

CAPITAL MARKETS ANNOUNCEMENT

Narragansett Financial Corp. Closes Private Placement of \$19.75 Million of Subordinated Notes due 2026

Sandler O'Neill + Partners, L.P. served as the sole placement agent for this offering.

This transaction is the 71st subordinated note or senior note transaction for a community bank since January 1, 2014 in which Sandler O'Neill acted as a placement agent, sole underwriter, book runner, or initial purchaser.¹ Since May 20, 2016, Sandler O'Neill has raised over \$1.06 Billion for its clients, capturing an 83.3% market share of announced transactions.²

About the Offering:

Swansea, MA – Narragansett Financial Corp. completed the private placement of \$19.75 million in aggregate principal amount of fixed-to-floating rate subordinated notes to certain institutional accredited investors. Unless earlier redeemed, the notes mature on July 30, 2026 and bear interest at a fixed rate of 6.50% per year, from and including July 21, 2016 to but excluding July 30, 2021. From and including July 30, 2021 to the maturity date or early redemption date, the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month LIBOR rate plus 543.5 basis points, payable quarterly in arrears. The Company intends to contribute the net proceeds for the growth of its business and other, general corporate purposes. The subordinated notes are expected to qualify as Tier 2 capital at the holding company.

This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

About the Company:

BayCoast Bank, the subsidiary of Narragansett Financial Corp., is a community bank serving the people and businesses of southeastern Massachusetts and Rhode Island. The Bank upholds the time-honored belief in community involvement and provides a wide range of financial services. BayCoast has locations in Dartmouth, Fairhaven, Fall River, New Bedford, North Dighton, Seekonk, Somerset, Swansea, Westport and Tiverton, Rhode Island.

- (1) Source: Sandler O'Neill + Partners. Deal count includes nationwide subordinated debt and senior note offerings since 1/1/2014 for banks or bank holding companies with less than \$25 billion in assets.
 (2) Source: Sandler O'Neill Syndicate Desk, Bloomberg. Deal count includes \$1,000 par subordinated debt and senior note offerings for Community Banks; Community Banks defined as banks or bank holding companies with less than \$25 billion in assets.
 (3) Financial data is not pro forma for the offering.

July 21, 2016

6.50% Fixed-to Floating Rate
Subordinated Notes due 2026
\$19.75 Million

**Narragansett
Financial Corp.**

Sole Placement Agent

SANDLER O'NEILL + PARTNERS

Financial Highlights as of March 31, 2016³

(\$ in Millions)

Total Assets	\$1,172.1
Gross Loans	\$919.2
Total Deposits	\$938.9
Total Equity	\$98.1
Leverage Ratio	8.60%
Tier 1 Risk-Based Capital Ratio	10.43%
Total Risk-Based Capital Ratio	11.28%
Tang. Common Equity / Tang. Assets	7.93%

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