

United Financial Bancorp, Inc.

Form 10-K/A

April 24, 2014

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K/A**

**(Amendment No. 1)**

x **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
**For the fiscal year ended December 31, 2013**

**OR**

.. **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File No. 000-52947**

**United Financial Bancorp, Inc.**

**(Exact name of registrant as specified in its charter)**

**Maryland**  
**(State or other jurisdiction of**  
**incorporation or organization)**

**74-3242562**  
**(I.R.S. Employer**  
**Identification Number)**

**95 Elm Street, West Springfield, Massachusetts**  
**(Address of Principal Executive Offices)**  
**(413) 787-1700**

**01089**  
**Zip Code**

**(Registrant's telephone number)**

**Securities Registered Pursuant to Section 12(b) of the Act:**

**Common Stock, par value \$0.01 per share**  
**(Title of each class)**

**NASDAQ Global Select Market**  
**Name of each exchange on which registered**

**Securities Registered Pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such requirements for the past 90 days. YES ☒ NO ☐.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, computed by reference to the last sale price on June 30, 2012, as reported by the NASDAQ Global Select Market, was approximately \$199.8 million.

As of March 4, 2013, 19,947,718 shares of the registrant's common stock were outstanding.

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**EXPLANATORY NOTE**

This Amendment No. 1 to the Annual Report on Form 10-K for the year ended December 31, 2013 of United Financial Bancorp, Inc. ( United Financial or the Company ), initially filed with the Securities and Exchange Commission on March 13, 2014 (the Form 10-K ), is being filed by the Company to include the information required by Part III of Form 10-K. Except for the inclusion of the additional information required by Part III of Form 10-K contained herein, no other changes have been made to the Form 10-K. This Amendment No. 1 to the Form 10-K speaks as of the original filing date of the Form 10-K, does not reflect events that may have occurred subsequent to the original filing date, and does not modify or update in any way disclosures made in the original Form 10-K.

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**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

**Board of Directors**

The Company's Board of Directors consists of ten members. The Board is divided into three classes with three-year staggered terms, with approximately one-third of the directors elected each year.

Information regarding the Company's directors is provided below. Unless otherwise stated, each individual has held his or her current occupation for the last five years. The age indicated in each director's biography is as of December 31, 2013. There are no family relationships among the directors or executive officers. The indicated period for service as a director includes service as a director of United Bank (the "Bank").

*Paula A. Aiello* is Chief Financial Officer and Vice President of Administration for Youth Opportunities Upheld, Inc. of Worcester, and serves on the audit, finance and investment committees for the organization. She is a member of the Massachusetts Society of Certified Public Accountants, the American Institute of Certified Public Accountants and the Central Massachusetts Financial Executives Organization. Ms. Aiello served as a director of CNB Financial Corp. from July 2008 until it was acquired by United Financial in November 2009. Age 51. Director since 2009.

Ms. Aiello is a certified public accountant with public accounting experience and has the financial background to qualify as an audit committee financial expert. She currently serves on the Company's Audit, Compensation, and Governance Committees.

*Richard B. Collins* is President and Chief Executive Officer of the Company and the Bank. Mr. Collins joined the Bank in 2001 as President. Mr. Collins became the Chief Executive Officer and joined the Bank's Board of Directors in 2002 and became Chairman of the Board in 2007. Before his affiliation with the Bank, Mr. Collins was President and Chief Executive Officer of First Massachusetts Bank, N.A. Age 71. Director since 2002.

Mr. Collins' extensive experience in the local banking industry and involvement in business and civic organizations in the communities in which the Bank serves affords the Board valuable insight regarding the business and operation of the Bank. Mr. Collins' knowledge of the Company's and the Bank's business position him well to serve as our President and Chief Executive Officer.

*Michael F. Crowley* is President of Crowley Real Estate Appraisers, Inc., located in Wilbraham, Massachusetts. Age 55. Director since 2001.

Mr. Crowley has extensive experience in valuing commercial real estate throughout New England and is an important source of information on real estate matters for the Directors' Loan Committee on which he serves.

*Carol Moore Cutting* is the owner, President and General Manager of Cutting Edge Broadcasting Incorporated, a radio station located in Northampton, Massachusetts. Age 65. Director since 2001.

Ms. Cutting is an entrepreneur and is active in both the business and civic communities in the Greater Springfield and Northampton areas. She has received numerous awards for business and civic leadership and is one of the area's most visible minority leaders. She currently serves as the Chair of the United Bank Foundation.

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*Carol A. Leary* is President of Bay Path College, located in Longmeadow, Massachusetts. Age 66. Director since 2001.

As the leader of a complex organization with hundreds of employees Ms. Leary brings significant executive experience to United Financial's Board deliberations. Ms. Leary serves on the board of directors of several major area not-for-profit organizations, including serving as a member of the compensation committee for a major charitable foundation located in Company's local community. Her extensive knowledge of community affairs helps to ensure that United Financial is able to meet community needs where appropriate.

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*Thomas P. O'Brien* has served as Managing Partner of O'Brien Funeral Homes, located in Forestville, Connecticut, since 1976. Prior to its acquisition by the Company, Mr. O'Brien had also served as a director of New England Bancshares since 2011 and as a director of New England Bank since 1999. Mr. O'Brien was also a director of Valley Bank prior to its acquisition by New England Bank. Age 68. Director since 2012.

Mr. O'Brien possesses substantial small business management experience, specifically within the Connecticut markets in which the Company conducts its business.

*David J. O'Connor* served as President and Chief Executive Officer of New England Bancshares, Inc. from 2002 until New England Bancshares was acquired by the Company in November 2012. Mr. O'Connor also served as President and Chief Executive Officer of Enfield Federal Savings Association from 1999 until its merger with New England Bank in April 2009, at which time he became the President and Chief Executive Officer of New England Bank. Prior to the acquisition by the Company, Mr. O'Connor had also served as a director of New England Bancshares since 2002 and as a director of New England Bank (and Enfield Federal Savings Association) since 1999. Age 67. Director since 2012.

Mr. O'Connor's extensive experience in the local banking industry, particularly in our Connecticut market area, affords the Board valuable insight regarding the business and operation of the Bank.

*Kevin E. Ross* is Vice President and Treasurer of Ross Insurance Agency, Inc., located in Holyoke, Massachusetts. Mr. Ross has also served on the board of directors of many civic associations and non-profit corporations over the years. Age 61. Director since 1991.

Mr. Ross provides unique insight into the Holyoke market and its surrounding areas. Additionally, Mr. Ross provides the Board with the value of his experience in the insurance and financial services industries.

*Robert A. Stewart, Jr.* is President of Chase, Clarke, Stewart & Fontana, Inc., an insurance agency located in Springfield, Massachusetts. Mr. Stewart has also served on the board of directors of many civic associations and non-profit corporations and is currently a director and executive committee member of Behavioral Health Network, Inc. Age 62. Director since 1991.

Mr. Stewart provides the Board with additional expertise in matters relating to insurance and financial services.

*Michael F. Werenski* is President and Treasurer of Marion & Werenski Insurance and Real Estate Agency, Inc., located in South Hadley, Massachusetts. Age 54. Director since 1991.

Mr. Werenski currently serves on the Directors' Loan Committee and provides the Board with critical experience in commercial and consumer real estate and insurance matters. In addition, Mr. Werenski possesses substantial small business management experience, specifically within the region in which the Company conducts its business.

## **Executive Officers**

For information relating to officers of the Company, the section captioned *Business Executive Officers of the Registrant* in Part I, Item 1 of this Annual Report on Form 10-K is incorporated by reference.

## **Section 16(a) Beneficial Ownership Reporting Compliance**



Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors, and persons who own more than 10% of any registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Executive officers, directors and greater than 10% stockholders are required by regulation to furnish the Company with copies of all Section 16(a) reports they file.

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Based solely on its review of the copies of the reports it has received and written representations provided to the Company from the individuals required to file the reports, the Company believes that each of its executive officers and directors has complied with applicable reporting requirements for transactions in United Financial common stock during the year ended December 31, 2013, except for a late Form 4 filed by Charles R. Valade in December 2013 with respect to the sale of shares of Company common stock in a tax withholding transaction.

### **Audit Committee Financial Expert**

The Audit Committee of the Company's Board of Directors consists of Kevin E. Ross (Chairman), Paula A. Aiello, Carol Moore Cutting, Carol A. Leary and Robert A. Stewart, Jr. The Audit Committee is responsible for, among other things: (1) retaining, overseeing and evaluating an independent registered public accounting firm to audit the Company's annual financial statements; (2) in consultation with the independent registered public accounting firm and the internal auditor, reviewing the integrity of the Company's financial reporting processes; (3) approving, in advance, the scope of the audit; (4) reviewing the financial statements and the audit report with management and the independent registered public accounting firm; (5) considering whether the provision by the external auditors of services not related to the annual audit and quarterly reviews is consistent with maintaining the independence of the registered public accounting firm; (6) reviewing earnings and financial releases and quarterly and annual reports filed with the Securities and Exchange Commission; (7) consulting with the internal audit staff and reviewing management's administration of the system of internal accounting controls; (8) approving all engagements for audit and non-audit services by the independent registered public accounting firm; and (9) reviewing the adequacy of the Audit Committee charter. The Board of Directors has designated Paula A. Aiello as an audit committee financial expert under the rules of the Securities and Exchange Commission. Ms. Aiello is independent under the listing requirements of the Nasdaq Stock Market applicable to audit committee members.

### **Code of Ethics and Business Conduct**

The Company has adopted a Code of Ethics that is applicable to the officers, directors and employees of the Company, including the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Code of Ethics is available on the Company's web site at [www.bankatunited.com](http://www.bankatunited.com). Amendments to and waivers from the Code of Ethics will also be disclosed on the Company's website.

## **ITEM 11. EXECUTIVE COMPENSATION**

### **Report of the Compensation Committee**

The Compensation Committee has reviewed and discussed the section of this Form 10-K entitled *Compensation Discussion and Analysis* with management of the Company. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the *Compensation Discussion and Analysis* be included in this Annual Report on Form 10-K.

**Compensation Committee of the Board of Directors  
of United Financial Bancorp, Inc.**

Carol A. Leary, Chair

Paula A. Aiello

Carol Moore Cutting

Kevin E. Ross

Robert A. Stewart, Jr.

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### **Compensation Discussion and Analysis**

**Overview.** The following discussion provides a description of our decision making process and philosophy for compensating our named executive officers in 2013. This discussion also describes the material components of each named executive officer's 2013 total compensation package and details the reasoning behind the decisions made. This discussion should be read together with the compensation tables for our named executive officers located in the *Executive Compensation* section of this Item 11.

Our 2013 named executive officers were Richard B. Collins *President and Chief Executive Officer*, Mark A. Roberts *Executive Vice President and Chief Financial Officer*, J. Jeffrey Sullivan *Executive Vice President and Chief Operating Officer*, Charles R. Valade *Executive Vice President and Chief Lending Officer* and Jack Patterson *Senior Vice President - Chief Credit Administration Officer*.

**Executive Summary.** The Compensation Committee intends to provide our named executive officers with a total compensation package that is market competitive, promotes the achievement of our strategic objectives and is aligned with operating and other performance metrics to support long-term stockholder value. Consistent with the terms of its charter, the Compensation Committee reviews our executive compensation program annually to ensure that the program incorporates features that mitigate potential for risk taking. Specifically our short-term annual incentive plan was designed to include a balance of performance measures and caps on awards and can be adjusted by the Compensation Committee at any time to react to changes in market conditions and business practices. In addition to providing our named executive officers with competitive benefits, we also encourage stock ownership. In 2013, our Chief Executive Officer and our other named executive officers continued to work towards achieving their ownership goals and hold a meaningful interest in our common stock. See *Stock Ownership Guidelines*.

### ***Fiscal Year 2013 Performance***

The biggest event of the year and in the Company's history was the agreement to enter into a merger of equals with Rockville Financial, Inc. The combination will create the largest community bank headquartered in the Hartford Springfield market with \$4.8 billion in assets, over 50 branches and a top five deposit market share in each metropolitan statistical area.

In addition, 2013 was notable as we:

achieved continued strong organic growth in our loan portfolio, primarily in commercial real estate and one-to-four-family loans, which totaled \$1.88 billion at December 31, 2013;

maintained excellent asset quality as non-performing loans totaled only 0.87% of total loans at December 31, 2013 and net charge-offs were only 0.15% of average loans for the year ended December 31, 2013;

increased core deposits by \$71.7 million, or 6%, to \$1.21 billion at December 31, 2013 from \$1.14 billion at December 31, 2012; and

continued to repay our shareholders by increasing our cash dividend payment for the eight straight year and repurchasing 489,351 shares of common stock at an average price of \$14.88 per share during 2013.

*Fiscal Year 2013 Compensation Decisions*

We believe our 2013 executive compensation program for our named executive officers was consistent with the objectives of our compensation philosophy and with our performance. The compensation actions taken by our Compensation Committee are summarized below.

*Base Salary.* Based on recommendations from management and supporting peer group data, base salary increases for our named executive officers ranged between 6.75% and 15.25%. The adjustments to base salary were made to recognize each executive's experience, performance and

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contributions and to bring base salaries closer to the 50<sup>th</sup> percentile of our peer group. See *Benchmarking and Peer Group Analysis* for information about our 2013 peer group and *Executive Compensation Summary Compensation Table* for the base salaries paid to our named executive officers for 2013.

*Annual Short-Term Cash Based Incentive Opportunities.* As a result of our strong financial performance and the successful achievement of individual and department performance goals, our named executive officers earned payments under our 2013 Annual Incentive Plan ( *2013 AIP* ). All payouts under the 2013 AIP are subject to the plan's clawback provision. See *Clawback Policy* and *2013 Annual Incentive Plan* for information on the terms and conditions of the 2013 AIP. See also *Executive Compensation Summary Compensation Table* for the payouts made to our named executive officers under the 2013 AIP.

*Executive Agreements.* The Company extended the term of the Change in Control Agreements with Messrs. Sullivan, Roberts, Valade and Patterson through January 1, 2017.

### *Say-on-Pay Vote Results*

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, we held an advisory vote on the approval of the compensation of our named executive officers (the *Say-on-Pay Proposal* ) at our 2013 annual meeting. The results were that 95.1% of our stockholders who voted on the Say-on-Pay Proposal voted in favor of it. The Compensation Committee considered this positive result as an affirmation of its compensation related policies and decisions.

***Compensation Philosophy.*** Our compensation and benefits program for our named executive officers is designed to focus on motivating and retaining talented executives that can help us build our franchise and enhance long-term stockholder value. More specifically, the program is designed to accomplish the following objectives:

Align the interests of executives with the interests of stockholders in the creation of long-term stockholder value;

Tie annual and long-term cash and stock incentives to the achievement of measurable corporate and individual performance;

Reward executives for enhancing long-term stockholder value;

Balance rewards for the achievement of both short-term and long-term Company and individual objectives, while ensuring sound risk management; and

Attract and retain talented members of senior management.

Management and the Compensation Committee of the Board of Directors work together to ensure that our named executive officers are held accountable and rewarded for delivering superior performance and enhanced stockholder returns. The Compensation Committee believes that the compensation package offered to executives should be

comparable to that offered by other banks similar in size and in our market and should have a significant component tied to measurable Company performance. See *2013 Annual Incentive Plan* and *Executive Compensation Outstanding Equity Grants Table*.

***Elements of Our Compensation and Benefits Program.*** In order to achieve the objectives set forth in our Compensation Philosophy, we structured an executive compensation program that provides our named executive officers with the following:

Base pay;

Annual cash incentives;

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Long-term equity awards; and

Retirement benefits.

To achieve the necessary balance, our Compensation Committee works closely with its independent compensation consultants. The consultants provide us with their expertise on competitive compensation practices, help us to benchmark our compensation program to our peers and identify best practices in the banking industry. See *Role of Compensation Consultants* and *Benchmarking and Peer Group Analysis*.

In addition to the compensation components noted above, we also provide our Chief Executive Officer with an employment agreement and our other named executive officers with a change in control agreement. The specific elements of an executive's total compensation package will vary depending upon the position and its key responsibilities. See *Executive Agreements*.

***Role of Compensation Committee.*** The Compensation Committee reviews all of the elements of compensation for our named executive officers annually to ensure we are competitive in the market place and that the mix of compensation and benefits accurately reflects our compensation philosophy. The Compensation Committee met seven (7) times in 2013 and operates under a written charter that establishes its responsibilities. The Compensation Committee and Board of Directors review the charter annually to ensure that the scope of the charter is consistent with the Compensation Committee's role. A copy of our Compensation Committee Charter can be found on our web site ([www.bankatunited.com](http://www.bankatunited.com)) under the *Investor Relations Corporate Governance* tab.

When making compensation decisions for our named executive officers, the Compensation Committee considers peer group data to understand compensation paid to similarly situated executives at companies like United Bank. We use a compensation peer group as well as industry survey sources to identify market value. See *Benchmarking and Peer Group Analysis* for a list of the publicly traded financial institutions the Company uses to benchmark compensation and benefit practices for certain executives. Benchmarking compensation provides the Compensation Committee with a point of reference for measurement, but is not the determinative factor for our executive's compensation. Our Compensation Committee also looks at internal pay equity and individual performance when making compensation decisions.

***Role of Management.*** Management provides data, analyses, input and recommendations to the Compensation Committee through our Chief Executive Officer and Senior Vice President of Human Resources. The Compensation Committee considers our Chief Executive Officer's evaluation of each named executive officer's performance and recommendation of appropriate compensation. However, our Chief Executive Officer does not participate in any decisions relating to his own compensation. Our Senior Vice President of Human Resources also assists the Compensation Committee, providing support to the Compensation Committee Chair as requested.

***Role of Compensation Consultant.*** The Compensation Committee typically engages an independent compensation consulting firm to provide compensation data and recommendations that can be used to develop compensation programs that support our compensation philosophy. In 2013, the Compensation Committee utilized the services of Pearl Meyer & Partners and McLagan/Aon Hewitt. For purposes of 2013 salary adjustments and cash incentive plan payouts the Compensation Committee considered the executive compensation assessment prepared by Pearl Meyer & Partners in December 2012. This assessment included a review of the Company's peer group in light of the acquisition of New England Bank in 2012. See *Benchmarking and Peer Group Analysis* for information on our 2013 peer group. In October 2013, McLagan/Aon Hewitt conducted a director education session for the Company which addressed executive compensation trends and changes in the regulatory environment for incentive compensation.



The Compensation Committee has reviewed and concluded that our compensation consultation services comply with the new standards adopted by the Securities and Exchange Commission and by the Nasdaq Stock Market with regard to compensation advisor independence and conflicts of interest.

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**Benchmarking and Peer Group Analysis.** A critical element of our compensation philosophy, and a key driver of specific compensation decisions for our named executive officers, is a comparative analysis of our financial performance and our compensation mix and levels relative to a peer group of publicly traded financial institutions. Key guiding principles of our compensation philosophy are to ensure proper alignment between our performance and compensation relative to peers and enable us to attract and retain top talent by providing competitive and appropriate compensation. Each year our Senior Vice President of Human Resources reviews our peer group with the Compensation Committee and an independent consultant to determine if adjustments need to be made.

Due to the Company's acquisition of New England Bancshares in late 2012, Pearl Meyer & Partners worked with the Committee to develop a new peer group for 2013 based upon our post-acquisition size (\$2.4 billion). The revised peer group includes banks with assets ranging between \$1.3 billion and \$5.0 billion (median assets of \$2.5 billion). New peer group members are highlighted in bold.

Arrow Financial Corporation Glen Falls, NY  
 Berkshire Hills Bancorp, Inc. Pittsfield, MA  
 Brookline Bancorp, Inc. Brookline, MA  
 Camden National Corp. Camden, ME  
**Center Bancorp, Inc. Union, NJ**  
 Century Bancorp, Inc. Medford, MA  
 Enterprise Bancorp, Inc. Lowell, MA  
 Financial Institutions, Inc. Warsaw, NY  
 First Bancorp, Inc. Damariscotta, ME  
**First Connecticut Bancorp, Inc. Farmington, CT**

**Lakeland Bancorp, Inc. Oak Ridge, NJ**  
**Merchants Bancshares, Inc. South Burlington, VT**  
**OceanFirst Financial Corp. Toms River, NJ**  
**Oritani Financial Corp. Twtnshp of Washington, NJ**  
 Provident New York Bancorp Montebello, NY  
 Rockville Financial, Inc. Rockville, CT  
**Sun Bancorp, Inc. Vineland, NJ**  
 Tompkins Financial Corporation Ithaca, NY  
**Univest Corporation of Pennsylvania Souderton, PA**  
 Westfield Financial, Inc. Westfield, MA

**Base Salary.** Base salaries are used to reward our executives for performing the core responsibilities of their positions and to provide them with a level of security with respect to a portion of their total compensation. Base salary ranges are targeted around the median (50<sup>th</sup> percentile) of our peer group. Actual individual salaries are determined using market data provided by our compensation consultant as reference but also with consideration of other factors, such as an executive's qualifications, experience, position responsibilities and performance in relation to established goals.

The Compensation Committee approved the following base salary adjustments for our named executive officers for 2013 that were intended to recognize each executive's contribution and performance, recent promotions and to bring salaries more in line with market based upon our new asset size following the acquisition of New England Bancshares in late 2012.

Named Executive Officer	Title	2012 Base Salary	Percent Increase in 2013	2013 Base Salary
Richard B. Collins	President & CEO	\$ 443,300	11%	\$ 490,300
J. Jeffrey Sullivan	EVP & Chief Operating Officer	210,200	14%	238,900
Mark A. Roberts	EVP & Chief Financial Officer	202,600	16%	234,400
Charles R. Valade		203,600	7%	217,600

	EVP & Chief Lending Office			
Jack Patterson	SVP & Chief Credit Administration Officer	193,000	9%	210,700

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**2013 Annual Incentive Plan.** The 2013 AIP is designed to recognize and reward employees for their collective contribution to our success. All employees of the Company and its affiliates participated in the 2013 AIP, including our named executive officers.

Our 2013 AIP measures both Company performance and individual/department performance to determine payouts under the plan. Bank goals have a weighting of 75% and individual/department goals have a weighting of 25% for each participant's potential payout. In 2013, the Company performance measures included earnings per share, efficiency ratio and total non-interest expense. The individual performance/department measures were specific to each participant's job (e.g., strategic growth, credit quality and regulatory compliance). See *2013 AIP Payouts* for a description of the Company and individual/department performance goals.

In 2013, each 2013 AIP participant had a target incentive opportunity based on competitive market practice for his/her position in the Bank. Each participant's incentive opportunity is represented as a percentage of base salary. Actual incentive payouts, however, vary each year based on a combination of Company, division, and/or individual performance.

The table below summarizes the incentive payout opportunities for 2013

Position	2013 Incentive Opportunity (as a Percent of Base Salary)		
	Threshold Incentive Opportunity	Target Incentive Opportunity	Stretch Incentive Opportunity
President and Chief Executive Officer	10.5%	21.0%	31.5%
Other Named Executive Officers	8.8	17.5	26.3

The 2013 AIP was administered by the Compensation Committee with the assistance of the Human Resources Department. Under the 2013 AIP, the Compensation Committee had sole discretion to adjust payouts in the event of a change in market conditions, regulations or the Company's business model. The Compensation Committee used scorecards which outlined each participant's Company and individual/department goals to evaluate their performance under the 2013 AIP. All incentive payouts earned under the 2013 AIP are subject to the plan's clawback provision. See *Clawback Policy*.

The 2013 AIP includes an individual performance modifier that allows the Compensation Committee to adjust the overall incentive payout (+/- 10%) to recognize other performance factors and contributions a participant has made during the plan year towards the Company's success. The individual performance modifier is based upon a recommendation from either the Chief Executive Officer (for the named executive officers) or the Compensation Committee (for the Chief Executive Officer).

**2013 AIP Payouts.** The following charts summarize the 2013 AIP payouts made to each of the participating named executive officers. The charts set forth each officer's incentive goals, which include Company financial performance measures and the individual/department performance goals. Information is also provided on threshold, target and stretch levels for measuring the Company performance and the weight given to each performance goal. The charts further illustrate the Company's actual performance under the noted measures and the corresponding payout. All dollar amounts listed in the charts are in millions, with the exception of the amounts listed under Expense Control. The Compensation Committee did not utilize the individual performance modifier for 2013 AIP payouts made to our named executive officers in 2013.



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Bank Measure	Weight	Performance Goals			Payment Range as a Percentage of Base Salary			Actual Achievement Percentage of		
		Threshold	Target	Stretch	Threshold	Target	Stretch	Actual Performance	Target Achievement	Actual Payout
Earnings Per Share	50.0%	\$ 0.78	\$ 0.98	\$ 1.18	5.250%	10.500%	15.750%	\$ 0.92	85%	\$ 43,759
Efficiency Ratio	15.0%	72.79%	66.18%	59.56%	1.575%	3.150%	4.725%	67.68%	89%	\$ 13,692
Non-Interest Expense	10.0%	\$ 66,092	\$ 60,084	\$ 54,075	1.050%	2.100%	3.150%	\$ 61,097	92%	\$ 9,428
Strategic Initiative(1)	25.0%	50%	100%	150%	2.625%	5.250%	7.875%	125%	125%	\$ 32,176
<b>Total</b>	<b>100.0%</b>				10.500%	21.000%	31.500%			
<b>2013 AIP Payout</b>										<b>\$ 99,056</b>

(1) Oversee all aspects of the New England Bank integration.

**Executive Vice President and Chief Financial Officer**

Bank Measure	Weight	Performance Goals			Payment Range as a Percentage of Base Salary			Actual Achievement Percentage of		
		Threshold	Target	Stretch	Threshold	Target	Stretch	Actual Performance	Target Achievement	Actual Payout
Earnings Per Share	50.0%	\$ 0.78	\$ 0.98	\$ 1.18	4.375%	8.750%	13.125%	\$ 0.92	85%	\$ 17,434
Efficiency Ratio	15.0%	72.79%	66.18%	59.56%	1.313%	2.625%	3.938%	67.68%	89%	\$ 5,455
Non-Interest Expense	10.0%	\$ 66,092	\$ 60,084	\$ 54,075	0.875%	1.750%	2.625%	\$ 61,097	92%	\$ 3,756
Evaluate structure of the Finance Department	25.0%	50%	100%	150%	2.188%	4.375%	6.563%	125%	125%	\$ 12,819
<b>Total</b>	<b>100.0%</b>				8.8%	17.500%	26.300%			

<b>2013 AIP Payout</b>	<b>\$ 39,463</b>
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**Executive Vice President Chief Operating Officer**

		Performance Goals			Payment Range as a Percentage of Base Salary			Actual Achievement Percentage of Target Achievement (0% Actual - 150%)			Actual Payout
Bank Measure	Weight	Threshold	Target	Stretch	Threshold	Target	Stretch	Performance	Achievement	Target	Actual Payout
Earnings Per Share	50.0%	\$ 0.78	\$ 0.98	\$ 1.18	4.375%	8.750%	13.125%	\$ 0.92	85%		\$ 17,768
Efficiency Ratio	15.0%	72.79									