



# Community Reinvestment Act

## Public File - 2025





## ASSESSMENT AREA

Torrington Savings Bank Assessment Area includes 4 Regional Councils of Government.

### Northwest Hills (NHCOG)

Torrington	Sharon
Goshen	Cornwall
New Hartford	Kent
Salisbury	Warren
North Canaan	Litchfield
Canaan	Harwinton
Norfolk	Washington
Colebrook	Morris
Hartland	Roxbury
Winchester	Burlington
Barkhamsted	

### Capitol Region (CRCOG)

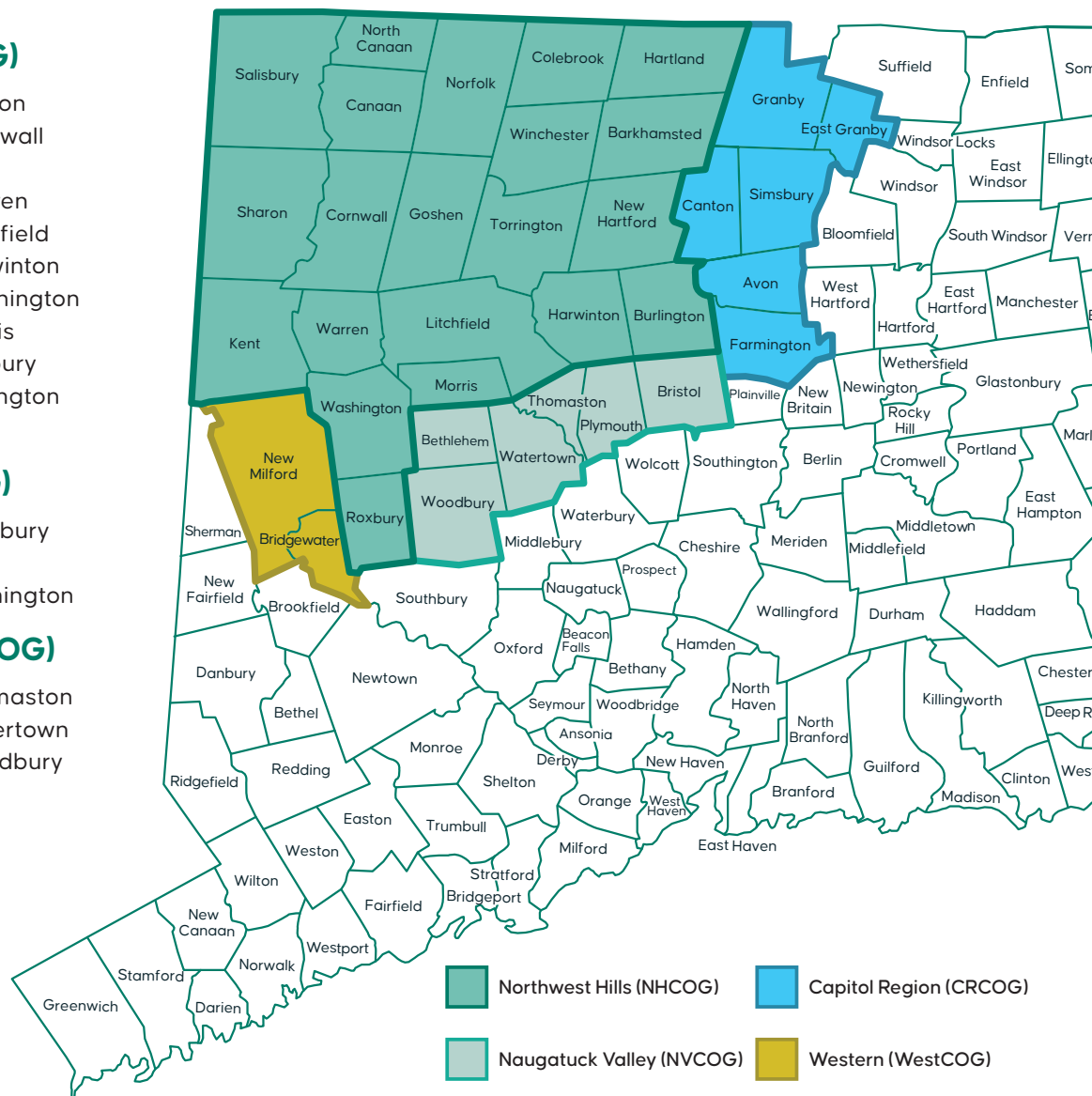
Granby	Simsbury
East Granby	Avon
Canton	Farmington

### Naugatuck Valley (NVCOG)

Bethlehem	Thomaston
Bristol	Watertown
Plymouth	Woodbury

### Western (WestCOG)

Bridgewater  
New Milford







## BRANCH LOCATIONS & GEOGRAPHIES



### **Torrington (Main Office)**

129 Main St  
Torrington, CT 06790  
(860) 256-4523  
Census Tract #3102.00  
M-F: 9 am – 4 pm



### **Bristol Office**

888 Farmington Ave  
Bristol, CT 06010  
(860) 785-0076  
Census Tract #4053.00  
Lobby Hours: M-F: 9 am – 4 pm TH: 9 am – 6 pm SAT: 9 am - Noon  
Drive-up Hours: M-W: 9 am – 4 pm TH: 9 am – 6 pm F: 9 am – 5 pm SAT: 9 am - Noon



### **Burlington Office**

260 Spielman Highway, Route 4  
Burlington, CT 06013  
(860) 675-2601  
Census Tract #4101.02  
Lobby Hours: M-F: 9 am – 4 pm TH: 9 am – 6 pm SAT: 9 am - Noon  
Drive-up Hours: M-F 8:30 am – 4 pm TH: 8:30 am – 6 pm SAT: 8:30 am - Noon



### **Falls Village Office**

10 CT - 126  
Falls Village, CT 06031  
(860) 824-3000  
Census Tract #4256.02  
Lobby Hours: M-TH: 9 am – 3 pm FR: 9 am – 5 pm SAT: 9 am - Noon



## Goshen Office

55 Sharon Turnpike, Route 4  
Goshen, CT 06756  
(860) 492-2122

Census Tract #2961.00

Lobby Hours: M-F: 9 am – 4 pm TH: 9 am – 6 pm SAT: 9 am - Noon

Drive-up Hours: M-F 8:30 am – 4 pm TH: 8:30 am – 6 pm SAT: 8:30 am - Noon



## New Hartford Office

518 Main St  
New Hartford, CT 06057  
(860) 738-0200

Census Tract #3061.00

Lobby Hours: M-F: 9 am – 4 pm TH: 9 am – 6 pm SAT: 9 am - Noon

Drive-up Hours: M-F 8:30 am – 4 pm TH: 8:30 am – 6 pm SAT: 8:30 am - Noon



## Torrington (Torrington Office)

235 Dibble St  
Torrington, CT 06790  
(860) 482-2664

Census Tract #3106.02

Lobby Hours: M-F: 9 am – 4 pm TH: 9 am – 6 pm SAT: 9 am - Noon

Drive-up Hours: M-W 8 am – 4 pm TH: 8 am – 6 pm FR: 8 am – 5 pm SAT: 8 am - Noon



## Torrington (North Office)

635 Main St  
Torrington, CT 06790  
(860) 482-5421

Census Tract #3107.00

Lobby Hours: M-F: 9 am – 4 pm TH: 9 am – 6 pm SAT: 9 am - Noon

Drive-up Hours: M-W: 8 am – 4 pm TH: 8 am – 6 pm F: 8 am – 5 pm SAT: 8 am - Noon



## ADDITIONAL OFFICES



### Commercial Lending

30 Mason Street  
Torrington, CT 06790  
(860) 496-4486  
Census Tract #3102.00  
M-F 8:30 am - 4:30 pm



### Trust Department

Old Post Office Square  
8 Church Street  
Torrington, CT 06790  
(860) 595-2083  
Census Tract #3102.00  
M-F 8:30 am - 4:30 pm



## BRANCHES OPENED & CLOSED

There were no Branches opened within the last two calendar years and YTD 2025.

There were no Branches closed within the last two calendar years and YTD 2025.



## CRA PUBLIC COMMENTS FILE

Torrington Savings Bank has not received any comments from the public regarding its performance in meeting community credit needs for the current year and preceding two calendar years.



## HOME MORTGAGE DISCLOSURE ACT

HMDA Data about Torrington Savings Bank's residential mortgage lending is available for review and can be obtained on the Consumer Financial Protection Bureau's Website at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda).

**Kimberley Brown**

CRA Officer

March 2025





## LOAN TO DEPOSIT RATIO

### Loan to Deposit

12/31/2024	98.01%
12/31/2023	89.46%
12/31/2022	81.14%



## PRODUCTS AND SERVICES

### Personal

Checking Accounts  
Savings Accounts  
Certificates of Deposit  
Health Savings Accounts  
Retirement Accounts

### Mortgage

Fixed Rate  
Jumbo  
First-Time Home Buyer  
Adjustable Rate  
Construction  
FHLB Grant Programs  
Refi Boost

### Home Equity

Home Equity Loan  
Home Equity Line of Credit

### Unsecured Personal Loan

### Overdraft Line of Credit

### Credit Cards

### Business

Checking Accounts  
Savings Accounts  
Certificates of Deposit  
Interest on Lawyers Trust Account (IOLTA)  
Interest on Real Estate Brokers Trust Account (IOREBTA)

### Lending

Commercial Mortgages  
Letters of Credit  
Lines of Credit  
Term Loans

### Treasury Services

ACH Origination  
Wire Transfer (Domestic & Foreign)  
Remote Deposit Capture  
Mobile Check Deposit  
Merchant Services  
Sweep Services  
Positive Pay  
Payroll Processing  
Account Reconciliation  
Lockbox Services  
Insured Cash Sweep

### Personal and Business

#### Digital Banking

Online Banking  
Mobile Banking App  
Digital Wallet  
Mobile Deposit  
MX Money  
TSB Customer to Customer Transfers  
Bill Pay  
External Transfers  
Account Alerts  
eStatements  
eNotices  
Credit Sense  
Card Controls

#### Convenience Services

24-Hour Telephone Banking  
ATMs  
Mastercard® Debit Card  
Instant Issue Debit Card  
Direct Deposit  
Debit Card Round-Up  
Wire Transfer (Domestic & Foreign)  
Night Deposit  
Official Checks  
Overdraft Services  
Safe Deposit Box  
Self-Service Coin Machines

# Common Fee Schedule

Effective Date: February 1, 2023



ITEM	AMOUNT	ADDITIONAL DETAILS
Account Research	\$50.00	Per hour or any portion thereof. Includes account balancing assistance.
Card Reissue	\$10.00	Per card
Check Printing	Varies	Amount depends on check style and quantity ordered.
Certified Check	\$25.00	Per Check
Bill Pay Check Copy	\$7.50	Per Copy
Deposit Verification	\$10.00	Per request
Foreign Item Processing	Varies	Per item drawn on a foreign bank including items payable in U.S. Dollars.
Photo Copy	\$3.00 per copy	Includes check, deposit, payment item, ticket or other item.
Dormancy	\$2.00	For savings and checking only. Does not apply to First Time Savers.
Insufficient Funds	\$35.00	Per item paid or returned when account is overdrawn by more than \$15.00. Fee will be charged for each item or transaction up to 4 items per business day. Applies to any debit against the account balance including ACH, bill pay, checks, electronic banking transfers and recurring point of sale transactions.
Legal Process	\$80.00	For processing bank executions, garnishments, levies, subpoenas, and other legal items.
Night Deposit Bag	\$15.00	Per bag
Notary Service (non-customers)	\$5.00	Per document
Official Check	\$5.00 per check	One free Official check per customer, per day.
Overdraft Protection Transfer	\$5.00 per transfer	For automatic transfer of funds linked from a deposit account to cover checking account overdrafts.
	\$3.00 per transfer	OD Protection Fee for Journey Savings.
Paper Statements	\$5.00	Applies to My Generation Checking, Journey Checking, Business Checking accounts and duplicate statement requests.
	\$2.00	BankRight Checking account paper statement fee.
Retirement Account Transfer Out	\$25.00	Per account. Applies to IRA's being transferred out of TSB.
Returned Mail	\$2.00	Per month for mail returned to TSB by the USPS for an incorrect address.
Safe Deposit Drilling Box (minimum)	\$150.00	Amount depends on box size which is subject to location and availability. See Safe Deposit Fee Schedule for details.
Late Charge	\$25.00	
Lost Key Charge	\$50.00	
Rental	varies	
Statement Copy	\$5.00	Per statement, does not include check images.
Stop Payment	\$30.00 per item	Applies to check, bill pay, ACH transactions, official checks, and money orders.
Uncollected Funds	\$35.00	Per item paid or returned on items where the available account balance is more than \$15.00. Fee will be charged for each item or transaction up to 4 items per business day. Applies to any debit against the account balance including ACH, bill pay, checks, electronic banking transfers and debit card transactions.
Wire Transfer		
All Incoming Wires	\$15.00	You may incur a charge from the corresponding bank in order to process a foreign wire.
Outgoing - Domestic	\$25.00	
Outgoing - Foreign	\$45.00	



## ASSESSMENT AREA CENSUS TRACTS

State	Region	Town	State Code	MSA	County Code	Census Tract
CT	Capitol Region COG	Farmington	9	25540	110	4601
CT	Capitol Region COG	Farmington	9	25540	110	4602.02
CT	Capitol Region COG	Farmington	9	25540	110	4602.03
CT	Capitol Region COG	Farmington	9	25540	110	4602.04
CT	Capitol Region COG	Farmington	9	25540	110	4603.01
CT	Capitol Region COG	Farmington	9	25540	110	4603.02
CT	Capitol Region COG	Avon	9	25540	110	4621.01
CT	Capitol Region COG	Avon	9	25540	110	4621.02
CT	Capitol Region COG	Avon	9	25540	110	4622.01
CT	Capitol Region COG	Avon	9	25540	110	4622.02
CT	Capitol Region COG	Canton	9	25540	110	4641.01
CT	Capitol Region COG	Canton	9	25540	110	4641.02
CT	Capitol Region COG	Simsbury	9	25540	110	4661.01
CT	Capitol Region COG	Simsbury	9	25540	110	4661.02
CT	Capitol Region COG	Simsbury	9	25540	110	4662.01
CT	Capitol Region COG	Simsbury	9	25540	110	4662.02
CT	Capitol Region COG	Simsbury	9	25540	110	4663
CT	Capitol Region COG	Simsbury	9	25540	110	4664
CT	Capitol Region COG	Granby	9	25540	110	4681.01
CT	Capitol Region COG	Granby	9	25540	110	4681.02
CT	Capitol Region COG	East Granby	9	25540	110	4701
CT	Capitol Region COG	East Granby	9	25540	110	9800.01



CT	Naugatuck Valley Region COG	Bethlehem	9	47930	140	3421
CT	Naugatuck Valley Region COG	Thomaston	9	47930	140	3491
CT	Naugatuck Valley Region COG	Thomaston	9	47930	140	3492
CT	Naugatuck Valley Region COG	Watertown	9	47930	140	3601
CT	Naugatuck Valley Region COG	Watertown	9	47930	140	3602
CT	Naugatuck Valley Region COG	Watertown	9	47930	140	3603
CT	Naugatuck Valley Region COG	Watertown	9	47930	140	3604
CT	Naugatuck Valley Region COG	Woodbury	9	47930	140	3621.01
CT	Naugatuck Valley Region COG	Woodbury	9	47930	140	3621.02
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4051
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4052
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4053
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4054.01
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4054.02
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4055
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4056
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4057
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4058.01
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4058.02
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4059
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4060.01
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4060.02
CT	Naugatuck Valley Region COG	Bristol	9	47930	140	4061
CT	Naugatuck Valley Region COG	Plymouth	9	47930	140	4253
CT	Naugatuck Valley Region COG	Plymouth	9	47930	140	4254
CT	Naugatuck Valley Region COG	Plymouth	9	47930	140	4255
CT	Northwest Hills COG	North Canaan	9	99999	160	2602
CT	Northwest Hills COG	Salisbury	9	99999	160	2611
CT	Northwest Hills COG	Sharon	9	99999	160	2621
CT	Northwest Hills COG	Cornwall	9	99999	160	2632
CT	Northwest Hills COG	Warren	9	99999	160	2651
CT	Northwest Hills COG	Kent	9	99999	160	2661
CT	Northwest Hills COG	Washington	9	99999	160	2671
CT	Northwest Hills COG	Roxbury	9	99999	160	2681
CT	Northwest Hills COG	Barkhamsted	9	99999	160	2901

CT	Northwest Hills COG	Colebrook	9	99999	160	2931
CT	Northwest Hills COG	Goshen	9	99999	160	2961
CT	Northwest Hills COG	Harwinton	9	99999	160	2983
CT	Northwest Hills COG	Harwinton	9	99999	160	2984
CT	Northwest Hills COG	Litchfield	9	99999	160	3001
CT	Northwest Hills COG	Litchfield	9	99999	160	3004
CT	Northwest Hills COG	Litchfield	9	99999	160	3005
CT	Northwest Hills COG	Morris	9	99999	160	3031
CT	Northwest Hills COG	New Hartford	9	99999	160	3061
CT	Northwest Hills COG	Torrington	9	99999	160	3101
CT	Northwest Hills COG	Torrington	9	99999	160	3102
CT	Northwest Hills COG	Torrington	9	99999	160	3103
CT	Northwest Hills COG	Torrington	9	99999	160	3104
CT	Northwest Hills COG	Torrington	9	99999	160	3105
CT	Northwest Hills COG	Torrington	9	99999	160	3106.01
CT	Northwest Hills COG	Torrington	9	99999	160	3106.02
CT	Northwest Hills COG	Torrington	9	99999	160	3107
CT	Northwest Hills COG	Torrington	9	99999	160	3108.01
CT	Northwest Hills COG	Torrington	9	99999	160	3108.03
CT	Northwest Hills COG	Torrington	9	99999	160	3108.04
CT	Northwest Hills COG	Winchester	9	99999	160	3201.01
CT	Northwest Hills COG	Winchester	9	99999	160	3201.02
CT	Northwest Hills COG	Winchester	9	99999	160	3202
CT	Northwest Hills COG	Hartland	9	99999	160	3301
CT	Northwest Hills COG	Burlington	9	99999	160	4101.01
CT	Northwest Hills COG	Burlington	9	99999	160	4101.02
CT	Northwest Hills COG	Norfolk	9	99999	160	4256.01
CT	Northwest Hills COG	Canaan	9	99999	160	4256.02
CT	Western COG	Bridgewater	9	14860	190	2501
CT	Western COG	New Milford	9	14860	190	2531
CT	Western COG	New Milford	9	14860	190	2532
CT	Western COG	New Milford	9	14860	190	2534
CT	Western COG	New Milford	9	14860	190	2535
CT	Western COG	New Milford	9	14860	190	4257

# **PUBLIC DISCLOSURE**

February 22, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Torrington Savings Bank  
Certificate Number: 16636

129 Main Street  
Torrington, CT 06790

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
New York Regional Office

350 Fifth Avenue, Suite 1200  
New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	2
DESCRIPTION OF ASSESSMENT AREAS.....	3
SCOPE OF EVALUATION .....	3
CONCLUSIONS ON PERFORMANCE CRITERIA.....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	10
CONNECTICUT NONMETROPOLITAN ASSESSMENT AREA – Full-Scope Review .....	11
HARTFORD METROPOLITAN ASSESSMENT AREA – Full-Scope Review.....	20
APPENDICES .....	28
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	28
GLOSSARY .....	29



## 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 Lending Test is rated Outstanding.**

- The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment areas credit needs.
- A majority of home mortgage and small business loans are in the institution's assessment areas.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The bank did not receive any CRA-related complaints since the previous evaluation. As a result, this factor did not affect the rating.

**The Community Development Test is rated Satisfactory.**

The institution's community development performance demonstrated adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

## DESCRIPTION OF INSTITUTION

The Torrington Savings Bank is a mutual savings bank headquartered in Torrington, Connecticut that primarily operates in northwestern Connecticut. The bank wholly owns Torrington Savings Mortgage Servicing Company, a passive investment company, and Torrington Savings Foundation, which is dedicated to revitalizing the communities it serves and improving the quality of life for low- and moderate-income individuals and families. The bank received a Satisfactory rating at the previous CRA Evaluation dated December 3, 2018, based on Interagency Intermediate Small Bank Examination Procedures.

The Torrington Savings Bank operates eight full-service branches, six located in Litchfield County, Connecticut and two in Hartford County, Connecticut. All branches offer deposit-taking automated teller machines (ATMs), and six branches offer drive-up services. The bank also operates one remote, withdrawal-only ATM. The Torrington Savings Bank opened a new branch in Bristol, Connecticut on August 9, 2021. There were no other changes to the bank's offices, and no merger or acquisition activity occurred since the previous evaluation.

The institution offers loan products including fixed- and adjustable-rate home mortgage loans, commercial loans and mortgages, consumer loans, and construction financing. Additionally, the bank provides personal banking and business banking products such as checking accounts, savings accounts, and certificates of deposit. It also offers investment advisory and trust services. Alternative banking services include telephone, internet, and mobile banking services.

The Torrington Savings Bank reported total assets of \$973.4 million, total loans of \$531.6 million, and total deposits of \$790.4 million on its December 31, 2021 Consolidated Report of Condition and Income (Call Report). Additionally, the bank reported securities of \$179.5 million. Since the previous evaluation, the bank's assets increased by 18.9 percent from \$818.8 million to \$973.4 million. One-to-four family loans are the institution's primary credit product by a wide margin, with loans secured by nonfarm nonresidential properties a secondary product. Commercial loan volume, including both loans secured by nonfarm nonresidential properties and commercial and industrial loans, increased since the prior evaluation. The following table reflects the loan portfolio distribution as of December 31, 2021.

<b>Loan Portfolio Distribution as of 12/31/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	5,047	1.0
Secured by Farmland	-	0.0
Secured by 1-4 Family Residential Properties	450,807	87.5
Secured by Multifamily (5 or more) Residential Properties	3,287	0.6
Secured by Nonfarm Nonresidential Properties	47,454	9.2
<b>Total Real Estate Loans</b>	<b>506,595</b>	<b>98.3</b>
Commercial and Industrial Loans	7,505	1.5
Agricultural Production and Other Loans to Farmers	-	0.0
Consumer Loans	934	0.2
Obligations of State and Political Subdivisions in the U.S.	-	0.0
Other Loans	46	<0.1
Lease Financing Receivable (net of unearned income)	-	0.0
Less: Unearned Income	-	0.0
<b>Total Loans</b>	<b>515,080</b>	<b>100.0</b>
<i>Source Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet its assessment areas' credit needs.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to designate one or more assessment areas within which it will focus its lending efforts and examiners will evaluate its CRA performance. The Torrington Savings Bank designated two individual assessment areas encompassing portions of two counties in Connecticut: 1) Connecticut Nonmetropolitan Assessment Area and 2) Hartford Metropolitan Assessment Area. Specific descriptions of and demographics for each assessment area are located under the individual assessment area sections.

## **SCOPE OF EVALUATION**

### **General Information**

This performance evaluation covers the period from the prior evaluation dated December 3, 2018, to the current evaluation dated February 22, 2022. Examiners used the Interagency Intermediate Small Bank Examination Procedures to evaluate the bank's performance. These procedures include two tests: 1) Lending Test and 2) Community Development Test.

Examiners used full-scope examination procedures to evaluate The Torrington Savings Bank's performance in both assessment areas. The bank's performance in the Connecticut Nonmetropolitan Assessment Area received more weight when drawing overall conclusions and ratings. This area contains the majority of the institution's loans, deposits, and branches. The following table provides a breakdown of the bank's loans, deposits, and branches by assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	2020 HMDA Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Connecticut Nonmetropolitan	65,115	68.0	673,049	87.9	6	75.0
Hartford Metropolitan	13,799	14.4	93,023	12.1	2	25.0
<b>Total</b>	<b>78,914</b>	<b>82.4</b>	<b>766,072</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>
<i>Source Bank Data; FDIC Summary of Deposits (06/30/2021)</i>						

### **Activities Reviewed**

The bank's major product line is home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The bank also originates small business loans. Due to the fact that home mortgage lending is the bank's largest credit product, home mortgage lending received more weight than small business lending when drawing Lending Test conclusions. The bank did not originate any small farm loans during the evaluation period. Therefore, examiners did not analyze or present data for this loan product.

The evaluation considered all home mortgage loans reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers for 2018, 2019, and 2020. The bank reported 347 loans totaling \$66.4 million in 2018, 403 loans totaling \$74.1 million in 2019, and 492 loans totaling \$95.8 million in 2020. HMDA aggregate data from 2018, 2019, and 2020, and 2015 American Community Survey (ACS) data provided a standard of comparison for the home mortgage loans reviewed. Although the Assessment Area Concentration factor presents all years of HMDA data reviewed, Geographic Distribution and Borrower Profile factors only present 2019 and 2020 HMDA data. Bank performances for Geographic Distribution and Borrower Profile in 2019 and 2020 are representative of bank performance for the full review period.

The Torrington Savings Bank is not required to collect or report data, but it elected to collect CRA data for small business loans. The prior evaluation reviewed small business loans originated in the first three quarters of 2018; therefore, the evaluation considered all small business loans originated in 2019 and 2020. The bank originated 14 small business loans totaling \$2.8 million in 2019 and 224 small business loans totaling \$18.3 million in 2020. The dramatic increase in small business loans from 2019 to 2020 is due to the bank offering loans through the Small Business Administration's (SBA) Paycheck Protection Program (PPP), which began during the COVID-19 pandemic. PPP loans constituted 87.5 percent of all 2020 small business loan originations and are included in the small business lending analysis. Since the bank is not required to and does not report small business loan data, examiners did not use aggregate data for comparison. D&B data for 2019 and 2020 provided a comparison standard for small business lending.

Furthermore, while examiners reviewed and presented both the number and dollar volume of home mortgage and small business loans, examiners emphasized performance by number of loans when conducting the Geographic Distribution and Borrower profile analyses. The number of loans is a better indicator of geographies, individuals, and businesses served.



For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation. Examiners also considered prior-period qualified investments that were still outstanding at the start of the evaluation.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

The Torrington Savings Bank demonstrated outstanding performance under the Lending Test. The bank's excellent Geographic Distribution and Borrower Profile performances support this conclusion.

### Loan-to-Deposit Ratio

The Torrington Savings Bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area and credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 74.7 percent over the past 13 calendar quarters. The highest LTD ratio was 80.8 percent on December 31, 2019, and March, 31 2020. The lowest LTD ratio was 74.3 percent on September 30, 2021.

Examiners compared The Torrington Savings Bank's average net LTD ratio to three other financial institutions. Examiners selected similarly-situated banks based on their asset size, branching structure, geographic location, and lending focus. As shown in the following table, the bank's average net LTD ratio is below, but relatively close to, similarly-situated institutions, reflecting reasonable performance.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 12/31/2021 (\$000s)	Average Net LTD Ratio (%)
The Torrington Savings Bank	973,390	74.7
Essex Savings Bank	557,297	81.0
The Guilford Savings Bank	1,024,762	89.4
Northwest Community Bank	1,029,895	85.8
Source Reports of Condition and Income 12/31/2018 - 12/31/2021		

### **Assessment Area Concentration**

The Torrington Savings Bank originated a majority of home mortgage and small business loans inside the combined assessment area. The following table reflects the bank's lending inside and outside the combined assessment area.

Lending Inside and Outside of the Combined Assessment Area											
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)	
	Inside		Outside			Inside		Outside			
	#	%	#	%		\$	%	\$	%		
Home Mortgage											
2018	295	85.0	52	15.0	347	52,429	79.0	13,967	21.0	66,396	
2019	343	85.1	60	14.9	403	58,169	78.4	16,003	21.6	74,172	
2020	416	84.6	76	15.4	492	78,915	82.4	16,879	17.6	95,794	
Subtotal	1,054	84.9	188	15.1	1,242	189,513	80.2	46,849	19.8	236,362	
Small Business											
2019	12	85.7	2	14.3	14	2,283	79.2	600	20.8	2,883	
2020	176	79.3	46	20.7	222	9,629	64.4	5,315	35.6	14,944	
Subtotal	188	79.7	48	20.3	236	11,912	66.8	5,915	33.2	17,827	
Total	1,242	84.0	236	16.0	1,478	201,425	79.2	52,764	20.8	254,189	
Source HMDA Reported Data; Bank Data											

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the assessment areas. Examiners focused on the percentage of loans originated in low- and moderate-income census tracts, as applicable. The bank's performance in the Connecticut Nonmetropolitan Assessment Area is excellent and carried more weight in drawing conclusions for this factor, while its performance in the Hartford Metropolitan Assessment Area is reasonable.

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment areas, excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. The bank's performance in the Connecticut Nonmetropolitan Assessment Area is excellent and carried more weight in drawing conclusions for this factor, while its performance in the Hartford Metropolitan Assessment Area is reasonable.

### **Response to Complaints**

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

## COMMUNITY DEVELOPMENT TEST

The Torrington Savings Bank demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments and donations, and community development services. Examiners considered the bank's capacity and the need and availability of such opportunities. The bank's performance in both assessment areas is consistent with this conclusion.

### Community Development Loans

The bank originated 77 community development loans totaling \$10.7 million. The level of activity represents 1.2 percent of average total assets and 2.1 percent of average total loans, which is commensurate with similarly situated banks. Community development lending increased from nine community development loans totaling \$1.7 million during the previous evaluation period. The increase in community development lending is due to the bank's participation in the PPP. The PPP, established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and implemented through the SBA, helped small businesses maintain their payroll, hire back employees, and cover applicable overhead expenses during the COVID-19 pandemic. The bank originated 75 PPP loans totaling \$5.1 million, demonstrating its responsiveness to credit needs in its assessment areas. The COVID-19 pandemic created significant financing needs for small businesses in both assessment areas. PPP loans to small businesses in low- and moderate-income census tracts in the Connecticut Nonmetropolitan Assessment Area were particularly responsive.

The following tables reflect community development lending activity by year, community development purpose, and assessment area.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	75	5,164	75	5,164
2021	2	5,531	-	-	-	-	-	-	2	5,531
<b>Total</b>	<b>2</b>	<b>5,531</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>5,164</b>	<b>77</b>	<b>10,695</b>
Source Bank Data										

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Connecticut Nonmetropolitan	2	5,531	-	-	-	-	60	3,386	62	8,917
Hartford Metropolitan	-	-	-	-	-	-	1	164	1	164
Regional Activities	-	-	-	-	-	-	14	1,614	14	1,614
<b>Total</b>	<b>2</b>	<b>5,531</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>5,164</b>	<b>77</b>	<b>10,695</b>
Source Bank Data										

In addition to community development lending in its assessment areas, the bank supported the needs of the broader regional area. In 2020, the bank originated 14 PPP loans totaling \$1.6 million that revitalized or stabilized low- and moderate-income geographies in the regional area. These 14 PPP loans helped retain existing businesses in low- and moderate-income geographies.

### **Qualified Investments**

The bank made 106 qualified investments and donations totaling \$1.0 million. The dollar amount of the bank's equity investment activity has remain unchanged since the previous evaluation. In addition, the bank's qualified donation activity, by count, increased in comparison to the prior evaluation period. The dollar amount of equity investments equates to less than 0.1 percent of average total assets and 0.4 percent of average securities since the last evaluation.

Examiners compared the bank's qualified investment volume to three similarly situated institutions. The comparable institutions' qualified investments ranged from 0.1 percent to 3.1 percent of average total assets and ranged from 1.0 percent to 22.6 percent of average securities. The Torrington Savings Bank's volume of qualified investments is below the volume of qualified investments for comparable institutions. However, the bank's record of providing community development loans and qualified services support the bank's adequate performance under the Community Development Test.

A majority of the bank's investments and donations benefitted affordable housing and community services. Investments and donations for affordable housing constitute 58.9 percent of investments and donations by dollar amount. Investments and donations for community services constitute 36.1 percent of investments and donations by dollar amount. Community contacts identified both affordable housing and community services as areas of need within the assessment areas.

The following tables reflect the qualified investments by year, purpose, and assessment area.

<b>Qualified Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	-	-	1	100	-	-	-	-	1	100
2019	3	455	-	-	-	-	-	-	3	455
2020	1	45	-	-	-	-	-	-	1	45
2021	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>4</b>	<b>500</b>	<b>1</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>600</b>
Qualified Grants & Donations	8	118	85	279	-	-	8	52	101	449
<b>Total</b>	<b>12</b>	<b>618</b>	<b>86</b>	<b>379</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>52</b>	<b>106</b>	<b>1,049</b>
<i>Source Bank Data</i>										

Qualified Investments and Donations by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Connecticut Nonmetropolitan	7	108	85	354	-	-	8	52	100	514
Hartford Metropolitan	5	510	-	-	-	-	-	-	5	510
Statewide Activities	-	-	1	25	-	-	-	-	1	25
<b>Total</b>	<b>12</b>	<b>618</b>	<b>86</b>	<b>379</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>52</b>	<b>106</b>	<b>1,049</b>
Source Bank Data										

The following example describes the bank's qualified investment benefiting all of Connecticut.

- The bank invested \$25,000 in the Women's Business Development Council. The Council provides funding primarily to low- and moderate-income female clients who own their own business. This investment was responsive to community service needs.

### **Community Development Services**

Bank representatives provided 115 instances of financial expertise or technical assistance to 27 community development organizations within the assessment areas. All of the bank's community development services benefitted affordable housing or community services, with 80.9 percent of community development services related to community services targeted to low- and moderate-income individuals. Community contacts identified affordable housing and community services as areas of need within the assessment areas.

Examiners compared the bank's level of community development services to three similarly situated institutions. These institutions provided between 46 and 154 community development services. The Torrington Savings Bank's level of community development services was in line with similarly situated institutions.

The following tables reflect the number of instances bank representatives provided financial or technical expertise by year, purpose, and assessment area.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	9	42	-	-	51
2020	6	19	-	-	25
2021	7	32	-	-	39
<b>Total</b>	<b>22</b>	<b>93</b>	<b>-</b>	<b>-</b>	<b>115</b>
Source Bank Data					

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Connecticut Nonmetropolitan	22	91	-	-	113
Hartford Metropolitan	-	2	-	-	2
<b>Total</b>	<b>22</b>	<b>93</b>	<b>-</b>	<b>-</b>	<b>115</b>
<i>Source Bank Data</i>					

## DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.



## CONNECTICUT NONMETROPOLITAN ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN CONNECTICUT NONMETROPOLITAN ASSESSMENT AREA

The Connecticut Nonmetropolitan assessment area consists of all 51 census tracts in Litchfield County, Connecticut. According to 2015 ACS data, the assessment area is comprised of 1 low-income census tract, 10 moderate-income census tracts, 31 middle-income census tracts, and 9 upper-income census tracts. The institution operates six full-service branches and six ATMs in this assessment area. The following list indicates all municipalities in the assessment area.

#### Connecticut Nonmetropolitan Assessment Area:

- Barkhamsted      • Harwinton      • North Canaan      • Warren
- Bethlehem      • Kent      • Plymouth      • Washington
- Bridgewater      • Litchfield      • Roxbury      • Watertown
- Canaan      • Morris      • Salisbury      • Winchester
- Colebrook      • New Hartford      • Sharon      • Woodbury
- Cornwall      • New Milford      • Thomaston
- Goshen      • Norfolk      • Torrington

#### Economic and Demographic Data

The following table reflects select demographic information for the Connecticut Nonmetropolitan assessment area.

Demographic Information of the Assessment Area Connecticut Nonmetropolitan						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	51	2.0	19.6	60.8	17.6	0.0
Population by Geography	186,304	0.7	19.8	58.5	20.9	0.0
Housing Units by Geography	87,447	1.1	20.6	58.1	20.2	0.0
Owner-Occupied Units by Geography	57,397	0.4	15.9	61.3	22.5	0.0
Occupied Rental Units by Geography	17,121	3.1	38.4	45.5	13.0	0.0
Vacant Units by Geography	12,929	1.8	17.7	60.9	19.6	0.0
Businesses by Geography	20,364	1.3	17.7	57.8	23.2	0.0
Farms by Geography	1,156	0.3	11.1	63.7	25.0	0.0
Family Distribution by Income Level	49,615	18.2	19.4	23.1	39.3	0.0
Household Distribution by Income Level	74,518	23.2	16.4	19.1	41.3	0.0
Median Family Income		\$89,735	Median Housing Value Median Gross Rent Families Below Poverty Level			\$273,214 \$968 4.0%
Source 2015 ACS Data; 2020 D&B Data; FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.						

With only 0.4 percent of owner-occupied housing units located in low-income census tracts, there is limited opportunity in the assessment area to originate owner-occupied housing loans in these geographies. Similarly, only 15.9 percent of owner-occupied units are located in moderate-income census tracts.

According to 2020 D&B data, the service industry represents the largest portion of businesses at 35.1 percent. Other significant industries include non-classifiable businesses (19.1 percent), construction (12.0 percent), and retail trade (10.7 percent). The majority of businesses in the assessment area are small businesses, as 93.7 percent operate from a single location and 67.4 percent employ four or less employees.

Unemployment rates in the Connecticut Nonmetropolitan area increased dramatically in April 2020, increasing from 4.3 percent in March to 7.7 percent in April. Unemployment rates remained elevated from April 2020 through September 2021. The impact of the COVID-19 pandemic caused the increase in the unemployment rate. By October 2021, the unemployment rate returned to pre-pandemic levels at 4.3 percent. Statewide and national unemployment rates experienced similar patterns.

Examiners used FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the FFIEC-estimated median family income levels for the statewide nonmetropolitan area in 2018, 2019, and 2020.

<b>Median Family Income Ranges Connecticut Nonmetropolitan</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2018 (\$96,800)	<\$48,400	\$48,400 to <\$77,440	\$77,440 to <\$116,160	≥\$116,160
2019 (\$100,900)	<\$50,450	\$50,450 to <\$80,720	\$80,720 to <\$121,080	≥\$121,080
2020 (\$102,600)	<\$51,300	\$51,300 to <\$82,080	\$82,080 to <\$123,120	≥\$123,120
<i>Source FFIEC</i>				

## **Competition**

The Connecticut Nonmetropolitan Assessment Area is competitive for financial services. Per FDIC Deposit Market Share data as of June 30, 2021, 14 financial institutions operate 68 offices within the assessment area. Of these institutions, The Torrington Savings Bank ranked 4<sup>th</sup> with a deposit market share of 11.2 percent. The bank is ranked below Webster Bank NA (15.8 percent market share), Thomaston Savings Bank (12.6 percent market share), and Union Savings Bank (12.0 percent market share).

There is a high level of competition for home mortgage loans among numerous banks, credit unions, and non-depository mortgage lenders. In 2020, 316 lenders reported 8,136 home mortgage loans in the assessment area. The Torrington Savings Bank ranked 4<sup>th</sup> with a 4.3 percent market share, by number. National banks and a large mortgage company outranked The Torrington Savings Bank.

Although examiners did not compare The Torrington Savings Bank's small business performance to aggregate data, 2020 aggregate small business lending indicates a moderate level of competition in the Connecticut Nonmetropolitan Assessment Area. In 2020, 91 lenders reported 6,586 small business loans. The top three lenders included American Express National Bank (13.9 percent market share), Webster Bank NA (10.7 percent market share), and Thomaston Savings Bank (8.9 percent market share).

### **Community Contact**

Examiners conducted a community contact with a representative from an organization active in a community foundation that serves many towns throughout the assessment area. The organization seeks to improve the quality of life for residents by addressing issues related to homelessness, substance abuse, early childhood development, food insecurity, and affordable housing. The contact identified an aging housing stock, financial literacy, and affordable housing as opportunities for local institutions to provide loans and technical expertise. The contact indicated that bank lending programs for home improvement and environmental remediation would benefit the assessment area. The contact also identified a need for financial institutions to develop and implement comprehensive financial literacy programs. The community contact identified The Torrington Savings Bank as one of several institutions active in the community.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage lending represents the primary credit need in the assessment area, followed by commercial lending. Furthermore, the assessment area needs community development related to affordable housing, community services, and economic development. Additionally, with 11 low- or moderate-income census tracts, the area has opportunities to revitalize and stabilize these geographies.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN CONNECTICUT NONMETROPOLITAN ASSESSMENT AREA**

### **LENDING TEST**

The bank demonstrates excellent performance under the Lending Test. Excellent performance under the Borrower Profile and Geographic Distribution factors primarily support this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the Connecticut Nonmetropolitan Assessment Area. Excellent home mortgage lending performance primarily supports this conclusion.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The bank's lending in moderate-income census tracts primarily supports this conclusion. The bank's lending in moderate-income census tracts exceeded aggregate lending data in 2019 and 2020. The bank's lending in moderate-income census tracts increased from 2019 to 2020 by 1.2 percentage points, despite a decrease in aggregate lending performance from 2019 to 2020. Furthermore, in 2020, The Torrington Savings Bank ranked 1<sup>st</sup> (6.8 percent market share) out of 142 lenders that originated or purchased a home mortgage loan in a moderate-income census tract.

The bank's performance in the low-income census tract received minimal weight due to the limited opportunities to originate home mortgage loans. In 2020, only 13 lenders originated or purchased a home mortgage loan in the low-income census tract. One lender made 2 loans, while the other 12 lenders originated just 1 loan in the low-income tract.

The following table details the percentage of bank lending, aggregate performance, and owner-occupied housing units by geography income level.

<b>Geographic Distribution of Home Mortgage Loans Connecticut Nonmetropolitan Assessment Area</b>						
<b>Tract Income Level</b>	<b>% of Owner- Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2019	0.4	0.5	0	0.0	0	0.0
2020	0.4	0.2	1	0.3	92	0.1
Moderate						
2019	15.9	15.8	58	21.2	6,108	14.0
2020	15.9	14.4	79	22.4	11,117	17.1
Middle						
2019	61.3	61.0	160	58.4	24,462	56.1
2020	61.3	61.0	189	53.7	33,672	51.7
Upper						
2019	22.5	22.7	56	20.4	13,066	29.9
2020	22.5	24.4	83	23.6	20,234	31.1
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>274</b>	<b>100.0</b>	<b>43,636</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>352</b>	<b>100.0</b>	<b>65,116</b>	<b>100.0</b>
<i>Source 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank's lending activities in moderate-income census tracts support the bank's reasonable performance. In 2019, bank lending in moderate-income census tracts exceeded demographics. Despite increasing the number of small business loans originated in moderate-income census tracts from 2019 to 2020, the bank's lending percentage in these tracts was below

demographic data in 2020. The change from outperforming to lagging behind demographic data is due to the fact that PPP loans originated in 2020. The PPP loans caused the percentage of the bank's small business loans in middle- and upper-income census tracts to increase more than small business loans located in low- and moderate-income census tracts. Nonetheless, the bank more than doubled the number of small business loans in moderate-income tracts from 2019 to 2020.

Although the bank only originated one loan in a low-income census tract in 2019 and 2020 combined, the fact that just over one percent of assessment area businesses are located in the low-income tract highlights limited lending opportunities.

The following table details the percentage of businesses and bank loans by geography income level.

<b>Geographic Distribution of Small Business Loans Connecticut Nonmetropolitan Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2019	1.3	0	0.0	0	0.0
2020	1.3	1	0.8	209	2.9
Moderate					
2019	17.7	4	36.4	496	36.8
2020	17.7	9	6.8	974	13.7
Middle					
2019	57.8	5	45.5	654	48.6
2020	57.8	88	66.2	4,361	61.2
Upper					
2019	23.2	2	18.2	197	14.6
2020	23.2	35	26.3	1,579	22.2
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>1,347</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>133</b>	<b>100.0</b>	<b>7,123</b>	<b>100.0</b>

*Source 2019 & 2020 D&B Data; 1/1/2019 – 12/31/2020 Bank Data.  
Due to rounding, totals may not equal 100.0*

## **Borrower Profile**

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes. The bank's excellent home mortgage lending penetration primarily supports this conclusion.

### ***Home Mortgage Loans***

The distribution of borrowers reflects excellent penetration among individuals of different income levels. The bank's market share rankings and favorable comparisons to aggregate data support this conclusion.

For both 2019 and 2020, the bank's percentage of loans to low-income borrowers slightly exceeded aggregate performance. Although the bank's percentage declined in 2020, the aggregate's percentage similarly declined. However, the bank increased total loans to low-income borrowers from 2019 to 2020. The bank's market rank in lending to low-income borrowers also reflects strong performance. The Torrington Savings Bank ranked 5<sup>th</sup> (4.7 percent market share) out of 123 lenders that originated or purchased a mortgage loan to a low-income borrower. The lenders outperforming The Torrington Savings Bank are a large regional bank and three national mortgage lenders.

The bank's lending to moderate-income borrowers also supports the excellent performance. Lending to moderate-income borrowers outperformed aggregate lending percentages in both 2019 and 2020. The bank also notably increased the number of loans to moderate-income borrowers in 2020. The bank ranked 5<sup>th</sup> (5.0 percent market share) out of 165 lenders for loans to moderate-income borrowers. Again, only a large regional bank and three national mortgage lenders ranked ahead of The Torrington Savings Bank.

The following table provides details of the bank's lending activities.

<b>Distribution of Home Mortgage Loans by Borrower Income Level Connecticut Nonmetropolitan Assessment Area</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2019	18.2	13.3	38	13.9	2,372	5.4
2020	18.2	10.7	41	11.6	2,372	6.0
Moderate						
2019	19.4	23.6	71	25.9	8,410	19.3
2020	19.4	21.8	89	25.3	11,589	17.8
Middle						
2019	23.1	23.3	67	24.5	11,642	26.7
2020	23.1	20.1	86	24.4	15,421	23.7
Upper						
2019	39.3	26.5	92	33.6	20,495	47.0
2020	39.3	31.9	127	36.1	32,039	49.2
Income Not Available						
	0.0	13.2	6	2.2	716	1.6
	0.0	15.5	9	2.6	2,145	3.3
<b>Total</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>274</b>	<b>100.0</b>	<b>43,636</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>352</b>	<b>100.0</b>	<b>65,116</b>	<b>100.0</b>
<i>Source 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						

### ***Small Business Loans***

The distribution of borrowers reflects reasonable penetration among business of different sizes. In 2019, the bank's lending to businesses with gross annual revenues (GARs) of \$1.0 million or less trailed the comparable demographic data, but nonetheless reflects a high percentage. In 2020, the

bank's lending performance compared unfavorably to the percentage of businesses with GARs of \$1.0 million or less in the assessment area; however, the bank's willingness to meet the credit needs of businesses of varying sizes, including small businesses, by originating PPP loans during the COVID-19 pandemic supports reasonable performance under this criterion.

Additionally, banks were not required to collect revenue information for PPP loans. The bank originated 95 loans to businesses without available revenues due to its participation in the PPP. Furthermore, the bank faces competition from larger institutions in its assessment area to originate small business loans. Given these factors, the bank's lending performance is reasonable. The following table illustrates the distribution of small business loans by GAR category.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category Connecticut Nonmetropolitan Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>					
2019	89.9	8	72.7	813	60.4
2020	89.9	28	21.1	3,283	46.1
<b>&gt;1,000,000</b>					
2019	3.9	3	27.3	534	39.6
2020	3.9	10	7.5	1,453	20.4
<b>Revenue NA</b>					
2019	6.3	0	0.0	0	0.0
2020	6.3	95	71.4	2,387	33.5
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>1,347</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>133</b>	<b>100.0</b>	<b>8,964</b>	<b>100.0</b>
<i>Source 2019 &amp; 2020 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0</i>					

## COMMUNITY DEVELOPMENT TEST

The Torrington Savings Bank demonstrates adequate responsiveness to the community development needs of the Connecticut Nonmetropolitan Assessment Area. The bank's community development loans, qualified investments, and community development services support this conclusion. Examiners considered the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

### Community Development Loans

The bank originated 62 community development loans totaling approximately \$8.9 million during the review period. The following table provides more information related to the bank's community development loans in the Connecticut Nonmetropolitan Assessment Area.



Community Development Lending Connecticut Nonmetropolitan Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	60	3,368	60	3,368
2021	2	5,531	-	-	-	-	-	-	2	5,531
<b>Total</b>	<b>2</b>	<b>5,531</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>3,368</b>	<b>62</b>	<b>8,917</b>
<i>Source Bank Data</i>										

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

- In 2021, the bank made a \$5.0 million loan to support affordable housing. The loan provided funds to a real estate firm to construct an apartment building with 45 out of 62 units designated for affordable housing for low- and moderate-income individuals.
- In response to the COVID-19 pandemic, the bank originated 60 PPP loans totaling approximately \$3.3 million in low- and moderate-income census tracts within its assessment area in 2020. The SBA administered the loans as a part of the CARES Act. The PPP loans helped businesses retain workers and staff during the economic crisis during the pandemic. These loans qualify as community development because they have a primary purpose of stabilizing low- or moderate-income geographies.

### **Qualified Investments**

The bank made one qualified equity investment totaling \$100,000 in the previous evaluation period that is still outstanding. The bank made 99 donations totaling approximately \$414,000 in this area during the evaluation period. The following table provides more information related to the bank's investments and donations in the Connecticut Nonmetropolitan Assessment Area.

Qualified Investments Connecticut Nonmetropolitan Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	1	100	-	-	-	-	1	100
2019	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>100</b>
Qualified Grants & Donations	7	108	84	254	-	-	8	52	99	414
<b>Total</b>	<b>7</b>	<b>108</b>	<b>85</b>	<b>354</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>52</b>	<b>100</b>	<b>514</b>
<i>Source Bank Data</i>										

Below are notable examples of the bank's community development investments and donations benefitting this area.

- The bank has one outstanding investment from the prior evaluation period. The investment fund helps low- and moderate-income individuals launch or sustain small businesses in Connecticut, qualifying as economic development.
- In 2019, the bank donated \$5,000 to a local food pantry that provides meals to low- and moderate-income individuals.
- In 2020, the bank donated \$20,000 to a local organization that provides services to individuals with intellectual and developmental disabilities. All of the families served by the organization are at or below 100.0 percent of the federal poverty level.
- In 2021, the bank donated \$30,000 to a local housing trust that focuses on providing affordable housing to low- and moderate-income families in the area.

### **Community Development Services**

The majority of the bank's total community development services benefitted the Connecticut Nonmetropolitan Assessment Area. The following table indicates instances of the bank's community development services in the Connecticut Nonmetropolitan Assessment Area.

<b>Community Development Services Connecticut Nonmetropolitan Assessment Area</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2019	9	41	-	-	<b>50</b>
2020	6	19	-	-	<b>25</b>
2021	7	31	-	-	<b>38</b>
<b>Total</b>	<b>22</b>	<b>91</b>	<b>-</b>	<b>-</b>	<b>113</b>
<i>Source Bank Data</i>					

Below are notable examples of the bank's community development services.

- A bank representative serves on the board of directors of a non-profit soup kitchen that provides meals to low- and moderate-income individuals.
- A bank representative serves on the board of directors and serves as the treasurer of a non-profit organization that provides food and shelter to low- and moderate-income individuals
- Several Torrington Savings Bank employees participated in a tax preparation program, which offered free tax returns to low-income taxpayers.

## HARTFORD METROPOLITAN ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN HARTFORD METROPOLITAN ASSESSMENT AREA

The Hartford Metropolitan Assessment Area includes towns in the western portion of Hartford County, Connecticut. Since the previous evaluation, bank management updated the assessment area to include the City of Bristol. According to 2015 ACS data, the assessment area comprises 1 low-income census tract, 4 moderate-income census tracts, 11 middle-income census tracts, and 21 upper-income census tracts. The institution operates two full-service offices, including the new office in Bristol, and two ATMs in this area.

#### **Hartford Metropolitan Assessment Area (Hartford-West Hartford-East Hartford, CT MSA):**

- Avon
- Canton
- Granby
- Bristol
- East Granby
- Hartland
- Burlington
- Farmington
- Simsbury

#### **Economic and Demographic Data**

The following table reflects select demographic information for the Hartford Metropolitan Assessment Area.

Demographic Information of the Assessment Area Hartford Metropolitan Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	37	2.7	10.8	29.7	56.8	0.0
Population by Geography	166,760	2.5	10.5	30.6	56.3	0.0
Housing Units by Geography	70,078	2.8	11.8	31.4	54.0	0.0
Owner-Occupied Units by Geography	50,179	0.6	7.9	31.6	59.9	0.0
Occupied Rental Units by Geography	15,462	8.3	22.7	32.1	36.8	0.0
Vacant Units by Geography	4,437	9.2	17.2	26.3	47.3	0.0
Businesses by Geography	17,755	3.4	7.3	23.3	66.0	0.0
Farms by Geography	561	1.1	7.5	24.1	67.4	0.0
Family Distribution by Income Level	44,590	14.7	15.1	20.1	50.1	0.0
Household Distribution by Income Level	65,641	19.8	12.7	17.7	49.8	0.0
Median Family Income		\$88,016	Median Housing Value Median Gross Rent Families Below Poverty Level			\$279,675 \$981 4.1%
Source 2015 ACS Data; 2020 D&B Data; FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.						

The unemployment rate in the Hartford Metropolitan assessment area increased in 2020 due to the COVID-19 pandemic. The unemployment rate began to decrease in 2021, but remains higher than pre-pandemic levels. Statewide and national unemployment rates experienced similar trends. The

major employers in the area are Hartford HealthCare, Pratt & Whitney/United Technology, and the University of Connecticut. Nonetheless, the assessment area supports a diverse make-up of industries.

According to 2020 D&B data, the service industry represents the largest portion of the business sector in the assessment area at 38.8 percent. Other major industries include non-classifiable businesses (20.1 percent), finance, insurance & real estate (10.8 percent), and retail trade (10.2 percent). The majority of businesses in the assessment area are small businesses, 92.0 percent operate from a single location and 65.0 percent employ four or less employees.

Low owner-occupancy rates in low- and moderate-income census tracts provide limited opportunity for home mortgage lending. Only 0.6 percent of owner-occupied units are in low-income census tracts and 7.9 percent of units are in moderate-income census tracts.

The median housing value of \$279, 675 affects housing affordability for low- and moderate-income borrowers. The median housing value is more than three times the annual income of low- and moderate-income borrowers in the Hartford Metropolitan assessment area. Examiners used FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the FFIEC-estimated median family income levels for the Hartford Metropolitan Assessment Area for 2018, 2019, and 2020.

<b>Median Family Income Ranges</b> <b>Hartford-East Hartford-West Hartford, CT MSA</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2018 (\$96,700)	<\$48,350	\$48,350 to <\$77,360	\$77,360 to <\$116,040	≥\$116,040
2019 (\$98,400)	<\$49,200	\$49,200 to <\$78,720	\$78,720 to <\$118,080	≥\$118,080
2020 (\$97,800)	<\$48,900	\$48,900 to <\$78,240	\$78,240 to <\$117,360	≥\$117,360
<i>Source FFIEC</i>				

## **Competition**

The Hartford Metropolitan Assessment Area is moderately competitive for financial services. Per FDIC Deposit Market Share data as of June 30, 2021, 18 financial institutions operated 50 offices within the assessment area. Of these institutions, The Torrington Savings Bank ranked 11<sup>th</sup> with a deposit market share of 1.6 percent. The top three ranked intuitions were Bank of America NA (23.1 percent market share), People’s United Bank NA (21.6 percent market share), and Webster Bank NA (17.2 percent market share).

There is a high level of competition for home mortgage loans among numerous banks, credit unions, and non-depository mortgage lenders. In 2020, 321 lenders reported 9,125 home mortgage loans in the assessment area, with The Torrington Savings Bank ranking 37<sup>th</sup> with a 0.7 percent market share, by number. The top three lenders were Quicken Loans LLC (6.2 percent market share), Webster Bank NA (5.1 percent market share), and Norwich Commercial Group Inc. (4.2 percent market share).

There is a high level of demand and competition for small business loans in the assessment area, as evidenced by the 2020 aggregate CRA data, which is the most recent year available. In 2020, 163 lenders reported 27,837 small business loans. The top lenders were Webster Bank NA (13.1 percent market share), American Express National Bank (12.6 percent market share), and Bank of America NA (11.2 percent market share).

### **Community Contact**

Examiners reviewed a community contact with a representative from an organization active in a quasi-state agency that serves many towns throughout the assessment area. The agency promotes affordable housing throughout Connecticut. The contact identified several economic challenges in Hartford Metropolitan Assessment Area. The contact identified a need for affordable housing, particularly in urban areas and low- and moderate-income census tracts. The area has a growing immigrant population that is unbanked or underbanked. The community contact identified opportunities for banks to provide online financial literacy programs, provide more home purchase loans, and focus on funding renovations of older houses in urban areas.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage lending represent the primary credit need in the assessment area, followed by commercial lending. Furthermore, the assessment area's community development needs include all four categories, with affordable housing representing a primary need.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN HARTFORD METROPOLITAN ASSESSMENT AREA**

### **LENDING TEST**

The bank demonstrates reasonable performance under the Lending Test. Reasonable performance under the Borrower Profile and Geographic Distribution factors primarily support this conclusion.

### **Geographic Distribution**

The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the Hartford Metropolitan Assessment Area. Reasonable home mortgage and small business lending performances support this conclusion.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The bank's performance in moderate-income census tracts supports the reasonable performance. The bank did not exceed aggregate lending data in moderate-income census tracts in 2019 or 2020. The number of home mortgage loans the bank originated in moderate-income census tracts decreased from 2019 to 2020. Several factors mitigate the bank's low lending activity and support a reasonable performance. During the evaluation period, the bank only operated one branch

in the assessment area, which limited the bank's ability to originate loans in the area. Further, the assessment area only contains four moderate-income census tracts. In 2020, the bank faced notable competition in the moderate-income census tracts, as 124 institutions originated or purchased a home mortgage loan in a moderate-income census tract. The Torrington Savings Bank ranked 81st with a 0.1 percent market share.

The bank's lending activity in the low-income census tract further supports the reasonable rating. The number of home mortgage loans the bank originated in low-income census tracts decreased from 2019 to 2020. The bank did not exceed aggregate lending data in low-income census tracts in 2019 or 2020. There is only one low-income census tract in the assessment area, which limits the bank's opportunity to originate loans in low-income census tracts. In addition, the bank faced moderate competition in the low-income census tracts, as 29 institutions originated or purchased a home mortgage loan located in the low-income census tract in 2020. The following table provides details.

<b>Geographic Distribution of Home Mortgage Loans Hartford Metropolitan Assessment Area</b>						
<b>Tract Income Level</b>	<b>% of Owner- Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	0.6	0.9	1	1.4	203	1.4
2020	0.6	0.5	0	0.0	0	0.0
<b>Moderate</b>						
2019	7.9	7.8	2	2.9	376	2.6
2020	7.9	7.5	1	1.6	194	1.4
<b>Middle</b>						
2019	31.6	30.0	20	29.0	3,627	25.0
2020	31.6	27.5	13	20.3	2,021	14.6
<b>Upper</b>						
2019	59.9	61.2	46	66.7	10,327	71.1
2020	59.9	64.5	50	78.1	11,584	84.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>69</b>	<b>100.0</b>	<b>14,533</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>64</b>	<b>100.0</b>	<b>13,799</b>	<b>100.0</b>
<i>Source 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank's performance in the low-income census tract supports the bank's reasonable performance. The bank increased the number of small business loans originated in low-income census tracts from 2019 to 2020. In 2019, the bank's lending lagged behind demographic data. In 2020, the bank was able to increase its lending in low-income census tracts enough to exceed the percentage of businesses.

The bank's lending activity in moderate-income census tracts further supports the reasonable rating. The bank increased the number of small business loans originated in moderate-income census tracts from 2019 to 2020. In both 2019 and 2020, the bank did not exceed demographic data.

The following table provides details of the bank's lending.

<b>Geographic Distribution of Small Business Loans Hartford Metropolitan Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2019	3.4	0	0.0	0	0.0
2020	3.4	2	4.7	65	2.6
Moderate					
2019	7.3	0	0.0	0	0.0
2020	7.3	2	4.7	16	0.6
Middle					
2019	23.3	0	0.0	0	0.0
2020	23.3	14	32.6	1,079	43.0
Upper					
2019	66.0	1	100.0	891	100.0
2020	66.0	25	58.1	1,347	53.7
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>891</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>43</b>	<b>100.0</b>	<b>2,506</b>	<b>100.0</b>
<i>Source 2019 &amp; 2020 D&amp;B Data; 1/1/2019 – 12/31/2020 Bank Data. Due to rounding, totals may not equal 100.0</i>					

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable home mortgage and small business lending performances support this conclusion.

### ***Home Mortgage Loans***

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels. The bank's lending activity to moderate-income borrowers supports the reasonable performance. Bank lending to moderate-income borrowers decreased from 2019 to 2020. In 2019, the bank outperformed aggregate lending to moderate-income borrowers. In 2020, the bank lagged behind aggregate data. The bank's limited physical presence in the area limited its ability to originate loans to moderate-income borrowers. There is a high level of competition in the assessment area. The average house price in the assessment area is more than three times higher than the income of moderate-income borrowers, which limits the opportunity for the bank to originate home mortgage loans.

The bank's lending activity to low-income borrowers further supports reasonable performance. The bank's lending to low-income borrowers decreased from 2019 to 2020. In both 2019 and 2020, the bank's lending to low-income borrowers lagged behind aggregate lending data.



Due to the COVID-19 pandemic, low- and moderate-income borrowers lost jobs and were less likely to take out home mortgage loans. The decrease in aggregate lending to low- and moderate-income borrowers supports this conclusion. This limited the bank's ability to originate home mortgage loans to low- and moderate-income borrowers.

The following table provides details.

<b>Distribution of Home Mortgage Loans by Borrower Income Level Hartford Metropolitan Assessment Area</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2019	14.7	8.8	1	1.4	113	0.8
2020	14.7	5.2	0	0.0	0	0.0
Moderate						
2019	15.1	20.0	16	23.2	2,811	19.3
2020	15.1	17.6	11	17.2	2,128	15.4
Middle						
2019	20.1	20.7	23	33.3	4,353	30.0
2020	20.1	19.7	20	31.3	3,231	23.4
Upper						
2019	50.1	38.5	26	37.7	6,834	47.0
2020	50.1	43.8	33	51.6	8,441	61.2
Income Not Available						
2019	0.0	12.0	3	4.3	423	2.9
2020	0.0	13.7	0	0.0	0	0.0
<b>Total</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>69</b>	<b>100.0</b>	<b>14,533</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>64</b>	<b>100.0</b>	<b>13,799</b>	<b>100.0</b>
<i>Source 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						

### ***Small Business Loans***

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The bank originated its one 2019 small business loan to a business with a GAR of \$1.0 million or less and it significantly exceeds the demographic data. In 2020, the bank's lending performance compared unfavorably to the percentage of businesses with GARs of \$1.0 million or less in the assessment area; however, the bank's willingness to meet the credit needs of the businesses of varying sizes, including small businesses, by originating PPP loans during the COVID-19 pandemic supports reasonable performance under this criterion. Additionally, banks were not required to collect revenue data for businesses as a part of the PPP program. The bank originated 34 loans to businesses without revenues available as a part of the PPP. The following tables provides details.

Distribution of Small Business Loans by Gross Annual Revenue Category Hartford Metropolitan Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	88.5	1	100.0	891	100.0
2020	88.5	6	14.0	837	33.4
>1,000,000					
2019	4.2	0	0.0	0	0.0
2020	4.2	3	7.0	615	24.5
Revenue NA					
2019	7.3	0	0.0	0	0.0
2020	7.3	34	79.1	1,054	42.1
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>891</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>43</b>	<b>100.0</b>	<b>2,506</b>	<b>100.0</b>
Source 2019 & 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0					

## COMMUNITY DEVELOPMENT TEST

The Torrington Savings Bank's community development performance in the Hartford Metropolitan Assessment Area demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

### Community Development Loans

The bank originated one PPP loan totaling \$164,000 in this area during the review period. The loan helped to revitalize and stabilize a moderate-income census tract by supporting a small business during the COVID-19 pandemic to maintain their payroll and cover applicable overhead expenses. The bank's community development lending represents an increase from the previous evaluation, as the bank did not originate any community development loans in the assessment area.

### Qualified Investments

The bank made four qualified equity investments totaling \$500,000 that benefitted affordable housing in the Hartford Metropolitan assessment area. The bank invested in Community Capital Management's (CCM) CCM Community Impact Bond Fund, and the bank's investment provided funding for four projects. Three projects that totaled approximately \$455,000 included investing in portions of Fannie Mae Pools which provided home mortgage loans to low- or moderate-income individuals. One project that totaled approximately \$45,000 provided funds for the SANA Apartments, an affordable housing community for low-income families and seniors in Hartford,

Connecticut. The bank's performance represents an improvement from the last evaluation when the bank only had two qualified investments that benefitted the broader statewide area.

### **Community Development Services**

The bank provided two instances of community development services in the assessment area. In one instance, The Torrington Savings Bank provided an educational seminar on the home buying process to low- and moderate-income individuals. In the second instance, a bank employee served on the board of a foundation that supports Bristol Public Schools, which has majority of students from low- or moderate-income families.

## **APPENDICES**

### **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**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 county 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 4,000 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; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also 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 institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution'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 institution's assessment area(s) or a broader statewide or regional area including the institution'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 institution'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 other 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).

**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 (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated 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 the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**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 (e.g, 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 a 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 the 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.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 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** (also known as **non-MSA**): 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 institution 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):** SBICs 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 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/or 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 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 a 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.



STATE OF CONNECTICUT  
DEPARTMENT OF BANKING

**COMMUNITY REINVESTMENT  
PERFORMANCE EVALUATION**

The Torrington Savings Bank  
Certificate Number: 16636

129 Main Street  
Torrington, Connecticut 06790

Date of Examination July 20, 2020

Examiner-in-Charge Terralyn Cooper

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**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**

## **TABLE OF CONTENTS**

<b>GENERAL INFORMATION .....</b>	<b>1</b>
<b>INSTITUTION RATING .....</b>	<b>2</b>
<b>SCOPE OF EVALUATION.....</b>	<b>4</b>
<b>DESCRIPTION OF THE INSTITUTION .....</b>	<b>6</b>
<b>DESCRIPTION OF THE ASSESSMENT AREA .....</b>	<b>8</b>
<b>CONCLUSIONS ON PERFORMANCE CRITERIA .....</b>	<b>12</b>
<b>CT NON-MSA (full-scope review).....</b>	<b>25</b>
DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE CT NON-MSA .....	25
CONCLUSIONS ON PERFORMANCE IN THE CT NON-MSA .....	27
<b>HARTFORD-EAST HARTFORD-MIDDLETOWN MSA (limited-scope review) .....</b>	<b>33</b>
DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE HARTFORD-EAST HARTFORD-MIDDLETOWN MSA ASSESSMENT AREA (“HARTFORD MSA”) .....	33
CONCLUSIONS ON PERFORMANCE IN THE HARTFORD MSA.....	34
<b>GLOSSARY .....</b>	<b>41</b>

## **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 The Torrington Savings Bank prepared by the State of Connecticut Department of Banking as of July 20, 2020. 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.

Torrington Savings Bank's Satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Satisfactory performance under the Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal practices.

### **Lending Test**

The Lending Test is rated **Outstanding**.

- The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank originated a substantial majority of its home mortgage loans and small business loans within the assessment area.
- The geographic distribution of loans reflects an excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, an excellent penetration among individuals of different income levels and strong penetration of businesses of different sizes.
- Neither the bank nor the Banking Commissioner received any complaints related to the bank's CRA performance during this review period. As such, this criterion did not affect the rating under the Lending Test.

### **Community Development Test**

The Community Development Test is rated **Satisfactory**.

- The institution demonstrated adequate responsiveness to community development needs in its assessment area(s) through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area(s).
- The bank provides a variety of programs to assist unemployed and underemployed delinquent residential borrowers to help prevent foreclosures when practicable.

- The bank regularly offers escrow accounts pursuant to subsection (h) of section 47a-21 of the Connecticut General Statutes to facilitate landlord/tenant security deposit transactions.

## SCOPE OF EVALUATION

### **General Information**

The State of Connecticut Department of Banking (CTDOB) conducted an offsite evaluation of Torrington Savings Bank's ("TSB") CRA performance. Based on asset size, TSB is an Intermediate Small Bank under the CRA regulations. Therefore, examiners used the Federal Financial Institution Examination Council's (FFIEC) CRA Examination Procedures for Intermediate Small Institutions. These procedures include evaluating the bank's performance under the CRA Small Bank Lending Test and the Community Development Test. This evaluation period includes a review of the bank's activities since the previous FDIC evaluation dated December 3, 2018 through July 20, 2020.

In conducting this evaluation, examiners relied on records provided by the bank, public loan and financial information, demographic and economic data from the U.S. Census Bureau's 2015 American Community Survey (2015 ACS), the 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). As an Intermediate Small Bank, TSB does not meet the asset size threshold required to report its small business lending activities pursuant to the CRA. Financial data used in this evaluation was obtained from the bank's March 31, 2020 Report of Condition and Income (Call Report).

The Small Bank Lending Test considered the institution's performance according to the following criteria:

- Loan-to-deposit (LTD) ratio
- Assessment area concentration
- Geographic distribution of loans
- Borrower's profile
- Response to substantiated CRA complaints

The Community Development Test considered the following criteria:

- Number and dollar amount of community development loans, qualified investments, and community development services
- The responsiveness of such activities to the community development needs of the assessment area

In addition to performance under the two tests, subsection (a) of section 36a-32 of the C.G.S. also requires examiners consider the following:

- Bank's record of offering escrow accounts for purposes of compliance with subsection (h) of 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.



No intermediate small bank may receive an assigned overall rating of “Satisfactory” unless it receives a rating of at least satisfactory on both the lending test and the community development test.

### **Loan Products Reviewed**

TSB’s major product lines, considering the bank’s business strategy and the number and dollar volume of loans originated during this review period, are home mortgage loans and small business loans. No other loan types, such as small farm or consumer loans, represent a major product line or provide material support for conclusions or ratings; therefore, examiners did not include these products in their analysis. Bank records indicate the lending focus and product mix remained consistent throughout the evaluation period.

This evaluation considered all home mortgage loans reported by the bank on its 2018 and 2019 HMDA Loan Applications Registers (LARs). In 2018, TSB reported 354 home mortgage loans totaling \$67,710,000. In 2019, the bank reported 403 home mortgage loans totaling \$74,655,000. The bank’s lending performance was compared to 2018 and 2019 HMDA aggregate data as well as demographic data from the 2015 ACS.

Pursuant to the CRA, as an ISB, TSB is not required to report its small business lending data and did not do so during this evaluation period. Accordingly, examiners selected a sample of commercial loans originated during 2019 and considered this sample representative of the bank’s performance during the entire evaluation period. In 2019, the bank originated 27 commercial loans totaling \$5.4 million. Due to the limited number of small business loan originations, examiners included the full universe of loans in this analysis. Since TSB is not required to report its small business lending data, the bank’s performance was not compared to aggregate market performance, but instead was measured against the 2019 D&B Business Demographic data.

In evaluating the bank’s performance under the Lending Test, examiners considered both the number and dollar volume of home mortgage loans and small business loans. While this evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans because it is a better indicator of the number of individuals and businesses served.

For the Community Development Test, management provided information about community development loans and community development services since the previous evaluation dated December 3, 2018. Examiners also considered qualified investments made since the previous evaluation as well as qualified investments made in prior periods that remained on the bank’s books as of April 30, 2020. These investments are included in this analysis based on their book values on April 30, 2020.

Conclusions arrived at in this analysis consider a variety of performance context factors that affect the individual assessment areas. Refer to the sections of this evaluation that describe the bank’s performance in each assessment area for further information.

## DESCRIPTION OF THE INSTITUTION

### **Background**

Torrington Savings Bank (“TSB”) is a state-chartered, mutual savings bank headquartered in Torrington, Connecticut. TSB wholly owns The Torrington Savings Bank Mortgage Servicing Company, a passive investment company that holds the majority of mortgage loans originated by the Bank. TSB formed the Torrington Savings Foundation in 2018 to provide grants to local charitable organizations.

The bank received a “Satisfactory” rating at its previous FDIC Performance Evaluation, dated December 3, 2018, based on the FFIEC Interagency Procedures for Intermediate Small Banks.

### **Operations**

TSB operates seven full-service branches, all of which have deposit taking automated teller machines (ATMs) and five of which offer drive-up windows. Six of those full-service branches are located in Litchfield County and one is located in Hartford County. The bank also has a remote, withdrawal-only ATM at Charlotte Hungerford Hospital in Torrington, CT. TSB further operates a separate trust office and a commercial lending office, located in Torrington, CT. The bank did not open, close, or relocate any offices since the prior evaluation, nor did the bank engage in any merger or acquisition activities.

TSB offers a variety of loan products to help meet the needs of retail customers in the bank’s assessment area. Residential mortgage products include fixed rate and adjustable rate mortgages, residential construction loans, jumbo mortgages, and home equity loans and lines of credit. Residential mortgage products include the bank’s first time homebuyers program that allows higher loan-to-value ratios, closing cost credits, and a homeownership education course. In 2020, TSB began to participate in Federal Home Loan Bank Equity Builder and Housing Our Workforce programs. The Equity Builder Program helps low- and moderate-income borrowers to achieve home ownership. The bank also offers secured and unsecured consumer loans including overdraft lines of credit.

Commercial loans offered by the bank include commercial real estate loans, commercial construction loans, term loans, and revolving lines of credit. TSB also participates in government sponsored loan programs targeted to assist small businesses and small farms. TSB is a participating United States Small Business Administration (SBA) 7a and 504 lender. The bank also participates in United States Department of Agriculture (USDA) government guaranteed loan program. The SBA and USDA programs help small businesses and small farms that might not otherwise qualify under standard underwriting criteria to obtain credit.

TSB also offers a variety of deposit accounts for retail and commercial customers. For retail customers, the bank offers checking accounts, savings accounts, money market accounts, certificate of deposit, and individual retirement accounts. In May 2019, the bank began offering three new business checking products Small Business Checking, Advantage Business Checking, and Commercial Checking. TSB also offers a business money market account.

TSB makes banking both convenient and accessible for its customers. Each full-service branch offers extended hours one day per week. All of the full-service branches also offer limited Saturday hours. The ATMs at all of the full-service branches offer 24-hour access. Drive-up ATMs exist at three of the locations, while the other ATMs offer walk-up service. In addition to the ATMS at the bank's locations and the remote ATM, customers have access to thousands of surcharge-free ATMS on the NYCE, Money Pass and PLUS networks. In addition to visiting the bank's brick and mortar locations, customers can also access banking services through alternate delivery channels, such as direct deposit, mobile banking, telephone banking and online banking and bill pay. The bank issues letters of credit for commercial customers. Additionally, commercial customers have access to various cash management services, such as ACH origination, business mobile deposit, payroll services, and merchant remote deposit capture. The bank also offers Positive Pay to commercial customers, which actively monitors business accounts for unusual or unauthorized transactions.

### **Ability and Capacity**

Based on TSB's March 31, 2020 Call Report, the bank had total assets of \$825.6 million and total deposits of \$656.5 million. Total loans were \$535.6 million, representing 64.9% of total assets and 81.6% of total deposits. As of the same date, investments totaled \$160.7 million or 19.5% of total assets. Since the previous evaluation, total assets increased 0.8%, total loans increased 5.9%, and total investments decreased 18.3%. Total deposits increased 0.7% during the same period.

The following table shows the composition of the bank's loan portfolio as of March 31, 2020:

<b>Loan Portfolio Distribution as of March 31, 2020</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	2,485	0.5
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	487,388	91.0
Secured by Multifamily (5 or more) Residential Properties	2,194	0.4
Secured by Nonfarm Nonresidential Properties	38,174	7.1
<b>Total Real Estate Loans</b>	<b>530,241</b>	<b>99.0</b>
Commercial and Industrial Loans	4,149	0.8
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,160	0.2
Other Loans	14	0.0
Lease Financing Receivables	0	0.0
<b>Total Loans</b>	<b>535,564</b>	<b>100.0</b>

The composition of the loan portfolio is consistent with the bank's overall business strategy. As reflected in the above table, home mortgage loans, including loans secured by 1-4 family properties, and loans secured by multifamily residential properties represent the largest portion of the bank's portfolio at 91.4%. Commercial real estate and commercial and industrial loans comprise the next largest portion of the loan portfolio at 7.9%. Construction and land development loans and consumer loans make up the remainder of the portfolio and represent a nominal portion of the portfolio. No significant changes have occurred in the composition of the bank's loan portfolio since the previous evaluation.

Examiners did not identify any financial or other legal impediments that would affect the bank's ability to help meet the credit and community development needs of the assessment areas.

## **DESCRIPTION OF THE ASSESSMENT AREA**

Section 36a-30(3)(c) of the Connecticut General Statutes requires each Connecticut bank to, in accordance with the provisions of the 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.

TSB delineated a single contiguous assessment area consisting of Litchfield County and portions of Hartford County. The following sections detail the municipalities that form the assessment area:

### **Litchfield County**

Municipalities comprising the Litchfield County portion of the assessment area include Barkhamsted, Bethlehem, Bridgewater, Canaan, Colebrook, Cornwall, Goshen, Harwinton, Kent, Litchfield, Morris, New Hartford, New Milford, Norfolk, North Canaan, Plymouth, Roxbury, Salisbury, Sharon, Thomaston, Torrington, Warren, Washington, Watertown, Winchester, and Woodbury.

### **Hartford County**

Municipalities in the Hartford portion of the assessment area are Avon, Bristol, Burlington, Canton, East Granby, Farmington, Granby, Hartland, and Simsbury.

Litchfield County is located in Connecticut's Non-Metropolitan Statistical Area. While Hartford County is located in the Hartford-West Hartford-East Hartford, CT Metropolitan Statistical Area (MSA #25540). In September 2018, the Office Management and Budget (OMB) released a new set of delineations to reflect results from the 2015 American Community Survey Census Bureau population estimates. As part of this process, the Hartford-West Hartford-East Hartford, CT MSA became the Hartford-East Hartford-Middletown, CT MSA.

To better assess TSB's CRA performance, examiners evaluated the bank's activities within the combined assessment area and in each portion of the assessment area individually.

### **Economic and Demographic Data**

The Combined Assessment Area includes 88 census tracts with the following income designations according to the 2015 ACS:

- 2 low-income tracts
- 14 moderate-income tracts
- 42 middle-income tracts
- 30 upper-income tracts

The area's two low-income tracts are located in Torrington and Bristol. The moderate-income tracts are concentrated in Bristol, New Milford, Torrington, Watertown, Winchester, as follows:

- Bristol (4 moderate)
- New Milford (2 moderate)
- Torrington (5 moderate)
- Watertown (1 moderate)
- Winchester (2 moderate)

There has been no change in income tracts since the last evaluation.

There are no underserved- or distressed-nonmetropolitan middle-income geographies inside the bank's assessment area. There were no federally designated disaster areas in the assessment area during this review period.

The following table includes select 2018 and 2019 demographic characteristics of the Combined Assessment area:

Demographic Information of the Combined Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	88	2.3	15.9	47.7	34.1	0.0
Population by Geography	353,064	1.6	15.4	45.3	37.7	0.0
Housing Units by Geography	157,525	1.9	16.6	46.2	35.2	0.0
Owner-Occupied Units by Geography	107,576	0.5	12.2	47.4	39.9	0.0
Occupied Rental Units by Geography	32,583	5.6	31.0	39.2	24.3	0.0
Vacant Units by Geography	17,366	3.7	17.6	52.1	26.7	0.0
Businesses by Geography	33,187	2.2	12.8	41.2	43.7	0.0
Farms by Geography	1,555	0.5	9.0	51.1	39.4	0.0
Family Distribution by Income Level	94,205	16.5	17.4	21.7	44.4	0.0
Household Distribution by Income Level	140,159	21.6	14.7	18.4	45.3	0.0
Median Family Income MSA - 25540 Hartford-East Hartford-Middletown, CT MSA		\$88,016	Median Housing Value			\$276,089
Median Family Income Non-MSAs - CT		\$89,735	Median Gross Rent			\$974
			Families Below Poverty Level			4.0%
Source: 2015 ACS and 2019 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.						

### **Median Family Incomes (MFI)**

The FFIEC annually adjusts the median family incomes for MSAs and MDs, as well as for non-metropolitan areas within a state. Annually, the FFIEC adjusts the median family income levels

based on changing economic conditions and other factors. The FFIEC adjusted MFI income levels were used to analyze the lending distribution, by borrower income level, for 2018 and 2019. Specifically, borrowers were categorized as low-, moderate-, middle-, or upper-income using these adjusted MFI figures.

The adjusted MFI figures and the corresponding borrower-income ranges by income level for Litchfield County (CT Non-MSA) and the Hartford-West Hartford-East Hartford, CT MSA/Hartford-East Hartford-Middletown, CT MSA and the CT Non-MSA for 2018 and 2019 are shown in the following table:

Median Family Income Ranges of the Combined Assessment Area				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Hartford-West Hartford-East Hartford, CT MSA Median Family Income (25540)</b>				
2018 (\$96,700)	<\$48,350	\$48,350 to <\$77,360	\$77,360 to <\$116,040	≥\$116,040
<b>Hartford-East Hartford-Middletown, CT MSA Median Family Income (25540)</b>				
2019 (\$98,400)	<\$49,200	\$49,200 to <\$78,720	\$78,720 to <\$118,080	≥\$118,080
<b>CT NA Median Family Income (99999)</b>				
2018 (\$96,800)	<\$48,400	\$48,400 to <\$77,440	\$77,440 to <\$116,160	≥\$116,160
2019 (\$100,900)	<\$50,450	\$50,450 to <\$80,720	\$80,720 to <\$121,080	≥\$121,080
<i>Source: FFIEC</i>				

### **Population**

According to the 2015 ACS, the population of the combined assessment area is 353,064 including 94,205 families. Of these families, 16.5% are low-income, 17.4% are moderate-income, 21.7% are middle-income, and 44.4% are upper-income. Nearly 4.0% of families or 24.4% of low-income families residing in the area report incomes below the poverty level. Even under flexible underwriting programs, these individuals would be challenged to afford the cost of obtaining and maintaining home ownership, thus affecting the bank's ability to lend to this group.

### **Housing**

According to the 2015 ACS, the assessment area contains 157,525 housing units of which 68.3% are owner occupied units and 20.7% are occupied rental units. The area has 11.0% vacancy rate. Of the housing units in the assessment area 89.1% are one-to-four family units and 10.6% are multifamily properties. Almost one-half of the owner-occupied housing units are located in middle-income census tracts, while an additional one-third are concentrated in upper-income census tracts. Only 0.5% of owner-occupied units are located in low-income census tracts and 12.2% in moderate-income census tracts.

### **Business Demographics**

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenues (GAR), with emphasis placed on businesses with GARs of \$1 million or less. According to the 2019 Dun & Bradstreet Business Demographic data approximately 87.7% of the area's businesses reported GARs of \$1 million or less. Nearly a

combined 85.8% of these business are located in middle-income and upper-income census tracts. Only 2.0% and 12.2% of the area’s businesses operate in low-income and moderate-income geographies, respectively.

### **Economic Data**

Unemployment rates for Litchfield County, Hartford County, the State of Connecticut, and United States are shown in the following table:

Unemployment Rates <sup>1</sup>				
Year	Litchfield County (%)	Hartford County (%)	State of Connecticut (%)	United States (%)
2018	3.9	4.3	4.1	3.9
2019	3.5	3.9	3.7	3.7

Source: U.S. Bureau of Labor Statistics

Data obtained from the Bureau of Labor Statistics reflect a general decline in unemployment rates both nationally and locally during this review period. Despite the declining trend, unemployment rates in Hartford County have remained above rates for both Connecticut and the United States. This is likely because Hartford County contains a large urban center that tends to experience higher unemployment. During the same period, Litchfield tied the national average in 2018 but was lower than the state average that year and lower than both the state and national average in 2019.

### **Competition**

There is moderate competition for deposits in the assessment area. According to the June 30, 2019 FDIC Deposit Market Share Report, 26 financial institutions operated 122 full service offices in the area. Of these institutions, TSB operated 8 full services offices and ranked fifth with a 7.0% deposit market share.

There is significant competition for home mortgage loans. The 2018 HMDA Peer Market Share Report shows 332 HMDA reporters originated 9,726 home mortgage loans in the assessment area. TSB originated 302 home loans and ranked fifth with a 3.1% market share out of these lenders. According to the 2019 HMDA Peer Market Share Report, the number of lenders reporting activity during 2019 increased to 354, and the number of loans originated by those lenders jumped to 10,904. TSB increased the amount of loans it originated that year to 354. It remained fifth in ranking among all lenders; however, its market share increased slightly to 3.2%. During both years, the top four lenders were the same three large national banks (Bank of America, N.A., Wells Fargo Bank, N.A. and Webster Bank, N.A) and a national mortgage company (Quicken Loans Inc.).

### **Credit and Community Development Needs and Opportunities**

After taking into consideration area demographics and additional information received from bank management, examiners identified the assessment area’s community development needs to include activities in support of affordable housing, financial literacy for both retail customers and small businesses and credit for small businesses. The over 30% concentration of low- and moderate-

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<sup>1</sup>Unemployment rates are not seasonally adjusted

income families and the ample percentage of area businesses reporting gross annual revenues of \$1 million or less supports these particular needs.

The assessment area provides opportunities for involvement in community development activities. The assessment area contains three Enterprise Zones in Bristol, Torrington and Winchester. State and local governments designate these areas for revitalization, stabilization or economic development. These areas are established to stimulate economic activities that include job preservation, job creation, and business development and retention.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

TSB performance under the lending test reflects reasonable efforts to address the needs of both borrowers and small businesses within the assessment area. This is supported by the high concentrations of loans originated within the assessment area and adequate loan-to-deposit ratio, geographic distribution of loans and loans to borrowers of different income levels and businesses of varying sizes.

#### **Loan-to-Deposit Ratio**

This performance criterion determines what percentage of the bank's deposit base is reinvested in the form of loans and evaluates its appropriateness. The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.

The bank's average net LTD ratio for the six quarters since the previous FDIC CRA evaluation is 78.7%. During the previous six quarters, the lowest LTD ratio was 76.6% as of March 31, 2019, and the highest LTD ratio was 80.8%, which was the same in both of the December 31, 2018 and March 30, 2020 quarters. Net loans increased by 5.9%, and total deposits remained relatively stable since the previous CRA evaluation.

Examiners compared the bank's average net LTD ratio to the ratios of two similarly-situated institutions. The following table reflects average LTD ratios from December 31, 2018 through March 31, 2020:

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank Name</b>	<b>Total Assets \$(000s)</b>	<b>Average Net LTD (%)</b>
<b>The Torrington Savings Bank</b>	<b>825,645</b>	<b>78.7%</b>
Thomaston Savings Bank	1,135,840	76.1%
Northwest Community Bank	418,473	91.4%

TSB's LTD ratio reflects a reasonable commitment to reinvesting deposits through loans. It is important to note that the assessment area contained limited comparable institutions. The above institutions were chosen based on geographic location and similar lending focus.



### **Assessment Area Concentration**

This performance criterion determines what percentage of the bank's lending occurs within its assessment area and evaluates its appropriateness. TSB originated a substantial majority of its home mortgage and small business loans by number within the assessment area.

The following table shows the bank's lending inside and outside of the assessment area:

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										
2018	302	85.3	52	14.7	354	53,680	79.3	14,030	20.7	67,710
2019	343	85.1	60	14.9	403	58,575	78.5	16,080	21.5	74,655
Subtotal	645	85.2	112	14.8	757	112,255	78.9	30,110	21.1	142,365
Small Business										
2019	23	85.2	4	14.8	27	3,734	69.7	1,622	30.3	5,356
Total	668	85.2	116	14.8	784	115,989	78.5	31,732	21.5	147,721
Source: Bank Data Due to rounding, totals may not equal 100.0%										

### **Home Mortgage Loans**

During this review period, the bank originated 645 home mortgage loans inside the combined assessment area, constituting 85.2% of its home mortgage lending. Although examiners assigned greater weight to the number of loans, TSB also originated a majority of its dollar volume of home mortgage loans within the assessment area. The bank's lending activities reflect a reasonable effort to address the needs of residents within its assessment area.

### **Small Business Loans**

During 2019, the bank originated 23 small business loans inside the combined assessment area, constituting 85.2% of its small business lending. Similarly, TSB also originated a majority of its dollar volume of small business loans within the assessment area. The bank's lending activities reflect a reasonable effort to address the needs of the area's small businesses.

### **Geographic Distribution**

This criterion emphasizes lending within low- and moderate-income census tracts. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. This is supported by the bank's reasonable performance in both home mortgage and small business loans.

### **Home Mortgage Loans**

The geographic distribution of home mortgage loans reflects excellent penetration within moderate-income census tracts and reasonable penetration within the area's low-income tracts.

The following table shows bank's home mortgage lending by census tract income level in the Combined Assessment Area:

Geographic Distribution of Home Mortgage Loans Combined Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	0.5	0.7	4	1.3	260	0.5
2019	0.5	0.7	1	0.3	205	0.4
Moderate						
2018	12.2	12.2	56	18.5	6,480	12.1
2019	12.2	11.7	60	17.5	6,560	11.2
Middle						
2018	47.4	45.0	158	52.3	26,220	48.8
2019	47.4	45.1	180	52.5	28,290	48.3
Upper						
2018	39.9	42.1	84	27.8	20,720	38.6
2019	39.9	42.4	102	29.7	23,520	40.2
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2018	100.0	100.0	302	100.0	53,680	100.0
2019	100.0	100.0	343	100.0	58,575	100.0
Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

The assessment area contained two low-income census tracts. In 2018, the bank originated four home mortgage loans in the low-income tracts, comprising 1.3% of its total home mortgage lending. The bank's performance was higher than the aggregate performance of 0.7% and exceeded the percentage of owner-occupied housing units of 0.5%.

In 2019, the bank originations declined to one home mortgage loan in these tracts, which comprised 0.3% of its total. The bank's performance was below both the aggregate performance and the percentage of owner-occupied housing units. In 2019, there were 44 lenders originating 80 loans in the assessment area's low-income tracts. TSB dropped significantly in ranking to 25<sup>th</sup>, representing 1.3% of the market share. Worth noting is nearly half of the lenders originated only one home mortgage loan within the low-income census tracts. TSB ranked 25<sup>th</sup> among all lenders due to average loan amount. The top three lenders were large, national banks and a large, national mortgage company that collectively originated 16 loans and secured 20% of the market share. These top lenders

were substantially larger than TSB and, thus, had more resources to lend in the low-income tracts.

In 2018, the bank originated 56 home mortgage loans in the moderate-income tracts, comprising 18.5% of its total home mortgage lending. The bank's performance was significantly higher than both the aggregate market performance and the percentage of owner-occupied housing units located in moderate-income census tracts, both of which were 12.2%.

The number of loans the bank originated in moderate-income tracts grew to 60 in 2019. Although the bank's performance decreased slightly to 17.5% of its total home mortgage lending by number, the bank's performance remained significantly higher than the aggregate market performance of 11.7% and the percentage of owner-occupied housing units at 12.2%. The decline in the level of lending in moderate-income tracts is due to an overall increase in the bank's lending levels.

Given the bank's lending data and comparison to the aggregate market, TSB's overall lending in the low- and moderate-income tracts appeared reasonable. Although the bank's lending in the low-income tracts declined year-over-year during the evaluation period, its lending in the moderate-income tracts augmented lending in the low-income tracts and was strong, which supports the reasonableness of the bank's overall performance.

#### **Small Business Loans**

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. During 2019, the bank did not originate any small business loans in the area's low-income census tracts. Given that the assessment area contains just two low-income tracts and only 2.0% of the area's small businesses operate within those geographies, the bank's performance does not appear unreasonable. While TSB did not originate any small business loans in the area's low-income tracts, the lack of lending in these tracts is somewhat mitigated by strong performance in the area's moderate income census tracts. During 2019, the bank originated 39.1% of its small business loans in moderate-income tracts.

The table on the following page displays the distribution of small business loans by census tract income level and comparable business demographics in the Combined Assessment Area.

Geographic Distribution of Small Business Loans Combined Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	2.2	0	0.0	0	0
Moderate	12.8	9	39.1	1,085	29.1
Middle	41.2	12	52.2	1,708	45.7
Upper	43.7	2	8.7	941	25.2
Not Available	0.0	0	0.0	0	0
<b>Totals</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>3,734</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data; Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>					

### **Borrower Profile**

The distribution of loans by borrower income and business revenue level was reviewed to determine the extent to which the bank is addressing the credit needs of the area's residents and businesses, particularly those individuals with low- and moderate-income and small businesses. The distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration among individuals of different income levels (including low-and moderate-income) and businesses of different sizes. This is supported by the bank's excellent home mortgage and small business lending.

### **Home Mortgage Loans**

The distribution of home mortgage loans to borrowers of different income levels including those with low- and moderate-incomes is excellent.

The table on the following page reflects the bank's home mortgage lending by borrower income level in the Combined Assessment Area.

Distribution of Home Mortgage Loans by Borrower Income Level Combined Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	16.5	11.5	32	10.6	2,800	5.2
2019	16.5	11.0	39	11.4	2,535	4.3
Moderate						
2018	17.4	21.6	57	18.9	7,165	13.3
2019	17.4	21.8	87	25.4	11,355	19.4
Middle						
2018	21.7	22.8	84	27.8	12,580	23.4
2019	21.7	22.0	90	26.2	16,080	27.5
Upper						
2018	44.4	30.8	122	40.4	30,250	56.4
2019	44.4	32.7	118	34.4	27,460	46.9
Not Available						
2018	0.0	13.3	7	2.3	885	1.6
2019	0.0	12.6	9	2.6	1,145	2.0
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>302</b>	<b>100.0</b>	<b>53,680</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>343</b>	<b>100.0</b>	<b>58,575</b>	<b>100.0</b>
Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

In 2018, TSB originated 32 loans, comprising 10.6% of the bank's total home mortgage loans to low-income borrowers. The bank's performance was lower than both the aggregate performance of 11.5% and the 16.5% of low-income families residing in the area. In 2019, TSB increased the number of loans it originated to low-income borrowers to 39 loans, which comprised 11.4% of its total home mortgage lending. The bank's performance was higher than the 11.0% aggregate performance, although it remained lower than the percentage of low-income families residing in the area. This is not unexpected since nearly 24.4% of the area's low-income families report incomes below the poverty level.

During 2018, TSB originated 57 loans representing 18.9% of the bank's total originations to moderate-income borrowers. Although the bank's performance fell below the aggregate performance of 21.6%, it exceeded the 17.4% percentage of moderate-income families residing in the assessment area. The 2018 home mortgage market share report reflects that 167 lenders originated 2,105 loans to moderate-income borrowers in the area. TSB ranked 10<sup>th</sup> out of those lenders with a market share of 2.7% by number of loans. Top lenders were large, national banks and mortgage companies that were substantially larger than TSB.

In 2019, the bank's lending to moderate-income borrowers increased significantly. The bank originated 87 loans to moderate-income borrowers, representing 25.4% of the bank's lending volume. The bank's lending level exceeded both the aggregate performance and the percentage of moderate-income families residing in the assessment area at 21.8% and 17.4% respectively.

Overall TSB's home mortgage lending reflects a strong commitment to serve the needs of residents within the assessment area including those with low- and moderate-income.. To further enhance the bank's ability to serve the needs of low- and moderate-income borrowers, in February 2020, the bank became a participant in the Federal Home Loan Bank of Boston Equity Builder Program (EBP). This program offers member institutions grants to provide low- and moderate-income households with down payment closing costs assistance as well as home buying counseling and rehabilitation assistance. The bank's participation in this program is expected to increase the accessibility of home mortgage loans to the area's low- and moderate-income borrowers.

### **Small Business Loans**

TSB's distribution of commercial loans to small businesses reflects excellent penetration among businesses of different sizes. The bank extended 100% of its small business loans to businesses with GARs of \$1 million or less during 2019.

The following table details the distribution of bank loans by business revenue category in the Combined Assessment Area:

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b> <b>Torrington Savings Bank Combined Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	87.7	23	100.0	3,734	100.0
>1,000,000	4.8	0	0.0	0	0.0
Revenue Not Available	7.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>3,734</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data, Bank Data.            Due to rounding, totals may not equal 100.0%</i>					

### **COMMUNITY DEVELOPMENT TEST**

TSB demonstrated adequate responsiveness to the community development needs of the assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity as well as the need and availability of such opportunities.

### **Community Development Loans**

The bank's community development loan dollars were used to support affordable housing for low- and moderate-income individuals. All community development loans responded to affordable housing needs within the assessment area or the wider region.

The bank's level of community development lending represents 0.1% of average total assets and 0.2% of average net loans since the prior CRA evaluation.

The following table shows the breakdown of community development loans by year and type of activity:

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	0	0	0	0	0	0	0	0	0	0
2019	2	1,115	0	0	0	0	0	0	0	0
YTD 2020	0	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,115</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Source: Bank Records</i>										

The following examples describe notable community development loans:

- During 2019, the bank originated a loan in the amount of \$203,250 to refinance an existing mortgage on a 3-family rental property located in a low-income census tract in Bristol, CT. Rents on the property are substantially below the fair market rent for the area, making it accessible to low- and moderate-income individuals and families.
- Also in 2019, the bank originated a loan in the amount of \$911,250 to refinance an existing mortgage secured by three different properties, as follows:
  - The first property is a 6-unit multi-family apartment building in a low-income tract in New Britain, CT. A majority of the rents on the property are substantially below the fair market rent for the area, increasing their accessibility to low- and moderate-income individuals and families.
  - The second property is a multi-unit mixed use residential building consisting of 2 retail units and 10 residential units. This property is located in a low-income census tract in New Britain, CT. All rents were below fair market rent for the area, increasing their accessibility to low- and moderate-income individuals and families.
  - The final property is a single family residence used as a sober living facility located in a moderate-income census tract in New Britain, CT. This facility provides transitional housing for individuals recovering from substance abuse issues.

### **COVID-19 Paycheck Protection Program (PPP) Loans**

TSB was a participating lender in the Paycheck Protection Program, which was created in 2020 to help address the financing needs of small businesses during the COVID-19 pandemic. The Paycheck Protection Program is an SBA-sponsored loan program designed to provide small businesses the liquidity needed to retain workers on their payroll and to fund other operational expenses with any remaining funds. TSB actively participated in the program with 244 loans totaling approximately \$15.7 million. The bank estimated that 65% of the borrowers were not previous customers of the bank who had difficulty securing the funds elsewhere. This program helped to reduce the adverse economic impact from the COVID-19 pandemic. These have not been included in the analysis of the bank's lending under the Lending Test portion of this evaluation since they were originated after the review period.

### **Qualified Investments**

TSB made an adequate level of community development investments and donations through the bank and its charitable foundation. The qualified investments totaled \$600,000 and represents 0.2% of average total investments. The qualified donations and grants totaled \$376,000 and represents 11.6% of the bank's average net income. Of the grants and donations made during this evaluation period, 75.8% were provided to community service organizations serving the needs of low- and moderate-income individuals and families within the area.

During this review period, the bank made a \$500,000 investment in a CRA Qualified Investment Fund. The purpose of the fund is to provide funding for small businesses throughout the United States, including within the bank's assessment area. The bank also continues to maintain a prior period investment in a Community Economic Development Fund in the amount of \$100,000 originally made in 2016. The purpose of the fund is to assist low- and moderate-income borrowers to start or grow existing small businesses in Connecticut. These qualified investments represent less than 0.1 percent of average total assets held during this evaluation period.

TSB also owns and operates Torrington Savings Foundation as a vehicle to provide financial assistance to local nonprofit community organizations. Collectively, TSB and the Foundation provided financial assistance to numerous local charitable organizations. Eighty five grants and donations totaling \$376,000 were made to support organizations serving the needs of low- and moderate-income individuals and small businesses in the local community. .

The following table shows the breakdown of community development donations and grants by year and purpose:

<b>Qualified Donations and Grants</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	0	0	15	16	3	3	0	0	18	19
2019	2	7	33	157	8	45	0	0	43	209
YTD 2020	0	0	22	112	2	36	0	0	24	148
<b>Total</b>	<b>2</b>	<b>7</b>	<b>70</b>	<b>285</b>	<b>13</b>	<b>84</b>	<b>0</b>	<b>0</b>	<b>85</b>	<b>376</b>
<i>Source: Bank Records</i>										



The following examples describe notable community development grants and donations:

- During 2019, the bank donated \$5,000 to a local community organization that has the primary purpose of creating and retention of affordable housing units in the area.
- The bank also provided a \$1,900 donation in 2019 to a local community organization that has the primary purpose of providing temporary housing and community services to low- and moderate-income individuals.
- The bank made a \$35,000 donation in 2020 to the NW CT Association for the Arts, a local nonprofit arts organization located in the downtown Torrington area, which is in a low-income tract within the town's enterprise zone.
- The bank donated \$20,000 in each of 2019 and 2020 to a local non-profit organization which provides a wide array of support services to individuals with intellectual and developmental disabilities.
- The bank's foundation provided a \$10,000 grant in 2020 to a local community organization that provides food, shelter and other community services to the area's homeless individuals.

### **Community Development Services**

TSB provided an adequate level of community development services through the involvement of bank's Trustees, Officers and employees. Bank representatives provided financial expertise and/or technical support to various local community service organizations during the evaluation period.

### **Officer and Employee Community Service**

Trustees, officers and employees of TSB regularly provide community development services within the assessment area. During this evaluation period, the bank reported 1,094 hours of qualified community development services primarily to organizations providing community services to low- and moderate-income individuals and families.

The following table reflects the detail of the bank's activities during this review period:

<b>Qualified Officer/Employee Community Service Activities</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
2018	0	0	19	72	2	5	0	0	21	77
2019	17	38	297	850	12	40	0	0	326	928
YTD 2020	2	2	19	33	2	2	0	0	23	89
<b>Total</b>	<b>19</b>	<b>40</b>	<b>335</b>	<b>955</b>	<b>16</b>	<b>47</b>	<b>0</b>	<b>0</b>	<b>370</b>	<b>1,094</b>
<i>Source: Bank Records</i>										

Some examples of officer and employee service are as follows:

- An officer of the bank serves on the Board of a local community health center that offers medical and dental services to low- and moderate-income individuals
- Several officers and employees volunteer at local non-profit organizations that provide food to low- and moderate-income individuals and families
- An officer of the bank serves on a planning committee for a local non-profit organization that provides services for low- and moderate-income individuals with intellectual and developmental disabilities

Additionally, Trustees of the bank are also involved in providing community service to organizations in the area. Some examples of Trustee service include:

- A Trustee is the President and a volunteer at a local non-profit agency that provides childcare, early childhood education and dentistry services to low- and moderate-income children within the assessment area
- A Trustee volunteers on the Board of a local hospital that provides medical services to low- and moderate-income individuals within the assessment area
- A Trustee volunteers on the Board of a local library that serves low- and moderate-income individuals within the assessment area

### **Banking Services**

TSB's main office is located in a moderate-income census tract. This office offers a 24-hour ATM, which increases access to some of the bank's products and services to residents and businesses within this geography. The bank also offers a variety of convenient services including online banking and bill pay, telephone banking, mobile banking, and remote deposit capture for business customers.

### **Educational Seminars**

The bank offered several educational seminars to benefit local homebuyers and small businesses within the assessment area. TSB held five homebuyers seminars during the evaluation period, one of which was held in the Hartford MSA and the remainder of which were held in the CT Non-MSA. The bank also participated in a small business startup seminar at Northwest Community College in Winsted, CT in March 2019. Further, in April 2020, the bank's Senior Vice President and CRA Officer led a webinar entitled "What Board Members Can & Should Do During A Crisis" which detailed non-profit board member roles and opportunities during a crisis.

### **Other Community Development Activities**

In August 2018, the bank purchased a blighted property located at 18 Mason Street, Torrington, Connecticut. Located in a moderate-income tract within downtown Torrington's enterprise zone,

the property was previously operated as a dry cleaners. The property's original buyers failed to conduct appropriate due diligence and found that the property was contaminated after purchase. These borrowers did not have the funds to clean up the location. The bank purchased the property that was determined to have extensive pollution and listed it on the State of Connecticut's list of Brownfield Projects. Brownfield Projects are properties that the state has identified as any abandoned or underutilized site where reuse or expansion has not occurred due to presence of or potential presence of pollution in the building, soil, and/or ground water. These properties generally require extensive remediation to restore them to a usable condition. To date the bank has expended \$254 thousand. Once remediation is complete the bank plans use the property to span its operations in the downtown area. Without the bank's willingness to purchase and clean up the property, the location may have remained abandoned and unusable.

#### **COVID-19 Related Accommodations**

In response to the COVID-19 pandemic, TSB waived the following fees for its customers:

- Insufficient fund fees for items less than \$100
- CD Penalties
- Uncollected Funds Fee
- Savings Overdraft Protection Transfer Fees

### **ADDITIONAL CONNECTICUT CRA STATUTE REQUIREMENTS**

#### **Bank's Record of Offering Escrow Accounts for Rental Security Deposits**

TSB offers escrow accounts for rental security deposits. The bank reported that, as of May 29, 2020, it had 38 landlord/tenant escrow accounts totaling \$43,050.95.

#### **Efforts of the Bank to Work with Delinquent Residential Mortgage Customers Who Are Unemployed or Underemployed to Facilitate a Resolution of the Delinquency**

During the evaluation period, TSB has displayed efforts to work with delinquent residential mortgage customers to facilitate resolutions to delinquency. TSB has indicated that it has a proactive stance, using early intervention and policies that promote home retention. The bank's goal is to keep customers in their home whenever possible. The bank employs loan workouts to lessen instances of foreclosure and possible losses to the bank. The bank has offered repayment plans, forbearance plans and loan modifications when those plans are deemed prudent by management after determining the borrower's ability to cure the delinquency. Additionally, the bank provides customers with contact information for HUD approved housing counseling and the Servicemembers Civil Relief Act, (SCRA), Notice Disclosure. The bank also encourages customers to contact CHFA concerning any assistance that may be available to them. TSB complies with Public Act 08-176 An Act Concerning Responsible Lending and Economic Security and participates in all court ordered mediations administered by the judicial branch. Loan modifications or other loss mitigation options are fully explored prior to initiating or pursuing foreclosure.

**Response to Complaints/ Written Comments Received by the Bank and/or Banking Commissioner Concerning the Bank's CRA Performance**

TSB reported that the bank did not receive any CRA-related complaints during the evaluation period. The Banking Commissioner has also not received any written complaints or comments concerning the bank's CRA performance. As a result, this performance criterion is not weighted heavily in arriving at the overall performance rating.

**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.

## **METROPOLITAN AREAS**

### **CT NON-MSA (full-scope review)**

#### **DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE CT NON-MSA**

TSB's main office and five branches are located in the Connecticut Non-MSA portion of the assessment area. The main office and two branches are located in Torrington, and the bank operates one office each in the towns of Falls Village, Goshen, and New Hartford. Nearly 87.4% of the bank's deposits were derived in this area. The bank originated 81.4% of home mortgage loans by number and 76.5% by dollar amount in this area. The bank also originated 82.6% of small business loans by number and 65.7% by dollar amount herein. Examiners assigned greater weight to the bank's performance in this portion of the assessment area given that a substantial majority of the bank's operations, deposit generation, and lending activities occurred here. The bank has not opened, closed, or relocated any offices within this portion of the assessment area since the previous evaluation.

#### **Economic and Demographic Data**

The CT Non-MSA portion of the assessment area includes 26 cities and towns in Litchfield County, which include Barkhamsted, Bethlehem, Bridgewater, Canaan, Colebrook, Cornwall, Goshen, Harwinton, Kent, Litchfield, Morris, New Hartford, New Milford, Norfolk, North Canaan, Plymouth, Roxbury, Salisbury, Sharon, Thomaston, Torrington, Warren, Washington, Watertown, Winchester, Woodbury. There are 51 census tracts in the area, of which 1 (2.0%) is low-income, 10 (19.6%) are moderate-income, 31 (60.8%) are middle-income and 9 (17.6%) are upper-income tracts.

The table on the following page includes select demographic characteristics of this portion of the assessment area.

Demographic Information of the Assessment Area CT Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	51	2.0	19.6	60.8	17.6	0.0
Population by Geography	186,304	0.7	19.8	58.5	20.9	0.0
Housing Units by Geography	87,447	1.1	20.6	58.1	20.2	0.0
Owner-Occupied Units by Geography	57,397	0.4	15.9	61.3	22.5	0.0
Occupied Rental Units by Geography	17,121	3.1	38.4	45.5	13.0	0.0
Vacant Units by Geography	12,929	1.8	17.7	60.9	19.6	0.0
Businesses by Geography	17,692	1.3	17.9	57.3	23.5	0.0
Farms by Geography	1,032	0.2	10.0	65.3	24.5	0.0
Family Distribution by Income Level	49,615	18.2	19.4	23.1	39.3	0.0
Household Distribution by Income Level	74,518	23.2	16.4	19.1	41.3	0.0
Median Family Income Non-MSAs – CT		\$89,735	Median Housing Value			\$273,214
			Median Gross Rent			\$968
			Families Below Poverty Level			4.0%
Source: 2015 ACS and 2019 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.						

### **Median Family Incomes (MFI)**

The FFIEC adjusted MFI income levels were used to analyze the lending distribution, by borrower income level, for 2018 and 2019. Specifically, borrowers are designated as low-, moderate-, middle-, or upper-income using these adjusted MFI figures.

The adjusted MFI figures and the corresponding borrower-income ranges by income level for the CT Non-MSA in 2018 and 2019 are shown in the following table:

Median Family Income Ranges CT Non-MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
CT NA Median Family Income (99999)				
2018 (\$96,800)	<\$48,400	\$48,400 to <\$77,440	\$77,440 to <\$116,160	≥\$116,160
2019 (\$100,900)	<\$50,450	\$50,450 to <\$80,720	\$80,720 to <\$121,080	≥\$121,080
Source: FFIEC				

## **CONCLUSIONS ON PERFORMANCE IN THE CT NON-MSA**

### **LENDING TEST**

#### **Geographic Distribution**

This criterion emphasizes lending within low- and moderate-income census tracts.

The geographic distribution of loans reflects reasonable distribution throughout the assessment area. This is supported by the bank's performance in both home mortgage and small business loans.

#### **Home Mortgage Loans**

This performance criterion analyzes the bank's lending distribution to determine the dispersion of home mortgage loans among geographies that comprise the assessment area. Special emphasis is placed on evaluating the bank's record of lending in low- and moderate-income geographies.

The following table shows bank lending by census tract income level in the CT Non-MSA:

<b>Geographic Distribution of Home Mortgage Loans CT Non-MSA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2018	0.4	0.3	4	1.6	260	0.6
2019	0.4	0.5	0	0.0	0	0.0
Moderate						
2018	15.9	16.6	56	22.3	6,480	15.5
2019	15.9	15.8	58	21.2	6,190	14.1
Middle						
2018	61.3	61.3	142	56.6	22,900	54.7
2019	61.3	61.0	160	58.4	24,640	56.0
Upper						
2018	22.5	21.8	49	19.5	12,255	29.3
2019	22.5	22.7	56	20.4	13,150	29.9
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>251</b>	<b>100.0</b>	<b>41,895</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>274</b>	<b>100.0</b>	<b>43,980</b>	<b>100.0</b>
Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

There was one low-income tract in the CT Non-MSA portion of the assessment area during this evaluation period. In 2018, the bank originated four home mortgage loans in the low-income tract, representing 1.6% of its total home mortgage lending. This was higher than the aggregate performance of 0.3% and the percentage of owner occupied housing units, which was 0.4%. Further, TSB ranked first among lenders reporting activity in the low-income tract.

In 2019, the bank did not originate any home mortgage loans in the low-income tract. Aggregate performance in low-income tracts rose to 0.5% that year. Since the area only contains one low-income tract and given that only 0.4% of owner-occupied housing units are located in that tract, the bank's opportunity for lending therein may have been limited.

The bank's one low-income tract provides limited lending opportunity for home mortgage originations. The majority of properties located in the tract are commercial in nature with minimal residential units. The limited number of residential units are typically non-owner occupied multi-family investment rental units. This may pose a barrier to originating home mortgage loans in this tract.

A review of the 2019 Market Share Report may provide greater insight into the reasonableness of the bank's performance. In 2019, 19 lenders reported originating 27 loans in the low-income tract. Over 75% of the lenders active in the market originated just one loan. The top three lenders were a large national bank, a large national mortgage company and a local mortgage company that collectively captured 33.3% of the total market.

This portion of the assessment area also contained 10 moderate-income census tracts. In 2018, the bank originated 56 loans or 22.3% of its home mortgage loans by number in these tracts. The bank's lending level significantly exceeded the aggregate performance and the percentage of owner-occupied housing units located in the area's moderate-income tracts. The bank increased its lending in 2019 with 58 loans or 21.2% of its total home mortgage loans extended in these tracts. The bank's performance remained higher than the aggregate performance and the percentage of owner-occupied housing units located in these tracts. In both years, TSB ranked first in originating loans in the area's moderate-income tracts.

The bank's lending in the moderate-income tracts was robust year-over-year, which augmented lower lending in the area's one low-income tract and supports the conclusion that TSB's lending throughout this portion of the assessment area was more than reasonable.

### **Small Business Loans**

The geographic distribution of small business loans reflects an excellent dispersion throughout this portion of the assessment area. TSB's performance in this area is comparable to the bank's overall performance.

The table on the following page reflects the distribution of the bank's small business loans by census tract income level. The 2019 D & B Business Demographic data is used as a measure of comparison.



Geographic Distribution of Small Business Loans CT Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	1.3	0	0.0	0	0.0
Moderate	17.9	8	42.1	977	39.8
Middle	57.3	10	52.6	1,428	58.2
Upper	23.5	1	5.3	50	2.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>2,455</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data; Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>					

TSB's geographic distribution of small business loans reflects excellent distribution throughout this portion of the assessment area. The bank's performance within this portion of the assessment area is consistent with the bank's overall lending performance. During 2019, the bank originated 19 small business loans within this portion of the assessment area. Eight of those loans, or 42.1% of TSB's small business loans were originated in the moderate-income census tracts. The bank did not originate any small business loans in the area's one low-income tract. However, this does not appear unreasonable given that less than 2.0% of the area's small businesses are located in the tract. The bank's excellent performance within the moderate-income tracts mitigates its lack of lending in the one low-income geography.

### **Borrower Profile**

The Borrower Profile criterion evaluates the bank's efforts to address the credit needs of the area's residents and small businesses. Examiners place special emphasis on lending to low- and moderate-income borrowers and businesses with GARs of \$1 million or less. The distribution of borrowers reflects an excellent penetration among individuals of different income levels and businesses of different sizes. The bank's strong lending to both low- and moderate-income borrowers and small businesses supports this conclusion.

### **Home Mortgage Loans**

The distribution of home mortgage loans to individuals of different income levels reflects an excellent distribution, including to borrowers with low- and moderate-income, given the demographics of the assessment area.

The table on the following page reflects the distribution of home mortgage loans by borrower income level during 2018 and 2019.

Distribution of Home Mortgage Loans by Borrower Income Level CT Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	18.2	13.2	30	12.0	2,520	6.0
2019	18.2	13.3	38	13.9	2,420	5.5
Moderate						
2018	19.4	23.6	48	19.1	5,310	12.7
2019	19.4	23.6	71	25.9	8,535	19.4
Middle						
2018	23.1	23.7	72	28.7	10,160	24.3
2019	23.1	23.3	67	24.5	11,705	26.6
Upper						
2018	39.3	26.3	95	37.8	23,105	55.2
2019	39.3	26.5	92	33.6	20,600	46.8
Not Available						
2018	0.0	13.1	6	2.4	800	1.9
2019	0.0	13.2	6	2.2	720	1.6
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>251</b>	<b>100.0</b>	<b>41,895</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>274</b>	<b>100.0</b>	<b>43,980</b>	<b>100.0</b>
Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

In 2018, TSB originated 30 home mortgage loans to low-income borrowers comprising 12.0% of total home mortgage originations. The bank's performance was slightly lower than aggregate performance of 13.2% and the 18.2% of low-income families residing in the area. The bank's performance is more than reasonable given that 21.9% of the area's low-income families have incomes below the poverty level. Further, in 2018, 111 HMDA reporters were active in the area originating 617 loans to low-income borrowers. TSB ranked third out of these lenders with a market share of 4.9% by number of loans. The two top lenders were a national bank and a national mortgage company that were substantially larger than the bank. Collectively these lenders originated 83 loans capturing 13.5% of the total market. This further supports the reasonableness of TSB's performance.

In 2019, the number of home mortgage loans to low-income borrowers in the area increased to 38 loans or 13.9% of the bank's total home mortgage loans. TSB's lending level exceeded aggregate performance of 13.3%, but remained below the percentage of low-income families in the area at 18.2%. Given the substantial portion of low-income families reporting income below the poverty level, this is not unexpected.

During 2018, TSB originated 48 loans to moderate-income borrowers, representing 19.1% of total home mortgage loans. The bank's performance was below the aggregate performance of 23.6% and slightly below the percentage of moderate-income families residing in the area of 19.4%. In 2018, 131 lenders reported originating 1,103 home mortgage loans to moderate-income borrowers. TSB ranked sixth out of those lenders with a market share of 4.4% by number of loans. The top three lenders were a large, national bank, national mortgage company and a local mortgage company. These lenders collectively accounted for 18.9% of all home mortgage loans extended to moderate-income borrowers.

In 2019, the bank's lending to moderate-income borrowers increased significantly. It originated 71 loans to moderate-income borrowers representing 25.9% of total home mortgage originations. The bank's lending level exceeded both aggregate performance and the portion of the area's families reporting moderate-incomes.

TSB's overall home mortgage lending to low- and moderate-income borrowers appeared more than reasonable. Lending to low- and moderate- income borrowers increased year-over-year. TSB's increasing lending volume and its ability to compete with much larger lenders supports the examiners' conclusion that distribution of home mortgage loans including to low- and moderate-income borrowers is excellent.

### **Small Business Loans**

TSB's distribution of small business loans reflects an excellent penetration to businesses of different sizes. In 2019 the bank extended 100% of its small business loans to businesses with gross annual revenues of \$1 million or less in this portion of the assessment area.

The following table reflects the distribution of small business loans by gross annual revenues:

<b>Distribution of Small Business Loans by Gross Annual Revenue Category CT Non-MSA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	88.5	19	100.0	2,454	100.0
>1,000,000	4.6	0	0.0	0	0.0
Revenue Not Available	7.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>2,454</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### **COMMUNITY DEVELOPMENT TEST**

TSB's performance under the Community Development Test is adequate and consistent with its overall performance, as reflected in the Combined Assessment Area section of this evaluation. Nearly all of the bank's community development activities benefitted individuals and businesses within this portion of the assessment area. The bank's

concentration of community development activities in this portion of the assessment area is expected given that a majority of the bank's operations occurs here. Nearly all of the bank's qualified investments, and grants and donations help to address the needs of low- and moderate-income residents and small businesses in this area. Additionally, nearly all of the bank's community services went to support the efforts of community organizations serving the needs of residents residing in and small businesses operating in this portion of the assessment area. The bank did not originate any community development loans within this portion of the area during this review period. Refer to the Combined Assessment Area of this evaluation for further details related to the bank's community development activities.

## HARTFORD-EAST HARTFORD-MIDDLETOWN MSA (limited-scope review)

### **DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE HARTFORD-EAST HARTFORD-MIDDLETOWN MSA ASSESSMENT AREA ("HARTFORD MSA")**

The Hartford MSA portion of the bank's assessment area includes one of the bank's seven full-service branches, which is located in Burlington, CT. The bank derives approximately 12.6% of its deposits through this branch. This area also accounts for 18.6% by number and 23.5% by dollar of total home mortgage loans originated within the combined assessment area. The bank also originated 17.4% by number and 34.3% by dollar of its small business loans within this the Hartford MSA portion of the assessment area. The bank has not opened, closed or relocated any offices in this area since the previous evaluation.

#### **Economic and Demographic Data**

The Hartford MSA includes nine municipalities in Hartford County, which include Avon, Bristol, Burlington, Canton, East Granby, Farmington, Granby, Hartland, and Simsbury. There are 37 census tracts in the area, of which 1 (2.7%) is low-income, 4 (10.8%) are moderate-income, 11 (29.7%) are middle-income and 21 (56.8%) are upper-income tracts.

The following table includes select demographic characteristics of this portion of the assessment area:

Demographic Information of the Assessment Area Hartford MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	37	2.7	10.8	29.7	56.8	0.0
Population by Geography	166,760	2.5	10.5	30.6	56.3	0.0
Housing Units by Geography	70,078	2.8	11.8	31.4	54.0	0.0
Owner-Occu pied Units by Geography	50,179	0.6	7.9	31.6	59.9	0.0
Occupied Rental Units by Geography	15,462	8.3	22.7	32.1	36.8	0.0
Vacant Units by Geography	4,437	9.2	17.2	26.3	47.3	0.0
Businesses by Geography	15,495	3.3	7.1	22.8	66.8	0.0
Farms by Geography	523	1.0	7.1	23.1	68.8	0.0
Family Distribution by Income Level	44,590	14.7	15.1	20.1	50.1	0.0
Household Distribution by Income Level	65,641	19.8	12.7	17.7	49.8	0.0
Median Family Income MSA - 25540 Hartford-East Hartford-Middletown, CT MSA		\$88,016	Median Housing Value			\$279,675
			Median Gross Rent			\$981
			Families Below Poverty Level			4.1%
Source: 2015 ACS and 2019 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.						

### **Median Family Incomes (MFI)**

The FFIEC adjusted MFI income levels were used to analyze the lending distribution, by borrower income level, for 2018 and 2019. Specifically, borrowers were categorized as low-, moderate-, middle-, or upper-income using these adjusted MFI figures.

The adjusted MFI figures and the corresponding borrower-income ranges by income level for the Hartford MSA in 2018 and 2019 are shown in the following table:

<b>Median Family Income Ranges Hartford MSA</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Hartford-West Hartford-East Hartford, CT MSA Median Family Income (25540)</b>				
2018 (\$96,700)	<\$48,350	\$48,350 to <\$77,360	\$77,360 to <\$116,040	≥\$116,040
<b>Hartford-East Hartford-Middletown, CT MSA Median Family Income (25540)</b>				
2019 (\$98,400)	<\$49,200	\$49,200 to <\$78,720	\$78,720 to <\$118,080	≥\$118,080
<i>Source: FFIEC</i>				

## **CONCLUSIONS ON PERFORMANCE IN THE HARTFORD MSA**

### **LENDING TEST**

The bank's Lending Test performance is weaker in this portion of the assessment area compared to the bank's overall performance. However, the performance in this portion of the assessment area was assigned lesser weight when arriving at overall conclusions and ratings given TSB's limited operation here.

### **Geographic Distribution**

The geographic distribution of loans reflects poor dispersion throughout this portion of the assessment area particularly in low- and moderate-income geographies. The bank's weak home mortgage lending and adequate small business lending supports this conclusion.

### **Home Mortgage Loans**

The geographic distribution of home mortgage loans reflects a poor dispersion throughout this assessment area particularly in low- and moderate-income census tracts. The table on the following page shows the distribution of the bank's home mortgage loans by census tract income level.

Geographic Distribution of Home Mortgage Loans Hartford MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	0.6	1.1	0	0.0	0	0.0
2019	0.6	0.9	1	1.4	205	1.4
Moderate						
2018	7.9	8.1	0	0.0	0	0.0
2019	7.9	7.8	2	2.9	370	2.5
Middle						
2018	31.6	29.8	16	31.4	3,320	28.2
2019	31.6	30.0	20	29.0	3,650	25.0
Upper						
2018	59.9	60.9	35	68.6	8,465	71.8
2019	59.9	61.2	46	66.7	10,370	71.1
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>11,785</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>69</b>	<b>100.0</b>	<b>14,595</b>	<b>100.0</b>
Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

In 2018, TSB did not originate any loans in low- or moderate-income census tracts. As previously mentioned this portion of the assessment area contained one low-income tract and four moderate-income census tracts. In 2018, aggregate lenders reported originating 1.1% and 8.1% of its home mortgage loans in the area's low- and moderate-income tracts respectively. This supports that there appear to be some opportunity for lending in these tracts particularly in the area's moderate-income geographies.

In 2019, the bank's lending performance improved slightly in both low- and moderate-income geographies. TSB originated one home mortgage loan or 1.4% of its total home mortgage originations in the low-income tract. The bank's lending level was higher than both the aggregate performance of 0.9% and the percentage of owner-occupied housing units in located in this tract. The bank's lending in the area's moderate-income census tracts also increased during 2019. TSB originated two home mortgage loans or 2.9% of total home loan originations in the area's moderate-income tracts. Although improved, the bank's

performance remained significantly below the aggregate performance of 7.8% and the percentage of owner-occupied housing units in the area at 7.9%.

Management indicated that the TSB's opportunities to lend is impacted by the bank's limited physical presence in the area and the substantial competition for home mortgage loans. The bank's only branch in Burlington is approximately ten miles from Bristol, where all the area's moderate-income tracts are located. Currently, the bank does not have any branches in Bristol.

Market share reports reflect moderate competition in the area. According to 2018 market share report, 92 lenders originated 412 loans in the area's moderate-income tracts. The top three lenders were two national banks and a national mortgage company that represented 23.1% of the market by number of loans collectively. The top lenders were substantially larger than TSB. In 2019, competition in these geographies remained relatively stable. The 2019 market share report shows 88 lenders reported originating loans in the area's moderate-income tracts. TSB with a 0.5% market and ranked 45<sup>th</sup> among these lenders. Again, the top three lenders were a national bank and two national mortgage companies that collectively captured 18.1% of the market. These lenders were substantially larger than TSB and, thus, had more resources to serve these geographies.

TSB's home mortgage lending activities in the Hartford MSA assessment area have been limited; therefore, less weight was given to the bank's lending performance in this area when arriving at overall conclusions and ratings.

### **Small Business Loans**

TSB's geographic distribution of small business loans reflects reasonable dispersion throughout the Hartford MSA particularly in moderate-income census tracts. Again, the bank's lending in this portion of the assessment area is limited.

The following table reflects the distribution of the bank's small business loans by census tract income level. The 2019 D & B Business Demographic data is used as a measure of comparison:

<b>Geographic Distribution of Small Business Loans Hartford MSA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	3.3	0	0.0	0	0.0
Moderate	7.1	1	25.0	109	8.5
Middle	22.8	2	50.0	280	21.9
Upper	66.8	1	25.0	891	69.6
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>1,280</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					



During 2019, the bank originated four small business loans within this portion of the assessment area. Of these four loans, one loan representing 25.0% of TSB's small business lending was made to a business located in one of the area's moderate-income census tracts. The bank did not originate any small business loans in the area's one low-income tract. However, this appears reasonable given that just 3.3% of the area's businesses are located in that tract. Further, the bank's physical footprint is limited within this portion of the assessment area since it only has one branch.

### **Borrower Profile**

The distribution of loans by borrower income and business revenue level was reviewed to determine the extent to which the bank is addressing the credit needs of the area's residents and small businesses, particularly those individuals with low- and moderate-income and small businesses. The distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration among individuals of different income levels including those with low-and moderate-incomes and businesses of different sizes.

### **Home Mortgage Loans**

The distribution of borrowers reflects a reasonable penetration among individuals of different income levels including those with low- and moderate-incomes. The bank's reasonable penetration of home mortgage lending to borrowers with low- and moderate-incomes supports this conclusion.

The table on the following page reflects the bank's home mortgage lending by borrower income level in this area.

Distribution of Home Mortgage Loans by Borrower Income Level Hartford MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	14.7	9.8	2	3.9	280	2.4
2019	14.7	8.8	1	1.4	115	0.8
Moderate						
2018	15.1	19.8	9	17.6	1,855	15.7
2019	15.1	20.0	16	23.2	2,820	19.3
Middle						
2018	20.1	21.9	12	23.5	2,420	20.5
2019	20.1	20.7	23	33.3	4,375	30.0
Upper						
2018	50.1	35.0	27	52.9	7,145	60.6
2019	50.1	38.5	26	37.7	6,860	47.0
Not Available						
2018	0.0	13.5	1	2.0	85	0.7
2019	0.0	12.0	3	4.3	425	2.9
Totals						
2018	100.0	100.0	51	100.0	11,785	100.0
2019	100.0	100.0	69	100.0	14,595	100.0
Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

In 2018, TSB originated two loans to low-income borrowers in the Hartford MSA, comprising 3.9% of its total home mortgage lending. The bank's performance was significantly lower than both the aggregate performance of 9.8% and the percentage of low-income families residing in the area at 14.7%. This was not unexpected, as 34.4% of low-income families reported income below the poverty level, which is a significant number. In 2018, 102 lenders reported originating 497 loans to low-income borrowers. TSB ranked 51<sup>st</sup> out of those lenders with a market share of 0.4% by number of loans. The top three lenders collectively originated 124 loans representing 21.1% of the total market. Top lenders were national banks and mortgage companies that were substantially larger than TSB.

In 2019, the number of loans TSB originated to low-income borrowers in the area decreased to one loan or 1.4% of its lending to this group. The bank's performance was, again, significantly lower than the 8.8% aggregate performance and the percentage of low-income families in the area. In 2019, 90 lenders reported originating 492 loans to low-income borrowers. TSB's ranking fell to 64<sup>th</sup> that year, and its market share decreased to 0.2%. The top three lenders collectively originated 108 loans for 22.0% of the total market. Top lenders continued to be larger national banks and mortgage companies.

During 2018, TSB originated nine loans to moderate-income borrowers in the area, representing 17.6% of the bank's total home mortgage lending. Although the bank's performance was below the aggregate performance of 19.8%, it exceeded the 15.1% percentage of moderate-income families residing in this area. In 2018, 134 lenders reported originating 1,002 loans to moderate-income borrowers. TSB ranked 29<sup>th</sup> out of those lenders with a market share of 0.9% by number of loans. The top three lenders collectively originated 175 loans, representing 17.5% of the total market. Top lenders were national banks and mortgage companies that were substantially larger than TSB.

In 2019, the bank's lending to moderate-income borrowers increased. TSB originated 16 home loans to moderate-income borrowers representing 23.2% of the bank's lending volume by number. The bank's lending level was significantly higher than both the aggregate performance and the percentage of moderate-income families residing in the assessment area at 20.0% and 15.1%, respectively.

TSB's overall lending to low- and moderate-income borrowers appeared reasonable. Although the bank's lending to low-income borrowers decreased year-over-year, it is not surprising since there is such a large percentage of low-income families reporting incomes below the poverty level who most likely would not qualify or be able to sustain the cost of home ownership even with flexible lending programs. Further, the majority of the area's low-income families and just under half of moderate-income families reside in Bristol, which is 10 to 15 miles from the bank's nearest branch in Burlington, which poses a challenge for low-income borrowers who may need to reach that branch by public transportation. The bank doubled its lending to moderate-income borrowers during the evaluation period, which supplemented its lending to low-income borrowers and supports reasonableness of the bank's lending.

### **Small Business Loans**

TSB's distribution of small business loans in the Hartford MSA reflects excellent penetration to businesses of different sizes. The bank extended 100% of its small business loans in this portion of the assessment area to businesses with gross annual revenues of \$1 million or less.

The following table details the distribution of bank loans by business revenue category in the Hartford MSA portion of the assessment area:

<b>Distribution of Small Business Loans by Gross Annual Revenue Category Hartford MSA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	86.9	4	100.0	1,280	100.0
>1,000,000	5.0	0	0.0	0	0.0
Revenue Not Available	8.1	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>1,280</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

**COMMUNITY DEVELOPMENT TEST**

The bank's Community Development Test performance in the Hartford MSA is reasonable. The bank had two qualified equity investments that benefitted the broader statewide area, including the Hartford MSA. One of the bank's two community development loans directly benefitted this portion of the assessment area. Additionally, a portion of the bank's donations and services benefitted organizations in this MSA. Refer to the Combined Assessment Area section of this evaluation for further details.

## 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 county 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 4,000 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; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also 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 institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution'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 institution's assessment area(s) or a broader statewide or regional area including the institution'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 institution'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 other 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).

**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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated 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 the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**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 (e.g., 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 a 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 the 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.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 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** (also known as **non-MSA**): 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 institution 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):** SBICs 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 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/or 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 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 a 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.



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