State of Connecticut
Department of Banking

Annual Report
Of the Banking Commissioner

To His Excellency
Dannel P. Malloy, Governor

For the Year Ending December 31, 2016
Hartford, Connecticut
Submitted July 31, 2017

July 31, 2017

To His Excellency, Dannel P. Malloy, Governor

Pursuant to the requirements of Section 36a-14 of the Connecticut General Statutes, I have the honor to submit for your review the Department of Banking's annual report for the year 2016.

Respectfully yours,

Jorge L. Pèrez
Banking Commissioner

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BANKING COMMISSIONERS
(1900-2016)

BANKING COMMISSIONERS	FROM	TO
Jorge L. Pèrez	2015	--
Howard F. Pitkin	2006	2014
John P. Burke	1995	2006
Ralph M. Shulansky	1991	1995
Howard B. Brown Jr.	1985	1991
Brian J. Woolf	1981	1985
David H. Neiditz	1977	1981
Lawrence Connell Jr.	1975	1977
James E. Hagen	1971	1975
Gerald A. Lamb	1970	1971
Philip Hewes	1960	1970
Henry H. Pierce Jr.	1955	1960
Lynwood K. Elmore	1951	1955
Richard Rapport	1943	1951
Walter Perry	1933	1943
George J. Bassett	1931	1933
Lester E. Shippee	1927	1931
John B. Byrne	1922	1927
John K. Bissland	1922	1922
Everett J. Sturges	1915	1922
Fred P. Holt	1911	1915
Norris S. Lippitt	1911	1914
Norris S. Lippitt	1907	1911
Charles H. Noble	1907	1911
George F. Kendall	1900	1906
Charles H. Noble	1900	1906

Note: From 1837 to 1915 two Banking Commissioners served concurrently.

For a more complete history of the Department of Banking please visit:
http://libguides.ctstatelibrary.org/ld.php?content_id=11021267

DEPUTY BANKING COMMISSIONERS
(1900-2016)

DEPUTY BANKING COMMISSIONERS	FROM	TO
NONE	2012	--
Alan J. Cicchetti	1999	2011
NONE	1996	1998
Robert B. Titus	1993	1995
Barbara S. McGrath	1991	1993
Paul J. McDonough	1988	1991
NONE	1986	1987
Howard B. Brown Jr.	1982	1985
Linda J. Kelly	1979	1981
Kay V. Bergin	1975	1978
Thomas E. Canfield	1974	1975
Patsy J. Piscopo	1971	1974
Maurice J. Ferland	1970	1971
Reinhard J. Bardeck	1951	1969
Lynwood K. Elmore	1943	1950
Richard Rapport	1938	1942
R. Gordon Baldwin	1928	1937
Lester E. Shippee	1922	1927
John K. Bissland	1917	1921

ADMINISTRATION

Agency Mission

The Department of Banking is the primary state regulator for state chartered banks and credit unions, securities, and consumer credit. Its mission is to protect users of financial services from unlawful or improper practices by ensuring that regulated entities and individuals adhere to state banking and securities laws. We accomplish this through regular, thorough, and cost-effective examinations of the entities we supervise. The Department also engages the public and other stakeholders through a variety of media platforms, educational outreach initiatives, and press communications.

Organization

The Department of Banking is a state agency headed by the Banking Commissioner who reports directly to the Governor. The Department regulates and examines financial institutions and various related entities that are chartered, licensed or registered by the state; the Banking Commissioner administers state banking and credit union laws, securities laws, consumer credit laws, and a major portion of the law concerning rental security deposits.

The Department is comprised of four operational divisions and three support divisions to accomplish its mission better. Specific regulatory functions are assigned to each operational division within the Department.

The **Financial Institutions Division** is responsible for the supervision of state-chartered bank and trust companies, savings banks, savings and loan associations and credit unions. The Division also licenses foreign banking organizations that establish and maintain representative offices, agency offices and branch offices in Connecticut, and supervises bank holding companies. It has responsibility for analyzing applications for new bank or credit union charters, acquisitions, mergers, conversions, branches, changes in corporate structure, and credit union field of membership expansions. In addition, the Division licenses business and industrial development corporations and certain non-banking corporations that exercise fiduciary powers, including limited purpose trust companies. In 2016, the legislature created a new international trade and investment corporations license.

The **Consumer Credit Division** is responsible for examination, enforcement, and licensing of mortgage lenders, brokers, servicers and loan originators; small loan companies; sales finance companies; debt adjusters; debt negotiators; consumer collection agencies, including debt buyers; money transmitters; issuers of money orders and travelers checks; check cashing services; and student loan servicers. In addition, Consumer Credit also administers Truth-in-Lending laws and retail installment sales financing laws.

The **Securities and Business Investments Division** is responsible for registering securities and business opportunity offerings sold in or from Connecticut; registering (licensing) broker-dealers, agents, investment advisers and investment adviser agents who transact business in Connecticut and registering branch offices of broker-dealer and investment advisory firms. The Division also conducts on-site examinations of broker-dealers, investment advisers and branch office registrants; and enforces the Connecticut Uniform Securities Act, the Connecticut Business Opportunity Investment Act and the Connecticut Tender Offer Act.

The **Government Relations and Consumer Affairs Division** assists consumers with issues involving banks, credit unions, mortgage lending and other consumer credit matters, securities and business opportunity investments, and oversees the administration and enforcement of the rental security deposit laws. The Division also directs the agency's legislative program, manages communications and media relations for the Department, coordinates financial and investor-education outreach efforts and handles calls to the Foreclosure Assistance Hotline.

There are three support divisions at the Department of Banking: the Business Office, which is responsible for the accounting, budgeting, fiscal, payroll, purchasing and financial reporting functions; Human Resources, which addresses day-to-day employee issues and prepares the agency's affirmative action plan; and the MIS unit that provides information technology and office automation support.

As of December 31, 2016, the agency had 120 full-time budgeted positions with 113 filled.

Equal Opportunity and Affirmative Action

The Department of Banking continues its longstanding commitment to providing equal employment opportunity based on merit, assuring nondiscrimination, and implementing affirmative action and contract compliance programs, as required by law. The Department files its affirmative action plan on a biennial schedule. In August 2016, Human Resources began developing the Plan for the July 1, 2014-June 30, 2016 reporting period. The Department's affirmative action plan, submitted to the Commission on Human Rights and Opportunities in October 2016, reflects the agency's commitment to achieving workforce balance and fairness in all terms and conditions of employment.

The Department of Banking understands that equal employment opportunity means making employment decisions without consideration for race, color, religious creed, age, sex, gender identity or expression, marital status, national origin, ancestry, mental disability, physical disability, past or present history of mental disability, learning disability, sexual orientation, genetic background information, or criminal record, unless the provisions of Sections 46a-80(b) or 46a-81(b) of the Connecticut General Statutes are controlling. It further recognizes that affirmative action and equal employment opportunity are distinct in definition and that equal employment opportunity is the purpose and goal of affirmative action.

The Department of Banking recognizes the unique hiring difficulties experienced by the physically disabled and by many older persons. The Department will continue to provide equal employment opportunities to such persons and will establish and uphold affirmative action program goals to overcome the effects of discrimination and to achieve balanced utilization in our workforce.

LEAN Activities

In an effort to make state government leaner and more efficient, Governor Malloy directed all state agencies to implement the "LEAN Process." According to the Office of Policy and Management, LEAN refers to the application of specific tools that are used to identify and implement the most efficient and value-added way to provide government services. The LEAN project management practices and principles proved to be the right tools for the Department of Banking. Implementing LEAN in the Department has increased efficiencies across the agency. Agency LEAN Coordinators Leanne Appleton and Victoria Soucy spent much time preparing for LEAN and guiding staff through the process.

The Department made strides in 2016 in taking on two 5-day LEAN events. The first took place in early June, which reviewed the workflow of the Consumer Affairs unit. (See page 35.) The Department held a second LEAN event in July 2016 that focused on the license renewal process in the Consumer Credit Division. (See page 22.)

The Department's LEAN initiatives in 2016 brought an impressive return on investment to the agency. The divisions that participated have increased the capacity of their staff, and have helped to create Standardized Operating Procedures. Efficiencies in the Consumer Affairs process led to the reassignment of three staff members to the Consumer Credit Division. By using existing technology available to the Department, we improved upon a variety of processes that were redundant or time-consuming. For instance, an online system of logging consumer calls, developed by MIS staff, resulted in the elimination of outdated paper call logs. These are just a few accomplishments as a direct result of its LEAN efforts.

A priority for 2017 will be the development of an updated Strategic Plan for the agency using the LEAN process. The Department intends to convene the Division Directors early in 2017 to determine strategic agency-wide goals and objectives.

Financial Statement

Receipts, expenditures and adjustments relating to the fiscal year ending June 30, 2016 were as follows:

Receipts (Banking Fund)	
Examination of banks etc. assessed in accordance with Section 36a-65, as amended	$ 3,113,104
Examination of credit unions, assessed in accordance with Section 36a-65, as amended	285,958
Other license and examination fees	57,600
Registration, filing and transfer fees from securities brokers, etc.	21,709,385
Mortgage recording fees	0
License and registration fees: mortgage brokers, loan originators, check cashers, money transmitters, sales finance companies, small loan companies, debt adjusters, debt negotiators, collection agencies	$ 4,834,253
Sales and miscellaneous receipts	73,890
Total Banking Fund Receipts	$ 30,074,190
Receipts (Non-lapsing)	
Student Loan	$ 6,300
Receipts (General Fund)	
Registration of securities and business opportunities*	$ 5,500,040
Penalties*	1,068,742
Total General Fund receipts	$ 6,568,782
TOTAL RECEIPTS	**$ 36,649,272**
Expenditures (Operating)	
Personnel services	$ 10,596,685
Fringe benefits	8,147,550
Travel expenses, including motor vehicle rentals, fuel, repairs	243,435
Other expenses	1,216,603
Indirect overhead and equipment	213,920
Total Operating Expenditures	$ 20,418,193
Expenditures (Recognized by Other Agencies)	
Judicial	$ 5,964,788
Department of Economic and Community Development	670,000
Department of Labor	1,615,000
Total Expenditures Recognized by Other Agencies	$ 8,249,788
TOTAL EXPENDITURES	**$ 28,667,981**
Fund Adjustments	
Transferred to the General Fund (Deficit Fund Mitigation)	$ 7,000,000

*Deposited directly in the General Fund

FINANCIAL INSTITUTIONS DIVISION

Subject to the general supervision of the Banking Commissioner, the Financial Institutions Division is charged with administering the following: Chapter 664a of the Connecticut General Statutes, Administration and Enforcement; Chapter 664b of the Connecticut General Statutes, Corporate Organization and Administration of Connecticut Banks; Chapter 664c of the Connecticut General Statutes, Fundamental Changes Involving Banks, Branches, Automated Teller Machines, Home Banking and Bank Holding Companies; Chapter 665 of the Connecticut General Statutes, Powers, Loans and Investments; Chapter 665a of the Connecticut General Statutes, Deposits; Chapter 665b of the Connecticut General Statutes, Fiduciary Powers; Chapter 666 of the Connecticut General Statutes, Out-of-State Banks; Chapter 666a of the Connecticut General Statutes, Out-of-State Trust Companies; Chapter 667 of the Connecticut General Statutes, Credit Unions; and parts of Chapter 668 of the Connecticut General Statutes, Nondepository Financial Institutions.

The Financial Institutions Division is responsible for the supervision and regulation of Connecticut-chartered commercial banks, savings banks, savings and loan associations, trust banks and credit unions. The Division also regulates one Connecticut-chartered bankers' bank, as well as one uninsured bank, which does not accept retail deposits. In addition, the Division supervises the activities of state-licensed foreign banking organizations with branches, agencies, and representative offices located in Connecticut.

Through a combination of continuous off-site reviews and periodic on-site examinations, the Division monitors these institutions for compliance with Connecticut banking law, as well as applicable rules and regulations of the institutions' respective federal regulators. The Division is also responsible for processing applications for new banks and credit unions, branches, acquisitions, mergers and consolidations, conversions, bank holding company formations, and requests for credit union field of membership expansions. The Division also licenses business and industrial development corporations and certain non-banking corporations exercising fiduciary powers in the State. In 2016, the legislature created a new international trade and investment corporations license.

Connecticut-Chartered Banks' Consolidated Financial Condition & Operating Results

As of December 31, 2016, there were eight Connecticut-chartered commercial banks (including one bankers' bank), twenty-four Connecticut-chartered savings banks and two trust banks. There were no Connecticut-chartered savings & loan associations. The Federal Deposit Insurance Corporation ("FDIC") insures all Connecticut-chartered commercial banks and savings institutions.

Connecticut-chartered commercial banks and savings institutions, collectively, reported total assets of $35.5 billion as of December 31, 2016, a 6.9% increase from December 31, 2015. Total loans and total deposits for year-end 2016 were $27.3 billion and $27.3 billion, respectively. The values represent an 8.4% increase in total loans and an 8.0% increase in total deposits from year-end 2015. Total equity capital was $3.9 billion as of December 31, 2016, a 6.6% increase from the prior year-end. Overall, Connecticut-chartered commercial banks and savings institutions, collectively, remained well capitalized with a combined Equity Capital to

Total Assets Ratio of 11.09% as of December 31, 2016, compared to 11.11% as of December 31, 2015.

Despite year-over-year compression of the net-interest-margin ("NIM") from 3.21% to 3.15%, aggregate earnings performance for Connecticut-chartered commercial and savings banks for the year ended December 31, 2016 improved from the prior year levels. The return on average assets ("ROA") increased slightly to 0.69% for 2016, up from 0.61% for 2015. The return on average equity ("ROE") increased significantly, from 5.43% for 2015 to 6.19% for 2016.

Number of Connecticut-Chartered Institutions
(As of December 31, 2015 & December 31, 2016)

Institution Type	Institutions 12/31/2015	Conversion	Liquidation	Net Change	Institutions 12/31/2016
Commercial Banks	**8**	0	0	0	**8**
Savings Banks	**24**	0	0	0	**24**
Uninsured Banks	**1**	0	0	0	**1**
Trust Banks	**2**	0	0	0	**2**
Credit Unions	**32**	1	1	0	**32**
Totals	**67**	**1**	**1**		**67**

July 6, 2016 – Victory/Piaterer Mutual Benefit Association terminated via voluntary dissolution.

August 12, 2016 – Personal Care America Federal Credit Union converted from a federal to a state credit union. The resulting credit union operates under the name America's First Network Credit Union.

Connecticut-Chartered Commercial Banks

There were eight Connecticut-chartered commercial banks operating in the State as of December 31, 2016 including one bankers' bank. The number of Connecticut-chartered commercial banks remained unchanged during 2016. As of June 30, 2016, the eight Connecticut-chartered commercial banks collectively operated thirty-five offices with aggregate deposits of $3.3 billion. Within the Connecticut market, this group of institutions operated twenty-six offices with aggregate deposits of $3.0 billion.

Connecticut-Chartered Savings Banks

There were twenty-four Connecticut-chartered savings banks (fifteen mutual and nine capital stock institutions) operating in the State as of December 31, 2016. The number of Connecticut-chartered savings banks remained unchanged during 2016. As of June 30, 2016, the twenty-four Connecticut-chartered savings banks collectively operated 374 offices with aggregate deposits of $23.1 billion. Within the Connecticut market, this group of institutions operated 345 offices with aggregate deposits of $21.3 billion.

Connecticut-Chartered Uninsured Bank

UPS Capital Business Credit ("UPSCBC"), a wholly owned subsidiary of UPS Capital Corp., operates under an uninsured depository bank charter and does not accept retail deposits. UPSCBC focuses on originating, underwriting, and managing various small business and government guaranteed loan products.

Connecticut-Chartered Trust Banks

There were two Connecticut-chartered trust banks operating in the State as of December 31, 2016 with fiduciary and related trust assets of $60.3 billion. This total consisted of $6.9 billion in managed assets and $53.4 billion in non-managed assets, with an additional $7.9 billion in custody and safekeeping assets.

Connecticut-Chartered Bank Name Changes

There were no Connecticut-chartered bank name changes during 2016.

Connecticut-Chartered Banks' Fiduciary & Related Trust Assets

As of December 31, 2016, seven Connecticut-chartered banks operated trust departments with fiduciary and related trust assets of $1.7 billion, consisting of $1.6 billion in managed assets and $104 million in non-managed assets, with an additional $299 million in custody and safekeeping assets.

Connecticut-Chartered Credit Unions

As of December 31, 2016, there were thirty-two Connecticut-chartered credit unions operating in the State. Overall, there was no change from year-end 2015 as one federal credit union converted to a state chartered credit union and one state-chartered credit union voluntarily liquidated.

Connecticut-Chartered Credit Unions' Consolidated Financial Condition & Operating Results

Connecticut-chartered credit unions reported total assets of $6.1 billion as of December 31, 2016, a 5.3% increase from December 31, 2015. Aggregate shares and deposits totaled $5.4 billion as of December 31, 2016, a 5.4% increase from December 31, 2015. Total loans were $3.4 billion as of December 31, 2016, a 13.3% increase from December 31, 2015. Total equity capital for Connecticut-chartered credit unions was $578 million for December 31, 2016, a 4.2% increase versus December 31, 2015. Connecticut-chartered credit unions' earnings performance for 2016 improved from the prior year level, generating a ROA of 0.40% versus 0.33% for 2015 assisted by a six basis point year-over-year increase in the net interest margin from 2.18% to 2.24%.

Federal & Out-of-State Banks

In addition to the thirty-two Connecticut-chartered, insured depository institutions operating in the state as of December 31, 2016, there were seven banks chartered by a state other than Connecticut, eighteen national banks and five federal savings associations regulated by the Office of the Comptroller of the Currency ("OCC"). Of the eighteen national banks, six institutions have headquarters in Connecticut. Of the five federal savings banks, four institutions have headquarters in Connecticut.

Connecticut Deposit Market Share by Charter Type
As of June 30, 2016

Institution Type	Number of Institutions	Deposits in Market ($000s)	Offices in Market	Deposit Market Share %
Connecticut-chartered Savings Banks	24	21,313,310	345	16.50%
Connecticut-chartered Commercial Banks	8	2,954,918	26	2.28
Other State-chartered Banks [1]	7	2,040,749	26	1.57
National Banks [2]	6	34,134,268	293	26.42
National Banks [3]	12	67,696,040	506	52.39
Federal Savings Associations [2]	4	1,020,708	14	0.80
Federal Savings Associations [3]	1	56,984	2	0.04
Totals	**62**	**129,216,977**	**1,212**	**100.00**

[1] Excludes institutions operating loan production offices that do not accept deposits.
[2] Indicates headquartered in Connecticut.
[3] Indicates headquartered outside of Connecticut.

Community Reinvestment Act ("CRA")

Since 1990, the Banking Commissioner has been required to assess the community reinvestment performance of state-chartered financial institutions and to consider their reinvestment efforts as a basis for approving or denying bank expansion.

CRA Ratings of Connecticut-Chartered Banks & Credit Unions
As of December 31, 2016

Institution Type	#	Outstanding	Satisfactory	Not Rated
Connecticut-chartered Savings Banks	**24**	5	19	0
Connecticut-chartered Commercial Banks [1]	**8**	0	7	1
Connecticut-chartered Credit Unions [2]	**32**	1	12	19
Totals	**64**	**6**	**38**	**20**

[1] Bankers' Bank, Northeast is not subject to CRA.

[2] CRA examinations are performed only for credit unions that meet BOTH of the following criteria: 1. Community fields of membership and 2. Have total assets over $10 million. As of December 31, 2016, fifteen Connecticut-chartered credit unions met these criteria, seventeen did not. One recently converted community credit union and one which recently exceeded the $10 million asset threshold have CRA examinations pending.

No institutions were rated Needs to Improve or Substantial Noncompliance.

Federal & Out-of-State Trust Entities

In addition to the two Connecticut-chartered trust banks operating in Connecticut as of December 31, 2016, there were three limited purpose trust companies chartered by states other than Connecticut; one federally chartered savings bank operating exclusively as a limited purpose trust company headquartered in Connecticut; and one national bank limited to trust activities in Connecticut.

Federal & Out-of-State Credit Unions

In addition to the thirty-two Connecticut-chartered credit unions operating in the State as of December 31, 2016, there were seventy-one federally chartered credit unions headquartered in Connecticut, eleven federally chartered credit unions headquartered out-of-state, and one credit union chartered by a state other than Connecticut. The NCUA insures all credit unions operating in Connecticut.

Foreign Banking Organizations

As of December 31, 2016, there were four branch offices of foreign banking organizations operating in the State.

A branch of a foreign banking organization is a legal and operational extension of its parent organization and, as such, may conduct a full range of banking activities including: trading and investment activities; accepting wholesale and foreign deposits, but not retail deposits; granting credit; and acting as a fiduciary.

A representative office, the simplest form of organization for foreign banking organizations to establish, may only engage in representational and administrative functions and may not make any business decisions on behalf of the foreign bank. A representative office serves as a liaison between the head office of the foreign banking organization and its customers and correspondent banks in the United States, often soliciting business for the account of the head office.

Foreign Banking Organizations Operating In Connecticut

Institution Name	Office Type	CT Location	Approval/ License Date	Assets As of 12/31/2014 ($ millions)	Assets As of 12/31/2015 ($ millions)	Assets As of 12/31/2016 ($ millions)
Abbey National Treasury Services plc	Branch	Stamford	9/17/2001	12,884	11,157	10,592
Bank of Ireland	Branch	Stamford	6/15/2006	1,132	1,402	1,221
Royal Bank of Scotland plc	Branch	Stamford	5/3/2007	54,494	22,504	0.283
UBS AG	Branch	Stamford	6/23/1997	56,045	54,140	53,403

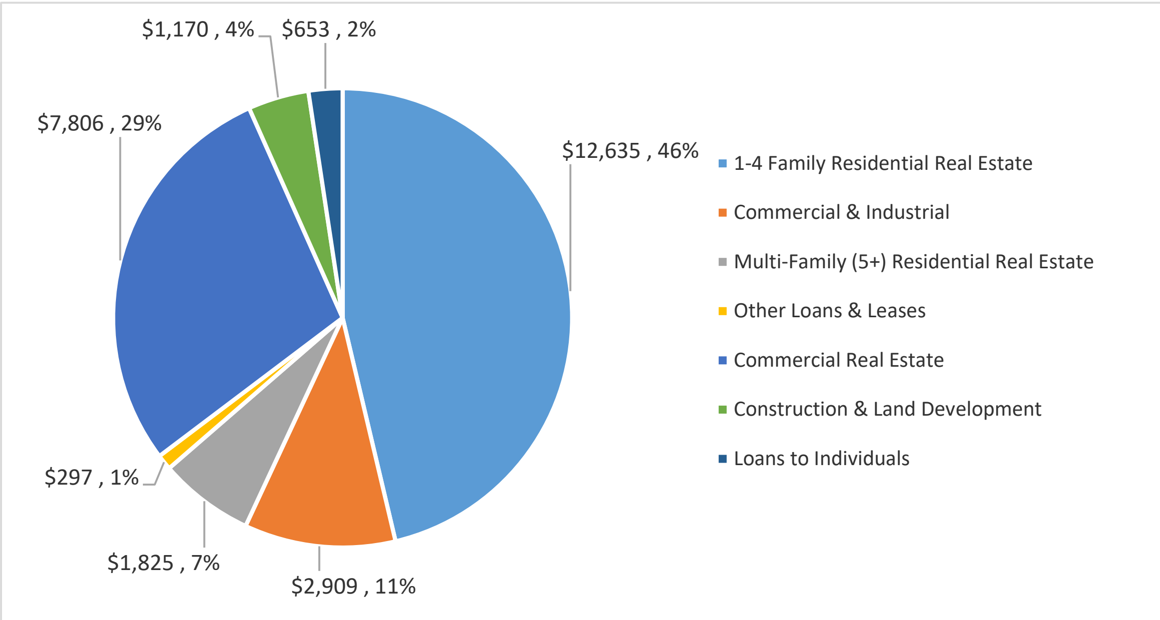
Banking Institution	Total Assets (in thousands) (As of 12/31/2016)
United Bank	6,584,834
Liberty Bank	4,566,523
Farmington Bank	2,837,496
Union Savings Bank	2,205,675
Bankwell Bank	1,621,911
Savings Institute Bank and Trust Company	1,543,582
First County Bank	1,517,698
Fairfield County Bank	1,509,339
Ion Bank	1,206,170
Newtown Savings Bank	1,139,824
Chelsea Groton Bank	1,044,271
Savings Bank of Danbury	969,160
Thomaston Savings Bank	958,131
Salisbury Bank and Trust Company	936,531
Dime Bank	824,299
The Torrington Savings Bank	823,875
The Guilford Savings Bank	665,253
Darien Rowayton Bank	615,043
The Simsbury Bank & Trust Company	509,949
Putnam Bank	509,898
The Milford Bank	419,434
Essex Savings Bank	376,923
Northwest Community Bank	363,885
Stafford Savings Bank	271,455
Jewett City Savings Bank	269,682
The First Bank of Greenwich	268,416
Litchfield Bancorp	240,748
Eastern Savings Bank	196,194
Collinsville Savings Society	157,644
Bankers' Bank, Northeast	157,110
Start Community Bank	123,577
Prime Bank	77,685
TOTAL COMBINED ASSETS	**35,512,215**

Credit Union	Total Assets (in thousands) (As of 12/31/2016)
Connecticut State Employees Credit Union	1,768,684
American Eagle Financial Credit Union	1,534,735
Sikorsky Financial Credit Union	721,146
Connex Credit Union	493,306
Nutmeg State Financial Credit Union	400,057
Dutch Point Credit Union	284,502
Mutual Security Credit Union	270,080
Achieve Financial Credit Union	126,229
Finex Credit Union	80,220
State Police Credit Union Inc.	63,405
First Connecticut Credit Union	37,902
Norwalk Hospital Credit Union	33,721
Soundview Financial Credit Union	32,669
Cornerstone Community Credit Union	31,604
Northwest Hills Credit Union	30,006
Members Credit Union	27,822
Metropolitan District Employees Credit Union	24,653
America's First Network Credit Union	19,479
Connecticut Community Credit Union	19,342
Stamford Healthcare Credit Union	18,860
New Haven County Credit Union	18,014
Community Credit Union of New Milford	10,874
Community Healthcare Credit Union	10,588
Northeastern CT Health Care Credit Union	9,498
Regional Water Authority Employees Credit Union	6,536
New Haven Firefighters Credit Union	6,497
Danbury Cyanamid Employees Credit Union	6,336
Trumbull Credit Union	3,569
New London Municipal Employees Credit Union	2,940
East Haven Municipal Employees Credit Union	2,526
CT1 Media Credit Union	1,361
Kief Protective Mutual Benefit Assoc. Credit Union	1,153
TOTAL COMBINED ASSETS	**6,098,314***

*Total on this page may differ from other reports due to rounding.

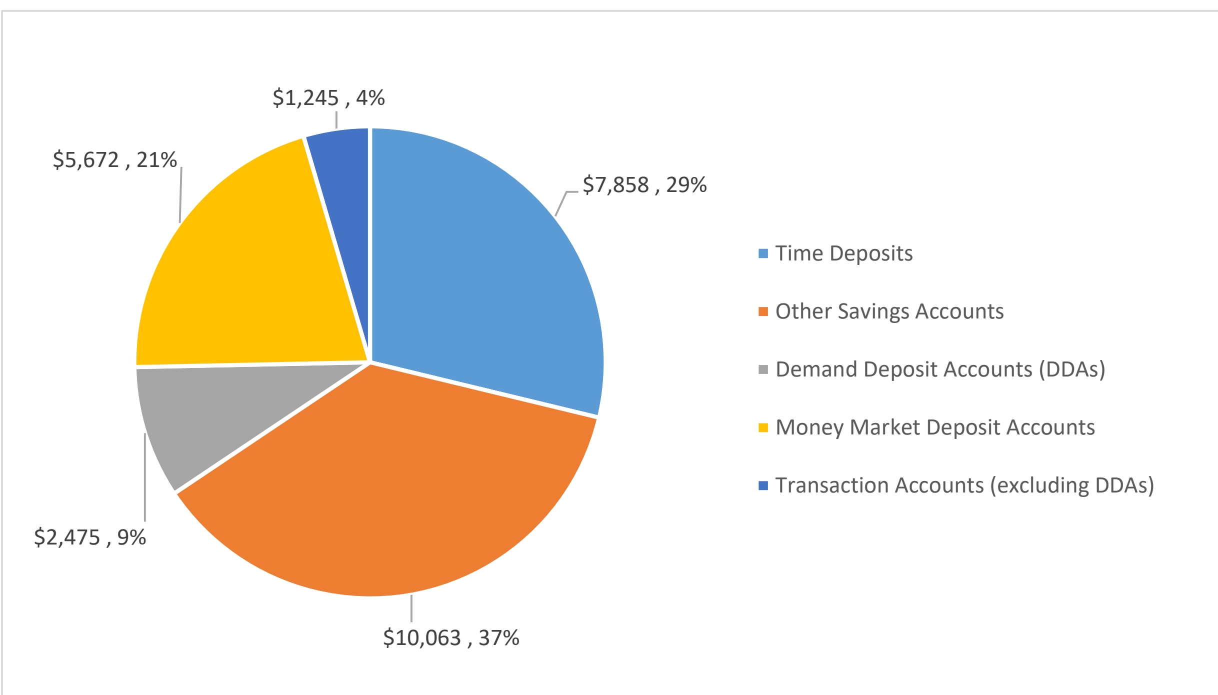
Connecticut-Chartered Banks' Gross Loans & Leases and Total Deposits Composition

Gross Loans & Leases of Connecticut-Chartered Banks
December 31, 2016
(Millions & %)

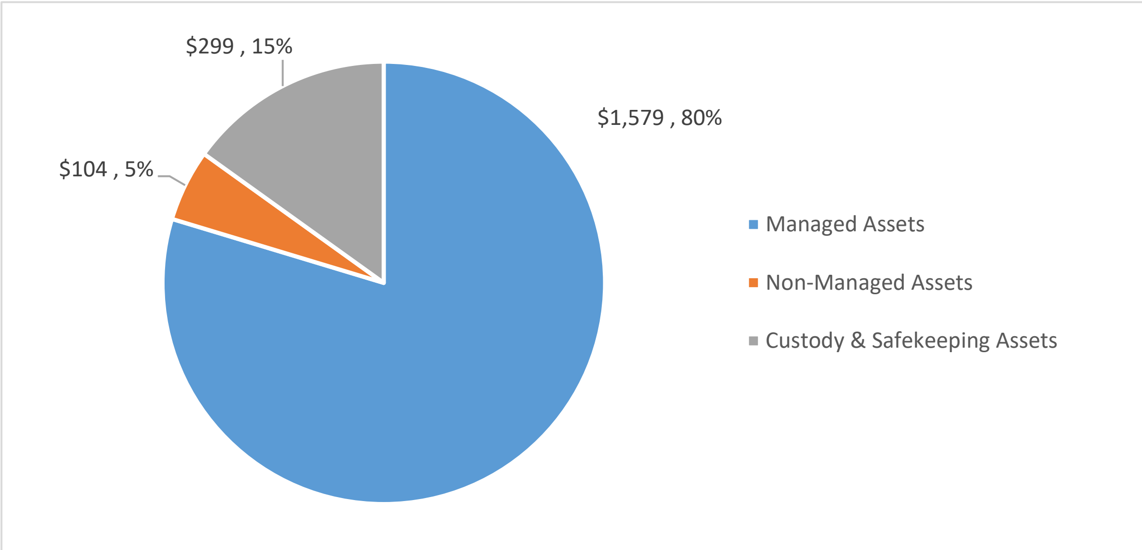


The above graph does not include Farmland & Farm loans totaling $32.6 million, or less than 0.1% of gross loans.

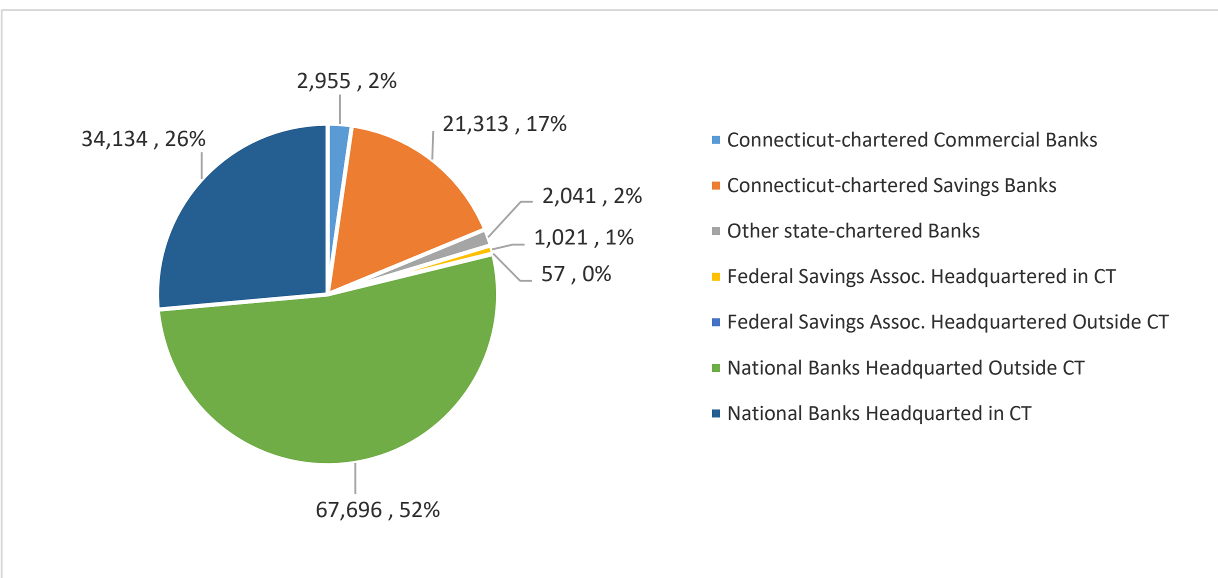
Total Deposits of Connecticut-Chartered Banks
December 31, 2016
(Millions & %)



Fiduciary & Related Trust Assets of Connecticut-Chartered Banks
December 31, 2016
(Millions & %)

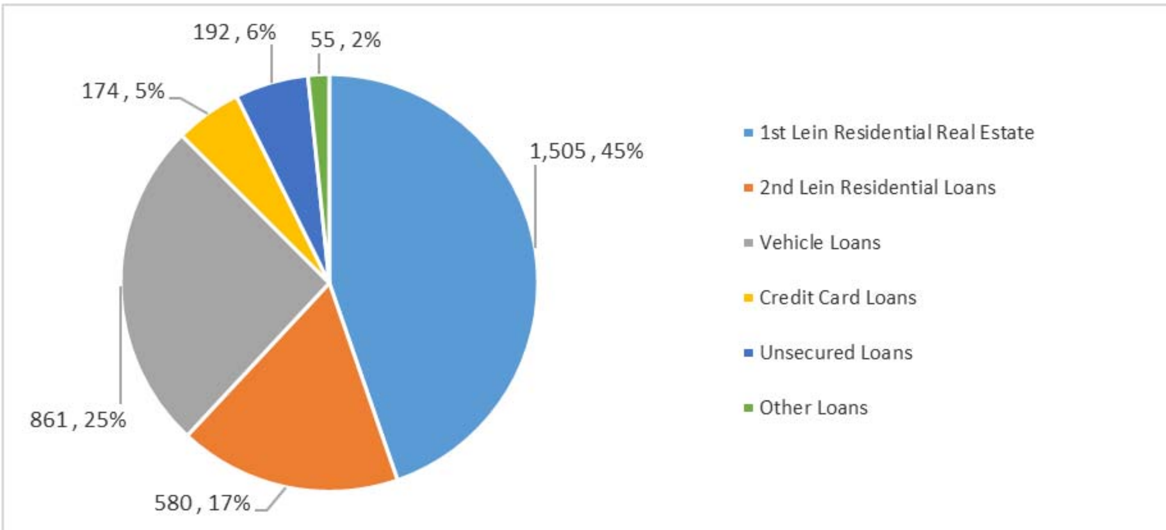


Connecticut Deposit Market Share by Charter Type
June 30, 2016
(Millions & %)

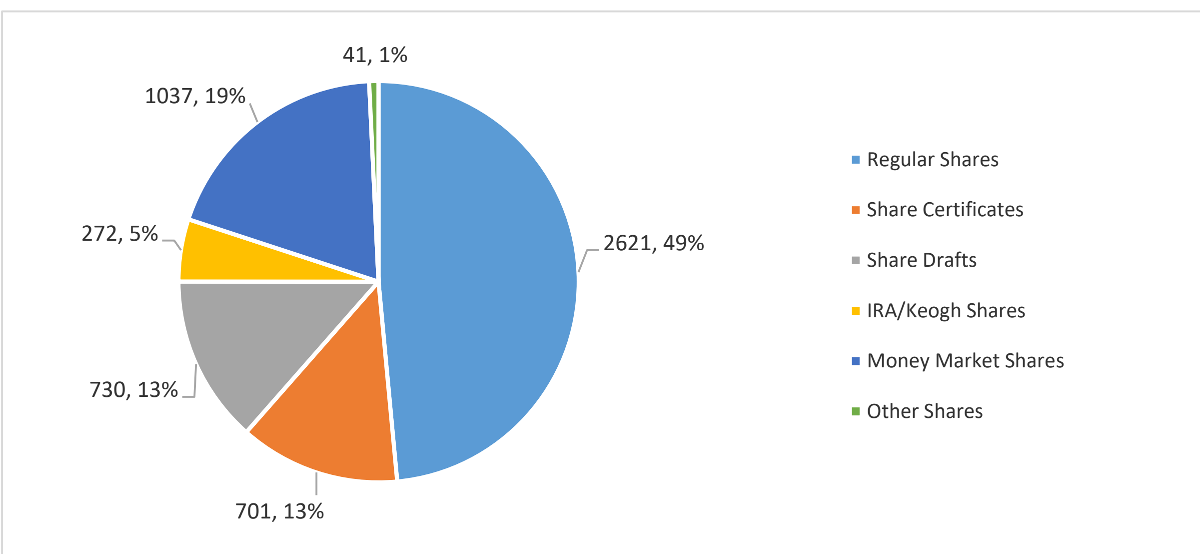


Connecticut-Chartered Credit Unions' Total Loans and Total Shares/Deposits Composition

Total Loans of Connecticut-Chartered Credit Unions
December 31, 2016
(Millions & %)



Total Shares/Deposits of Connecticut-Chartered Credit Unions
December 31, 2016
(Millions & %)



DIVISION ACTIVITIES WITH INDUSTRY PARTNERS

CEO Roundtables

During 2016, we held CEO Roundtables with the Connecticut Bankers Association and Connecticut Banking Industry representatives. The Department hosted three sessions with groups ranging from large/regional Connecticut-based banks to smaller community banks. These Roundtable sessions are an opportunity for Connecticut community bankers to have direct conversations with the Banking Commissioner and senior Department of Banking staff around industry, regulation, and other key issues facing community banks.

Participation in the "Community Banking in the 21st Century" Research and Policy Conference

The Department of Banking hosted a series of meetings, "5 Questions for 5 Bankers", in conjunction with the fourth annual *Community Banking in the 21st Century* Research and Policy Conference hosted by the Federal Reserve and the Conference of State Bank Supervisors. The issues discussed included emerging local, regional or national issues concerning the banks, burdensome regulations, the compliance examination process, and attracting and retaining employees. The meetings with the CEOs provided the foundation for Connecticut's written submission for the Conference publication outlining various views within the state on Community Banking: https://www.communitybanking.org/~/media/files/communitybanking/2016/cb21cpublication_2016.pdf?la=en. In addition to hosting these meetings with the community bank CEOs, the Department promoted the participation of Connecticut community bankers in a national survey and shared the data with the research and academic participants. Banking Commissioner Pèrez also attended the Research and Policy Conference along with a community banker.

NASCUS Directors College

On December 8, 2016, the Department of Banking co-hosted a National Association of State Credit Union Supervisors (NASCUS) Directors College in Connecticut. The full-day event included remarks by the National Credit Union Administration Chairman Rick Metsger, NASCUS CEO Lucy Ito, Commissioner Pèrez and Credit Union League of Connecticut CEO Jill Nowacki. The agenda included Washington updates; sessions on "Fraud Risk and Changing Landscape," the Cybersecurity Assessment Tool (CAT) and "The Important Role of the Supervisory Committee"; and an accounting update related to proposed current expected credit loss (CECL) implementation.

National Accreditation Programs

Both the Conference of State Bank Supervisors (CSBS) and the National Association of State Credit Union Supervisors (NASCUS) have nationally accredited the Department of Banking's Financial Institutions Division, a credential the Department continues to maintain.

CONSUMER CREDIT DIVISION

Subject to the general supervision of the Banking Commissioner, the Consumer Credit Division is charged with administering Chapter 668 of the Connecticut General Statutes, Nondepository Financial Institutions, and Chapter 669 of the Connecticut General Statutes, Regulated Activities.

The Division is responsible for the licensing and examination of the following nondepository financial institutions: mortgage lenders, brokers and originators; mortgage servicers; loan processors and underwriters; sales finance companies; small loan lenders; check cashing services; payment instrument providers; money transmitters; debt adjusters; debt negotiators; consumer collection agencies and student loan servicers. The Division is also responsible for the enforcement of the state's banking laws related to these entities and for regulating certain activities regarding: collection practices of creditors; interest and finance charge rebates; consumer credit reporting; mortgage processing; mortgage servicing; mortgage insurance; Connecticut abusive home loan lending practices; other mortgage and loan practices; retail installment sales financing; and the Truth-in-Lending Act.

Activities

During 2016, the Consumer Credit Division through the Nationwide Multi-State Licensing System and Registry (NMLS) reviewed, vetted and processed applications for all of the financial services industries subject to licensing under the Commissioner's jurisdiction. In addition to licensing mortgage lenders, correspondent lenders, brokers, mortgage servicers, loan originators, loan processors and underwriters, NMLS functionality allows the Division to maintain licensees on the system for money transmitters, consumer collection agencies, check cashing services, debt adjusters, debt negotiation, sales finance companies, small loan companies and student loan servicers. By year-end, the Division issued a total of 1,013 main office licensed locations and 478 branch office licensed locations in the non-mortgage area, including seventeen student loan servicer main office locations and five branch office locations, bringing the total licenses in the financial service industries to 1,491.

The relatively new required licensure for mortgage servicers grew from fifty-one in the previous year to the issuance of ninety-three main office locations, with an additional fifty-three licensed branch locations. Collectively, the total licenses issued for mortgage lenders, correspondent lenders and mortgage brokers for 2016 was 525 main office locations, with an additional 672 licensed branch locations. Mortgage loan originators have continued to increase the number of applications submitted for licensure in Connecticut, with approved licenses totaling 8,359 and an additional 217 loan processor/underwriters.

The New England Regional Mortgage Committee was formed in 2015 to initiate coordinated examinations of mortgage lenders, mortgage correspondent lenders, mortgage brokers and mortgage loan servicers. These joint examinations of licensees headquartered in New England and licensed in more than one of the participating states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island or Vermont were intended to reduce regulatory burden and minimize the imposition of duplicate efforts on regulated entities.

Through their efforts, the Division reached a significant settlement with National Credit Adjusters pertaining to unlicensed collection activity in the state and collecting on illegal payday loans. The settlement granted restitution to 136 borrowers, zeroing out all balances totaling $1,307,457 and contacting credit agencies to remove any negative ratings that occurred as a result of these loans.

In addition, the Division suspended a money transmitter, Century Union Services, LLC, for failing to transmit money received from Connecticut consumers. As a licensee, Century Union Services, LLC was required to maintain a surety bond to protect consumers who might file a claim of loss. Affected consumers reported approximately $250,000 in claims to the insurance company.

Other enforcement matters involved the revocation of Falcon Funding, LLC's mortgage broker license after an unannounced examination found, among other violations, altered loan documents.

Through Division intervention relating to consumer complaints, Connecticut residents received a total of $1,718,310 in reimbursements, while the issuance of administrative actions for repayment of fees/restitution resulted in additional payments of $193,503.

The Consumer Credit Division issued sixty-four administrative actions across all license types, resulting in the imposition and collection of $1,840,796 in civil penalties. In addition, consumers received refunds totaling $1,272,209 because of the examination findings of improper conduct and/or calculations.

On November 17, 2016, officials from the Consumer Financial Protection Bureau (CFPB) provided training to Division managers and examiners regarding student loan regulation. The five-hour session, conducted by the federal regulators, highlighted loan origination, loan guarantee, investor process and servicing. This information will be an invaluable resource as the Division begins to conduct thorough and effective examinations of newly licensed student loan servicers in Connecticut.

In addition to leading multi-state examinations, members of the Division were actively involved in national and multi-state initiatives by participating in various task forces or work groups involving the Conference of State Bank Supervisors, the CFPB, the Federal Financial Institutions Examination Council, the North American Collection Agency Regulatory Association, and the American Association of Residential Mortgage Regulators.

LEAN Activities

The Consumer Credit Division held a LEAN event in July 2016. During the weeklong program, the team focused on looking for areas of efficiency and effectiveness in the Division's licensing process for mortgage renewals for both companies and individuals. A main goal of the team was to increase the speed of issuing renewals of certain licensees who meet all qualifications by 30% within two years.

The team utilized the "Value Stream Mapping" approach and came up with their categories of "Good" and "Great" for their future state. The "Good" state would include auto-renewal beginning with the 2018 renewal; digitizing and centralizing information; and creating a dedicated e-mail account for status updates. The “Great” state involves NMLS 2.0 and a modification of statutes to change certain requirements.

Enforcement Activities
Consumer Credit Division

	2016
Investigations Opened	158
Investigations Closed	174
Investigations in Progress	50
Subpoenas Issued	27
Consent Orders	41
Settlement Agreements	0
Notices of Intent to Refuse to Renew (Licensing)	6
Refusing to Renew Orders (Licensing)	2
Notices of Intent to Revoke (Licensing)	5
Denial Orders (Licensing)	6
Summary Suspension Orders (Licensing)	4
Automatic Suspension Orders (Licensing)	2
Revocation Orders (Licensing)	2
Notices of Intent to Impose Civil Penalty	29
Orders Imposing Civil Penalty	45
Notices of Intent to Issue Cease and Desist Orders	31
Temporary Cease and Desist Orders	18
Cease and Desist Orders	15
Findings of Fact Conclusions of Law and Order	2
Activity Restrictions/Bars	5
Repayment of Fees Ordered	$193,503.90
Monetary Sanctions Imposed	$1,840,796.00
Restitution/Rescission offers	$1,718,310.48
Law enforcement actions taken through cooperation with DOB	3
Referrals to Connecticut Attorney General	1
Other Agency Referrals	5

Examinations / Investigations
Consumer Credit Division

License Type	Examinations/Investigations 2016
Mortgage Brokers, Mortgage Lenders, Mortgage Correspondent Lenders, Mortgage Servicers, Loan Processors/Underwriters and Mortgage Loan Originators	54
Money Transmitters	38
Check Cashers	1
Consumer Collection Agencies, including Debt Buyers	58
Debt Adjusters	4
Debt Negotiators	27
Small Loan Companies	18
Sales Finance Companies	9
*Student Loan Servicers	0

* Licensing became effective July 1, 2016

Consumer Credit Licensees
Total Licenses

License Type	2016
Licensed Mortgage Companies	525
- Licensed Mortgage Branches	672
Mortgage Loan Originators	8,359
Loan Processor/Underwriters	217
Mortgage Servicers	93
- Servicer Branches	53
Money Transmitters	102
Check Cashers	63
- Check Casher Branches	65
Consumer Collection Agencies	637
- Collection Agency Branches	342
Debt Adjusters	33
- Debt Adjuster Branches	13
Debt Negotiators	7
- Debt Negotiator Branches	1
Small Loan Companies	16
- Small Loan Company Branches	5
Sales Finance Companies	122
- Sales Finance Company Branches	47
Student Loan Servicers	17
- Student Loan Servicer Branches	5
Exempt Registrants	16

Consumer Credit Licensees
New Licenses

License Type	New Licenses Issued 2016	Number Not Renewed 2016	Net New Licenses
Mortgage Broker	13	6	7
Mortgage Broker Branch	6	1	5
Mortgage Correspondent Lender	4	2	2
Mortgage Correspondent Lender Branch	28	4	24
Mortgage Lender	19	5	14
Mortgage Lender Branch	174	7	167
Mortgage Loan Originator	2,390	1,407	983
Loan Processor/Underwriter	106	43	63
Mortgage Servicer	22	n/a	n/a
Mortgage Servicer Branch	16	n/a	n/a
Check Casher	7	10	(3)
Check Casher General Facility Branch	7	1	6
Check Casher Limited Facility Branch	n/a	1	n/a
Consumer Collection Agency	64	53	11
Consumer Collection Agency Branch	81	4	77
Debt Adjuster for Profit	3	1	2
Debt Adjuster for Profit Branch	n/a	n/a	n/a
Debt Adjuster Non Profit	n/a	n/a	n/a
Debt Adjuster Non Profit Branch	1	n/a	n/a
Debt Negotiation	2	1	1
Money Transmitter	14	1	13
Sales Finance Company	13	7	6
Sales Finance Branch	3	n/a	n/a
Small Loan Company	12	1	11
Small Loan Branch	3	n/a	n/a
Student Loan Servicer	17	n/a	n/a
Student Loan Servicer Branch	5	n/a	n/a

SECURITIES AND BUSINESS INVESTMENTS DIVISION

Subject to the general supervision of the Banking Commissioner, the Securities and Business Investments Division administers Chapter 672a of the Connecticut General Statutes, the Connecticut Uniform Securities Act; Chapter 672c of the Connecticut General Statutes, the Connecticut Business Opportunity Investment Act; and Chapter 672b of the Connecticut General Statutes, the Connecticut Tender Offer Act.

The Division is responsible for: 1) the registration of securities and business opportunity offerings for sale in Connecticut; 2) the registration of broker-dealers, agents, investment advisers and investment adviser agents as well as the registration of broker-dealer and investment adviser branch offices; 3) the examination of broker-dealer, investment adviser and branch office registrants; and 4) enforcement of the state's securities, business opportunity and tender offer laws.

Activities

During this report period, the Division continued its comprehensive review of the Regulations promulgated under the Connecticut Uniform Securities Act with an eye toward updating content in light of recent regulatory developments. The Division also took steps to explore making the processing of private placement notice filings more efficient.

For the calendar year 2016, Securities and Business Investments Division intervention resulted in restitution and rescission offers to the investing public totaling $1,489,685. In addition, the Division imposed $120,902,730 in fines for violations of the state's securities and business opportunity laws. Of this amount, $120,077,730 was attributable to Division settlements, and the balance was due to formal agency orders imposing fines.

Through the efforts of the Division and the Office of the Attorney General, a significant settlement was reached with RBS Securities, Inc. which paid $120 million to resolve allegations involving its underwriting of residential mortgage-back securities (RMBS) in the lead-up to the 2008 financial crisis. The settlement alleged that RBS' due diligence process had been inadequate and had resulted in omissions and misstatements made to the investing public about the securities in question. Under the terms of the settlement, the Department of Banking received $250,000 to be applied to financial education and training. The State's General fund received the balance of the settlement ($119,750,000).

The Division also pursued a number of enforcement cases involving unregistered activity by agents and firms, record keeping violations and securities registration violations. A greater number of cases focused on fraud in the sale of securities.

The Division continued to face challenges stemming from staff attrition and an increase in the number of cases involving complex fact patterns or securities fraud.

In conjunction with the Division's enforcement program, a total of eighty-one securities and business opportunity investigations were opened in 2016, 101 investigations were closed and ninety-two investigations were in progress as of December 31, 2016. The department entered twelve Cease and Desist Orders.

The Division initiated twenty-one formal enforcement proceedings at the administrative level during calendar year 2016.

Prior to closing, many of the securities and business opportunity-related complaints and investigations were resolved at the administrative level. Administrative resolutions of enforcement matters typically took the form of remedial Stipulation and Agreements and Consent Orders wherein the Division sought corrective measures as well as monetary fines. The Department executed twelve Consent Orders and three Stipulation and Agreements in calendar year 2016. Two matters involved activity restrictions or the barring of affected individuals from securities-related activity in Connecticut. The Division found the use of Stipulation and Agreements and Consent Orders to be an effective supplement to its array of enforcement tools.

The Securities and Business Investments Division also continued online publication of its quarterly Securities Bulletin, now delivered via listserv, to advise the industry of new regulatory developments.

Commissioner Pèrez appointed Lynn McKenna-Krumins Director of the Division, succeeding Eric Wilder who retired from state service effective May 1, 2016. Appointed to his pre-retirement post on September 20, 2011, Mr. Wilder's tenure with the Division spanned over thirty years. Prior to his appointment as Director, Mr. Wilder served as its Assistant Director. He began his public service career in 1978 as an examiner in the Securities Division. Mr. Wilder's in-depth experience, particularly in the areas of enforcement and broker-dealer examinations, proved invaluable to the Department. Ms. McKenna-Krumins came from Prudential Annuities Distributors, Inc. where she worked for the past seventeen years. Her prior position focused on operational risk management. Ms. McKenna-Krumins has over twenty years of experience in the financial services industry as well as experience in building successful teams, talent development and change management. Ms. McKenna-Krumins earned her Bachelor's degree in Business Administration with a concentration in Finance from the University of Connecticut.

During 2016, several Division employees represented the Department on Project Groups and Committees of the North American Securities Administrators Association, Inc. (NASAA). NASAA is a voluntary association whose membership consists of sixty-seven state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico.

The Securities Advisory Council, comprised of industry representatives, academics and members of the bar, all of whom serve without compensation, assists the Division by offering advice and insight to the Commissioner and staff on proposed regulatory initiatives. The Division obtained critical input from Advisory Council members in formulating the Division's response to federal legislative changes and the need to update the agency's securities regulations.

Securities Industry Registrants and Notice Filers
As of Year End

	2012	2013	2014	2015	2016	5 Year % Change
Broker-dealer firms	2,294	2,239	2,215	2,183	2,139	(6.75)
Broker-dealer agents	145,877	151,123	152,522	157,900	159,184	9.12
Broker-dealer branch offices	2,690	2,716	2,717	2,655	2,599	(3.38)
Investment Adviser firms	545	530	514	508	509	(6.60)
SEC Registered Investment Advisory Firms Filing Notice*	1,865	1,946	2,005	2,036	2,042	9.49
Investment Adviser Agents	10,863	11,413	11,829	12,330	12,937	19.09

*Investment advisers subject to exclusive Securities and Exchange Commission registration pursuant to the National Securities Markets Improvement Act of 1996, Public Law 104-290.

Registrations and Notice Filings
Securities and Business Opportunities

	2012	2013	2014	2015	2016	5 Year % Change
Offerings Reviewed	151	128	152	131	172	13.90
Investment Company Notice Filings*	8,879	9,102	9,647	9,261	9,751	9.82
Exemptions and Exemptive Notices†	2,703	2,562	3,424	3,418	3,389	25.37

*Effective October 11, 1996, the National Securities Markets Improvement Act of 1996 (NSMIA), Public Law 104-290, preempted the states from registering securities offerings by investment companies subject to Securities and Exchange Commission oversight. State authority to require notice filings was preserved by the federal legislation.

†NSMIA also preempted the states from substantively reviewing private offerings under Rule 506 of federal Regulation D. State authority to require notice filings was preserved by the federal legislation.

Examinations
Broker-dealers and Investment Advisers

	2016	2015
Broker-dealers	112	68
Investment Advisers	147	140

Enforcement Activities
Securities and Business Opportunities

	2016	2015
Investigations Opened	81	82
Investigations Closed	101	59
Investigations in Progress	92	112
Subpoenas Issued	26	44
Administrative Actions	21	10
Consent Orders	12	17
Stipulation and Agreements	3	3
Notices of Intent to Deny (Licensing)	2	0
Notices of Intent to Revoke (Licensing)	5	2
Denial Orders (Licensing)	2	0
Suspension Orders (Licensing)	0	2
Revocation Orders (Licensing)	3	0
Notices of Intent to Fine	11	5
Orders Imposing Fine	4	3
Cease and Desist Orders	12	8
Activity Restrictions/Bars	2	3
Monetary Sanctions Imposed	$120,902,730	$599,590
Offered/Returned to Investors Following Informal Division Intervention	$1,489,685	$7,092,487
Criminal Referrals	0	4
Referrals to Connecticut Attorney General	1	1
Other Agency Referrals	3	1

GOVERNMENT RELATIONS AND CONSUMER AFFAIRS

The Government Relations and Consumer Affairs Division provides assistance to the public with inquiries and complaints regarding banking, mortgage lending and other consumer credit matters, rental security deposits, and securities and business opportunity issues. The Division directs the agency's legislative program, manages traditional and new media, and coordinates financial and investor education. It also performs community outreach efforts.

Consumer Assistance

The Department protects Connecticut citizens and consumers in transactions with financial institutions and other financial service providers, and assists them with complaints and dispute resolution. In 2016, examiners in the Division handled approximately 4,544 telephone inquiries and 1,571 written complaints from the public. As a result of their efforts, the Department obtained $625,207 in adjustments or reimbursements on behalf of consumers during the period. In 2016, the Foreclosure Hotline staff handled 3,106 telephone calls. The security deposit investigator received approximately 1,535 telephone calls and 175 complaints related to rental security deposits in 2016. Following an investigation into each complaint, the Department recovered $32,018 for tenants during this same time period.

Media Relations

The Government Relations and Consumer Affairs Division serves as the public face of the Department. As such, the Division coordinates all media requests and inquiries. In 2016, the Division fielded approximately forty-two requests for information from media outlets on the local, state and national level. Business reporters contacting the agency regarding specific licensees or regulatory issues comprise the majority of press inquiries. Nonetheless, the Division is responsive to calls from all types of media outlets regarding a wide range of issues in the financial services sector.

Through the efforts of the Government Relations and Consumer Affairs Division, the Department of Banking entered the social media arena in 2016, launching its Facebook page (facebook.com/ctdob) in May, and activating its Twitter account (twitter.com/ctbanking) in November. The Department joined many other state agencies in using social media as a means of communicating with its stakeholders that include consumers, investors, and industry professionals. Through social media, the Department shares news and updates, as well as financial education information, to the public and industry alike.

The Division has spearheaded efforts to update communications from the agency. The Department’s weekly News Bulletin, which provides information on applications before the agency, agency decisions, and intended changes in regulations, received a “facelift” with a new online delivery system. The Division modernized delivery of its weekly News Bulletin. The Department migrated from the outdated e-mailing via Listserv and replaced it with an e-mail marketing system. With a more professional look and enhanced smart phone viewing, the Bulletin is now more user friendly and readily accessible for industry and press professionals.

Outreach

The primary focus of the Department's educational outreach program is to help Connecticut's consumers and investors make informed financial decisions and to learn how to avoid fraud and scams. Protecting seniors from financial exploitation has long been a priority, and Division staff continues to develop strategies to educate seniors as well as those that work with them. Helping Connecticut homeowners prevent and navigate the foreclosure process remains a major component of the Department's outreach initiatives.

In 2016, agency staff took part in approximately sixty outreach events, including forty speaking opportunities. Consumers and industry professionals received relevant information and training regarding credit and debt management, financial fraud and identity theft, reverse mortgages, investor education and personal financial management. The Division participated in monthly foreclosure prevention clinics during the year, conducting presentations and providing one-on-one counseling to homeowners. High school students benefitted from financial fraud and cyber fraud trainings, and learned about budgeting and money management.

Inspired by the successful Actuarial Boot Camp that the Connecticut Insurance and Financial Services (CT IFS) cluster of the Metro-Hartford Alliance runs on an annual basis, Commissioner Pèrez urged CT IFS to develop a "Banking Boot Camp" for students interested in pursuing a career in banking. In 2016, under the direction of CT IFS, the Department, four host banks, and other stakeholders worked together to plan a five-day training for college students. Banking Boot Camp will take place in May 2017.

The Department focused its educational outreach efforts on managing debt and saving during the month of February as a partner of the Connecticut Saves campaign. Governor Malloy had proclaimed week of February 22–27, 2016 as Connecticut Saves Week a time for residents to assess and improve their personal finances. The Department hosted its fourth annual *Connecticut Saves at the Capitol*, an expo of agencies and organizations that promote financial education and money management. Division staff conducted workshops on managing credit and debt responsibly at American Job Centers in Hamden and Waterbury, and at the Hartford Job Corps Academy.

The Department continued its support of military and veterans through its outreach efforts. Agency staff addressed approximately 1,200 sailors at the Groton Submarine Base on February 11, 2016, providing information on money management and fraud targeting the military. As part of the Connecticut National Guard's Military Saves Week program, Division staff provided lunch-and-learn presentations to military personnel at both the State Armory in Hartford and the Airlift Wing in East Granby. Information about identity theft and avoiding banking scams were presented. Agency staff participated at a Veteran's Resource Fair in West Haven, distributing materials and speaking one-on-one with veterans.

For the second year, the Department sponsored *DASH for the STASH*, a grant-funded financial education program that encouraged participants to learn about investing topics by answering quiz questions via their smart phone or tablet. The four main topics included financial advisers, investment fees, investor fraud, and building a nest egg. The winning participant received $1,000 to open or add to an Individual Retirement Account (IRA). In 2016, libraries, senior centers and social service agencies took part in the program.

The Department made great strides in 2016 in its efforts to combat financial exploitation of seniors. Protecting seniors has always been a priority of the agency, and through our outreach program, we continue to utilize partnerships with state, federal and community organizations. Our efforts have engaged the Department on Aging and others through the Connecticut Elder Justice Coalition to develop elder fraud training for bank and credit union employees. In the spring of 2016, the Department participated in the first training sessions for bank and credit union employees. In November, Division staff helped train volunteers for AARP's Fraud Watch Network, and in December participated in an AARP Tele-Town Hall on avoiding fraud and banking scams.

In 2016, the Department, through its membership with the North American Securities Administrators Association (NASAA), helped retool *Senior$afe*, a program first created in Maine to train bank and credit union employees to identify and report senior financial exploitation. The NASAA version focuses on training investment professionals. Kathleen Titsworth, Banking Education Coordinator, served on the Project Group that updated the program for NASAA and presented information about *Senior$afe* at the NASAA Investor Education Training Conference in March 2016. The Department presented a *Senior$afe* training to financial planners in October 2016, and continues to plan future trainings for 2017.

Division staff remain active on several state coalitions, including the Connecticut Jump$tart Coalition for Personal Financial Literacy, the Elder Justice Coalition of Connecticut, and the Military Community Coalition.

In 2016, the agency's General Counsel, who served as director of the Government Relations and Consumer Affairs Division, took a position with the Lieutenant Governor's Office. Upon this vacancy in the Division, in April 2016 Commissioner Pèrez appointed Matt Smith Director of the Government Relations and Consumer Affairs Division. Mr. Smith previously worked for the City of New Haven in the Office of Economic Development and in the Mayor's Office, and served on the New Haven Board of Alderman representing the 9th Ward. He also has a diverse background in communications, having worked in the private sector for over a decade. Mr. Smith is a graduate of Yale College. Since joining the Department, his focus has been looking at increasing efficiencies through better use of technology, diversifying media platforms and maintaining department relationships with the General Assembly and regulated entities. Through his efforts, the Division has created a better work-flow, increased efficiency and improved communications. For example, he transitioned the Division from a paper call log system to a central digital database, changed the delivery system for the agency's News Bulletin and employee newsletter allowing for industry, media and staff to view these publications on various devices, including smart phones. He has also brought the agency into the social media space by creating Facebook and Twitter accounts for the Department.

LEAN Activities

In June 2016, the Government Relations and Consumer Affairs Division participated in the Department of Banking's first LEAN event. The LEAN team, which included six members of the Division, spent a week reviewing work flow and procedures to find efficiencies and opportunities for improvement. Specifically, the team focused on the consumer affairs, foreclosure hotline, and rental security deposit complaint areas.

The team prepared for the LEAN training by brainstorming in advance to pinpoint specific areas of the complaint process that were in need of improvement. The group identified areas of inconsistency, largely due to outdated and ineffective tools. Eliminating redundancy and placing the consumer first were the team's top priorities. During the LEAN week, the team used "Value Stream Mapping" to identify the steps of the Consumer Affairs complaint process. As the week progressed, a list of goals for a "future state" were developed and separated into the categories of "Good" and "Great." This future state represents where we want to be with these goals in place. An implementation plan was also created, to set out these goals and the time frame for achieving them.

By December 2016, the Division had accomplished many of its goals. Most notably, the Division transitioned from using a paper system of logging consumer calls to an online system, developed by MIS staff. Division staff worked together to write a manual of Standard Operating Procedures for the Division. This nearly 200-page manual has been helpful in cross-training Consumer Affairs staff. It has become a reference source for Division procedures to help train future employees. The Division began development of a new online complaint form to enhance the consumer experience. Finally, by looking at overall processes and procedures, the efficiencies gained led to the reassignment of three staff members to the Consumer Credit Division where their skills were put to more needed use.

Legislation

Each year the Government Relations and Consumer Affairs Division, spearheads an active legislative program. During the 2016 session, the Department sponsored several agency initiatives that were enacted into law by the General Assembly into one omnibus bill. *Public Act 16-65, An Act Concerning Banking and Consumer Protections*, makes numerous changes to provisions governing mortgage servicer escrow accounts, small loans, and the creation of the international trade and investment corporation license. It also makes changes to other banking-related laws.

With regard to mortgage servicer escrow accounts, by law, a mortgage servicer holding a mortgagor's funds in escrow to pay taxes and insurance premiums must use the money to pay the taxes and premiums when they become due. The act requires servicers to keep records of the handling of each escrow account, including amounts paid into and from the account and the initial and annual escrow statements required by federal regulations. The servicer must keep the records for at least five years after last servicing the account. The act also requires licensed servicers and certain mortgage lenders and correspondent lenders exempt from licensure to deposit or invest these escrow funds in one or more segregated deposit or trust accounts with a federally-insured bank, Connecticut or federal credit union, or out-of-state bank.

Regarding the changes to the small loan statutes, the bill, among other things, expands the scope of activities that require licensure and simplifies the definition of a “small loan,” which under the bill is any monetary loan or extension of credit, or the purchase of, or an advance of money on, a borrower's future income where the amount or value is $15,000 or less and the Annual Percentage Rate (APR) is greater than 12%. It also converts the existing interest rate structure to an APR capped at the maximum 36% allowed under the federal Military Lending Act. It requires small loan licensure to be done through the Nationwide Mortgage Licensing System and Registry and changes the license application fee structure and the length of time a license remains valid. It establishes permitted and prohibited licensee practices and loan provisions.

The act authorizes the banking commissioner to license international trade and investment corporations but does not require them to be licensed. The act defines these corporations as business entities or government agencies approved or seeking approval from the U.S. Export-Import Bank (EXIM), Overseas Private Investment Corporation (OPIC), or U.S. Department of Agriculture (USDA) as lenders under financing guarantee programs. These programs include EXIM loan guarantees for U.S. exporters, OPIC loan guarantees for investment projects in developing countries and emerging markets, and USDA loan guarantees for rural businesses. The act imposes licensing requirements, fees, and recordkeeping requirements, and authorizes the commissioner to adopt regulations to administer the act’s provisions.

Among other things, *Public Act 16-65* addresses:

1. creditors and consumer collection agencies, including expanding the consumer collection agency law to include specified persons that collect federal income tax debt;
2. retail installment loans;
3. tenant's security deposits;
4. tenants of foreclosed property;
5. possessions inside repossessed vehicles;
6. student loan servicers;
7. a pilot program for local housing authorities to use rental payments as a means of building tenants' credit; and
8. a report by the treasurer on a way to convert an education savings plan into an Achieving a Better Life Experience (ABLE) account.

The bill also makes numerous technical and conforming changes.

Government Relations and Consumer Affairs Division

Consumer Affairs	2016	2015
Telephone Inquiries	4,544	6,494
Written Complaints	1,562	1,617
Adjustments/Reimbursements on behalf of consumers	$625,207	$450,960

Rental Security Deposit	2016	2015
Telephone Inquiries	1,535	2,819
Written Complaints	175	226
Reimbursements on behalf of tenants	$32,018	$44,417

Foreclosure Hotline	2016	2015
Telephone Calls	3,106	4,893