



Fairfield County Bank

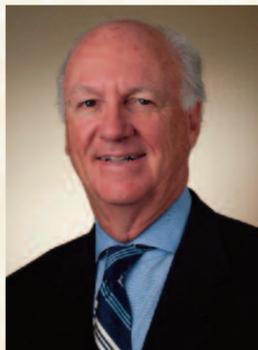
Proudly serving our community for 145 years

*Yesterday
Today
Tomorrow*

2016 ANNUAL REPORT



Chairman and CEO's Letter



Paul S. McNamara
Chairman of the Board



David A. Schneider
Chief Executive Officer

We are pleased to report Fairfield County Bank had another good year. As we achieve 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.

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 ours; they wanted to assist the residents and businesses of the community in building bright futures; resources for managing finances whether deposits or loans. Our name changed in the mid-2000s as a result of expansion through a merger with Fairfield County Savings Bank, and acquisition. Our philosophy did not.

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 competitor was the First National Bank of Ridgefield, chartered in 1900 since its founding the name and ownership of the bank have changed six times. In contrast, our 374 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 is a mark of the vision of our founding fathers and our commitment to Bank and community which has always been our hallmark 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 ended on a positive note with net income at \$106.61. Savings deposits were earning 5-6% interest; the yield on commercial paper was 7.78%. Today our average mortgage is \$405,000 with a mean annual interest rate of 3.37%; the commercial mortgage average is about

\$825,000 at an average rate of 4.62%, the national average interest rate on savings is .06%, and AA Financial Commercial Paper is at .54%. This is certainly a validation of the impact of the cycles of the economy on interest rates.

By 1900 the population of Fairfield County was 184,203 and by contrast that number is 948,053 today. Checks were becoming a more common means of payment and the Gold Standard Act establishes gold as the standard for redeeming paper money. While our hometown is more widely defined now, our commitment to service to each and every customer and community we serve is rooted in the tradition we began 145 years ago.

Our capabilities span a tremendous range of personal and business financial solutions, offering banking, insurance, and investments. We consistently place in the top residential lenders within Fairfield County and most recently ranked in the top ten of the 190 active lenders. We offered our first checking product, a departure from the traditional savings bank venue in 1987, currently we service more than 25,000 households throughout our market area.

We continue to expand our commercial loan portfolio and enhance our business banking relationships. We have added many new companies to our Cash Management Services. We are in the top ten banks in Fairfield County for deposit footings, number one in Ridgefield and number four in Norwalk according to the most recent FDIC Deposit Market Share Reports.

We consider the impact of the national and local economy with a watchful eye, and while this certainly is not the best we have been through in 145 years it is by no means the worst. We have held our own through recessions and depressions alike.

Financial performance overall has been excellent and enabled us to strengthen our infrastructure, add additional talent to our team and improve our product and service offering. The future looks good with product and service enhancements planned.

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

Paul S. McNamara

Chairman of the Board

David A. Schneider

Chief Executive Officer

President's Report



Daniel L. Berta
President

As presented in the Chairman and CEO's letter, much has changed over the past 145 years considering the first telephone was invented four years after the Bank began, the first electric light bulb came eight years later and the first petroleum-powered automobile nearly 15 years after our charter. These inventions have made our lives easier, more convenient and fostered our anticipation that more changes will come due to re-engineering and development.

The banking industry has certainly changed since 1871 too; check payments were not standard until the early 1900s, yet in 2000 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. We followed this with our first Check Card (debit card) in 1998, launched our first website in 2000, implemented online banking/bill pay for the first time in 2002 and the pace of change have accelerated in the arena of digital banking options ever since.

We have continually renewed and expanded our ATM network to 30 ATMs within our market where we process more than 250,000 transactions annually. Today, our Debit Card activity exceeds 1.7 million transactions annually. Focusing on the consumer need for convenient banking, we recently installed an ATM and self-service coin machine at Ridgefield's Fairfield County Bank Insurance Services office. We will be upgrading all of our ATMs over the next few years, bringing more capability, such as imaged deposits, and Interactive Teller Machines where customers may talk with service agents while transacting.

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. Each time the card is used for purchase, the unique code associated with the chip gets

reorganized and as a result is harder to counterfeit. We recently released APPLE PAY®, 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 1,500 online banking customers, and now we have over 10,000 using online banking with 25% of them using mobile banking. Bill Pay offers great convenience 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 plan to continually upgrade. We expanded our social media to make Facebook and LinkedIn resources for community and financial management events. We anticipate expansion to YouTube in the coming year where we will feature product and service advertisements and financial education videos. We are even looking to add a chat feature to our website later in 2016.

We launched our first online loan origination system in 2001 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 tools where they may get a quote, watch rate trends and stay in contact with their Mortgage Originator.

All of this technology is supported by a foundation created over 145 years. Our technology and innovation are supported by a talented, experienced staff that targets improved accommodation and accessibility for all things technological, while working to ensure customer satisfaction. We recognize how and where people want to bank; whether in the branch, on a PC, at an ATM or on a mobile device.

Our legacy to a strong commitment to community is a guiding principle of our business philosophy today understanding we are members of the community supporting the community. We provide access to a full range of products and services and our strategy for success is caring and doing the right thing. Our tradition of empowering employees, investing for the long-term and dedication to the betterment of our communities has served us well.

Daniel L. Berta

President

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.



Dr. Daniel L. Adams

First President of Ridgefield Savings Bank

William K. James

First President of Fairfield County Savings Bank



1874

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

Historic photos courtesy of the Ridgefield Historical Society.

1987

Opened our first checking account.

1993

Started offering investment services through Connecticut Association Securities (CTAS).

1996

Installed our first ATM machine at 150 Danbury Road, Ridgefield.

1998

First Visa® Check Card was offered.

1999

Carnall Insurance joined the family.

2002

Online Banking was introduced.

2004

Two great banks, Ridgefield Bank and Fairfield County Savings Bank, come together.



2012

Mobile banking was introduced and eStatements were implemented.



2016

Apple Pay® launched.

2016
Fairfield County Bank
Celebrates 145 Years

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.

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 desire 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, 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, or guaranteed by the Bank or an affiliate of the Bank, are not insured by FDIC or any other agency of the United States, the Bank or an affiliate of the Bank and, in the case of an insurance product or annuity that involves investment risk, 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 nor guaranteed or insured by any bank or bank affiliate. These products are subject to investment risk, including the possible loss of value.





Mark R. Connelly
President & CEO

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 11% from prior year. Our specialization in the construction, energy, habitational, and real estate markets allowed us to grow in those 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 in 2016 and expand the practice to other areas.

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 lines have never been stronger, and we have winning solutions for every demographic in every product line. We continuously demonstrate our "value-added" capabilities by providing expert advice and the ability to shop coverage with more than 25 different carriers. We will continue to improve our digital service offerings, and we anticipate the release of a mobile application in 2016.

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 a renewed focus on life 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.

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

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.

To learn how we may be able to assist you with all your insurance needs call us at **1-888-438-0404** or visit us at www.fairfieldcountybankinsurance.com.

Mark R. Connelly

President & CEO

Fairfield County Bank Insurance Services, LLC is a wholly-owned subsidiary of Fairfield County Bank. Insurance products are not deposits of or other obligations of, or guaranteed by, 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 and, in the case of an insurance product or annuity that involves investment risk, there is investment risk associated with the product, including the possible loss of value.



Steve Nitz
Vice President, Fairfield County Financial Services,
CFP®, CRC®, MBA

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 2000, CTAS changed its name to Infinex Financial Group. Over the years, Fairfield County Financial Services has provided the same great personalized and comprehensive financial planning services 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 only need 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.

We celebrated 20 years of continuous operation in 2013. A hallmark year for us, we achieved gross revenue of more than \$2 million dollars. We have successfully maintained this momentum and reported \$44 million in new assets in 2015. Through Infinex Financial Group, we surpassed \$325 million in total assets. Fairfield County Financial Services placed fourth in a field of 180 banks participating in the Infinex Financial Group investment services program. We are very proud of our achievements and believe it is the synergy created and sustained by the Bank, Fairfield County Bank Insurance Services and us, which fuels our continued success.

For more information or to schedule an appointment, call **203-431-7530** or toll-free **1-800-776-6518, EXT 7530**. Visit us at www.fairfieldcountybank.com.

Stephen P. Nitz, CFP®, CRC®, MBA

Vice President
Fairfield County Bank Financial Services

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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.

Corporators

John Ancona
Sandra Anderson-Howell
Charles Balocca
Daniel Berta
Douglas Bora, Jr.
Lawrence Bossidy, Jr.
Christopher Carroll
Shane Casey
Pat Cleary
Catherine Cody
Peter Coffin
Christopher Couri
William Craig
Robert Creamer, Esq.
Daniel Deering
Gavin Donnelly
William Doty
Stephen Epifano
Judge Joseph Egan
John Fallon, Esq.
Stephen Fogerty, Esq.
John Frey
Sam Gault
Rex Gustafson, Esq.
Debra Hayes
Casey Healy, Esq.
Stephen Hicks
Lawrence Hoyt
Michelle James
Kevin Jones
Thomas Kelly
Hal Kurfehs
Carl Lecher

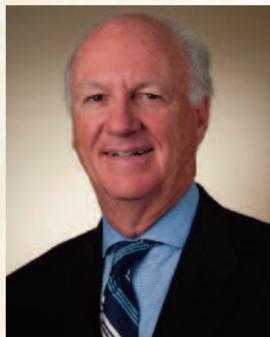
Joyce Ligi
David Lyons
Sue Manning
Christopher McMahon
P. Kevin McNamara
Andrew Montanari, Jr.
Thomas Nash
Harry Neuman
Dan O'Grady, Esq.
Theodore O'Neill
John Pambianchi
Terry Pellegrini, Esq.
John Pezzimenti
John Pinchbeck
John Piro
Margaret Price
Richard Ramey
Ronald Raymond
Steven Risbridger, CPA
Raymond Rizio, Esq.
Thomas Ryan
Theresa Santoro
Violet Scala
Stephen Scala
Neil Schwimer
Jonathan Seaman
Barbara Serfilippi
John Simpson
Mario Smith
William Stephanak
Carl Warren
Reed Whipple
David Woodward

Selected Financial Data

Fairfield County Bank Statement of Condition Unaudited
June 30, 2014, 2015 and 2016 (in 000's)

	2014	2015	2016
ASSETS			
Cash and Due from Banks	\$43,541	\$91,080	\$65,526
Investments	150,177	155,484	150,188
Loans:			
Real Estate Loans 1-4 Family	350,399	373,635	350,905
Home Equity Loans	149,564	143,527	136,381
Construction Loans	97,840	114,554	141,073
Commercial Mortgages	424,802	460,279	504,389
Commercial Loans	111,138	100,403	92,815
US Government Agency Loans	1,271	742	661
Revolving Lines - Secured and Unsecured	52,149	50,164	45,642
Installment Loans	4,744	3,353	2,975
TOTAL LOANS	1,191,907	1,246,657	1,274,841
Allowance For Loan Loss	(16,079)	(15,953)	(15,890)
Fixed Assets	27,340	27,157	27,030
FHLB Stock	7,803	7,777	7,215
Investment in Subsidiary	12,340	12,423	14,348
Bank Owned Life Insurance	35,579	35,653	35,611
Other Assets	28,982	28,989	34,513
TOTAL ASSETS	1,481,590	1,593,267	1,593,382
LIABILITIES			
Regular Savings	122,682	135,040	139,433
Money Market Accounts	225,500	240,204	247,215
Certificate of Deposits	216,716	168,978	137,912
NOW Accounts	326,085	331,648	328,539
Personal Checking Accounts	49,033	48,853	54,969
Business Checking Accounts	234,198	281,064	291,830
Municipal Deposits	44,197	44,587	36,835
Other Demand	23,209	17,678	27,644
TOTAL DEPOSITS	1,241,620	1,268,052	1,264,377
Mortgage Escrow	3,368	4,070	5,332
Other Borrowed Money	42,565	117,489	112,412
Other Liabilities	21,029	26,598	26,662
TOTAL LIABILITIES	1,308,582	1,416,209	1,408,783
EQUITY			
Surplus and Reserves	177,246	177,629	186,918
Other Comprehensive Income	(2,649)	(4,511)	(3,402)
Unrealized Gain/Loss FASB-115	(1,589)	(60)	1,083
TOTAL EQUITY	173,008	173,058	184,599
TOTAL LIABILITIES AND EQUITY	1,481,590	1,593,267	1,593,382

Executive Officers



Paul S. McNamara
Chairman of the Board



David A. Schneider
Chief Executive Officer



Daniel L. Berta
President



Charles Balocca
Executive Vice President,
Chief Credit Officer



George Bossis
Executive Vice President,
Retail Lending



Marcie Coffin
Executive Vice President,
Risk Management Officer



Robert Connelly
Executive Vice President,
Chief Lending Officer



Karen Critelli
Executive Vice President,
Chief Financial Officer



Frank Kunst
Executive Vice President,
Technology



Debra Verbeke
Senior Vice President,
Human Resources



D. Stephen Wooters
Executive Vice President,
Digital Banking & Payments

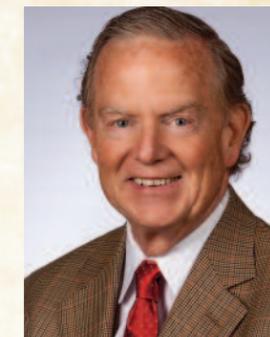
Directors



Paul S. McNamara, Esq.
Chairman



Ralph L. DePanfilis, CPA
Vice Chairman; ALCO
Committee Chairman



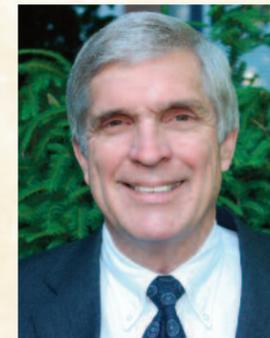
Thomas Reynolds, CPA
Vice Chairman; Audit
Committee Chairman



David A. Aitoro
Director; Compensation
Committee Chairman



Daniel Bertram
Director



John B. Devine, Esq.
Director; Investment
Services Chairman



David Henry
Director



Sue Manning
Director



David A. Schneider, CEO
Director



Gary C. Smith
Director; Insurance
Services Chairman



William D. Rueckert
Director



Phyllis Zappala
Director



Main Office, Ridgefield



Broad River Office, Norwalk



Bridgeport Office



Darien Office



Rowayton Office



Westport Office

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
203.544.8075

**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
203.319.7821

Wilton Office
190 Old Ridgefield Road
Wilton, CT 06897
203.762.8588



Fairfield County Bank

Proudly serving our community for 145 years

2016 ANNUAL REPORT

*Yesterday
Today
Tomorrow*

Bridgeport | Danbury | Darien | Fairfield | Georgetown | Norwalk
Ridgefield | Rowayton | Stamford | Weston | Westport | Wilton



MEMBER FDIC
NMLS ID #516624