep to															
Depos	0.00	5.28	33	0.00	5.51	34	0.04	5.61	35	0.08	6.51	31	0.15	5.86	30

The foregoing table reveals that SB’s loan to deposit ratio averaged about 92% during . At year end the Bank’s Loans-to-Deposit ratio was 93.3% placing the Bank in the 41st percentile among its Peer group.

## LENDING: RESPONSIVENESS TO THE COMMUNITY

Another element of the Lending Test is the use of flexible and innovative lending. As has been historically applied, performance under this parameter could be used only to augment bank performance. Therefore, it could be helpful to the Bank to maintain a compilation of flexible and innovative loan programs and the annual volume processed through those programs.

The following programs are offered by the bank:

- SBA guaranteed loans for Small Business
- Connecticut Development Authority Business Loans for job creation
- First Time Home Buyers Program
- CHFA, FHA, VA and other government programs to assist targeted homebuyers with low rates and low down payment requirements
- Norwich Public Utilities Energy Efficiency Programs for Commercial and Industrial Customers which is designed to help small businesses lower their energy costs

The Bank continues to offer the Fannie Mae “Community” mortgage program with low or no down payment and flexible income guidelines. Included are the Community 97 program which is a low down payment mortgage with flexible credit guidelines.