Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844 (c)(1)(A)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners’ Loan Act. Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

NOTE: The Annual Report of Holding Companies must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report.

I, Brian Murphy
Name of the Holding Company Director and Official
President
Title of the Holding Company Director and Official

attest that the Annual Report of Holding Companies (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board’s “Rules Regarding Availability of Information,” 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official
03/24/2014

Date of Signature

For holding companies not registered with the SEC—Indicate status of Annual Report to Shareholders:

☐ is included with the FR Y-6 report
☐ will be sent under separate cover
☐ is not prepared

For Federal Reserve Bank Use Only

RSSD ID 3834822 - 724904
C.I.

Date of Report (top-tier holding company’s fiscal year-end):
December 31, 2013

Month / Day / Year

Reporters’s Name, Street, and Mailing Address

Prospect Financial Corporation

One Home Loan Plaza
(Warwick Address of the Holding Company) Street / P.O. Box
123
State
02921
Zip Code

Physical location (if different from mailing address)

Person to whom questions about this report should be directed:

Randy Wyrofsky
Name
CFO
Title

401-739-8800
Area Code / Phone Number / Extension

401-739-9652
Area Code / FAX Number

rwyrofsky@homeloanbank.com
E-mail Address

Address (URL) for the Holding Company’s web page

Does the reporter request confidential treatment for any portion of this submission?

☐ Yes  Please identify the report items to which this request applies:

☐ In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.

☐ The information for which confidential treatment is sought is being submitted separately labeled "Confidential."

☐ No

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.25 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

12/2012
Report Item 1: Annual Report to Shareholders

The holding company is not registered with the SEC and does not prepare an annual report to the shareholders. A copy of the audited financial are enclosed.
For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

<table>
<thead>
<tr>
<th>Legal Title of Subsidiary Holding Company</th>
<th>Legal Title of Subsidiary Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
</tr>
<tr>
<td>City</td>
<td>State</td>
</tr>
<tr>
<td>City</td>
<td>State</td>
</tr>
<tr>
<td>Physical location (if different from mailing address)</td>
<td>Physical location (if different from mailing address)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legal Title of Subsidiary Holding Company</th>
<th>Legal Title of Subsidiary Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
</tr>
<tr>
<td>City</td>
<td>State</td>
</tr>
<tr>
<td>City</td>
<td>State</td>
</tr>
<tr>
<td>Physical location (if different from mailing address)</td>
<td>Physical location (if different from mailing address)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legal Title of Subsidiary Holding Company</th>
<th>Legal Title of Subsidiary Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
</tr>
<tr>
<td>City</td>
<td>State</td>
</tr>
<tr>
<td>City</td>
<td>State</td>
</tr>
<tr>
<td>Physical location (if different from mailing address)</td>
<td>Physical location (if different from mailing address)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legal Title of Subsidiary Holding Company</th>
<th>Legal Title of Subsidiary Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
</tr>
<tr>
<td>City</td>
<td>State</td>
</tr>
<tr>
<td>City</td>
<td>State</td>
</tr>
<tr>
<td>Physical location (if different from mailing address)</td>
<td>Physical location (if different from mailing address)</td>
</tr>
</tbody>
</table>
Prospect Financial Corporation
Warwick, RI
Fiscal Year Ending December 31, 2013

Family Trust
Jamestown Trust
Warwick, RI

Family Trust
Geesala Trust
Warwick, RI

77%

Prospect Financial Corporation
Warwick, RI
Incorporated in Rhode Island

23%

Home Loan Investment Bank, FSB
Warwick, RI
Federal Savings Bank
### Report Item 2(b) Branch Verification

**Result:** A list of branches for your depository institution: HOME LOAN INVESTMENT BANK, F.S.B. (ID: 290504). This depository institution is held by PROSPECT FINANCIAL CORPORATION (3834822) of WARWICK, RI. The data are as of 11/31/2013. Data reflects information that was received and processed through 01/07/2014.

### Reconciliation and Verification Steps
1. In the Data Action column of each branch row, enter one or more of the actions specified below.
2. If required, enter the date in the Effective Date column.

#### Actions
- **CH**: If the branch information is correct, enter ‘CH’ in the Data Action column.
- **DE**: If the branch information is incorrect or incomplete, revise the data, enter ‘DE’ in the Data Action column and the date when this information first became valid in the Effective Date column.
- **CL**: If a branch listed was closed or closed, enter ‘CL’ in the Data Action column and the sale or closure date in the Effective Date column.
- **AD**: If a branch listed was never owned by this depository institution, enter ‘AD’ in the Data Action column.
- **ADD**: If a reportable branch is missing, insert a row, add the branch data, and enter ‘ADD’ in the Data Action column and the opening or acquisition date in the Effective Date column.

### Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.

**Note:** If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add. The FR Y-10 report may be submitted in a hardcopy format or via FR Y-10 Online application - https://y10online.federalreserve.gov.

---

### Data Action | Effective Date | Branch Service Type | Branch ID: RUSO* | Popular Name | Street Address | City | State | Zip Code | County | Country | STIC UNUM* | Office Number* | Head Office | Head Office ID: RUSO* | Comments
---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---
**CH** | 724904 | Full Service, Branch Office | | HOME LOAN INVESTMENT BANK, F.S.B. | HOME LOAN PLAZA, SUITE 3 | WARWICK | RI | 02886 | KENT | UNITED STATES | 724904 | | | | |
**DE** | 2460475 | Full Service | | PROSPECT OFFICE | 344 MURROSE STREET | PROVIDENCE | RI | 02903 | PROVIDENCE | UNITED STATES | 2460475 | | | | |
**CL** | 2458460 | Full Service | | WARWICK BRANCH | AIRPORT ROAD | WARWICK | RI | 02889 | KENT | UNITED STATES | 2458460 | | | | |
---

* For UNUM, Office Number, and ID: RUSO columns are for reference only. Verification of these values is not required.
Report Item 3: Securities Holders

<table>
<thead>
<tr>
<th>(1)(a)</th>
<th>(1)(b)</th>
<th>(1)(c)</th>
<th>(2)(a)</th>
<th>(2)(b)</th>
<th>(2)(c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name &amp; Address (City, State, Country)</td>
<td>Country of Citizenship or Incorporation</td>
<td>Number and Percentage of Each Class of Voting Securities</td>
<td>Name &amp; Address (City, State, Country)</td>
<td>Country of Citizenship or Incorporation</td>
<td>Number and Percentage of Each Class of Voting Securities</td>
</tr>
<tr>
<td>Jamestown Trust Warwick, RI</td>
<td>USA</td>
<td></td>
<td></td>
<td></td>
<td>77%</td>
</tr>
<tr>
<td>Geesala Trust Warwick, RI</td>
<td>USA</td>
<td></td>
<td></td>
<td></td>
<td>23%</td>
</tr>
</tbody>
</table>
Form FR Y-6
Prospect Financial Corporation
Warwick, Rhode Island
Fiscal Year Ending December 31, 2013

Report Item 4: Insiders
(1)(a)(b)(c) and (2)(a)(b)(c)

<table>
<thead>
<tr>
<th>Names &amp; Address (City, State, Country)</th>
<th>Principal Occupation if other than with Bank Holding Company</th>
<th>Title &amp; Position with Bank Holding Company</th>
<th>Title &amp; Position with Subsidiaries (include names of subsidiaries)</th>
<th>Title &amp; Position with Other Businesses (include names of other businesses)</th>
<th>Percentage of Voting Securities in Bank Holding Company</th>
<th>Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)</th>
<th>(4)(c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brian Murphy</td>
<td>President</td>
<td>President and CEO</td>
<td>Home Loan</td>
<td>Yes</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Warwick, RI USA</td>
<td></td>
<td></td>
<td>Investment Bank, FSB</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daniel Murphy</td>
<td>Treasurer</td>
<td>Vice President of Marketing</td>
<td>Home Loan</td>
<td>Yes</td>
<td>99%</td>
<td>99%</td>
<td></td>
</tr>
<tr>
<td>Warwick, RI USA</td>
<td></td>
<td></td>
<td>Investment Bank, FSB</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>