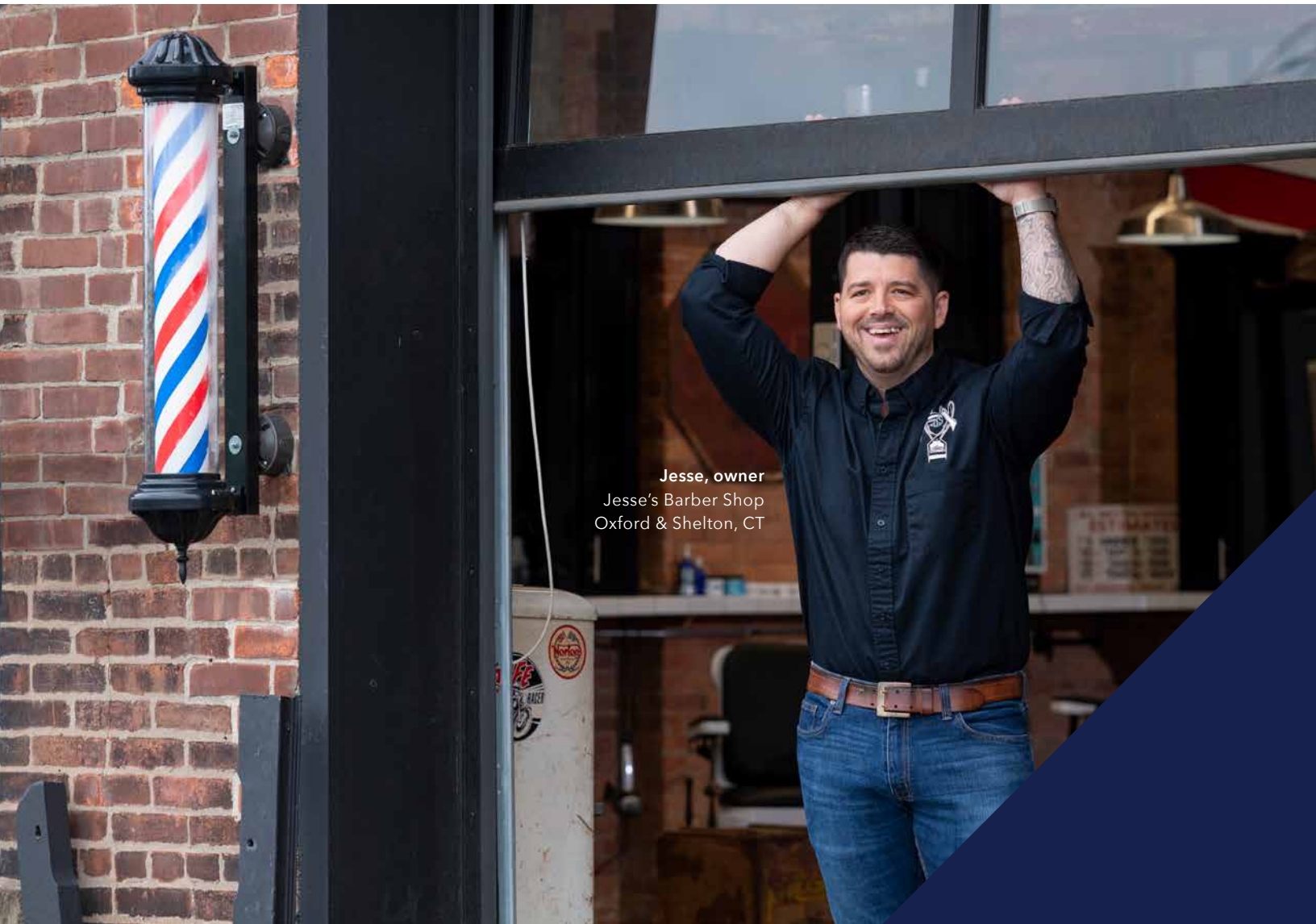




2019 ANNUAL REPORT



Jesse, owner
Jesse's Barber Shop
Oxford & Shelton, CT

A Message From Our CEO & Chairman

2019 was a successful year for Newtown Savings Bank. The Bank earned \$7.4 million, and we improved our Tier 1 Capital Ratio from 8.09% to 8.47%. As a 164 year-old mutual savings bank intent on serving our communities for the long term, we put a strong emphasis on bolstering our capital position at this point in the economic cycle, and are pleased to have exceeded our target for the year.

This was also a year of transition prompted by a number of key retirements, including our Chief Credit Officer and Retail Lending Head, Peg Powers (after 34 years of service!) and our Senior Vice President and Head of Human Resources, Duane Giannini. Both Peg and Duane were extremely thoughtful in terms of planning and communicating their retirements, which enabled us to smoothly navigate the resulting changes. The transitions created new opportunities for existing staff while also enabling us to recruit talented new professionals to our organization. We wish Peg, Duane, and our other retirees happiness and health in their retirement years and thank them for their many contributions.

As you will see in the pages that follow, the Bank's core business remained strong in 2019 and we expect continued profitable growth in 2020 and beyond. The highlight of the year was without a doubt the Outstanding Community Reinvestment Act rating that we received from the FDIC back in the spring. This rating, which reflects the Bank's performance in meeting the needs of the communities in which it operates, is a manifestation of "The Power of Local" and something we are very proud of and committed to maintaining.

"The highlight of the year was without a doubt the Outstanding Community Reinvestment Act rating that we received from the FDIC back in the spring."



As we enter 2020, we are putting the finishing touches on a new 3-year strategic plan for the Bank. This plan seeks to build on our historical strengths and take advantage of market opportunities, and remains consistent with our 4 pillars of being a great place to bank, being a great place to work, having a significant positive impact in our communities, and remaining financially strong so that we will be here for the long term. We are also excited about the upcoming relocations of our Brookfield and Sand Hill Plaza offices, which will result in an improved experience for our customers and greater visibility for the Bank.

Finally, we would be remiss if we did not mention the passing during 2019 of our corporator Eleanor Gillette. Eleanor was a tireless advocate for Newtown Savings Bank in the Woodbury community as well as a valued source of input, advice, and challenge to our management team. She will be greatly missed.

Thank you for your support of the Bank during 2019 and for your confidence in us. We are honored to serve you and hope that you will think of us first whenever we can be of service.



A blue ink signature of Kenneth L. Weinstein.

Kenneth L. Weinstein
President & CEO

A blue ink signature of John F. Trentacosta.

John F. Trentacosta
Chairman

Pictured left to right: Kenneth L. Weinstein and John F. Trentacosta

Invested In Our Communities

Since 1855, supporting our communities has been at the heart of everything we do and last year was no exception. In 2019, the Bank's community donations exceeded \$340,000, providing support for scholarships and social service donations in each branch town, as well as over 200 sponsorships and nonprofit donations.

We are so proud of the generosity and giving spirit of our employees who regularly donate their time and money to causes they care about—from organizing charity blue jeans days to diaper drives and bake sales, and, this past year, a chili cook-off to name a few! Many also participate in the Bank's annual United Way campaign, with over \$16,000 pledged in 2019. We'd like to give special thanks to all of the employees who helped out with the Newtown Holiday Festival and Shelton Relay for Life. We'd also like to recognize the Retail Lending team for spearheading so many NSBCare employee initiatives last year—including making and delivering valentines to local nursing homes, hosting a Red Cross blood drive, and organizing a children's book drive to benefit clients of Family & Children's Aid in Danbury and Mercy Learning Center in Bridgeport!



Annual Toys for Tots Drive: A big thank you to our customers and employees for their generous donations in 2019!

"Outstanding" Community Reinvestment Act Rating

In 2019, we received an Outstanding rating from the Federal Deposit Insurance Corporation (FDIC)! This rating is the highest possible, and recognizes the Bank's excellent responsiveness to the community development needs of the Bank's assessment areas through community development loans, investments, and services. Achieving this distinction is a direct result of the dedication and hard work of our employees.

In 2019,
our employees performed over

6,700

hours of community service as part of the Bank's NSBCare employee volunteer program.

The Power of Giving Back

Throughout the year, we love to help bring communities together by sponsoring family-friendly events like Food Truck Fridays in Bethel, Concerts in the Park in Brookfield and Woodbury, and the Newtown Labor Day Parade. You also saw us at the City Center Farmer's Market in Danbury, where we sponsored the nutrition tent, and at the Monroe Farmer's Market, where our smiling Monroe team gave away our popular reusable shopping bags. This past year, we enhanced our longstanding partnership with the Ives Concert Park in Danbury. The "Events at the Ives" logo will now include "Powered by Newtown Savings Bank."



2019 Highlights

The Power of Local

We continued to build our brand by showcasing additional customers in our new advertising and sharing their stories, including a compelling new brand ad with a powerful message: At Newtown Savings Bank, the Power of Local is more than a tagline. It's a promise.

Featured on our cover, Jesse discovered the big difference in banking local when he shared his goal to open a second barber shop and our team of experts helped make it happen.

“As a small business owner, Newtown Savings Bank is a partner you want to have in your corner.”

– Jesse, Owner of Jesse’s Barber Shop

Commercial and Small Business Lending

The Bank continued to be a vital lender to businesses in the area, with over \$113 million business loans closed in 2019. Not only were we ranked as the #6 Commercial Real Estate Lender in Connecticut by the Commercial Record and Warren Group, but we were presented with an Eagle Award from the Small Business Administration (SBA) as the “Top Lender in Connecticut to Exporters.”



Ted & Paige Parker, owners of Vibrant Health.

We provided SBA financing to Vibrant Health, a leader in the natural products industry. Headquartered in Shelton, the company distributes natural food supplements throughout the United States and abroad.

¹These programs are for properties located in Connecticut, are subject to application and approval. Certain conditions apply.



Jeanne & Jeff from Southbury. Securing a great rate with a fast approval, we helped them purchase their dream home.

Residential Mortgages

Newtown Savings Bank is proud to be a premier lender in Connecticut, ranked by the Warren Group as a top 20 mortgage lender statewide in 2019 – one of only two local community banks making the list! Our team of experienced mortgage bankers are dedicated to making the process simple and personalized, helping customers get the house of their dreams.

In 2019, we were ranked as a

TOP 20
mortgage lender in CT

Not only did we put over 600 families into new homes and generate over \$230 million in mortgages, but we also serviced over 12,000 loans surpassing \$2 billion in balances.

NEW! Welcome Home Mortgage¹

We created a new first-time homebuyer program to complement our other affordable programs. Our Welcome Home Mortgage is for buyers purchasing a home in low- to moderate-income census tracts with a down payment as low as 3%.

At Newtown Savings Bank, we offer unique products and services to help manage your money through every stage of life. The products featured below are just a few of the resources available to help you and your family reach your financial goals. You can also find complimentary interactive financial education topics for all ages at our Financial Education Center located at NSBonline.com.

NEW! Student Checking

Our student checking account provides an opportunity for teens and young adults to start taking control of their finances! This account is a great way to learn about budgeting while achieving financial independence.

Great Prize Savings¹

With our Great Prize Savings Account, we draw one winner to surprise each quarter by adding \$1,500 into their account. Each qualifying deposit increases the chance to win.

Congratulations to our 2019 Winners: John Guerra, Nicholas Landau, Robert Legnani, and Joseph Devellis!

Great Start Savings Account

Good financial habits are important to form, and it's never too early to start planning for the future. Our Great Start Savings Accounts were more popular than ever in 2019.



Corrine from Oxford, understands the power of saving.

With our Great Start Savings Account, children can actively learn about the power of saving, plus they earn a 5.00% APY on the first \$1,000 deposited!²

Newtown Investment Solutions³

It was another record year for Newtown Investment Solutions, with assets under management growing from \$177 million to over \$213 million. We'd like to recognize our exceptional team of financial advisors who provide their personal and business clients with great service and expertise regarding their investments and life insurance throughout the year.

New Leaders in Banking

Two of our employees were recognized as "New Leaders in Banking" by the Connecticut Bankers Association. Congratulations to Katie Smith, Assistant Vice President/Regional Experience Manager, and Whit Holden, Vice President/Small Business Lending Sales Leader!

¹Earn an entry in our drawing by depositing at least \$25.00 in your Great Prize Savings Account. Each eligible deposit up to a total of 24 deposits per quarter qualifies as an entry. The winner will have \$1,500 deposited in his/her Great Prize Savings Account approximately 60 days after the drawing date. Consumer accounts only, must be 18 years of age and a Connecticut resident. Limit one account per Social Security Number. Minimum balance to earn interest is \$10. Fees may reduce earnings. You may only make six third-party withdrawals or transfers from your account each statement period. Odds of winning depend on number of eligible entries received. Major restrictions and eligibility requirements apply - see Official Rules available at any Bank branch or NSBonline.com. Void where prohibited. The Great Prize Savings account is conducted under United States and Connecticut law as a savings promotion raffle.

²Balances between \$.01 and \$1,000.00 will earn 5.00% Annual Percentage Yield (APY), balances \$1000.01 or more will earn the standard Statement Savings Account APY that is .05% as of December 31, 2019. The APY for this tier will range from .05% to 5.00%. Minimum of \$25 to open. The child named on the account must be under 18 years of age. At age 18, the account will change to a Statement Savings Account and earn the APY Newtown Savings Bank is offering at that time. The custodian, the minor child or at least one joint owner must live in Connecticut. Limit one account per child. Fees may reduce earnings. This is a variable rate account so rates may change after the account is opened.

Statement of Condition

In Thousands

	December 31, 2019	December 31, 2018
> Assets		
Cash & Deposits in Other Banks	\$ 43,293	\$ 45,655
Investment Securities	154,456	132,020
> Loans		
Mortgage		
Residential	544,245	551,427
Homeowner Construction	21,392	25,204
Builder Spec/Commercial Construction	23,597	15,025
Commercial	247,970	229,052
Held for Sale	4,569	26,670
Total Mortgage Loans	841,773	847,378
Home Equity	90,090	93,961
Consumer - Personal & Other	26,539	27,595
Commercial & Industrial	85,606	82,677
Small Business Lending	35,684	31,589
Total Loans & Leases	1,079,692	1,083,200
Reserve for Loan & Lease Losses	(10,156)	(9,311)
Total Loans & Leases, net of reserves	1,069,536	1,073,889
Banking Premises & Equipment	20,317	20,644
Other Real Estate Owned	267	374
Other Assets	46,217	44,555
TOTAL ASSETS	\$1,334,086	\$1,317,137

> Liabilities & Capital

Deposits	\$1,031,818	\$1,026,658
FHLB Advances & Other Borrowings	169,390	169,575
Other Liabilities	22,450	20,789
Capital	110,428	100,115
TOTAL LIABILITIES & CAPITAL	\$1,334,086	\$1,317,137

> Selected Ratios

Leverage Ratio (Tier 1)	8.47%	8.09%
Risk Based Capital Ratio (Tier 1)	12.20%	11.81%
Total Risk Based Capital Ratio	13.30%	12.85%

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

Leadership



Board of Directors

(All Directors are Corporators)

Back:

William A. Brimmer, Jr.

Brian C. White

James A. Kennedy

James T. Morley, Jr.

Laureen A. Trotto

Front:

Carol L. Mahoney
Secretary

John J. Martocci

Kenneth L. Weinstein
President & CEO

John F. Trentacosta
Chairman

Alan J. Clavette

Management Committee

Back:

Anthony F. Giobbi
EVP, Chief Banking Officer

William J. McCarthy
SVP, Chief Financial Officer

Paul Barkan
SVP, Chief Risk Officer

Jaime E. Moss
SVP, Human Resources

Front:

Lynndel M. Bartulis
SVP, Chief Information Officer

Kenneth L. Weinstein
President & CEO

Kathleen A. Gugliotti
SVP, Marketing Director



Officers

President & CEO

Kenneth L. Weinstein

Executive Vice President

Anthony F. Giobbi

Senior Vice Presidents

Paul Barkan

Lynndel M. Bartulis

Kathleen A. Gugliotti

Carl N. Josephson

William J. McCarthy

Jaime E. Moss

First Vice Presidents

Robert J. Capobianco

Brian T. Fonck

Douglas R. Hensal

Mary Z. Jascha

Meghan P. Krebs

Vice Presidents

James E. Bardon

Mark A. Candido

Tricia Cauwels

Jennifer A. Ciuffo

Robert J. Coccozza

Christine Conway

Thomas D'Agostino

Richard J. DeMayo

Vincent DiGilio, Jr.

Manuel Fernandes

Steven J. Greenberg

Tracy C. Gustafson

William R. Hart

Whit Holden

Linc A. Keil

David J. Loftus

Thomas C. Lutz

Sarina Manibanseng

Laura U. Manz

David S. Manzer

Marc Massimino

Margot J. Melaas

Renee Metzger

Karin D. O'Brien

Albert A. Paolozzi, Sr.

Tanya W. Truax

Dana D. Ulstad

James G. Wallace

Assistant

Vice Presidents

Jackie Aminti

Nicholas F. Bryan

Victor Falco

Peter Gerardi

Holly R. Hatfield

Brian D. Healy

Sarah M. Hensal

Hyrije Hodza

Kelly R. Jack

Laura Krauss

Nancy G. Kuhn

Philip E. Lukianuk

Elaine P. Martin

Rhonda McEwen-Thompson

Matthew F. Mihalcik

David S. Myrick, Jr.

Angelo Ordonez

Danielle B. O'Rourke

Iris Patrick

Anthony S. Rossley

Katie A. Smith

Tracey Smith

Janice A. Snyder

Ryan Storms

Dawn M. Taylor

Kasey Yakavonis

Assistant Treasurers

Jennifer Blatchley

Rebecca L. Brown

Maria Elena Daddi-Greene

Andrea T. Fodor

Toni French

Gail Garzon

Stephanie Griffin

Tiffany Hartmann

Susan Kovacs

Holly McNamara

Carrie A. Milks

Nadine Paine

Karissa M. Peters

Dina Sabia

Erik Secola

Aga Stepniak

Paula Wilson

Richard B. Wolf

Jennifer L. Zinzi

Corporators

Brian Amey

Carrie L. Amos

Harmon L. Andrews

Bryan K. Atherton

Scott Baggett

Daniel L. Bedard

Bobbi Jo Beers

Rodd B. Blessey

Sean M. Carroll

Patrick Caruso

Philip R. Clark

George A. Coleman

Kevin A. Cragin

Daniel Cruson

Dawn Reshen-Doty

William Dunn

Joseph A. Fiorita, Jr.

Robert S. Grossman

James Gulalo

Timothy J. Holian

Joseph R. Humeston

Todd Ingersoll

*James J. Jowdy, Jr.

*Nicholas J. Kopcik

John S. Madzula

Joel Malin

Robert Matthews

Paul E. Mayer

Andrew M. McGeever

Kevin McMahon

*Maximino Medina, Jr.

*Robert Morey

Glenn J. Nanavaty

Maureen Crick Owen

*Margaret A. Powers

Mark Principi

Anne M. Ragusa

Gerard D. Robilotti

Suzanne Roman

Douglas Rose

Sandy T. Roussas

Gene A. Rubino

Andrea Scalzo

David B. Sippin

Joseph D. Skrzypczak

James T. Smith

*Lauren H. Soloff

Benjamin B. Spragg

*Paul S. Timpanelli

*Nominated pending election at 2020 Corporators Annual Meeting.

Branch Locations

Newtown

Main Office
32 Church Hill Road
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 Tower
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



facebook.com/NewtownSavingsBank
youtube.com/NSBonline

Lending Center

Hamden

New Haven
Regional Lending Center
2321 Whitney Avenue
203.974.8998

Newtown Investment Solutions³

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