

# 2016 Annual Report



**Newtown  
Savings Bank**  
The Experience Matters<sup>®</sup>

I am happy to report that the financial results for 2016 were once again extremely positive. In fact, the Bank's net income for the year of \$6.2 million was the highest in the Bank's 162-year history. As compared to last year's earnings of \$5.0 million, this represents 23.7% growth in net income and can be attributed to several successes throughout the year.

Our loan and credit departments were extremely busy in 2016. Total loan production for the year was \$407.8 million compared to \$350.2 million in 2015, an increase of 16.5%. Our retail business, consisting of first and second mortgages, home equity lines, construction and personal loans, had a phenomenal year with new loans totaling \$298 million, a 15% growth from 2015. Our business lending, comprising commercial loans and lines, commercial mortgages and construction loans as well as small business loans, also had one of its strongest years ever. Total commercial loans originated were \$109.6 million, reflecting 20% growth over the prior year.

Our branches also had a great year. Total deposits as of December 31, 2016 were \$866.2 million, reflecting a 10% growth of \$79.7 million. The key to successful deposit growth is with our checking accounts. These represent our core customers and, with a great customer experience, they are more likely to come to us for additional banking services. This year we opened 2,979 new checking accounts as compared to 2,764 in 2015. As many of you know, we relocated our Southford Branch to a brand new location in Oxford. It is an absolutely beautiful building situated at the entrance to a new retail center, and soon-to-be residential community. The location, which is called "Quarry Walk at Oxford Towne Center," has received statewide acclaim for its unique design features. Since the grand opening of this new branch, we have opened nearly 200 new checking accounts and deposits grew by \$9 million in the first four months at our new location. We invite all of our friends to drop in and experience the friendly service provided by our great staff at this branch.



As I have mentioned in previous years, capital is extremely important to mutual community banks. Our Board and management team consistently review our level of capital, as this is what allows us to grow and continue to service our community and customers. The Bank's regulatory capital at December 31, 2016 was 8.09% Tier 1 leverage, 11.33% Tier 1 Risk Based and 12.42% Total Risk Based. The first two of these ratios have increased from 2015.

As a mutual bank, the only source of capital is earnings. Therefore, carefully controlling the growth of the balance sheet is crucial. Notwithstanding the significant growth in loans and deposits, the Bank managed the overall growth in the balance sheet to 5.5% in 2016. Total assets increased \$59.5 million to \$1.139 billion as of December 31, 2016. We were able to achieve this through the continued sale of residential loans into the secondary market as well as to direct investors. As these loans generally continue to be serviced by the Bank, this is an effective vehicle to earn money through loan sales while still controlling the overall balance sheet growth. Indeed, this strategy has continued to make us a residential mortgage market leader in the State of Connecticut.

One additional source to raising capital while remaining mutual is through the issuance of subordinated debt through a holding company. To this end, and as communicated throughout the year, the Bank received approval from a majority of its depositors and its regulators to form a holding company in 2016. NSB Mutual Holding Company was legally formed on January 17, 2017. It is a source of comfort to know that the Bank now has all the tools it needs to remain an independent mutual organization for generations to come. We thank our depositors for the trust and support they have shown our Bank.

The Bank continues to upgrade its facilities. For those in our Newtown market, we began an ambitious building project last year with the construction of our new branch on 32 Church Hill Road. Last year I reported that I was hoping to see the completion of this building by the fall of 2016. As is often the case with building projects, they don't always go as expected. Delays have pushed our ribbon cutting to sometime in the spring. The external structure is complete and we are busily working on the interior. It will definitely be a fabulous building housing branch personnel, mortgage officers and investment representatives.

In addition, we continue to enhance our products and services. Our credit card program that began in 2014 continues to show growth in both consumer and business categories with outstandings of \$1.4 million as of December 31, 2016. Our credit cards now include an EMV chip and are Apple Pay and Samsung Pay enabled, and we will continue to add more features. An enhanced rewards program with improved customer touch points will be introduced in early 2017. This will allow us to offer our customers local service with competitive rewards options like those offered by larger credit card companies. The Bank opened a new loan office in Hamden, CT in 2016. The office, consisting of three seasoned commercial

lenders and an administrative assistant, is being led by Mark Candido, renowned financial executive in the New Haven market. We look forward to great opportunities to come as this experienced team introduces our lending products to an entirely new market for the bank.

During 2016, we also replaced our two separate websites with one site that adapts to smart phones and tablets, as well as desktops. We replaced our smartphone-only mobile banking with a new mobile app. The new app provides access to your banking tablets and smartphones. Furthermore, our Bill Pay was simplified and enhanced, including the addition of person-to-person (P2P) payments. Our next major release will be a complete replacement of our online banking system. This is a major undertaking, which will be delivered late in 2017 or early 2018.

We have always had a strong commitment to our communities, and 2016 was no exception. A few highlights include our partnership with the Connecticut Institute for Communities, Inc. to launch a major renovation project at the Beaver Street Apartments Cooperative in Danbury; a bank-wide food drive held in September and organized by our employees in honor of Hunger Action Month to benefit a local food pantry in each of the 11 towns where we have offices; and an additional \$1,000 donation to each food pantry made by the Bank. I am also proud to announce that since the start of our NSBCare employee volunteer program in 2009, our employees have performed over 50,000 community service hours at over 200 not-for-profit organizations. There are so many employees that I can think of to recognize, but I would like to highlight Doug Hensal, who currently serves as President of Danbury's Habitat for Humanity, as well as Karissa Peters, who has coordinated an annual Toys for Tots campaign for the past five years.

It is with mixed feelings that I am announcing that one of our most treasured employees, Maureen Birden, has announced her retirement after 43 years of faithful, long-standing service. Many of our customers remember her for her success in opening and managing our Sand Hill Office. Over the past several years, Maureen has been our Vice President and mortgage loan officer working in the Main Office.

When asked about her personal reflections Maureen stated, "I have been very blessed to have chosen a career I can say I have truly loved. I have been honored to be a part of our community that has shown me love and respect over the years from both bank customers and employees. I know it is time for me to enjoy all of life's simple pleasures now. But I leave behind a little piece of my heart to all. I could never have chosen a better place to work throughout my 43 years."

Her many friends and customers will miss her great smile and boundless energy. Good luck Maureen on a well-deserved retirement.

In closing, it has been our sincerest pleasure to serve our loyal customers, our great community and our hard-working employees. We are so happy about our achievements in 2016, and look forward to our continued success serving you in 2017.

*John F. Trentacosta*  
**John F. Trentacosta**  
President & CEO

*John J. Martocci*  
**John J. Martocci**  
Chairman





Architectural rendering of the new Newtown branch on Church Hill Road

## Newtown Branch

It seems like we move our Newtown office every century. We actually moved it more than once in the 19th century. We've been at 39 Main Street in Newtown since 1910. Times have changed. The center of commerce in Newtown has changed and is changing. Much of the business and retail activity has moved and we're moving too. But...we're not moving very far.

### Newtown office Locations

1855 – Office in Henry Beers Glover's home.

1870 – Office in Henry T. Nichols home.

1877 – Office in the Henry Sanford Block.

1910 – 39 Main Street.

2017 – 32 Church Hill Road.

We'll move our Newtown office this year. It's a great location:

- Dual lane drive-up tellers.
- Two ATMs – one drive up and one inside.
- Part of The Village at Lexington Gardens, a 72,000 square foot retail destination.

We will continue to offer a drive up ATM at 39 Main Street. Also, our Corporate Offices will remain there as well.

After over 100 years on Main Street, we're excited about this move and expect the new office to be more convenient for most of our customers. A traffic light located near the entrance of our new building will allow easy access and, upon exiting, easy turns either left or right onto Church Hill Road.

## Business in New Haven

In 2016, Mark Candido, Dick Barredo and Tony Rossley opened our New Haven Regional Lending Center in Hamden. We are so excited to serve the business communities in the greater New Haven area.



L-R: Dick Barredo - Vice President, Commercial Loan Officer; Mark Candido - Regional Director, Commercial Lending; Tony Rossley - Vice President, Commercial Loan Officer

Mark, Dick and Tony each have many years of experience serving this commercial market. We couldn't be happier with the reception we have received from area businesses that really want to do business with a community bank. We don't have any current plans to branch into the area but we do expect to add consumer mortgage lending to the office before year end.

## Oxford

The Regional Lending Center wasn't our only major opening in 2016. We moved our Southford Office to Oxford in the Quarry Walk. If you haven't been to this new office, please stop in to see us. We are part of a new concept. The Quarry Walk will be the place to go even if you have nothing to buy nor any banking to do. There will be walking trails and eventually residential homes. It's destined to become a town center complete with a town green. We are proud to be the community bank selected to kick off this wonderful new destination point. The branch and its surroundings are beautifully done and it is off to a great start.

## Commitment to Danbury

Each year we recommit to investing in all the communities we serve. In 2016 we made a special commitment to Danbury. To enhance our customers' experience, we reconfigured and updated our Executive Tower branch and added a seasoned Mortgage Banker, Steve Greenberg; enhanced commercial banking services offered through David Vega; and hired a new Branch Manager, Carolina Vera. While the renovation of our Danbury branch may be one of the more visible investments that our customers will see, we continue to invest a considerable amount of time, talent and treasure in the community.

We were pleased to support a major renovation project at the Beaver Street Apartments Cooperative, by providing a \$3,000,000 loan. The Beaver Street Apartments Cooperative (BSAC) is the only low-income family housing cooperative in Western Connecticut, with 70 units accommodating approximately 300 residents. The funding will provide re-roofing of the Cooperative's buildings, replacement of aging boilers, the installation of hardwired smoke and carbon monoxide detectors in every apartment, the internal rehabilitation of many individual apartments and major expansion of the on-site parking lots. This is a significant commitment to insure affordable housing in the Danbury community.

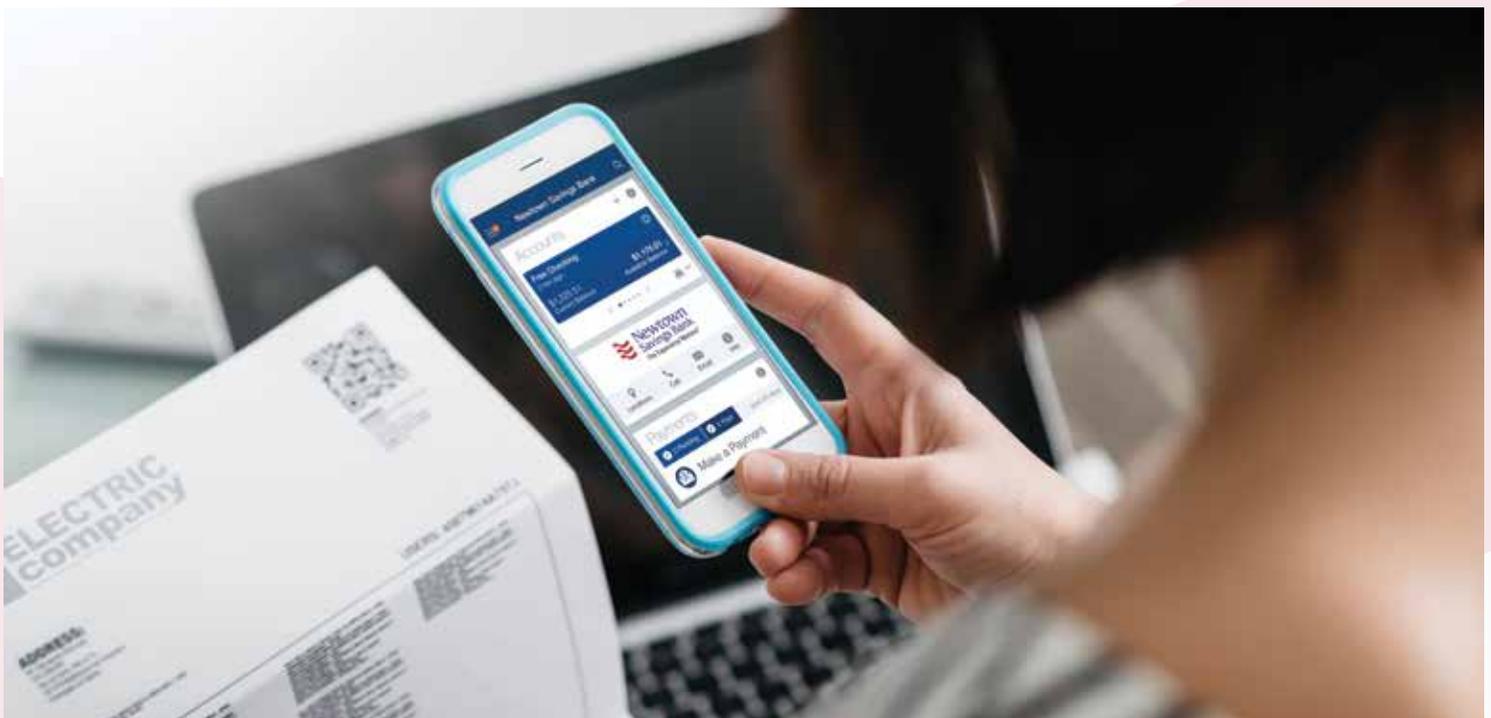
Newtown Savings Bank has long been committed to investing in the health of the communities where we do business. We continue to provide support and financial resources that benefit strategic sectors, like this affordable housing initiative, as well as education, community economic development and health and human services. We serve over 200 not-for-profit organizations through various efforts, including encouraging our employees to provide community service hours.

## Newtown Investment Solutions

In 1996, we embarked on an effort to provide our customers with financial and investment advice beyond the scope typically provided by banks. This year, we celebrate our twentieth year of that endeavor. Through markets bull and bear, Newtown Investment Solutions has helped its clients plan and invest to meet future financial needs – be it retirement, education or a legacy for future generations. We take pride in providing access to a full-range of investment research and opportunities and are committed to maintaining a friendly, personal approach to working with our clients.

## Enhancing our Digital Presence

We launched an updated version of our website this year to enhance the user experience. It was built with responsive design, so it automatically resizes to appropriately fit the screen of all devices – from desktops to tablets to smartphones. Since many of our customers visit the website to access online banking, we added the online banking login to every screen. We also created a new menu design to make navigating the site easier. While the website is viewable on a smartphone, our enhanced mobile app is an even better experience. To raise awareness of our new app, we created a series of online videos that highlight how you can use our app anywhere, anytime. If you haven't seen them yet, you can find them on our YouTube channel.



# Statement of Condition

IN THOUSANDS

## Assets

	December 31, 2016	December 31, 2015
Cash & Deposits in Other Banks	\$ 29,113	\$ 24,441
Investment Securities	88,202	84,936
<b>Loans</b>		
Mortgage:		
Residential	526,158	524,092
Homeowner Construction	16,598	12,136
Builder Spec/Commercial Construction	33,268	26,815
Commercial	165,994	148,898
Held for Sale	5,571	1,672
<b>Total Mortgage Loans</b>	<b>747,589</b>	<b>713,613</b>
Home Equity	96,975	94,995
Consumer - Personal & Other	15,520	17,517
Commercial & Industrial	81,142	71,141
Small Business Lending	24,272	20,940
<b>Total Loans &amp; Leases</b>	<b>965,498</b>	<b>918,206</b>
Reserve for Loan & Lease Losses	(8,722)	(8,568)
<b>Total Loans &amp; Leases, net of reserves</b>	<b>956,776</b>	<b>909,638</b>
Banking Premises & Equipment	17,889	14,263
Other Real Estate Owned	197	226
Other Assets	47,246	46,775
<b>TOTAL ASSETS</b>	<b>\$1,139,423</b>	<b>\$1,080,279</b>

## Liabilities & Capital

Deposits	\$ 866,199	\$ 786,515
FHLB Advances & Other Borrowings	162,819	189,669
Other Liabilities	23,844	23,585
Capital	86,561	80,510
<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<b>\$1,139,423</b>	<b>\$1,080,279</b>

## Selected Ratios

Leverage Ratio (Tier 1)	8.09 %	7.99 %
Risk Based Capital Ratio (Tier 1)	11.33 %	11.28 %
Total Risk Based Capital Ratio	12.42 %	12.44 %

### Unaudited

Disclosure of this statement shall not signify that any federal supervisory agency has verified or confirmed the accuracy of the information contained therein.



## Leadership

### Senior Management

*(All Senior Management are Officers)*

#### Back:

**Kenneth L. Weinstein**  
SVP Retail Banking & Sales

**Duane H. Giannini**  
SVP Human Resources

**Anthony F. Giobbi**  
SVP Chief Lending Officer

**William J. McCarthy**  
SVP Chief Financial Officer

**Paul Barkan**  
SVP Chief Risk Officer

#### Front:

**Margaret A. Powers**  
EVP Chief Credit Officer

**Dan Long**  
SVP Chief Experience Officer

**John F. Trentacosta**  
President & CEO

**Lynndel M. Bartulis**  
SVP Chief Information Officer



### Board of Trustees

*(All Trustees are Corporators)*

#### Back:

Brian C. White  
Carol L. Mahoney, Secretary  
James T. Morley, Jr.  
Lauren A. Trotto  
Alan J. Clavette

#### Front:

James A. Kennedy  
John F. Trentacosta, President & CEO  
John J. Martocci, Chairman  
William A. Brimmer, Jr.

## Officers

### First Vice Presidents

Kathleen A. Gugliotti  
Marlene B. Warren

### Vice Presidents

James E. Bardon  
Richard R. Barredo  
Joseph G. Bartolomeo  
Maureen B. Birden  
Mark Candido  
Robert J. Capobianco  
Thomas D'Agostino  
Manuel Fernandes  
Brian T. Fonck  
Steven J. Greenberg  
William R. Hart  
Douglas R. Hensal  
Whit Holden  
Mary Z. Jascha  
Linc A. Keil  
Meghan P. Krebs  
David Loftus  
Thomas C. Lutz  
James A. Lynch  
Sarina Manibanseng  
Laura U. Manz  
Lorraine G. McInerney  
Margot J. Melaas  
Matt O'Brien  
Anthony S. Rossley  
Tanya W. Truax  
James G. Wallace  
Paula B. Woodhouse

### Assistant Vice Presidents

Jackie Aminti  
Paul Bernier  
Jennifer Ciuffo  
Dennis A. Friedman  
Peter Gerardi  
Tracy C. Gustafson  
Brian D. Healy  
Hyrije Hodza  
Judith L. Kiessling  
Nancy G. Kuhn  
Sue LoRusso  
Elaine P. Martin  
Matthew F. Mihalcik  
Karin D. O'Brien  
Iris Patrick  
Katie A. Smith  
Janice A. Snyder  
Ryan Storms  
Dawn M. Taylor  
David T. Vega  
Seamus M. Walsh

### Assistant Treasurers

Jennifer Blatchley  
Rebecca L. Brown  
Nicholas F. Bryan  
Holly R. Dudley  
Gail Garzon  
Tiffany Hartman  
Sarah M. Hensal  
Kelly Jack  
Susan Kovacs  
Carlos R. Lara  
Holly L. McNamara  
David S. Myrick, Jr.  
Aga Stepniak  
Laura M. Tashjian  
Carolina M. Vera  
Emily Walsh  
Kasey Yakavonis

## Corporators

Brian Amey  
Harmon L. Andrews  
Bryan K. Atherton  
Daniel L. Bedard  
Elana Bertram  
Rodd B. Blessey  
Patrick Caruso  
George A. Coleman  
Kevin A. Cragin  
Daniel Cruson  
John A. Dudley  
William Dunn

Joseph A. Fiorita, Jr.  
Eleanor Gillette  
Robert S. Grossman  
James Gulalo  
Timothy J. Holian  
Joseph R. Humeston  
Sylvia Llewellyn  
John S. Madzula  
Joel Malin  
Paul E. Mayer  
Andrew M. McGeever  
Kevin McMahan

Glenn J. Nanavaty  
Mark Principi  
Anne M. Ragusa  
Gerard D. Robilotti  
Suzanne Roman  
Douglas Rose  
Herbert C. Rosenthal  
Gene A. Rubino  
Andrea Scalzo  
David B. Sippin  
Joseph D. Skrzypczak  
Benjamin B. Spragg  
Robert G. Tait

## Branch Locations

### **Newtown**

Main Office  
39 Main Street  
203.426.2563

### **Newtown**

Sand Hill Plaza  
228 South Main Street  
203.270.7402

### **Bethel**

Dolan Plaza  
211 Greenwood Avenue  
203.744.3233

### **Bethel**

68 Stony Hill Road  
203.778.1110

### **Brookfield**

99 Federal Road  
203.775.4164

### **Danbury**

Danbury Executive Towers  
30 Main Street  
203.205.0080

### **Monroe**

Century Plaza  
535 Monroe Turnpike  
203.459.9985

### **Monroe**

Clock Tower Square  
477 Main Street  
203.268.6395

### **Oxford**

Quarry Walk  
280 Oxford Road  
203.463.1270

### **Shelton**

Ruby Tuesday Plaza  
815 Bridgeport Avenue  
203.944.0382

### **Shelton**

White Hills Shopping Center  
194 Leavenworth Road  
203.944.9655

### **Southbury**

By the Southbury Green  
685 Main Street South  
203.262.0400

### **Trumbull**

Trumbull Center  
926 White Plains Road  
203.445.8103

### **Woodbury**

238 Main Street South  
203.263.5629

## General Information

### **Mailing Address**

39 Main Street  
Newtown, CT 06470  
Toll Free: 800.461.0672  
Local: 203.426.2563

### **Website**

NSBonline.com

### **Connect With Us**



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youtube.com/NSBonline

## Newtown Investment Solutions

Investment and insurance products and services are offered through INFINEX INVESTMENTS, INC. Member FINRA/SIPC. Newtown Investment Solutions is a trade name of the bank. Infinex and the bank are not affiliated. Products and services made available through Infinex are not insured by the FDIC or any other agency of the United States and are not deposits or obligations of nor guaranteed or insured by any bank or bank affiliate. These products are subject to investment risk, including the possible loss of value.

## Lending Center

### **Hamden**

New Haven  
Regional Lending Center  
2321 Whitney Avenue  
203.974.8998



**Newtown Savings Bank**  
The Experience Matters®



Equal Housing Lender Member FDIC