



PUBLIC DISCLOSURE

April 1, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Freedom National Bank
Charter Number: 24257

584 Putnam Pike
Greenville, RI 02828

Office of the Comptroller of the Currency

99 Summer Street, Suite 1400
Boston, MA 02110

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, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating: This Institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The major factors supporting the institution's CRA Rating are:

- Freedom National Bank's ("Freedom", "FNB", or "the Bank") level of lending, as reflected in its net loan-to-deposit (LTD) ratio, is considered more than reasonable.
- A majority of the of the Bank's sampled primary lending products were originated within the delineated assessment area (AA).
- The distribution of loans reflects excellent penetration amongst businesses of different sizes.
- FNB's geographic distribution of loans within its assessment area reflects a reasonable dispersion throughout the geographies of different income levels.
- There were no CRA-related complaints received by the Bank or the OCC during the evaluation period of January 1, 2016 through December 31, 2018.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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 MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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.

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, which 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).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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.

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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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 percent and less than 120 percent, in the case of a geography

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

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

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

Small Loan(s) to Farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Description of Institution

Freedom National Bank is an intrastate bank headquartered in Greenville, Rhode Island (RI), a town located within Providence County, RI. FNB is wholly-owned by Berkshire Financial Services, a two-bank holding company, which also owns Lee Bank, in Lee, Massachusetts. FNB has no other affiliates or subsidiaries and the scope of this Performance Evaluation (PE) only considered FNB's lending activity.

FNB operates two branch locations. The main branch is located in Greenville, RI and the second branch is located in Cumberland, RI. During the evaluation period, the Bank did not open or close any branches. The Bank offers normal business hours weekly, Monday through Friday, and offers drive through and lobby services. Extended drive through hours are available during the business week, and both locations have automated teller machines (ATMs) onsite. FNB offers debit cards, as well as online and mobile banking. FNB offers a variety of deposit, checking, and loan products to meet both consumer and commercial banking needs. The Bank's website, www.freedomnationalbank.com, provides detailed information on its products and services for both consumers and businesses.

As of December 31, 2018, the Bank's total assets, total deposits, and Tier 1 Capital were \$123 million, \$99.8 million, and \$12.3 million, respectively. The loan portfolio totaled approximately \$103 million or 84 percent of total assets. The following table provides a summary of the loan mix:

Table 1 – Loan Portfolio Summary by Loan Product December 31, 2018	
Loan Category	% of Gross Loans and Leases
Other Real Estate (Commercial)	55
1-4 Family Residential Mortgages – Closed End	18
Commercial & Industrial	15
Multifamily	6
Home Equity	5
Consumer	<1
Total	100

Source: Federal Deposit Insurance Corporation Call Report, December 31, 2018

The Bank has no financial or legal impediments in meeting the credit needs of the assessment area (AA). The Bank was rated "Satisfactory" using small bank (SB) procedures at the last CRA evaluation dated April 21, 2015.

Scope of the Evaluation

FNB was evaluated using SB evaluation procedures, which dictates a lending test (LT) as the method for evaluating the Bank's performance according to CRA. The LT evaluates the Bank's record in meeting the credit needs of the AA during the evaluation period through its record of lending.

The evaluation period for the LT covers the Bank's performance from January 1, 2016, through December 31, 2018. Due to updates made to demographic information during the evaluation period, we evaluated the Bank's 2016 performance independent of 2017 and 2018 performance metrics. For year 2016, performance was compared to the 2010 U.S. Census data as well as 2016 Dun & Bradstreet (D&B) Data. For years 2017-2018, performance was compared to 2015 American Community Survey (ACS) Census data and 2018 D&B Data. 2016 and 2017 Peer Small Business data was used for performance context as these were the latest available data sets as of this evaluation.

The Bank reported data under the requirements of HMDA for a portion of the evaluation period; however, based on an assessment of loan originations during this time, residential mortgages were determined to not be a primary product. Freedom's primary loan product is commercial (including commercial real estate) loans, as this product type accounted for nearly 66 percent by number and 67 percent by dollar amount of all loans originated and/or purchased during the evaluation period. We used bank data to select an initial random sample of 20 commercial loans originated inside and outside of the assessment area, and performed additional sampling as needed to assess the extent of lending to businesses during the evaluation period.

When evaluating the Bank's lending performance, a significant emphasis was placed on commercial loans originated during the 2017-2018 time period, as the majority of primary product lending occurred during this timeframe. Specifically, when considering commercial loans originated/purchased during 2017-2018, this accounted for nearly 47 percent of all lending during the evaluation period of January 1, 2016 – December 31, 2018. Lastly, among just commercial loans, approximately 71 percent by number of this product type was originated during the 2017-2018 evaluation timeframe.

Data Integrity

Primary product determination identified commercial (including commercial real estate) loans as the primary FNB lending product during the full evaluation period of January 1, 2016 to December 31, 2018. A review of HMDA-reportable data was not warranted. Consequently, we performed random sampling procedures in accordance with internal guidance to select a sample listing of commercial loans so to assess the Bank's performance under components of the LT. This resulted in an initial random selection of 20 commercial loans originated and/or purchased during January 1, 2016 through December 31, 2018, the results of which were used to determine Freedom's level of lending inside/outside their AA. Additional sampling was performed, as needed, and resulted in a total of 48 commercial loans being sampled to draw conclusion's as to the Bank's lending performance under the CRA. During sampling procedures, selected loans were vetted against internal Bank documentation to ensure both the accuracy of data and to validate the integrity of the Bank's reporting systems. No issues regarding data integrity were identified as part of random sampling procedures and we found the data to be reliable.

Selection of Areas for Full-Scope Review

The CRA requires an institution to define its AA in which it will be evaluated. Freedom has delineated one AA that meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. Freedom's AA is composed of the entirety of Providence County, part of the Providence-Warwick, RI-MA Metropolitan Statistical Area (MSA) (#39300), and consists of wholly-contiguous, political subdivisions, and does not arbitrarily exclude any geographies. Specifically, the Bank's AA includes the following cities/towns: Burrillville, North Smithfield, Woonsocket, Cumberland, Glocester, Smithfield, Lincoln, Central Falls, Foster, Scituate, Johnston, North Providence, Pawtucket, Cranston, Providence, and East Providence. This resulted in a single full-scope AA, which we drew conclusions on for an assessment of the Bank's lending performance according to the CRA. We note that as of this evaluation, Freedom's AA contains 141 census tracts, including: 31 low-, 31 moderate-, 54 middle-, and 24 upper-income tracts. One census tract within the city of Providence was noted as not having an income classification. The AA includes both of the Bank's branches and the entirety of the deposit base.

Please refer to Appendix B of this evaluation for further discussion surrounding the Community Profile of the Bank's single, full-scope AA.

Ratings

The Bank's overall rating is based primarily on Freedom's delineated AA which received a full-scope review. As previously discussed, the Bank's performance during the 2017-2018 evaluation period was more heavily weighted when arriving at overall conclusions as a substantial majority of primary product originations and/or purchases occurred

during this period. Specifically, commercial loans originated/purchased during 2017-2018 accounted for nearly 47 percent of all lending during the full evaluation period of January 1, 2016 – December 31, 2018.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

Freedom National Bank's performance under the LT is rated Satisfactory. FNB's net LTD ratio is considered more than reasonable given the institution's relatively small size, financial condition, community credit needs, and relevant competitive factors. A majority of the commercial loan originations sampled during the evaluation period were within the delineated AA. The distribution of loans reflects excellent penetration amongst businesses of different sizes. The Bank's geographic distribution of loans within its assessment area reflects a reasonable dispersion throughout the CTs of different income levels. Lastly, there were no CRA-related complaints received by the Bank or the OCC during the evaluation period.

Loan-to-Deposit Ratio

FNB's net LTD ratio is more than reasonable given the Bank's size, financial condition, and assessment area credit needs. The Bank's quarterly net loan-to-deposit ratio averaged 104.39 percent over the 16 quarters since the previous evaluation. During the 16 preceding quarters, January 1, 2015 to December 31, 2018, the LTD ranged from a quarterly low of 99.03 percent to a quarterly high of 111.53 percent. The Bank's net LTD ratio is consistent with other peer banks located within the Bank's full-scope Providence County AA. The peer group had a quarterly average net LTD of 102.95 percent over the same 16 quarters, ranging from a low of 102.48 percent and a high of 103.42 percent.

Lending in Assessment Area

A majority of the Bank's primary loan products were originated inside its AA. As previously discussed, a randomly selected sample of 20 commercial loans originated/purchased during the evaluation period were used to determine FNB's level of lending within the AA. FNB originated 65 percent by number and nearly 73 percent by dollar amount of loans within the AA from January 1, 2016 to December 31, 2018.

The following table details the Bank's level of lending via random sampling within the AA by number and dollar volume of loans originated/purchased:

Table 2 – Distribution of Loans Inside and Outside the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Commercial Loans	13	65.00	7	35.00	20	4,696,000	72.67	1,766,000	27.33	6,462,000
Total	13	65.00	7	35.00	20	4,696,000	72.67	1,766,000	27.33	6,462,000

Source: Selected sample of 20 commercial loans originated and/or purchased during evaluation period of 1/1/2016 - 12/31/2018.

Lending to Businesses of Different Sizes

The Bank's distribution of loans amongst business of different sizes in the AA is considered excellent. The distribution of loans reflects excellent penetration among businesses of different sizes.

2016 and 2017-2018 Business Loans:

The distribution of loans to businesses reflects excellent penetration among businesses of different sizes. In 2016, the Bank originated 65 percent of loans to small businesses with gross annual revenues of \$1 million or less, significantly exceeding the aggregate comparator of 43.9 percent. In 2017-2018, the Bank originated 70 percent of loans to small businesses with gross annual revenues of \$1 million or less, significantly exceeding the aggregate comparator of 44.7 percent.

The following tables shows the distribution of business loans among different sized businesses in the AA during both 2016 and 2017-2018:

Table 3A - Borrower Distribution of Commercial Loans to Businesses in the Freedom National Bank Full-Scope RI AA – 2016				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% Peer Aggregate Lending to AA Businesses	43.9	--	--	100.0
% of Bank Loans in AA by #	65.0	35.0	0.0	100.0
% of Bank Loans in AA by \$	45.3	54.7	0.0	100.0

Source: Selected sample of 20 commercial SB loans originated and/or purchased during 2016; 2016 Peer Small Business Data.

Table 3B - Borrower Distribution of Commercial Loans to Businesses in the Freedom National Bank Full-Scope RI AA – 2017-2018				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% Peer Aggregate Lending to AA Businesses	44.7	--	--	100.00
% of Bank Loans in AA by #	70.0	30.0	0.00	100.00
% of Bank Loans in AA by \$	65.2	34.8	0.00	100.00

Source: Selected sample of 20 commercial SB loans originated and/or purchased during 2017 – 2018; 2017 Peer Small Business Data.

Geographic Distribution of Loans

The geographic distribution of loans during the evaluation period reflects reasonable dispersion in both the low- and moderate-income tracts located in Freedom's AA, given performance context. The lending test did not identify any conspicuous gaps or areas of low penetration in the lending patterns.

2016 Business Loans:

Overall, the geographic distribution of business loans during 2016 reflects satisfactory dispersion amongst the low- and moderate-income tracts within the Bank's AA, given performance context. Freedom's lending to businesses in the low-income geographies significantly exceeds the level of businesses with revenues less than \$1 million while lending to businesses in the moderate-income geographies falls within a reasonable range below the level of businesses with revenues less than \$1 million, meeting the standard for satisfactory performance.

Regarding performance context, 2016 Peer Small Business data for Freedom's AA shows that amongst the 90 small business lenders in this space, the top five account for approximately 55 percent of the market, indicating the high level of competition. Top lenders include: American Express, Bank of America, Citibank, Capital One Bank, and Synchrony Bank.

The following table details the Bank's performance as compared to the percentage of businesses in each income category during 2016:

Table 4A – Geographic Distribution of Commercial Loans to Businesses in the Freedom National Bank Full-Scope RI AA – 2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Commercial Loans	11.2	30.0	26.1	25.0	34.3	25.0	28.4	20.0

Source: Selected sample of 20 commercial loans originated and/or purchased during 2016; 2016 Peer Small Business Data.

2017-2018 Business Loans:

Overall, the geographic distribution of business loans during 2017-2018 reflects satisfactory dispersion amongst the low- and moderate-income tracts within the Bank's AA, given performance context. Freedom's lending to businesses in the moderate-income geographies exceeds the level of businesses with revenues less than \$1 million. Freedom's lending to businesses in the low-income geographies falls within a reasonable range below the level of businesses with revenues less than \$1 million, given performance context. This level of lending during 2017-2018 meets the standard for satisfactory performance when considering performance context below.

As previously mentioned, 2017 Peer Small Business data was the latest data set available for peer comparators; we compared the level of lending during 2017-2018 to these metrics. Specifically, 2017 Peer Small Business data for Freedom's AA shows that amongst the 93 small business lenders in this space, the top five account for nearly 54 percent of the market, indicating the high level of competition. Top lenders include: American Express, Bank of America, Citibank, Capital One Bank, and Citizens Bank.

The following table details the Bank's performance as compared to the percentage of businesses in each income category during 2017-2018:

Table 4B – Geographic Distribution of Commercial Loans to Businesses in the Freedom National Bank Full-Scope RI AA – 2017-2018								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Commercial Loans	14.3	5.0	23.3	30.0	36.6	55.0	25.2	10.0

Source: Selected sample of 20 commercial loans originated and/or purchased during 2017-2018; 2017 Peer Small Business Data.

Responses to Complaints

There were no CRA complaints received by the Bank or the agency during the evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: (1/1/16 to 12/31/18)	
Financial Institution	Products Reviewed	
Freedom National Bank ("Freedom", "FNB" or "the Bank") Greenville, Rhode Island	Commercial (including commercial real estate) loans via sampling procedures	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None reviewed.		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Rhode Island FreedomNB FS AA – Providence County, RI (#007) -part of the Providence- Warwick, RI-MA MSA (#39300)	Full-Scope	<ul style="list-style-type: none"> • Providence-Warwick, RI-MA MSA (#39300) <ul style="list-style-type: none"> ○ Providence County (#007) <ul style="list-style-type: none"> ▪ Burrillville, North Smithfield, Woonsocket, Cumberland, Glocester, Smithfield, Lincoln, Central Falls, Foster, Scituate, Johnston, North Providence, Pawtucket, Cranston, Providence, East Providence.

Appendix B: Community Profiles for Full-Scope Areas

DESCRIPTION OF ASSESSMENT AREA

The CRA requires an institution to define its AA in which it will be evaluated. Freedom has delineated one AA that meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

Freedom's AA is composed of the entirety of Providence County, RI, which is part of the Providence-Warwick, RI-MA Metropolitan Statistical Area (MSA) (#39300), and consists of wholly-contiguous political subdivisions. Specifically, the Bank's AA includes the following cities/towns: Burrillville, North Smithfield, Woonsocket, Cumberland, Glocester, Smithfield, Lincoln, Central Falls, Foster, Scituate, Johnston, North Providence, Pawtucket, Cranston, Providence, and East Providence. This resulted in a single full-scope AA which we drew conclusions on for an assessment of the Bank's lending performance according to the CRA. We note that as of this evaluation, Freedom's AA contains 141 census tracts, including: 31 low-, 31 moderate-, 54 middle-, and 24 upper-income tracts. One census tract within the city of Providence was noted as not having an income classification.

FNB operates within a highly competitive market with competition from large regional and national commercial lenders and other similarly sized local community banks. The Federal Deposit Insurance Corporation's Deposit Market Share Report for June 30, 2018 indicates 18 financial institutions maintain branches locations within Providence County. Freedom maintains their entire deposit base within these geographies, ranking tenth with a deposit market share of less than one percent. The Bank's primary competitors for deposits within Providence County include Bank of America, and Citizens Bank, both of which account for nearly 46 and 34 percent of AA deposits, respectively. In addition to the two leaders in the market outlined above, no lender outside of the top eight maintain more than one percent market share, indicative of the significant competition for a customer base.

As reported by Moody's Analytics Inc. dated January 2019, the Providence-Warwick, RI-MA MSA's recent expansion performance can be tied to the following economic drivers within Providence County: state capital (Providence) located in this county, high concentration of medical centers, and high concentration of financial centers. Additional strengths noted within these geographies include strong ties and close proximity to the fast-growing Boston market, high concentrations of colleges/universities, the strong commercial real estate market, and rapid labor force growth. All of these factors contribute to the favorable short-term economic outlook in the Providence-Warwick, RI-MA MSA. Weaknesses identified within this market include: high tax rate and poor infrastructure, high rate of poverty, and underdeveloped transportation services. Top employers within the Providence-Warwick, RI-MA MSA include the following: Lifespan, Care New England, CVS Health Corporation, Citizens Financial Group Inc., General Dynamics Electric Boat, Brown University, and Fidelity Investments.

We were not able to make contact with a local community group for discussion on current credit needs, however, conversations with senior management identified small business lending (SBL) as a primary credit need within the AA. Senior management also communicated that investing in small businesses within the AA is critical to support growth in the local community and strengthen the RI economy. The majority of the region's commerce is comprised of small businesses that are service-oriented, as well as midsize manufacturing and trucking/shipping firms.

Specific demographic information based on 2010 and 2015 U.S. Census data is highlighted within the tables below for both the 2016 and 2017-2018 evaluation periods:

Table A – Demographic Information of the Assessment Area						
Assessment Area: Freedom_AA Providence County - 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	141	17.7	28.4	33.3	20.6	0.0
Population by Geography	626,667	15.4	28.1	34.5	22.1	0.0
Housing Units by Geography	263,448	15.9	27.9	35.6	20.6	0.0
Owner-Occupied Units by Geography	132,204	6.2	20.3	43.5	29.9	0.0
Occupied Rental Units by Geography	105,855	25.1	35.0	28.9	10.9	0.0
Vacant Units by Geography	25,389	27.4	37.4	22.7	12.6	0.0
Businesses by Geography	35,201	12.0	27.7	33.9	26.5	0.0
Farms by Geography	699	3.3	13.7	40.3	42.6	0.0
Family Distribution by Income Level	147,352	27.6	18.6	19.4	34.4	0.0
Household Distribution by Income Level	238,059	30.2	16.1	16.6	37.1	0.0
Median Family Income MSA - 39300 Providence- Warwick, RI-MA MSA		\$70,496	Median Housing Value			\$269,135
			Median Gross Rent			\$844
			Families Below Poverty Level			11.6%
<i>Source: 2010 U.S. Census and 2016 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Table A – Demographic Information of the Assessment Area
Assessment Area: Freedom_AA Providence County - 2018

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	141	22.0	22.0	38.3	17.0	0.7
Population by Geography	630,459	20.0	21.4	39.0	19.0	0.7
Housing Units by Geography	263,890	19.9	21.3	40.2	17.7	0.9
Owner-Occupied Units by Geography	127,215	8.8	15.5	49.9	25.4	0.4
Occupied Rental Units by Geography	111,069	30.4	27.4	31.1	9.7	1.4
Vacant Units by Geography	25,606	30.0	23.8	31.6	13.6	1.1
Businesses by Geography	37,899	15.2	23.5	36.6	23.5	1.2
Farms by Geography	766	5.7	13.3	44.4	36.4	0.1
Family Distribution by Income Level	148,061	29.9	17.1	19.0	34.0	0.0
Household Distribution by Income Level	238,284	31.0	15.8	15.7	37.5	0.0
Median Family Income MSA - 39300 Providence- Warwick, RI-MA MSA		\$73,950	Median Housing Value			\$212,689
			Median Gross Rent			\$877
			Families Below Poverty Level			13.4%

Source: 2010 U.S. Census & 2015 ACS Census and 2018 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.*