



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

May 18, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Connecticut Community Bank, National Association
Charter Number 23664

1495 Post Road East Westport, CT 06881-0309

Office of the Comptroller of the Currency

340 Madison Avenue 4th Floor New York, NY 10017-2613

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

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting the institution's rating are:

- Connecticut Community Bank's (the bank's) net quarterly average loan-to-deposit ratio is reasonable considering the size and financial condition of the institution, as well as the assessment areas' credit needs, and relevant competitive factors.
- The bank originated a majority of its loans within its assessment area.
- The bank's geographical distribution of business loans reflects reasonable dispersion throughout census tracts of different income levels.
- The bank demonstrates an adequate level of community development activity in its assessment areas through qualified investments, community development lending, and community development services.

Scope of Examination

In evaluating the bank's performance under the Community Reinvestment Act (CRA), we utilized Intermediate Small Bank Examination Procedures, which include a lending test and a community development test.

The lending test evaluates the bank's record of meeting the credit needs of their assessment area. The evaluation period for the lending test is January 1, 2012 through December 31, 2014. While the bank does offer both residential and commercial loan products, the bank's primary loan product is business loans. This is indicative of the bank's lending strategy and the volume of commercial loan originations compared to residential loan originations during the evaluation period. Therefore, we only considered commercial loan products during this evaluation. We relied on the bank's submitted data for small business loans, which the OCC found to be reliable during the most recent data integrity examination performed in December 2014.

The community development (CD) test assesses the bank's record of meeting the credit needs of their assessment areas through community development lending, qualified investments, and community development services. We reviewed community development activities from June 11, 2012 through May 18, 2015.

Description of Institution

Connecticut Community Bank is a full service community bank, which is headquartered in Westport, Connecticut and is wholly owned by Associated Community Bancorp, Inc. While management has shrunk the loan portfolio to improve credit quality during the evaluation period, this activity has begun to decline and there are currently no financial or legal impediments to hinder the bank's ability to meet the credit needs of its assessment area. The previous CRA examination, as of June 21, 2012 assigned an overall "Satisfactory" rating.

As of March 31, 2015, the bank maintains \$521 million in assets. As of that date, the bank's loan portfolio primarily consists of \$219 million in real estate loans (71 percent of average gross loans) and \$77 million in commercial loans (29 percent of average gross loans). Of the real estate loans, commercial loans make up 48 percent of total loans, construction loans make up 6 percent, and 1-4 family residential make up 18 percent.

The bank primarily offers commercial banking services to its Fairfield and Hartford assessment areas. The bank maintains nine branches within the Fairfield assessment area, which operate under their own names, including Stamford Bank & Trust, Norwalk Bank & Trust, Darien Bank and Trust, Westport National Bank, and Greenwich Bank and Trust (which includes three branches). During the review period (April 2013), the bank acquired InsurBanc, which is a specialized bank and is the only branch operating in the Hartford assessment area. InsurBanc specializes in providing lending and depository services to insurance companies throughout the United States and does not operate as a traditional bank.

The bank offers products and services for both personal and business customers. Personal products include checking, savings, certificates of deposits, individual retirement accounts, home equity loans and lines of credit, consumer loans, construction loans, bridge loans, personal loans, residential mortgages, and credit cards. Business products include checking, savings, loans, lines and letters of credit, mortgage loans, construction loans, equipment leasing, credit cards, and insurance agency acquisition & perpetuation loans. Additionally, the bank offers a variety of services to both personal and business customers such as direct deposit, online banking services, mobile banking, and remote deposit capture.

The bank operates in a very competitive market. Banks competing in the Fairfield assessment area includes People's United Bank, Bank of America, JPMorgan Chase Bank, Wells Fargo Bank, and Citibank, which together control 67 percent of insured deposits. Banks competing in the Hartford assessment area includes Bank of America, Webster Bank, TD Bank, People's United Bank, and Farmington Bank, which together control 82 percent of insured deposits. According to the FDIC's June 2014 deposit market share report, the bank's deposit market share in the Fairfield assessment area and Hartford assessment area was 0.85 percent and 0.35 percent, respectively.

Despite the competitive environment and current market conditions, the bank has the capacity to help meet the credit needs in its assessment area.

Description of Assessment Areas

Fairfield Assessment Area

The bank's Fairfield assessment area (Bridgeport-Stamford-Norwalk MSA) includes the towns of Darien, Fairfield, Greenwich, New Canaan, Norwalk, Stamford, Westport, and Wilton. This is consistent with the nine bank branches that are located in Fairfield County, specifically, one branch in each of Darien, Riverside, Norwalk, Westport, Fairfield, and Stamford as well as three branches in Greenwich. According to 2010 US Census data, the assessment area has a population of 423,923. All towns are contiguous and share a natural water boundary with the Long Island Sound.

Fairfield County is one of the wealthiest counties in the country due to the average incomes of Darien, Greenwich, Fairfield, New Canaan, Westport, and Wilton. The cities of Stamford and Norwalk are more densely populated and contain all 20 of the assessment area's low to moderate census tracts. The geographical income distribution of the assessment area includes 100 census tracts (6 low-income, 14 moderate-income, 29 middle-income and 51 upper-income census tracts). Within the assessment area, 32 percent of families are characterized as low- to moderate- income and 41 percent of these families reside in the 20 low- to moderate- census tracts.

The lack of affordable housing for low- to moderate- individuals represents a problem in the bank's assessment area. According to the 2010 US Census, the bank's assessment area had a median housing value of \$672,171, while the average median family income was \$142,969.

The Office of the Comptroller of the Currency representative reviewed information provided by community contacts in the Fairfield assessment area. The contact at the organization identified the assessment area's credit needs to be affordable housing and economic development projects to help revitalize and stabilize low income areas, specifically, areas on the Eastside, East End, and South End of Fairfield county.

Hartford AA

The bank's Hartford assessment area (Hartford-West Hartford-East Hartford MSA) is new to the bank as of this evaluation period and is the result of the acquisition of InsurBanc. The assessment area includes the towns / cities of Avon, Bristol, Burlington, Farmington, Hartford, New Britain, Newington, Plainville, and West Hartford. The main office of InsurBanc is the only branch that the bank maintains in the assessment area. All towns/cities in the assessment area are contiguous.

According to the 2010 US Census data, the assessment area has a population of 422,743 and includes 114 census tracts (40 low-income, 20 moderate-income, 30

middle-income and 22 upper-income). Additionally, per census data, the weighted average of median family income is \$72,152, owner occupied housing accounts for 51 percent of housing units, rentals account for 40 percent and the vacancy rate is 9 percent.

The Office of the Comptroller of the Currency representative reviewed information provided by community contacts in the Hartford assessment area. The contact at the organization identified the assessment area's credit needs as affordable housing (including mixed-use and mixed-income development) as well as transit-oriented development. Additionally there continues to be a need for the rehab and preservation of existing affordable housing.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the lending test in the Fairfield and Hartford assessment area is rated "Satisfactory." The bank's quarterly average net loan-to-deposit ratio is reasonable and the bank originated a majority of its loan within its assessment area. While the distribution of loans does not reflect reasonable penetration among businesses of different sizes in the Fairfield assessment area, the geographical distribution of loans reflect appropriate dispersion among geographies of different incomes.

Loan-to-Deposit Ratio

The bank's net loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and the credit needs of the assessment area. The bank's net LTD averaged 70.98 percent over the twelve quarters between January 1, 2012 and December 31, 2014. The twelve-quarter high is the first quarter of 2012 (83.26 percent) and the low is the second quarter of 2014 (59.44 percent). The LTD ratio has generally shown a trend of continued decline over the review period with the most recent two quarters showing an improvement.

While the bank's LTD ratio is low compared to six banks with similar asset sizes operating out of Fairfield or Harford County (total average LTD ratio of 82.99 percent in the same period), it is reasonable given the financial condition of the bank, the economic condition of the assessment area, and the acquisition of InsurBanc.

During the review period, management has decreased the loan portfolio in an effort to improve asset quality. This negatively affected the LTD ratio, as core deposits remained stable. Additionally, due to the economic condition and highly competitive nature of the bank's assessment areas, the market for quality commercial loans is competitive. Lastly, when InsurBanc was acquired in April 2013, management observed a 9.6 percent decline in the bank's LTD ratio due to the balance sheet structure of InsurBanc.

Management expects the LTD ratio to improve going forward as they expect loan growth to continue to trend positively. This is already evident as the LTD ratio increased in the most recent two quarter of the evaluation period.

Lending in Assessment Area

The bank originated a majority its business loans inside the assessment area and meets the standard for satisfactory performance. During the review period, the bank originated 63 percent of business loans inside its assessment area by number and 58 percent by dollar amount. The following table illustrates this point.

Table 1 - Lending in the Fairfield and Hartford Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	344	63%	202	37%	546	\$68,633	58%	\$49,275	42%	\$117,908
Totals	344	63%	202	37%	546	\$68,633	58%	\$49,275	42%	\$117,908

Source: Small business loans reported on the LAR during the review period.

Lending to Businesses of Different Sizes

The bank's lending to borrowers of different sizes meets the standard for poor performance. This is a result of the bank's poor performance in the Fairfield assessment area. Small businesses are defined as businesses with gross annual revenues of \$1 million or less.

Fairfield Assessment Area

In the Fairfield assessment area, the distribution of loans to businesses reflects poor penetration among businesses of different sizes. During the review period, the bank originated 355 commercial loans in the Fairfield assessment area. Of those, 45.92 percent went to businesses with annual revenues of \$1 million or less. This is low compared to small business demographic data from 2013, which indicates approximately 73.07 percent of businesses in the Fairfield assessment area have \$1 million or less in annual revenue. Further, in terms of total dollar amount, this represents only 30.85 percent of loan originations. While this indicates poor penetration, management attributes this to low loan demand among small businesses.

The following table details the bank’s business lending results compared to demographic data.

Table 2 - Fairfield AA - Borrower Distribution of Loans to Businesses in AA			
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Total
% of AA Businesses	73.07%	26.93%	100%
% of Bank Loans in AA by #	45.92%	54.08%	100%
% of Bank Loans in AA by \$	30.85%	69.15%	100%

Source: D&B - 2014

Hartford Assessment Area

In the Hartford assessment area, the distribution of loans to businesses reflects satisfactory penetration among businesses of different sizes. Compared to the Fairfield assessment area, the bank originates significantly less loans in the Hartford assessment area as they only originated nine loans there during the evaluation period. This is a result of the Hartford assessment area being new to the bank and only consisting of one specialized, non-traditional branch (InsurBanc).

Of the nine business loans, the bank originated 66.67 percent to businesses with \$1 million or less in annual revenue, which was near the approximate 71.06 percent of businesses in the assessment area with similar revenue amounts as shown by the demographic data. In terms of total dollars, the bank originated 84.45 percent of loans to businesses with \$1 million or less in annual revenue.

The following table details the bank’s business lending results compared to demographic data.

Table 3 - Hartford AA - Borrower Distribution of Loans to Businesses in AA			
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Total
% of AA Businesses	71.06%	28.94%	100%
% of Bank Loans in AA by #	66.67%	33.33%	100%
% of Bank Loans in AA by \$	84.45%	15.55%	100%

Source: D&B - 2014

Geographic Distribution of Loans

The bank’s geographic distribution of loans represents reasonable dispersion. This assessment is based on the reasonable overall performance in both assessment areas. The percentage of loans made to businesses in low- income census tracts exceeded the demographic data for the tracts.

Fairfield Assessment Area

The bank’s geographic distribution of business loans reflects reasonable dispersion throughout the census tracts of different income levels in the Fairfield assessment area. The percentage of loans made in low- income census tracts exceeds the percentage of

businesses located within these census tracts. Businesses in the low-income census tracts account for approximately 5.66 percent of all businesses located in the Fairfield assessment area while the level of the bank’s lending within these census tracts represents 11.55 percent of its small business portfolio. The bank originated 12.11 percent of loans in moderate-income census tract while businesses in these tracts represent 14.51 percent of all businesses located within the assessment area. This level of penetration is reasonable given the Bank's small business lending distribution to low-income geographies.

The following table details the bank’s geographic distribution of business loans compared to demographic data.

Table 4 - Borrower Distribution of Small Business Loans in Fairfield								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Business Loans	5.66%	11.55%	14.51%	12.11%	25.22%	28.45%	54.62%	47.89%

Source: 2010 US Census and Bank Submitted Loan Data.

Hartford

The bank’s performance on the lending test in the Hartford assessment is significantly lower in volume and number of loan originations in comparison to the Fairfield assessment area. Over the evaluation period, the bank originated only nine business loans in Hartford’s assessment area, which is only 2.47 percent of total business loans of both assessment areas. While the percentage (11.11 percent) of loans made in low-income tracts is below the percentage (21.42 percent) of businesses located within these census tracts, the percentage (22.22 percent) of loans originating in moderate-income tracts exceeds the percentage (16.04 percent) of all businesses located within the moderate-income census tracts. The bank did not originate any business loans in the upper-income census tracts.

The following table details the bank’s geographic distribution of business loans compared to demographic data.

Table 3 - Borrower Distribution of Small Business Loans in Hartford								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Business Loans	21.42%	11.11%	16.04%	22.22%	30.13%	66.67%	31.98%	0%

Source: 2010 US Census and Bank Submitted Loan Data.

Responses to Complaints

The bank did not receive any consumer complaints regarding CRA during the review period.

COMMUNITY DEVELOPMENT TEST

Overall, the bank demonstrates an adequate level of community development activity in its assessment areas through qualified investments, community development lending, and community development services. This is evident as community development activity in both the Fairfield and Hartford assessment areas are adequate.

Number and Amount of Community Development Loans

The bank participated in an adequate amount of community development lending. During the evaluation period, the bank originated 24 loans totaling \$15.7 million to eight organizations, which qualify as community development organizations.

Of the community development loans, 23 (\$15.6 million) benefits the Fairfield assessment area and one (\$131 thousand) benefits the Hartford assessment area. This is appropriate considering the extent to which the bank operates in the Fairfield assessment area that includes nine branches which service the general public compared to the Hartford assessment areas that consists of one branch which is not open to the public.

The community development organization that the bank provided loans to provide a variety of services to low- and moderate- income individuals and families. This includes transportation services, affordable housing, and community services.

Number and Amount of Qualified Investments

The bank participated in an adequate amount of qualified investments during the evaluation period. This includes a \$6.5 million exposure to an organization that provides affordable housing to low- and moderate- income individuals as well as a total of \$35 thousand in donations to qualifying community development organizations.

Of the \$35 thousand in donations, \$29 thousand benefited low- to moderate- income individuals in the Fairfield assessment area, \$3 thousand benefited individuals in the Hartford assessment area, and \$3 thousand benefited both assessment areas. Additionally, the \$6.5 million investment benefited low- to moderate- income individuals in both assessment areas.

Extent to Which the Bank Provides Community Development Services

During the evaluation period, the bank conducted a satisfactory amount of community development services. The bank has multiple bank employees that provide support and services to different qualified organizations by utilizing financial expertise. Additionally, the bank has 16 employees that provide board level supervision of qualifying community development organizations. These organizations provide community services and affordable housing to low- and moderate- income individuals. In addition, they promote economic development in low- and moderate- income geographies.

Responsiveness to Community Development Needs

The bank demonstrated an adequate responsiveness to the credit and development needs of the community. All of the bank's community development activities directly benefit the bank's assessment areas. All qualified investments and community development loans were granted to organizations that provide various types of community development services for low- and moderate- income individuals and families.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.