Yesterday
Today
Tomorrow

2016 ANNUAL REPORT

Fairfield County Bank
Proudly serving our community for 145 years
Chairman and CEO’s Letter

President’s Report

We are pleased to report Fairfield County Bank had another good year. As we achieve our strategic plan goals, we continue to be a strong, well-capitalized institution with a strong, well-positioned service delivery regardless of the method or channel.

Our banking history began in Fairfield County in 1871. The community of the 1870s was primarily agricultural, Ulysses S. Grant was in the White House, and Hartford was not yet the capital of the state. Our founders, a group of public spirited citizens came together to create a state-chartered mutual savings bank. Their purpose and mission were not dissimilar to those of the vision of our founding fathers and our commitment to Bank and community, their purpose and mission were to create a state-chartered mutual savings bank. Their purpose and mission were not dissimilar to those of the vision of our founding fathers and our commitment to Bank and community.

In 1871 there were 80 national banks in Connecticut and 80 savings banks. Today there are 20 state chartered mutual savings banks and 20 national charter banks headquartered in Fairfield County.

Financial performance overall has been excellent and enabled us to strengthen our infrastructure and capacity which has been a hallmark of the bank over the years. Each time the card is used for purchase, the unique code associated with the chip gets a value that changes, but the data is never stored. Thus, if a card is lost or stolen, the card can be deactivated and all transactions will be blocked. If the card is later recovered, it can be reactivated with no loss of funds.

In the Fall of 2016, we will begin the process of issuing EMV (Euro, Master Card & Visa) cards. These cards have microprocessor chips inside which are a deterrent to fraud. We recently released APPLE PAY®, a mobile payment and digital wallet service created by Apple® that provides cardholders greater security through tokenization and Touch ID®.

Ten years ago, we had just over 1,000 online banking customers, and now we have over 10,000 using banking with 25% of them using mobile banking. Bill Pay offers our customers a more convenient for our customers, with current total monthly bill payments averaging $14 million a month. Mobile Deposit has been well received, and we have even opened it up for the small business user. Mobile Banking gives clients all the convenience of online banking in the palm of their hand from anywhere in the world. We have added capabilities like card deactivation & reactivation, mobile alerts, travel advisory notices and so much more.

We redesigned our website earlier this year with new features, responsive design and a place for users to sign up for E-banking. We also have added an FAQ section to our website for new users and those with questions. We anticipate a complete redesign of the website in the coming year where we will feature product and service advertisements and financial education videos. We are even looking to add a feature where customers can sign up for our e-banking newsletter.

We launched our first online loan origination system in 2005 and through upgrades and enhancements have made the process more convenient over the years. Currently, we are testing a mobile app for customers that connects them with Mortgage Originators to provide easy access to where they may get a quote, watch rate trends and stay in contact with their Mortgage Originator.

One of the trends is that customers want to be able to manage their accounts from anywhere, at any time, however you choose. For those customers, we are providing convenient banking, we recently installed an ATM and self-service coin machine at Ridgefield and a state-chartered mutual savings bank. Their purpose and mission were not dissimilar to those of the vision of our founding fathers and our commitment to Bank and community.

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One of this technology is supported by a foundation created over 145 years ago. Our technology team is dedicated to creating a website that is easy to use, convenient and fostered our anticipation that more changes will come due to re-engineering and development.

The banking industry has certainly changed since 1871. Check payments were not standard until the early 1900s, yet in 2003 checks were used in nearly 40 billion transactions and then by 2014 that number was less than half. Payment preferences have changed over the years as well; checks are now the 4th most preferred method of payment with cash still holding first place, followed by debit and then credit cards. As the customer preferences change, so must our product and service delivery.

We opened our first drive-thru in 1960, and our first ATM was installed in the mid-1990s. In contrast, our 254 Main Street location in Ridgefield and our 67 Wall Street location in Norwalk, which were opened in the early 1900s, remain today. Our stability and constancy in a time of rapid change and digitization is what differentiates us and our commitment to Bank and community which has always been a hallmark of the bank through the years.

In 1871 there were 80 national banks in Connecticut and 80 savings banks. Today there are 20 state chartered mutual savings banks and 20 national charter banks headquartered in Connecticut. Our first company, the First National Bank of Ridgefield, chartered in 1900 in the state to the name and ownership of the bank has changed six times. In contrast, our 254 Main Street location in Ridgefield and our 67 Wall Street location in Norwalk, which were opened in the early 1900s, remain today. Our stability and constancy in a time of rapid change and digitization is what differentiates us and our commitment to Bank and community which has always been a hallmark of the bank through the years.

1871 was a busy year for the bank; the first mortgage made by the bank was issued to S.S. and J.J. Dauchy in November 1871 for a sum of $1,000 at an interest rate of 7%. The year 1871 was a busy year for the Bank; the first mortgage made by the bank was issued to S.S. and J.J. Dauchy in November 1871 for a sum of $1,000 at an interest rate of 7%.

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Our overriding mission has always been to serve the local communities. We are proud of our heritage and Bankful to our loyal customers, our dedicated employees, Officers, and Directors for their continued support.

Our service delivery regardless of the method or channel.

Our 145th year of continuous operation, we remain strong and well positioned to serve the ever-growing financial needs of our communities. We believe our position will serve us well for future growth, location innovation and continual improvement of every aspect of our service delivery regardless of the method or channel.

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Fairfield County Bank in 2016

Mobile Banking:
- Ability to activate and deactivate debit card on mobile banking app
- Added ability to view and submit secure forms
- Select Account added
- Create and save research queries
- Statement access
- Added balance availability warning for transfers

Apple Pay launched as a more convenient and secure way to make in-store or in-app purchases. Apple Pay offers new security elements that ensure merchants will never see your personal information. The convenience of payments at the touch of your fingertip.

Innovation Team - Created a Team of cross-disciplined individuals to review, enhance and create new product and service strategies.

Mortgagemapp an APP designed to assist professional loan originators manage relationships, collaborate with associates and colleagues, and provide easy contact access.

Website redesigned. The completely redesigned website offers our customers easier navigation, better access to services, responsive design, financial tools and an overall better customer experience.

Caring for the Community Since 1871

Our communities are as strong as they are today thanks to the charitable organizations of Fairfield County. Through their dedication and selfless service, they have built and provided safe places to live, work and raise our families. Fairfield County Bank’s philanthropic mission is to help support and give back to these devoted organizations through financial contributions, including a matching gift program and employee volunteerism. Last year we helped more than 300 non-profit and civic organizations.

History of Fairfield County Bank

Proudly serving the residents and businesses of our communities for 145 years. We thank our valued customers for being a part of our past, present and future and for making us 145 years strong.

1871 Ridgefield Savings Bank opened its first office at Old Hundred now the Aldrich Museum. The bank was a part of the Bailey & Gage store.

1874 Fairfield County Savings Bank opened its first office on Wall Street, Norwalk.

1899 Carnall Insurance joined the family.

1920 Online Banking was introduced.

1996 Installed our first ATM machine at 190 Danbury Road, Ridgefield.

1998 First Visa® Check Card was offered.

1999 Mobile banking was introduced and eStatements were implemented.

2012 Mobile banking was introduced and eStatements were implemented.

2016 Apple Pay® launched.
Commercial & Construction Loans

Owning your own business can be both rewarding and demanding. At Fairfield County Bank we recognize the complexity of running your own business, which is why our loan officers bring both the experience and expertise that is necessary to design a lending solution for your specific financial goals. We offer a full array of lending programs and can structure a competitively priced loan that will enable your business to grow and prosper. Our construction loans facilitate various types of construction projects, and you will find our terms are flexible and our interest rates competitive. Our trusted lenders understand their customers’ industry backgrounds and have the ability to see their customers succeed.

Residential Lending

Purchasing a new home or refinancing your existing mortgage can be overwhelming and leave you with a lot of unanswered questions. Fairfield County Bank offers personalized products and services to meet all of your home financing needs and our local lenders are here for you from start to finish. Depend on our team to make the process seamless. Utilize our online loan center to consult our mortgage experts, check current mortgage rates, and apply for a loan electronically. Connect with your mortgage originator through their mobile app which provides you the tools to obtain a quote, calculate a mortgage payment, view rates, and easily stay in touch.

Investment* and Wealth Management

We have been providing access to investment services and products for more than 20 years, through Infinex Investments, Inc. Our team of Financial Advisors delivers specialized knowledge and years of experience with complexity of individual financial circumstances.

Insurance

We offer a full line of coverage, including:

- Auto
- Home
- Life/Disability

We offer a full line of coverage, including:

- Auto, Home, Recreational Vehicle, Umbrella, Business-Workers Comp, Life/Disability and more through Fairfield County Bank Insurance Services, LLC. A wholly-owned subsidiary of Fairfield County Bank. They are our Independent Insurance Agency. Representing several insurance companies gives us the freedom of choice to recommend the best company suited to your needs. We are committed to serving your best interest.

Fairfield County Bank Insurance Services, LLC is a wholly-owned subsidiary of Fairfield County Bank. Insurance products are not deposits or other obligations of the Bank or an affiliate of the Bank, are not insured by the FDIC or any other agency of the United States, the Bank or an affiliate of the Bank, are not guaranteed by the Bank or an affiliate of the Bank, and underwritten by Infinex Investments, Inc., or any other affiliate of the United States, the Bank or any affiliate of the Bank. In the case of an insurance product or service deemed an investment, there is an investment risk associated with the product, including the possible loss of value.

*Investment and insurance products and services are offered through INFINEX INVESTMENTS, INC. Member FINRA/SIPC. Fairfield County Financial Services is a trade name of the Bank. Infinex and the Bank are not affiliated. Products and services made available through Infinex are not insured by the FDIC, or any other agency of the United States, and are not deposits or obligations of the Bank, are not guarantees of the Bank, and are subject to investment risk, including the possible loss of value.
Fairfield County Bank Insurance Services is pleased to report strong results for 2015. Net revenue was on plan in spite of unexpected margin compression throughout the industry, especially in personal insurance.

Commercial Insurance, which makes up 48% of our gross revenue, grew a healthy 13% from prior year. Our specialization in the construction, energy, habitual, and real estate markets allowed us to grow in these segments, while our small business unit grew at a more modest pace. We continue to expand our risk management services by conducting seminars on contractual risk transfer, cyber risk assessment, and employment practices liability. These learning sessions provide valuable information to our clients and prospects. We will continue this outreach throughout the industry, especially in personal insurance.

Our Personal Insurance division grew in overall number of accounts and policies from the prior year. We are very encouraged that our product offerings in personal insurance.

We continue to invest in technology to increase operational efficiencies, which will ultimately provide a better customer experience.

In March of 2016, we successfully completed an 18-month-long data conversion project. We are now more accurately able to benchmark our business segments on a real-time basis. This provides us with better growth and retention measurements as well as the ability to identify areas of new opportunity. We continue to provide thorough education regarding changes in market trends and industry regulations.

To learn how we may be able to assist you with all your insurance needs call us at 1-800-438-0404 or visit us at www.fairfieldcountybankinsurance.com.

President & CEO
Mark R. Connolly

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As the Bank celebrates its 145th Anniversary, we would like to take a brief look back at our history with the Bank as well as the changes and accomplishments we have seen throughout the years.

In 1993, Fairfield County Financial Services (FCFS) was established to provide the Bank’s customers with access to investment products and services through Connecticut Association Securities (CTAS). In 2001, CTAS changed its name to Infinex Financial Group. Over the years, Fairfield County Financial Services has provided the Bank’s customers with great personalized and comprehensive financial planning services so we do today.

Whether planning for retirement, transitioning jobs, saving for a child’s education, or planning your estate, our team of Fairfield County Financial Services advisors can provide you with the tools needed to customize a plan and meet your wealth management needs. Whether you are just beginning your investment planning or want to review your current portfolio, our educated Financial Advisors will guide you through the process and create an investment strategy and personalized plan that is just right for you.

For more information or to schedule an appointment, call 203-431-7350 or toll-line 1-800-776-6518, EXT 7350. Visit us at www.fairfieldcountybank.com.

Stephen P. Nitz, CFP®, CRC®, MBA
Vice President
Fairfield County Financial Services

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Our benefits division helps our clients work through the complex issues brought on by the Affordable Care Act (ACA). Since the inception of ACA, the marketplace has stabilized as employers continue to look for affordable benefit plans. Our professionals are ready to help with the best products in the industry. Our revenue in this area is growing.

We have been granted a new life focus on insurance, long-term care insurance and other Sophisticated estate planning products. In 2016, there will be a life insurance quoting tool available on our website, which will support future growth.

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We expect to see increased competition in all business segments in 2016 and 2017 but with the hard work and dedication of a very talented staff, we are well positioned for a strong and successful future.

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Stephen P. Nitz, CFP®, CRC®, MBA
Vice President
Fairfield County Financial Services
## Corporators

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
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<tbody>
<tr>
<td>John Ancona</td>
<td>Sandra Anderson-Howell</td>
</tr>
<tr>
<td>Charles Balucca</td>
<td>John Cooney</td>
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<tr>
<td>Daniel Berta</td>
<td>Douglas Bora, Jr.</td>
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<tr>
<td>Lawrence Bossidy, Jr.</td>
<td>Andrew Montanari, Jr.</td>
</tr>
<tr>
<td>Christopher Carroll</td>
<td>Shane Casey</td>
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<tr>
<td>Pat Cleary</td>
<td>Catherine Cody</td>
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<tr>
<td>Peter Coffin</td>
<td>Robert Croonker, Jr.</td>
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<tr>
<td>Christopher Couri</td>
<td>William Craig</td>
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<tr>
<td>John Fallon, Esq.</td>
<td>Robert Crumley</td>
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<tr>
<td>Gavin Donnelly</td>
<td>William Doty</td>
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<tr>
<td>Stephen Epifano</td>
<td>John Frey</td>
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<td>Stephen Eppolino</td>
<td>Sam Gallant</td>
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<tr>
<td>John Field, Esq.</td>
<td>Rex Gustafson, Esq.</td>
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<tr>
<td>John Frey</td>
<td>Debra Hayes</td>
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<td>Stephen Fergory, Esq.</td>
<td>Casey Healy, Esq.</td>
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<tr>
<td>John Frey</td>
<td>Stephen Hicks</td>
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<tr>
<td>Lawrence Hoyt</td>
<td>Michelle James</td>
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<tr>
<td>Michael James</td>
<td>Kevin Jones</td>
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<tr>
<td>Thomas Kelly</td>
<td>Hal Kuehle</td>
</tr>
<tr>
<td>Carl Lecher</td>
<td>Joyce Ligi</td>
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</tbody>
</table>

## Core Values

We have five core values that guide our actions.

1. We will provide the highest level of customer service.
2. We will provide our employees with meaningful careers and equitable compensation.
3. We will make a reasonable and fair profit to ensure our long-term existence for future generations of customers and employees.
4. We are committed to the highest ethical and professional standards in all our endeavors.
5. We will invest our money and personnel in the communities that we serve.

## Selected Financial Data

### Fairfield County Bank Statement of Condition Unaudited

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>Assets</td>
<td>$43,141</td>
<td>$48,188</td>
<td>$50,996</td>
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<tr>
<td>Loans</td>
<td>$37,884</td>
<td>$37,574</td>
<td>$40,789</td>
</tr>
<tr>
<td>Real Estate Loans 1-4 Family</td>
<td>$35,389</td>
<td>$37,504</td>
<td>$36,351</td>
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<tr>
<td>Home Equity Loans</td>
<td>$148,846</td>
<td>$143,723</td>
<td>$135,784</td>
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<tr>
<td>Construction Loans</td>
<td>$434,602</td>
<td>$461,079</td>
<td>$445,302</td>
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<tr>
<td>Commercial Mortgages</td>
<td>$11,139</td>
<td>$14,437</td>
<td>$15,981</td>
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<tr>
<td>Commercial Loans</td>
<td>$15,571</td>
<td>$16,762</td>
<td>$15,317</td>
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<tr>
<td>US Government Agency Loans</td>
<td>$1,219</td>
<td>$1,314</td>
<td>$1,475</td>
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<tr>
<td>Allowance for Loan Loss</td>
<td>$3,745</td>
<td>$3,356</td>
<td>$3,356</td>
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<tr>
<td>Total Loans</td>
<td>$506,029</td>
<td>$524,683</td>
<td>$514,786</td>
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<table>
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<tr>
<th>Liabilities</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tr>
<td>Deposits</td>
<td>$4,281,907</td>
<td>$4,373,068</td>
<td>$4,427,859</td>
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<tr>
<td>Regular Savings</td>
<td>$32,682</td>
<td>$35,840</td>
<td>$38,433</td>
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<tr>
<td>Money Market Accounts</td>
<td>$25,309</td>
<td>$24,104</td>
<td>$24,211</td>
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<td>Certificate of Deposit</td>
<td>$24,376</td>
<td>$16,078</td>
<td>$17,674</td>
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<tr>
<td>NOW Accounts</td>
<td>$449,815</td>
<td>$331,640</td>
<td>$328,539</td>
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<tr>
<td>Personal Checking Accounts</td>
<td>$49,833</td>
<td>$40,953</td>
<td>$46,909</td>
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<tr>
<td>Business Checking Accounts</td>
<td>$54,938</td>
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<tr>
<td>Money Market Deposits</td>
<td>$44,419</td>
<td>$46,587</td>
<td>$46,847</td>
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<tr>
<td>Other Borrowed Money</td>
<td>$23,520</td>
<td>$17,276</td>
<td>$24,483</td>
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<td>Total Deposits</td>
<td>$1,246,529</td>
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<thead>
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<th>EQUITY</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>Surplus &amp; Reserves</td>
<td>$119,582</td>
<td>$119,405</td>
<td>$105,318</td>
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<tr>
<td>Other Comprehensive Income</td>
<td>$4,980</td>
<td>$5,013</td>
<td>$5,013</td>
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<tr>
<td>Unrealized Gain/Loss FASB-115</td>
<td>$(2,649)</td>
<td>$(4,511)</td>
<td>$(2,649)</td>
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<tr>
<td>Total Equity</td>
<td>$112,913</td>
<td>$114,902</td>
<td>$100,669</td>
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<thead>
<tr>
<th>TOTAL LIABILITIES AND EQUITY</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
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<tr>
<td></td>
<td>$1,258,102</td>
<td>$1,319,073</td>
<td>$1,480,778</td>
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Fairfield County Bank Locations

Bridgeport Office
1089 Madison Avenue
Bridgeport, CT 06606
203.331.0655

Broad River Office, Norwalk
121 New Canaan Avenue
Norwalk, CT 06850
203.857.5572

Compo Road Office, Westport
20 Compo Road South
Westport, CT 06880
203.221.3190

Cranbury Office, Norwalk
26 Chestnut Hill Road
Norwalk, CT 06851
203.857.5577

Darien Office
714 Post Road
Darien, CT 06820
203.656.2265

Fairfield Office
1312 Post Road
Fairfield, CT 06824
203.255.3222

Federal Road Office, Danbury
114 Federal Road
Danbury, CT 06811
203.791.1529

Georgetown Office
941 Danbury Road
Wilton, CT 06897
203.344.6075

Governor Street Drive-Up, Ridgefield
3 Governor Street
Ridgefield, CT 06877-0950
203.438.0500

Main Office, Ridgefield
150 Danbury Road
Ridgefield, CT 06877-0950
203.438.6518

Main Street Office, Ridgefield
374 Main Street
Ridgefield, CT 06877
203.438.0500

Rowayton Office
2 McKinley Street
Rowayton, CT 06853
203.857.5579

Stamford Office
850 East Main Street
Stamford, CT 06902
203.973.0002

Tunxis Hill Office, Fairfield
255 Tunxis Hill Road
Fairfield, CT 06825
203.333.0045

Wall Street Office, Norwalk
67 Wall Street
Norwalk, CT 06850
203.857.5560

Weston Office
190 Weston Road
Weston, CT 06883
203.319.7621

Wilton Office
190 Old Ridgefield Road
Wilton, CT 06897
203.762.8588

Bridgeport Office

Broad River Office, Norwalk

Darien Office

Fairfield Office

Rowayton Office

Westport Office

Main Office, Ridgefield

Main Street Office, Ridgefield

Rowayton Office

Stamford Office

Tunxis Hill Office, Fairfield

Wall Street Office, Norwalk

Weston Office

Wilton Office