

PUBLIC DISCLOSURE

December 5, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Washington Trust Company, of Westerly
Certificate Number: 23623

23 Broad Street
Westerly, Rhode Island 02891

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	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	12
RHODE ISLAND	13
DESCRIPTION OF INSTITUTION’S OPERATIONS IN RHODE ISLAND	13
SCOPE OF EVALUATION – RHODE ISLAND	17
CONCLUSIONS ON PERFORMANCE CRITERIA IN RHODE ISLAND	17
CONNECTICUT	30
DESCRIPTION OF INSTITUTION’S OPERATIONS IN CONNECTICUT	30
SCOPE OF EVALUATION – CONNECTICUT	32
CONCLUSIONS ON PERFORMANCE CRITERIA IN CONNECTICUT	32
APPENDICES	38
LARGE BANK PERFORMANCE CRITERIA.....	38
SCOPE OF EVALUATION.....	40
SUMMARY OF RATINGS FOR RATED AREAS	41
GLOSSARY	42

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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	X
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated Low Satisfactory.

- Lending levels reflect good responsiveness to the credit needs of the assessment areas.
- An adequate percentage of loans are made in the bank's assessment areas.
- The geographic distribution of loans reflects poor penetration throughout the assessment areas, particularly to low- and moderate-income geographies.
- The distribution of borrowers reflects, given the product lines offered by the bank, adequate penetration among retail customers of different income levels and business customers of different sizes.
- The bank made a relatively high level of community development loans.
- The bank uses innovative and/or flexible lending practices in order to serve assessment areas' credit needs.

The Investment Test is rated High Satisfactory.

- The bank has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The bank exhibits adequate responsiveness to credit and community development needs.
- The bank occasionally uses innovative and/or complex investments to support community

development initiatives.

The Service Test is rated High Satisfactory.

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

DESCRIPTION OF INSTITUTION

Background

The Washington Trust Company, of Westerly (WTC) is a state-chartered, stock-owned community bank headquartered in Westerly, Rhode Island. The bank is a wholly owned subsidiary of Washington Trust Bancorp, Inc. WTC received a Satisfactory Community Reinvestment Act (CRA) rating from the Federal Deposit Insurance Corporation (FDIC) during its prior evaluation dated July 29, 2019, based on Interagency Large Institution Examination Procedures. WTC received a Low Satisfactory rating for both the Lending and Investment Tests, and it received a High Satisfactory rating for the Service Test.

WTC makes donations through its charitable foundation, the Washington Trust Charitable Foundation (Foundation), which is funded by the bank. WTC also has a mortgage company subsidiary, Washington Trust Mortgage Company, LLC, that offers residential mortgage loans primarily in Massachusetts, Connecticut, Rhode Island, and New Hampshire. WTC elected not to include lending activity conducted by the mortgage company in this evaluation.

Operations

WTC operates 25 full-service branches throughout Rhode Island (24) and Connecticut (1). The bank opened two branches in Rhode Island since the prior evaluation. Please refer to the Rhode Island Service Test for more information on the bank's branch changes. The bank has not closed any branches and no merger or acquisition activities have occurred since the previous evaluation.

The bank operates an automated teller machine (ATM) at each branch (including 3 deposit-taking ATMs) and 78 non-depository, standalone ATMs throughout its assessment areas. WTC also operates a commercial and wealth management office in Providence, Rhode Island; a residential loan production office in Warwick, Rhode Island; and a commercial lending office in New Haven, Connecticut. The New Haven commercial lending office is new since the prior evaluation. WTC offers a variety of deposit products and residential, commercial, and consumer loan products.

Since the prior evaluation, WTC began originating Federal Housing Administration (FHA) and Veteran Affairs (VA) loans. The bank also offered Small Business Administration (SBA) Paycheck Protection Program (PPP) loans during the COVID-19 pandemic.

Ability and Capacity

As of September 30, 2022, WTC reported total assets of \$6.4 billion, a 24.3 percent increase from the prior evaluation. The bank reported approximately \$4.9 billion in total loans, a 29.8 percent increase from the prior evaluation, and \$982.6 million in total securities, which is consistent with total securities at the prior evaluation. Deposits totaled \$5.1 billion, an increase of 45.0 percent since the prior evaluation.

As shown in the following table, WTC's primary business focus is on residential and real estate lending. Residential loans, including multifamily loans, comprise a majority of WTC's loan portfolio at 57.7 percent. Commercial loans, including nonfarm nonresidential loans and commercial and industrial loans, comprise 36.2 percent of the loan portfolio.

Loan Portfolio Distribution as of 09/30/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	163,390	3.4
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	2,399,920	49.2
Secured by Multifamily (5 or more) Residential Properties	413,388	8.5
Secured by Nonfarm Nonresidential Properties	1,527,733	31.3
Total Real Estate Loans	4,504,431	92.4
Commercial and Industrial Loans	241,091	4.9
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	12,741	0.3
Obligations of State and Political Subdivisions in the U.S.	114,987	2.4
Other Loans	88	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	4,873,338	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments affecting the bank's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. WTC designated two assessment areas in Rhode Island and Connecticut, which constitute two rated areas. The assessment areas have not changed since the prior evaluation. The Rhode Island assessment area continues to include the entire state of

Rhode Island, and the Connecticut assessment area continues to include the towns of Stonington and North Stonington in New London County. The following narrative in this document will refer to the two assessment areas collectively as the combined assessment area. Please refer to the individual assessment area sections for additional demographic and economic information.

SCOPE OF EVALUATION

General Information

Examiners used Interagency Large Institution Examination procedures to evaluate WTC's CRA performance since the prior evaluation dated July 29, 2019, to the current evaluation dated December 5, 2022. These examination procedures include a Lending Test, Investment Test, and Service Test (see Appendices for complete description).

In addition to reviewing the bank's overall performance in its combined assessment area, the Interstate Banking and Branching Efficiency Act requires separate discussions and ratings of CRA performance in each state in which the bank maintains a branch. Therefore, this performance evaluation includes full-scope reviews of the Rhode Island and Connecticut assessment areas. Examiners placed more weight on the bank's performance in Rhode Island, as a majority of the bank's operations, branches, and lending occurs within this state, as shown in the following table.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Rhode Island	1,777,509	97.4	4,948,611	98.4	24	96.0
Connecticut	47,837	2.6	81,717	1.6	1	4.0
Total	1,825,346	100.0	5,030,328	100.0	25	100.0
<i>Source: Bank Data; FDIC Summary of Deposits (06/30/2022)</i>						

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans based on its business strategy and the number and dollar volume of loans originated or purchased during the evaluation period. Residential loans comprise the majority of the bank's loan portfolio, and WTC originated or purchased a greater number of home mortgage loans than small business loans during the evaluation period. Therefore, examiners placed more weight on home mortgage lending performance than small business lending performance when arriving at Lending Test conclusions. Additionally, the number of loans influenced the Lending Test conclusions more than the dollar amount because the number of loans better indicates the number of individuals and businesses served. Examiners did not review small farm or consumer loans because they represent a nominal portion of the bank's loan portfolio.

Under the Lending Test, examiners considered all originated and/or purchased home mortgage loans reported on WTC's 2019, 2020, and 2021 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. For 2019, WTC reported 2,378 home mortgage loans totaling \$775.4

million; for 2020, the bank reported 3,342 home mortgage loans totaling \$1.1 billion; and for 2021, the bank reported 3,227 home mortgage loans totaling \$1.4 billion. Examiners compared the bank's performance against 2019, 2020, and 2021 aggregate HMDA lending data and demographic data from the 2015 American Community Survey (ACS). Examiners presented all three years of data for trend analysis.

The Lending Test also evaluated originated small business loans reported on WTC's 2019, 2020, and 2021 CRA loan registers. For 2019, WTC originated 122 small business loans totaling \$33.8 million; for 2020, the bank originated 1,818 small business loans totaling \$172.9 million; and for 2021, the bank originated 1,216 small business loans totaling \$125.0 million. Management attributes the significant increase in small business loan volume in 2020 and 2021 to the bank's participation in the SBA's PPP. The PPP, established by the Coronavirus Aid, Relief, and Economic Security Act, helped businesses keep their workforces employed during the COVID-19 pandemic. The PPP provided a direct incentive for small businesses to keep their workers on their payrolls. Examiners used 2019 and 2020 aggregate small business lending data and D&B demographic data for comparison purposes. As of the evaluation date, aggregate small business lending data for 2021 was not available. Examiners presented all three years of data for trend analysis.

The Lending Test also considered community development loans and loans originated under the bank's innovative and flexible lending programs since the prior evaluation. The Investment Test includes both qualified investments purchased prior to the last evaluation that remain outstanding, as well as investments purchased during the current evaluation period. The Service Test includes all community development services that the bank performed since the last evaluation. Examiners also considered delivery systems for providing retail banking services, including branches and alternative delivery systems, and the impact of branch network changes during the evaluation period. In addition, this evaluation considered the bank's retail banking products and services that benefit low- and moderate-income individuals or small businesses, including any tailored to meet specific needs in the assessment areas.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated Low Satisfactory. The bank's performance in both rated areas was consistent with the overall performance. Performance in Rhode Island contributed the most weight when arriving at conclusions for each performance criteria in the Lending Test and in supporting the overall rating.

The following sections discuss the bank's overall performance in the combined assessment area. Refer to the individual rated area sections for detailed discussions of the bank's Lending Test performance in each assessment area.

Lending Activity

Lending levels reflect good responsiveness to the credit needs of the assessment areas. Good home mortgage and small business lending performance in both Rhode Island and Connecticut support this conclusion.

WTC experienced a significant increase in lending volume during the evaluation period for both home mortgage and small business loans. The bank's home mortgage originations increased significantly due to favorable market conditions for home mortgage lending, and small business originations increased in 2020 and 2021 as a result of PPP loan originations. For specific lending activity and trends, please refer to the individual rated areas. Refer to the individual rated area sections for detailed discussions of the bank's Lending Test performance in each assessment area.

Assessment Area Concentration

An adequate percentage of loans are made in the bank's assessment areas. An adequate percentage of home mortgage lending and substantial majority of small business lending within the assessment areas support this conclusion. The following table illustrates the bank's lending inside and outside of the assessment areas.

Lending Inside and Outside of the Assessment Area										
	Number of Loans					Dollar Amount of Loans \$(000s)				
Loan Category	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2019	1,569	66.0	809	34.0	2,378	373,405	48.2	401,990	51.8	775,394
2020	2,203	65.9	1,139	34.1	3,342	577,714	51.2	549,878	48.8	1,127,592
2021	1,985	61.5	1,242	38.5	3,227	579,524	42.4	787,282	57.6	1,366,806
Subtotal	5,757	64.3	3,190	35.7	8,947	1,530,642	46.8	1,739,150	53.2	3,269,792
Small Business										
2019	111	91.0	11	9.0	122	30,907	91.3	2,940	8.7	33,847
2020	1,667	91.7	151	8.3	1,818	151,914	87.9	20,936	12.1	172,850
2021	1,122	92.3	94	7.7	1,216	111,883	89.5	13,138	10.5	125,021
Subtotal	2,900	91.9	256	8.1	3,156	294,704	88.8	37,014	11.2	331,718
Total	8,657	71.5	3,446	28.5	12,103	1,825,346	50.7	1,776,164	49.3	3,601,510
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects poor penetration, particularly to low- and moderate-income geographies. The Connecticut assessment area does not include any low- or moderate-income geographies; therefore, only the bank's performance in Rhode Island contributed to the overall conclusion. Refer to the individual rated areas for details.

Borrower Profile

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes. The bank's performance in Rhode Island was consistent with the overall performance, and performance in Connecticut exceeded the overall performance. Examiners placed the greatest weight on the bank's performance in the Rhode Island assessment area. Refer to the individual rated areas for details.

Innovative or Flexible Lending Practices

The bank uses innovative and/or flexible lending practices in order to serve assessment areas' credit needs. WTC offers the following loan programs throughout Rhode Island, Connecticut, and the broader regional area. Please refer to the individual rated areas for information on flexible or innovative loan programs specific to Rhode Island and Connecticut.

Innovative or Flexible Lending Programs										
Type of Program	2019 (Partial)		2020		2021		YTD 2022		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
FHLB Equity Builder	0	0	2	315	1	168	0	0	3	483
HomeReady	4	779	6	1,500	12	2,455	5	1,020	27	5,754
HomePossible	5	882	12	2,192	2	591	4	1,006	23	4,671
FHA	7	1,514	41	12,924	46	15,916	15	5,830	109	36,184
VA	0	0	0	0	9	4,145	10	3,926	19	8,071
I Luv RI	14	2,845	39	8,150	33	7,067	16	3,848	102	21,910
RI Housing (No PMI)	2	566	0	0	0	0	0	0	2	566
RI Housing	3	718	6	1,483	3	769	1	299	13	3,269
CHFA	0	0	0	0	0	0	1	204	1	204
Total Residential	35	7,304	106	26,564	106	31,111	52	16,133	299	81,112
SBA 7(a)	2	150	1	125	1	350	1	329	5	954
SBA 504	3	1,586	1	180	5	2,673	3	1,301	12	5,740
PPP	0	0	1,745	137,056	1,147	86,335	0	0	2,892	223,391
RI Commercial Fisheries Revolving Loan Fund	1	20	0	0	1	50	0	0	2	70
Total Small Business	6	1,756	1747	137,361	1154	89,408	4	1,630	2,911	230,155
Totals	41	9,060	1,853	163,925	1260	120,519	56	17763	3,210	311,267
<i>Source: Bank Data</i>										

Below is a list of innovative or flexible loan programs that the bank offers institution-wide.

- The Federal Home Loan Bank (FHLB) Equity Builder Program assists low- and moderate-

income individuals purchasing a home through grants for down payments and closing costs. The program also includes a financial education component.

- The HomeReady/HomePossible loan programs provide flexible terms and low down payment requirements through the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. The programs are designed to assist low-income individuals qualify for home mortgage loans.
- The FHA and VA loan programs include minimal down payments and low closing costs, providing flexibility for homebuyers to afford a home mortgage. The FHA loan program also includes expanded eligibility criteria which increases opportunities for low- or moderate-income individuals to qualify for a loan. The bank introduced FHA and VA loans since the previous evaluation.
- WTC continues to offer the 7(a) and 504 SBA loan programs. These programs provide flexible terms designed to grow and support small businesses.
- The bank offered PPP loans during the COVID-19 pandemic. PPP loans supported the basic operating needs of small businesses through below-market interest rates, six-month payment deferrals, and flexible underwriting terms.

Community Development Loans

The bank made a relatively high level of community development loans, as shown in the following table. WTC's community development loans represent 1.4 percent of average total assets and 1.9 percent of average total loans since the previous evaluation.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	0	0	0	0	0	0	0	0	0	0
2020	3	10,023	0	0	0	0	7	50,219	10	60,242
2021	6	11,305	0	0	0	0	2	2,340	8	13,645
YTD 2022	2	2,808	1	4,763	0	0	0	0	3	7,571
Total	11	24,136	1	4,763	0	0	9	52,559	21	81,458
<i>Source: Bank Data</i>										

Due to the greater needs and opportunities of the Rhode Island assessment area, examiners placed more weight on performance in the Rhode Island rated area than performance in the Connecticut rated area. The bank adequately responded to the needs of its assessment areas, so examiners considered community development loans originated within the bank's broader regional area but outside the assessment areas. During the evaluation period, the bank made 11 loans totaling \$25.4 million that benefited the broader regional area. A majority of these loans supported the development of affordable housing for low- and moderate-income individuals. Specifically, WTC

originated five loans totaling \$17.0 million for 40-B development projects providing mixed-use housing with an affordable housing component benefitting low- and moderate-income individuals. WTC's community development lending tripled since the prior evaluation, driven by its responsive PPP lending and increased activity in the broader regional area. PPP loans represented a key small business credit need during the evaluation period. Despite this, WTC's performance slightly lags the outstanding performance of similarly situated banks.

INVESTMENT TEST

The Investment Test is rated High Satisfactory. Conclusions regarding the institution's overall performance were consistent with the consistent with performance in the Rhode Island rated area and above performance in the Connecticut rated area. Performance in Rhode Island contributed the most weight when arriving at conclusions for each performance criteria in the Investment Test and in supporting the overall rating.

The following sections discuss the bank's overall performance in the combined assessment area. Refer to the individual rated area sections for detailed discussions of the bank's Investment Test performance in each assessment area.

Investment and Grant Activity

WTC has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. WTC's performance exceeds the adequate performance of similarly situated institutions, and its qualified investment and grant activity increased significantly since the prior evaluation, primarily due to improved performance in Rhode Island. The following table reflects the bank's overall qualified investment and grant activity by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	300	0	0	1	300
2019 (Partial)	1	5,994	0	0	0	0	0	0	1	5,994
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
YTD 2022	1	10,220	0	0	0	0	0	0	1	10,220
Subtotal	2	16,214	0	0	1	300	0	0	3	16,514
Qualified Grants & Donations	32	97	247	989	4	36	5	5	288	1,127
Total	34	16,311	247	989	5	336	5	5	291	17,641
<i>Source: Bank Data</i>										

WTC's total qualified investment and grant activity represents 0.3 percent of average total assets and 1.8 percent of average total securities since the previous evaluation. The total qualified

investment and grant activity includes donations to organizations that serve both the Rhode Island and Connecticut assessment areas. For example, WTC donated \$21,000 during the evaluation period to a shelter that provides housing, food, and other necessities to low- and moderate-income individuals in southern Rhode Island and eastern Connecticut. The total qualified investment activity also includes donations to organizations that serve the broader regional area. During the evaluation period, the bank made 35 donations totaling \$47,000 to organizations serving the broader regional area. Examiners considered donations made in the broader regional area because WTC is responsive to community development needs in its assessment areas. These donations primarily support community services such as food banks serving low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

WTC exhibits adequate responsiveness to credit and community development needs. Refer to the individual rated areas for further details.

Community Development Initiatives

WTC occasionally uses innovative and/or complex investments to support community development initiatives. Refer to the individual rated areas for further details.

SERVICE TEST

The Service Test is rated High Satisfactory. The bank's overall performance is consistent with performance in the Rhode Island rated area, and above performance in the Connecticut rated area. Performance in Rhode Island contributed the most weight when arriving at conclusions for each performance criteria in the Service Test and in supporting the overall rating.

The following sections discuss the bank's overall performance in the combined assessment area. Refer to the individual rated area sections for detailed discussions of the bank's Service Test performance in each assessment area.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution's assessment areas. Please refer to the individual rated area sections for specific information on branch distribution. In addition to branches and ATMs, WTC provides various alternative delivery systems including online, mobile, and telephone banking so that customers throughout the assessment areas can access banking services regardless of location. Using online banking, customers can access their accounts, apply for home mortgage loans, and open checking or savings accounts. Through mobile and telephone banking, customers can access their accounts, transfer funds, and pay bills. Both online and telephone banking are also available in Spanish. These alternative delivery channels reduce the need to visit a physical branch for those who may have difficulty doing so because of travel restrictions or transportation costs.

Changes in Branch Locations

To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. WTC opened two branches in Rhode Island during the review period; refer to the Rhode Island rated area section for more information.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Business hours are generally consistent among branches, varying only slightly by location. With the exception of state-specific loan programs, the bank offers the same products and services at all full-service branches. Deposit products include low-cost deposit accounts with low minimum balance requirements and no monthly service charges, as well as a secured credit card to help customers build credit history. A customer's savings account secures the credit card, and the credit line is equal to what is in the funded savings account, with credit lines between \$300 and \$5,000.

Additionally, in response to the COVID-19 pandemic, the bank implemented deposit- and credit-related practices that lowered costs for consumers. For deposit accounts, WTC allowed customers to make an unlimited number of transfers and withdrawals from their savings accounts, waived certificate of deposit withdrawal fees, and waived certain deposit service charges. WTC also offered government stimulus check cashing for non-bank customers. For borrowers, WTC waived late fees for a five month period and provided loan modifications and deferrals designed to assist low- and moderate-income individuals during the COVID-19 pandemic.

Community Development Services

WTC provides a relatively high level of community development services. The following table presents service hours by year and community development purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	0	0	0	0	0
2020	120	288	48	24	480
2021	168	312	24	0	504
YTD 2022	243	476	48	0	767
Total	531	1,076	120	24	1,751
<i>Source: Bank Data</i>					

During the evaluation period, employees performed 312 hours of community service activities that benefitted both the Rhode Island and Connecticut assessment areas. For example, an executive vice president serves on the Board of Directors for an organization that provides community services to

low- and moderate-income individuals in Westerly, Rhode Island and Stonington, Connecticut. Additionally, a senior vice president is a member of the Finance Committee for a federally qualified health center that serves southwestern Rhode Island and southeastern Connecticut.

Although the level of service hours performed by employees falls below the prior evaluation, WTC provided a relatively high level of other community development services compared to similarly situated institutions. Further, the number of service hours increased year over year during the evaluation period.

WTC provides several online and in-person financial education seminars to respond to the financial education needs of low- and moderate-income individuals in the assessment areas. For example, the bank developed the Path to Homeownership Education Program to provide financial counseling to individuals who face challenges in qualifying for a home mortgage loan. Additionally, during the COVID-19 pandemic, the bank expanded the program to make it accessible online for virtual sessions.

The bank also provides brokerage services for FHA loans that fall below its FHA underwriting criteria. The bank offers this service to provide additional opportunities for low- and moderate-income borrowers to obtain credit.

Lastly, WTC participates in the Rhode Island and Connecticut Bar Foundation's interest on lawyer's trust accounts/interest on trust accounts (IOLTA/IOTA) programs. These programs benefit low-income individuals by providing funds for legal services. During the evaluation period, WTC contributed \$198,000 to the Rhode Island IOLTA program and \$11,000 to the Connecticut IOLTA/IOTA programs.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

RHODE ISLAND

CRA RATING FOR RHODE ISLAND: SATISFACTORY

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN RHODE ISLAND

WTC operates 24 of its 25 branch offices in Rhode Island. Since the last CRA evaluation, the bank opened full-service branches in East Greenwich (2021) and in Cumberland (2022). The Rhode Island assessment area encompasses the entirety of the state in the Providence-Warwick, RI-MA Metropolitan Statistical Area (MSA).

Economic and Demographic Data

The Rhode Island assessment area includes 244 census tracts with the following income designations according to the 2015 ACS:

- 32 low-income census tracts,
- 37 moderate-income census tracts,
- 96 middle-income census tracts,
- 73 upper-income census tracts, and
- 6 census tracts with no income designation.

A majority of the area's low-income census tracts are in Providence County. The state's capital city, Providence, contains the largest concentration of the area's low-income census tracts (16) followed by Woonsocket (7), Pawtucket (4), and Central Falls (4). One additional low-income census tract is in Newport, located in Newport County.

Providence County also encompasses a majority of the area's moderate-income census tracts. The largest concentration of moderate-income census tracts is in Providence (12) followed by Pawtucket (9), East Providence (4), Woonsocket (2), Cranston (2), Cumberland (1), and Johnston (1). The remaining six moderate-income census tracts are located in Newport County (1), Kent County (2), Bristol County (2), and Washington County (1) in Rhode Island.

The following table illustrates select demographic characteristics of the Rhode Island assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Rhode Island						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	244	13.1	15.2	39.3	29.9	2.5
Population by Geography	1,053,661	12.1	15.5	39.6	31.8	0.9
Housing Units by Geography	462,900	11.4	15.3	40.0	32.7	0.6
Owner-Occupied Units by Geography	246,909	4.5	9.9	45.5	39.9	0.3
Occupied Rental Units by Geography	163,693	20.8	23.7	35.2	19.3	1.0
Vacant Units by Geography	52,298	14.7	14.2	29.4	41.0	0.6
Businesses by Geography	97,621	9.2	16.1	37.1	36.7	0.9
Farms by Geography	2,557	4.2	8.3	36.8	50.6	0.1
Family Distribution by Income Level	257,540	23.7	16.1	19.5	40.8	0.0
Household Distribution by Income Level	410,602	26.4	14.8	16.0	42.9	0.0
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$73,950	Median Housing Value			\$254,404
			Median Gross Rent			\$925
			Families Below Poverty Level			10.1%
Source: 2015 ACS and 2021 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.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Owner-occupied housing units provide an indication of the opportunity institutions have to originate 1-4 family residential mortgage loans. Based on 2015 ACS data, there are 462,900 housing units in the assessment area. Of these, 53.3 percent are owner-occupied, 35.4 percent are occupied rental units, and 11.3 percent are vacant. As shown in the previous table, 4.5 percent of the assessment area's owner-occupied housing units are in the low-income tracts and 9.9 percent are in moderate-income tracts. In contrast, 20.8 percent of occupied rental units are located in low-income tracts and 23.7 are in moderate-income tracts. This data suggests there is a greater opportunity for families to rent than to own housing units in low- and moderate-income tracts, which limits opportunities for lenders to originate 1-4 family residential loans in those geographies.

The Borrower Profile criterion compares the distribution of home mortgage loans to the percentage of low- and moderate-income families. Demographic data shows that 23.7 percent of assessment area families are low-income, including 10.1 percent living below the poverty level, and 16.1 percent of families are moderate-income. With a median housing value of \$254,404, this data suggests that low- and moderate-income families may face difficulties qualifying for a home mortgage loan or supporting a monthly mortgage payment.

Examiners used the Federal Financial Institutions Examination Council (FFIEC)-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle-, and upper-income categories for the assessment area using FFIEC data.

Median Family Income Ranges Assessment Area: Rhode Island				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Providence-Warwick, RI-MA MSA Median Family Income (39300)				
2019 (\$85,100)	<\$42,550	\$42,550 to <\$68,080	\$68,080 to <\$102,120	≥\$102,120
2020 (\$89,000)	<\$44,500	\$44,500 to <\$71,200	\$71,200 to <\$106,800	≥\$106,800
2021 (\$87,500)	<\$43,750	\$43,750 to <\$70,000	\$70,000 to <\$105,000	≥\$105,000
<i>Source: FFIEC</i>				

According to the U.S. Bureau of Labor Statistics, unemployment rates in the assessment area sharply increased in 2020 due to the COVID-19 pandemic. Although the area's unemployment rates decreased slightly in 2021, Providence County continues to suffer from an unemployment rate that exceeds the unemployment rates of the other Rhode Island counties, the state, and the national average. High unemployment rates, especially in Providence County, indicate an obstacle for individuals to qualify for a home mortgage.

Unemployment Rates Assessment Area: Rhode Island			
Area	2019	2020	2021
	%	%	%
Bristol County	3.0	7.4	4.7
Kent County	3.2	8.6	5.2
Newport County	3.1	8.0	4.9
Providence County	3.8	10.0	6.0
Washington County	3.1	7.6	4.9
Rhode Island	3.6	9.2	5.6
National Average	3.7	8.1	5.3
<i>Source: Bureau of Labor Statistics</i>			

According to Moody's Analytics, education and health services, professional and business services, and government comprise the state's major employment sectors. The top three employers include health-related organizations: Lifespan, Care New England, and CVS Health Corporation.

According to 2021 D&B data, there were 97,621 non-farm businesses operating in Rhode Island. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. GARs for these businesses are below:

- 87.6 percent of businesses have GARs less than or equal to \$1.0 million,
- 4.7 percent of businesses have GARs greater than \$1.0 million, and

- 7.7 percent of businesses have unknown revenues.

Competition

WTC operates in a highly competitive market for financial services. According to the June 30, 2022 FDIC deposit market share data, 20 state- and federally-chartered financial institutions operate 235 branches in Rhode Island. WTC ranks 3rd in deposit market share with 11.2 percent of the area's deposits, but the top two financial institutions (Citizens Bank, National Association and Bank of America, National Association) dominate the market with a combined 60.8 percent deposit market share.

WTC faces high competition for home mortgage loans throughout Rhode Island. According to 2021 HMDA aggregate data, 435 lenders originated or purchased 62,887 home mortgage loans in the state. WTC was the highest-ranked community bank (ranked 5th with a 3.7 percent market share), behind Citizens Bank, National Association (ranked 1st with an 8.8 percent market share); Rocket Mortgage (ranked 2nd with a 5.2 percent market share); Navigant Credit Union (ranked 3rd with a 4.5 percent market share); and Pawtucket Credit Union (ranked 4th with a 4.2 percent market share).

WTC also faces high competition for small business loans throughout Rhode Island. According to 2020 aggregate small business lending data, 147 lenders originated or purchased 30,926 small business loans in Rhode Island, and WTC ranked 4th with a 5.3 percent market share. The top-ranked lenders ahead of WTC include national banks and a credit card company.

Community Contact

As part of the evaluation process, examiners contact organizations active in the assessment area to gain an understanding of the area's credit and community development needs. This information helps determine whether local financial institutions are responsive to those needs. It also shows what types of credit and community development opportunities are available. Examiners reviewed one community contact interview performed within the review period.

The community contact, a non-profit Community Development Financial Institution, actively works on affordable housing and revitalization efforts in Providence. The contact described a need for non-traditional underwriting and financial education for both small businesses and low- and moderate-income individuals that may struggle qualifying for a traditional loan. The COVID-19 pandemic, according to the contact, presented added challenges to many individuals and businesses in the area. PPP loans and other smaller loans were vital to small business operations during the pandemic.

The contact emphasized that there is limited housing stock in and around Providence, and the housing stock is largely characterized by older, historic homes that have fallen into disrepair. The poor condition of housing limits affordable housing opportunities for low- and moderate-income individuals who cannot afford repairs or additional housing costs.

Credit and Community Development Needs and Opportunities

Based on demographic and economic information, the community contact interview, and information from bank management, examiners determined that affordable housing loans and loan products with flexible underwriting terms are primary credit needs in Rhode Island. During the review period, PPP loans and similar pandemic-relief funding represented a major credit need for small businesses.

Community development needs primarily include affordable housing and community services assisting low- and moderate-income individuals. Revitalization and stabilization efforts in and around Providence present an additional community development need in the state. Opportunities in Rhode Island include the creation of flexible loan programs and financial education initiatives benefiting small businesses and low- and moderate-income individuals.

As discussed in the following sections, WTC demonstrates adequate initiative and leadership in responding to the lending, investment, and service opportunities of the area.

SCOPE OF EVALUATION – RHODE ISLAND

Examiners used full-scope procedures to evaluate the bank's performance in the Rhode Island assessment area. The products and timeframes noted in the overall Scope of Evaluation section are applicable to this area-level analysis.

CONCLUSIONS ON PERFORMANCE CRITERIA IN RHODE ISLAND

LENDING TEST

WTC's Lending Test performance in Rhode Island is rated Low Satisfactory. The following sections discuss the bank's performance under each criterion.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs. Good responsiveness to home mortgage credit needs and excellent responsiveness to small business credit needs support this conclusion.

WTC originated or purchased 1,530 home mortgage loans totaling \$366.8 million in Rhode Island in 2019, 2,139 home mortgage loans totaling \$561.3 million in 2020, and 1,929 home mortgage loans totaling \$565.1 million in 2021. The bank's market share rank improved slightly, from 7th at the prior evaluation to 5th in 2021. WTC held a 3.1 percent market share percentage out of 435 lenders in Rhode Island. This was consistent across all years in the review period. The bank's home mortgage lending reflects good responsiveness to home mortgage needs in the state.

In 2019, the bank originated 108 small business loans totaling \$30.5 million in Rhode Island. Then, as noted in the overall section, WTC's small business lending increased in 2020 and 2021 due to PPP loan originations. In 2020, WTC originated 1,587 small business loans totaling \$146.2 million, and in 2021, WTC originated 1,067 small business loans totaling \$107.6 million in the state. In 2020, WTC ranked 4th out of 147 lenders with a 5.3 percent market share, an improvement over its ranking of 26th out of 118 lenders in 2019. WTC's increased small business lending activity reflects excellent responsiveness to the needs of small businesses impacted by the COVID-19 pandemic.

Geographic Distribution

The geographic distribution of loans reflects poor penetration throughout the assessment area, particularly to low- or moderate-income geographies. The bank's poor home mortgage and small business lending performance in low- and moderate-income areas support this conclusion.

Home Mortgage Loans

Home mortgage lending reflects poor penetration among low- and moderate-income geographies in the Rhode Island assessment area, as shown in the following table. In 2019, bank performance in low-income census tracts was below the percentage of owner-occupied housing units and aggregate performance. Performance did not improve in 2020 or 2021 despite an increase in overall loan volume. In moderate-income census tracts, bank performance was also below demographics and aggregate performance in 2019. Again, performance was unchanged in 2020 and 2021 and continued to fall below both comparators.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Rhode Island						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	4.5	5.4	20	1.3	3,284	0.9
2020	4.5	4.3	27	1.3	4,867	0.9
2021	4.5	5.1	26	1.3	4,090	0.7
Moderate						
2019	9.9	10.1	75	4.9	10,737	2.9
2020	9.9	9.0	91	4.3	17,825	3.2
2021	9.9	10.6	93	4.8	18,091	3.2
Middle						
2019	45.5	43.3	541	35.4	115,485	31.5
2020	45.5	42.4	746	34.9	160,349	28.6
2021	45.5	44.0	689	35.7	154,552	27.3
Upper						
2019	39.9	40.8	886	57.9	235,568	64.2
2020	39.9	44.0	1,271	59.4	377,159	67.2
2021	39.9	40.0	1,116	57.9	386,843	68.5
Not Available						
2019	0.3	0.3	8	0.5	1,746	0.5
2020	0.3	0.3	4	0.2	1,062	0.2
2021	0.3	0.2	5	0.3	1,571	0.3
Totals						
2019	100.0	100.0	1,530	100.0	366,820	100.0
2020	100.0	100.0	2,139	100.0	561,262	100.0
2021	100.0	100.0	1,929	100.0	565,147	100.0
Source: 2015 ACS; Bank Data, 2019, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

Small business lending reflects poor penetration among low- and moderate-income geographies in the Rhode Island assessment area, as shown in the following table. In 2019, WTC originated only one small business loan in a low-income census tract. Although the bank's small business lending in low-income census tracts improved in 2020 and 2021, WTC's performance continued to fall below the percentage of businesses in low-income census tracts and below aggregate performance. The bank's small business lending in moderate-income geographies exceeded demographics and aggregate performance in 2019; however, its lending performance fell below the percentage of businesses and aggregate performance in 2020 and 2021.

Geographic Distribution of Small Business Loans						
Assessment Area: Rhode Island						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	8.6	8.1	1	0.9	141	0.5
2020	8.7	8.2	57	3.6	6,556	4.5
2021	9.2	--	38	3.6	5,097	4.7
Moderate						
2019	15.8	15.3	20	18.5	6,323	20.7
2020	15.9	15.8	186	11.7	21,989	15.0
2021	16.1	--	131	12.3	19,564	18.2
Middle						
2019	37.5	36.9	36	33.3	9,373	30.7
2020	37.3	36.9	608	38.3	58,895	40.3
2021	37.1	--	379	35.5	38,675	35.9
Upper						
2019	37.2	39.2	47	43.5	13,233	43.4
2020	37.1	38.5	729	45.9	58,361	39.9
2021	36.7	--	515	48.3	44,103	41.0
Not Available						
2019	1.0	0.6	4	3.7	1,447	4.7
2020	0.9	0.6	7	0.4	364	0.2
2021	0.9	--	4	0.4	159	0.1
Totals						
2019	100.0	100.0	108	100.0	30,517	100.0
2020	100.0	100.0	1,587	100.0	146,165	100.0
2021	100.0	--	1,067	100.0	107,598	100.0
Source: 2019, 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes. Adequate home mortgage lending and good small business lending performances support this conclusion.

Home Mortgage Loans

Home mortgage lending reflects adequate penetration among low- and moderate-income borrowers in the assessment area. As shown in the following table, bank lending to low-income borrowers trailed demographics and aggregate performance during the evaluation period. Although WTC trailed aggregate performance in lending to low-income borrowers in Rhode Island, market share

data supports the conclusion that performance is adequate. WTC ranked 6th out of 136 lenders in 2019, 9th out of 146 lenders in 2020, and 13th out of 161 lenders in 2021. Despite the bank's market rank declining year over year, WTC was the top-ranked community bank in the market each year, demonstrating adequate performance considering the significant competition in the area.

The number of families below the poverty level and high cost of living in the assessment area partially explains the difference between aggregate performance and the percentage of low-income families. Specifically, a low-income family in the assessment area, earning less than \$44,500, would likely not qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$254,404. Therefore, the demand and opportunity for lending to low-income families is relatively limited.

WTC's lending to moderate-income borrowers slightly trailed demographics in 2019 and 2021, but exceeded the percentage of moderate-income families in 2020. Although the bank's lending to moderate-income borrowers trailed aggregate performance in each year, WTC was consistently the highest-ranked community bank. WTC ranked 13th out of 219 lenders in 2019, 8th out of 231 lenders in 2020, and 11th out of 240 lenders in 2021 in lending to moderate-income borrowers. Overall, these comparisons and trends reflect adequate penetration.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Rhode Island						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	23.7	6.3	76	5.0	7,114	1.9
2020	23.7	5.2	71	3.3	9,445	1.7
2021	23.7	5.1	55	2.9	7,028	1.2
Moderate						
2019	16.1	21.2	225	14.7	33,669	9.2
2020	16.1	19.7	358	16.7	58,284	10.4
2021	16.1	19.2	295	15.3	50,308	8.9
Middle						
2019	19.5	23.6	345	22.5	62,580	17.1
2020	19.5	23.3	521	24.4	112,252	20.0
2021	19.5	24.3	474	24.6	102,585	18.2
Upper						
2019	40.8	35.3	814	53.2	222,485	60.7
2020	40.8	38.2	1,123	52.5	355,276	63.3
2021	40.8	36.7	1,012	52.5	345,551	61.1
Not Available						
2019	0.0	13.5	70	4.6	40,973	11.2
2020	0.0	13.6	66	3.1	26,006	4.6
2021	0.0	14.6	93	4.8	59,676	10.6
Totals						
2019	100.0	100.0	1,530	100.0	366,821	100.0
2020	100.0	100.0	2,139	100.0	561,262	100.0
2021	100.0	100.0	1,929	100.0	565,147	100.0
Source: 2015 ACS; Bank Data, 2019, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

Lending to small businesses reflects good penetration among businesses of different sizes. In 2019, WTC's performance trailed the percentage of businesses with GARs of \$1.0 million or less; however, its performance significantly exceeded aggregate performance. The decrease in the bank's 2020 and 2021 lending to businesses with GARs of \$1.0 million or less reflected in the following table occurred due to the bank's significant level of PPP lending. Banks were not required to collect or report GARs for PPP loans; therefore, these loans largely comprise the "Revenue Not Available" category. In 2020, excluding the loans in the "Revenue Not Available" category, the bank originated 51 out of 83 loans, or 61.4 percent, to businesses with GARs of \$1.0 million or less. In 2021, excluding the loans in the "Revenue Not Available" category, the bank

originated 68 out of 96 loans, or 70.8 percent, to businesses with GARs of \$1.0 million or less. As noted previously, PPP loans represented a significant small business need during the COVID-19 pandemic.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Rhode Island						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	85.7	41.5	77	71.3	20,345	66.7
2020	86.5	34.4	51	3.2	12,803	8.8
2021	87.6	--	68	6.4	18,048	16.8
>\$1,000,000						
2019	5.6	--	31	28.7	10,172	33.3
2020	5.3	--	32	2.0	11,495	7.9
2021	4.7	--	28	2.6	11,589	10.8
Revenue Not Available						
2019	8.8	--	0	0.0	0	0.0
2020	8.3	--	1,504	94.8	121,867	83.4
2021	7.7	--	971	91.0	77,961	72.5
Totals						
2019	100.0	100.0	108	100.0	30,517	100.0
2020	100.0	100.0	1,587	100.0	146,165	100.0
2021	100.0	--	1,067	100.0	107,598	100.0
Source: 2019, 2020, & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

WTC uses innovative and/or flexible lending practices in order to serve assessment area credit needs. In addition to the programs discussed in the overall section, WTC offers lending programs specific to the Rhode Island assessment area, as shown in the following table.

Innovative or Flexible Lending Programs Rhode Island Assessment Area										
Type of Program	2019 (Partial)		2020		2021		2022 YTD		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
I Luv RI	14	2,845	39	8,150	33	7,067	16	3,848	102	21,910
RI Housing (No PMI)	2	566	0	0	0	0	0	0	2	566
RI Housing	3	718	6	1,483	3	769	1	299	13	3,269
Total Residential	19	4,129	45	9,633	36	7,836	17	4,147	117	25,745
Rhode Island Commercial Fisheries Revolving Loan Fund	1	20	0	0	1	50	0	0	2	70
Total Small Business	1	20	0	0	1	50	0	0	2	70
Totals	20	4,149	45	9,633	37	7,886	17	4,147	119	25,815
<i>Source: Bank Data</i>										

Below is a list of innovative or flexible loan programs that the bank offers in Rhode Island.

- WTC created the I Luv RI community lending program in response to the credit needs of low- and moderate-income individuals who may face financial obstacles affording a home mortgage in Rhode Island. In addition to waiving some standard lending fees, WTC also covers a portion of the down payment, closing, and private mortgage insurance (PMI) costs for borrowers in this program.
- The RI Housing programs include first-time homebuyer and home renovation loans with up to 100 percent financing. The programs offer flexible terms and assistance with closing costs and the down payment. RI Housing loans benefit low- and moderate-income borrowers, and eligible borrowers under these programs may qualify for loans with no PMI.
- The Rhode Island Commercial Fisheries Revolving Loan Fund program provides small dollar funding for fishermen in Rhode Island.

Community Development Loans

The bank has made a relatively high level of community development loans in the Rhode Island assessment area, as shown in the following table.

Community Development Lending Assessment Area: Rhode Island										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	0	0	0	0	0	0	0	0	0	0
2020	1	1,000	0	0	0	0	6	47,895	7	48,895
2021	1	1,195	0	0	0	0	1	1,250	2	2,445
YTD 2022	0	0	1	4,763	0	0	0	0	1	4,763
Total	2	2,195	1	4,763	0	0	7	49,145	10	56,103
<i>Source: Bank Data</i>										

WTC's community development loans were responsive to the affordable housing, community service, and revitalization and stabilization needs of the assessment area. The bank's community development lending increased since the prior evaluation, at which time the bank originated 5 loans totaling approximately \$25.7 million.

The following are examples of community development loans:

- WTC participated in a \$10.0 million loan pool providing funding to an organization that finances affordable housing initiatives in Providence's low- and moderate-income areas. WTC's contribution totaled \$1.0 million in 2020. The loan pool has resulted in several affordable housing developments benefitting low- and moderate-income individuals, and it was particularly responsive to the affordable housing needs of the assessment area. This loan also demonstrated the bank's responsiveness to the most economically disadvantaged geographies in the assessment area.
- WTC originated a \$4.8 million loan in 2022 to create an additional medical facility for a federally qualified health center serving a moderate-income geography. The health center provides various health services to its low- and moderate-income patients.
- WTC responded to the needs of small businesses to stabilize low- and moderate-income areas and retain jobs during the COVID-19 pandemic. In 2020 and 2021, WTC originated a total of six PPP loans with amounts over \$1.0 million in low- and moderate-income areas.

INVESTMENT TEST

WTC's Investment Test performance in Rhode Island is rated High Satisfactory. The following sections discuss the bank's performance under each criterion.

Investment and Grant Activity

WTC has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private

investors. The following table reflects investment and grant activity that benefits the Rhode Island assessment area.

Qualified Investments Assessment Area: Rhode Island										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	300	0	0	1	300
2019 (Partial)	1	5,994	0	0	0	0	0	0	1	5,994
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
YTD 2022	1	10,220	0	0	0	0	0	0	1	10,220
Subtotal	2	16,214	0	0	1	300	0	0	3	16,514
Qualified Grants & Donations	26	79	173	647	4	36	5	5	208	767
Total	28	16,293	173	647	5	336	5	5	211	17,281
<i>Source: Bank Data</i>										

WTC's performance improved since the prior evaluation with the addition of two low-income housing tax credit (LIHTC) investments. These LIHTCs provided affordable housing for low-income individuals in Providence. In addition to the LIHTC investments, WTC also maintained one prior period investment with the Business Development Company of Rhode Island, which provides alternative funding to businesses in Rhode Island that cannot obtain traditional funding.

WTC also provided grants and donations, including in-kind donations, to Rhode Island organizations. Donations primarily supported food banks and other organizations that provide community services to low- and moderate-income individuals. Additionally, WTC donated \$10,000 to a financial opportunity center that provides financial education and other assistance to low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

WTC exhibits adequate responsiveness to the credit and community development needs of the assessment area. Investments and donations primarily benefit affordable housing initiatives, consistent with the area's community development needs. The LIHTC investments are particularly responsive to affordable housing opportunities and needs in Providence, where a significant portion of the state's low- and moderate-income geographies are located.

Community Development Initiatives

WTC occasionally uses innovative and/or complex investments to support community development initiatives. The investment portfolio includes LIHTC investments, which require additional resources and expertise to purchase.

SERVICE TEST

WTC's Service Test performance in Rhode Island is rated High Satisfactory. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the Rhode Island assessment area. Of the 99 branches listed in the table below, 24 are co-located at the bank's branches, and 75 are standalone ATMs located in the Rhode Island assessment area.

Branch and ATM Distribution by Geography Income Level Assessment Area: Rhode Island								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	32	13.1	127,788	12.1	0	0.0	3	3.0
Moderate	37	15.2	163,029	15.5	4	16.7	19	19.2
Middle	96	39.3	417,710	39.6	8	33.3	38	38.4
Upper	73	29.9	335,252	31.8	12	50.0	33	33.3
NA	6	2.5	9,882	0.9	0	0.0	6	6.1
Totals	244	100.0	1,053,661	100.0	24	100.0	99	100.0
<i>Source: 2015 ACS & Bank Data Due to rounding, totals may not equal 100.0%</i>								

Although WTC does not operate any branches in low-income census tracts, the branches in and around Providence provide reasonable access to delivery systems for low-income areas. For example, the bank's Westminster branch, located in a moderate-income tract, is contiguous to four low-income census tracts. Additionally, the North Providence branch and the Johnston branch are contiguous to low-income census tracts. These branches are accessible to residents in low-income census tracts.

As shown in the table above, the distribution of branches in moderate-income tracts exceeds both demographic comparators, which reflects good distribution. In addition to branches located in moderate-income tracts, the bank maintains branches in middle- and upper-income tracts that are contiguous to moderate-income areas. For example, the East Side, Rumford, Plainfield Pike, and Reservoir Avenue branches are accessible to residents in moderate-income census tracts.

Similarly, the bank's three deposit-taking ATMs, located at branches in middle- and upper-income areas, also serve low- and moderate-income areas within the assessment area.

WTC also offers alternative delivery systems to increase the availability of retail banking services. All alternative delivery systems detailed in the overall analysis are available throughout Rhode Island.

Changes in Branch Locations

To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. WTC did not close any branches, and it opened two branches in upper-income census tracts during the evaluation period. In 2021, the bank opened a branch in East Greenwich, and in 2022, opened a branch in Cumberland. Neither branch opening impacted low- or moderate-income areas.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Branch and drive-up hours operate with similar hours, generally opening between 8:00 a.m. and 9:00 a.m. and operating until 4:00 p.m. or 5:00 p.m. (Mondays through Thursdays), until 6:00 p.m. (Fridays), and until 12:00 p.m. or 1:00 p.m. (Saturdays). Two branches located in moderate-income census tracts (the main office and downtown Providence) do not operate with Saturday hours; however, nearby branches with Saturday hours are reasonable accessible to the census tracts served by those two branches. The main office is only 0.3 miles from a branch with Saturday hours, and the downtown Providence branch is 1.6 miles away from a branch with Saturday hours. Furthermore, the ATM located at the downtown Providence branch includes extended walk-up ATM hours from 6:00 a.m. to 10:00 p.m. All full-service branches offer the same products and services.

Community Development Services

WTC provides a relatively high level of community development services. The following table presents service hours by year and community development purpose that benefit the Rhode Island assessment area.

Community Development Services Assessment Area: Rhode Island					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	0	0	0	0	0
2020	120	216	48	24	408
2021	168	216	24	0	408
YTD 2022	243	332	48	0	623
Total	531	764	120	24	1,439
<i>Source: Bank Data</i>					

The service hours primarily target the assessment area's affordable housing and community service needs. For example, a community lending originator serves on the Board of Directors for an affordable housing organization and participates on an advisory board for a local housing authority. Additionally, an executive vice president participates on several finance and oversight committees for a community service organization providing food and other necessities to low- and moderate-

income individuals in Rhode Island, and a system administration vice president reimaged laptops from the bank in order to provide them to another community service organization that addresses basic needs of low- and moderate-income individuals in Rhode Island.

In addition to employee service hours and community development services that impacted both assessment areas, the bank provided various other community development services in Rhode Island. For example, WTC provided an organization with technical assistance to complete a subsidy application and obtain funding for the FHLB's affordable housing program.

WTC also provides a high level of financial education and homebuyer seminars targeted to low- and moderate-income individuals and areas in Rhode Island. These financial education initiatives reflect responsiveness to one of the area's key credit needs identified by the community contact.

CONNECTICUT

CRA RATING FOR CONNECTICUT: SATISFACTORY

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CONNECTICUT

WTC operates one branch in Connecticut. WTC designated one assessment area which includes the towns of Stonington and North Stonington in New London County. Both counties are part of the Norwich-New London, Connecticut MSA.

Economic and Demographic Data

The Connecticut assessment area encompasses three middle-income census tracts and three upper-income census tracts. The following table shows demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Connecticut						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	0.0	50.0	50.0	0.0
Population by Geography	23,768	0.0	0.0	59.7	40.3	0.0
Housing Units by Geography	11,503	0.0	0.0	53.5	46.5	0.0
Owner-Occupied Units by Geography	7,122	0.0	0.0	54.9	45.1	0.0
Occupied Rental Units by Geography	2,582	0.0	0.0	58.9	41.1	0.0
Vacant Units by Geography	1,799	0.0	0.0	40.4	59.6	0.0
Businesses by Geography	3,426	0.0	0.0	40.1	59.9	0.0
Farms by Geography	144	0.0	0.0	56.3	43.8	0.0
Family Distribution by Income Level	6,433	17.3	15.7	20.1	46.9	0.0
Household Distribution by Income Level	9,704	20.0	16.8	14.3	48.9	0.0
Median Family Income MSA - 35980 Norwich-New London, CT MSA		\$82,349	Median Housing Value			\$337,256
			Median Gross Rent			\$1,088
			Families Below Poverty Level			5.9%
Source: 2015 ACS and 2021 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.						

There are no low- or moderate-income geographies in the assessment area; however, according to 2015 ACS data, 17.3 percent of families are low-income, including 5.9 percent living below the poverty level, and 15.7 percent are moderate-income. With a median housing value of \$337,256, this data suggests that low- and moderate-income families may face difficulties qualifying for a home mortgage loan or supporting a monthly mortgage payment.

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle-, and upper-income categories for the assessment area using FFIEC data.

Median Family Income Ranges Assessment Area: Connecticut				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Norwich-New London, CT MSA Median Family Income (35980)				
2019 (\$96,200)	<\$48,100	\$48,100 to <\$76,960	\$76,960 to <\$115,440	≥\$115,440
2020 (\$93,000)	<\$46,500	\$46,500 to <\$74,400	\$74,400 to <\$111,600	≥\$111,600
2021 (\$92,000)	<\$46,000	\$46,000 to <\$73,600	\$73,600 to <\$110,400	≥\$110,400
<i>Source: FFIEC</i>				

According to the U.S. Bureau of Labor Statistics, unemployment rates in the assessment area sharply increased in 2020 due to the COVID-19 pandemic. Although the area's unemployment rates decreased slightly in 2021, they remain slightly higher than both the state and national average and pre-pandemic levels.

Unemployment Rates Assessment Area: Connecticut			
Area	2019	2020	2021
	%	%	%
New London County	3.4	9.5	6.9
State	3.5	7.8	6.3
National Average	3.7	8.1	5.3
<i>Source: Bureau of Labor Statistics</i>			

According to 2021 D&B data, there were 3,426 non-farm businesses operating in the Connecticut assessment area. GARs for these businesses are below:

- 89.8 percent of businesses have GARs less than or equal to \$1.0 million,
- 3.2 percent of businesses have GARs greater than \$1.0 million, and
- 7.0 percent of businesses have unknown revenues.

Competition

WTC operates in a moderately competitive market for financial services in the Connecticut assessment area. According to June 30, 2022 FDIC deposit market share data, seven state- and

federally-chartered financial institutions operate nine branches in the assessment area. WTC ranks 4th in deposit market share with 11.9 percent of the area's deposits. The majority of financial institutions with branches in this area are state-chartered community banks.

WTC faces high competition for home mortgage loans in the Connecticut assessment area. For example, according to 2021 HMDA aggregate data, 165 lenders originated or purchased 1,359 home mortgage loans. WTC ranked 4th with a 4.1 percent market share behind a community bank, national bank, and a mortgage company.

WTC also faces high competition for small business loans. Aggregate small business lending data is only available at the full county level. According to 2020 aggregate small business lending data for New London County, 105 lenders originated or purchased 5,473 small business loans, and WTC ranked 14th with a 2.1 percent market share.

Credit and Community Development Needs and Opportunities

Based on demographic and economic information, flexible home mortgage loan programs and small business loan programs represent a credit need within the Connecticut assessment area. Community services targeting low- and moderate-income individuals represent the primary community development need and opportunity in the area. However, due to the small size of the assessment area, community development opportunities are relatively limited.

SCOPE OF EVALUATION – CONNECTICUT

Examiners used full-scope procedures to evaluate the bank's performance in the Connecticut assessment area. The products and timeframes noted in the overall Scope of Evaluation section are applicable to this area-level analysis.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CONNECTICUT

LENDING TEST

WTC's Lending Test performance in Connecticut is rated Low Satisfactory. The following sections discuss the bank's performance under each criterion.

Lending Activity

WTC's home mortgage and small business lending levels reflect good responsiveness to assessment area credit needs. WTC originated or purchased 39 home mortgage loans totaling \$6.6 million in the Connecticut assessment area in 2019, 64 home mortgage loans totaling \$16.5 million in 2020, and 56 home mortgage loans totaling \$14.4 million in 2021. WTC's market share remained consistent across all years in the review period. In 2021, it ranked 4th with a 4.1 percent market share out of 165 lenders. This level of lending is consistent with the prior evaluation.

WTC originated 3 small business loans totaling \$390,000 in 2019 within this assessment area, 80 small business loans totaling \$5.7 million in 2020, and 55 small business loans totaling \$4.3 million in 2021. As stated previously, this increase resulted from the bank's PPP lending activity, which was responsive to small business needs during the COVID-19 pandemic.

Geographic Distribution

The assessment area does not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, examiners did not evaluate this criterion.

Borrower Profile

The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes. Good home mortgage lending performance and adequate small business lending performance support this conclusion.

Home Mortgage Loans

Home mortgage lending reflects good penetration among low- and moderate-income borrowers in this assessment area. As shown in the following table, WTC's home mortgage lending to low-income borrowers consistently exceeded aggregate performance. Furthermore, in 2019, WTC's lending performance also exceeded the percentage of low-income families in the assessment area. Both the bank and aggregate experienced a decreasing trend in lending to low-income borrowers during the review period. High unemployment rates in New London County in 2020 and 2021 likely contributed to this trend, constricting the ability of low-income borrowers to qualify for home mortgage loans.

As shown in the following table, WTC's home mortgage lending to moderate-income borrowers increased annually from 2019 to 2021. In 2021, the bank's performance exceeded both aggregate performance and the percentage of moderate-income families in the area. This increasing trend and favorable comparison to aggregate and demographic data in 2021 reflect good performance in lending to moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Connecticut						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	17.3	5.7	8	20.5	749	11.4
2020	17.3	4.8	4	6.3	344	2.1
2021	17.3	3.0	2	3.6	302	2.1
Moderate						
2019	15.7	19.6	4	10.3	797	12.1
2020	15.7	14.5	6	9.4	1,098	6.7
2021	15.7	13.4	10	17.9	1,797	12.5
Middle						
2019	20.1	21.8	12	30.8	1,938	29.4
2020	20.1	21.6	13	20.3	2,651	16.1
2021	20.1	21.9	9	16.1	1,745	12.1
Upper						
2019	46.9	43.2	11	28.2	2,474	37.6
2020	46.9	46.9	38	59.4	11,813	71.8
2021	46.9	50.5	31	55.4	9,596	66.7
Not Available						
2019	0.0	9.7	4	10.3	626	9.5
2020	0.0	12.3	3	4.7	546	3.3
2021	0.0	11.3	4	7.1	937	6.5
Totals						
2019	100.0	100.0	39	100.0	6,584	100.0
2020	100.0	100.0	64	100.0	16,452	100.0
2021	100.0	100.0	56	100.0	14,377	100.0
Source: 2015 ACS; Bank Data, 2019, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

Lending to small businesses reflects adequate penetration among businesses of different sizes. In 2019, WTC's performance trailed aggregate performance as well as the percentage of businesses with GARs of \$1.0 million or less. In 2020, and 2021, the percentage of loans made to businesses with GARs of \$1.0 million or less, as shown in the following table, was low; however, this resulted from the bank's significant increase in PPP lending within the "Revenue Not Available" category. In 2020, excluding the loans in the "Revenue Not Available" category, the bank originated 4 out of 4 loans, or 100.0 percent, to businesses with GARs of \$1.0 million or less. In 2021, excluding the loans in the "Revenue Not Available" category, the bank originated 5 out of 8 loans, or 62.5 percent, to businesses with GARs of \$1.0 million or less. Overall, the bank's performance is

reasonable. Furthermore, WTC's PPP lending was responsive to the significant small business need during the COVID-19 pandemic.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Connecticut						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	88.7	50.5	1	33.3	40	10.3
2020	89.9	35.7	4	5.0	1,501	26.1
2021	89.8	--	5	9.1	984	23.0
>\$1,000,000						
2019	4.3	--	2	66.7	350	89.7
2020	3.6	--	0	0.0	0	0.0
2021	3.2	--	3	5.5	797	18.6
Revenue Not Available						
2019	7.0	--	0	0.0	0	0.0
2020	6.4	--	76	95.0	4,248	73.9
2021	7.0	--	47	85.5	2,504	58.4
Totals						
2019	100.0	100.0	3	100.0	390	100.0
2020	100.0	100.0	80	100.0	5,749	100.0
2021	100.0	--	55	100.0	4,285	100.0
Source: 2019, 2020, & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

The bank makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs. In addition to the lending programs discussed in the overall section, WTC made one Connecticut Housing Finance Authority (CHFA) loan for \$204,000 in 2022. The CHFA program provides home mortgage loans with flexible underwriting, low down payment costs, and reduced closing costs to low- and moderate-income borrowers in Connecticut.

Community Development Loans

The bank has made few, if any community development loans in the assessment area. WTC did not make any community development loans in this assessment area, similar to the prior evaluation. As mentioned, the assessment area does not contain any low- or moderate-income tracts, which limits opportunities for community development lending. Given the bank's limited operations and limited community development lending opportunities in the assessment area, this performance did not negatively affect the Connecticut Lending Test rating.

INVESTMENT TEST

WTC's Investment Test performance in Connecticut is rated Low Satisfactory. The following sections discuss the bank's performance under each criterion.

Investment and Grant Activity

WTC has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The bank did not make any equity investments in the Connecticut assessment area over the evaluation period; however, in addition to donations that benefitted both assessment areas (discussed in the overall section), the bank made five donations totaling \$8,000 that target the Connecticut assessment area. Performance improved slightly since the prior evaluation.

The donations in the Connecticut assessment area primarily benefitted affordable housing and community service initiatives. Of the five donations, 3 donations totaling \$6,500 supported affordable housing initiatives, and 2 donations totaling \$1,500 supported community service organizations. For example, the bank donated \$5,000 to an affordable housing organization that provides shelter to low-income individuals.

Responsiveness to Credit and Community Development Needs

WTC demonstrates adequate responsiveness to credit and community development needs. A majority of the donations benefit a key community development need of community services targeting low- and moderate-income individuals.

Community Development Initiatives

WTC rarely uses innovative or complex investments to support community development initiatives in the Connecticut assessment area.

SERVICE TEST

WTC's Service Test performance in Connecticut is rated Low Satisfactory. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the Connecticut assessment area. WTC operates one branch and three ATMs in upper-income census tracts in this area. Customers in this assessment area have access to the bank's alternative delivery systems, as discussed in the overall section.

Changes in Branch Locations

WTC did not open or close any branches in this assessment area during the evaluation period; therefore, this criterion did not affect the Service Test rating.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income individuals. This assessment area's branch operates with hours consistent with the bank's overall branching network; however, it does not have drive-up hours because the branch is located in a supermarket without drive-up capabilities.

Community Development Services

WTC provides an adequate level of community development services in this assessment area. WTC did not provide community development services specifically targeting the Connecticut assessment area. However, employees provided 312 hours of community development services for organizations that serve both the Connecticut and Rhode Island assessment areas, as discussed in the overall section. Given the limited opportunity in the Connecticut assessment area, this level of service activity reflects adequate performance. Please refer to the overall section for qualitative examples of community development services benefitting this assessment area.

APPENDICES

LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

The Washington Trust Company, of Westerly	
Scope of Examination: Full scope reviews were performed on the following assessment areas: State of Rhode Island State of Connecticut	
Time Period Reviewed:	07/29/2019 to 12/05/2022
Products Reviewed: Home Mortgage Loans: 01/01/2019-12/31/2021 Small Business Loans: 01/01/2019-12/31/2021 Community Development Activities: 07/29/2019-12/05/2022	

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
Rhode Island	Low Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Connecticut	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

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. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

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

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

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

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

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more 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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract 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 (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

Market Share: The number of loans originated and purchased by the institution as 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.

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

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