

2017

ANNUAL  
REPORT



*A common sense  
of purpose.*



**NORTH SHORE BANK**

Well north of your expectations.™

# *Well north of your expectations . . .*

As a company tag line, it is bold and assertive and leaves little room for misinterpretation. It is a high bar that we as an organization must consistently strive to clear. It cannot just be a slogan or quaint aspirational notion; it must be ingrained in the company DNA and readily apparent with every customer interaction. It was with this in mind that many of our 2017 strategies — whether relating to staffing, product development, employee engagement or community involvement — were geared toward ensuring that we continue to meet or exceed this assertion.

For instance, in early 2017 the Bank assembled a broad cross-section of employees from all areas of the organization, whose purpose was to encourage unity, improve internal communication, promote greater recognition and foster a culture of giving back. Known as the “NSB Employee Connection,” the group has championed the simple premise that the actions of a fully engaged staff will flow throughout the organization and well beyond. As a result, during the course of the year, the team planned Bank-wide events, distributed thoughtful giveaways and organized volunteer activities at local non-profit organizations. There is little question that their ongoing efforts have contributed significantly to the Bank, and I’m confident that their collective energy and enthusiasm will continue to provide a boost to our collective value proposition in the years ahead.

I’m also pleased to report that in July the Bank hired Joseph Bartolotta as Chief Customer Officer, a senior-level position charged with overseeing Customer Satisfaction and Service Delivery. In addition to managing our traditional



sales and service channels, Joe also directs the integration of any customer-facing technology and services. By year-end, our Management Team had not only shepherded the rollout of a new suite of retail deposit products but had also initiated the redesign of our commercial deposit offerings, and had designed and directed the build-out of our new Customer Contact Center, which officially opened in January of 2018.

We also significantly increased our lending capabilities in 2017, adding two new residential mortgage lenders and three new commercial lenders to our staff. These valuable additions to our core business areas will serve us well

as we move into 2018, allowing us to not only expand our lending capacity but also to broaden our geographic reach.

As you can see from the Financial Highlights, 2017 was also another strong year, with all major balance sheet categories increasing markedly. Total Assets grew from \$789MM to \$819MM, principally fueled by an 8% increase in commercial loans and an 11% bump in year-over-year home equity lending. While deposit acquisition grew at a somewhat slower pace, in line with industry trends, we believe with our recent product development efforts we are well positioned for the upcoming year. Bank capital remains well above the regulatory level for a well-capitalized bank, reflected by a Tier-One Leverage Capital ratio of 10.73%. Net Operating Income ended the year strongly at \$3.6MM, even after taking a \$1MM one-time charge at year-end for accounting changes required by the enactment of Tax Cuts and Job Act legislation.

In 2017 North Shore Bank and its employees continued to support nonprofit organizations throughout our market area. Contributing both financially and through extensive volunteer efforts, the Bank donated to more than 225 different groups and our staff served on more than 60 different local, regional and statewide boards. It's also noteworthy that employees at every level of the company engaged in volunteer efforts during the course of the year, ultimately donating over 400 hours of their time to area nonprofits or at community-wide events. Similarly, our employee-directed "Jeans Days" program completed yet another successful campaign, generating over \$17,000 in contributions to area nonprofits and pushing the total amount raised to almost \$50,000 since its inception in 2015.

We are proud of the accomplishments achieved in 2017 — believing that in some ways, we are not the same organization that we were 12 months ago. We have refined and recommitted ourselves to the pledge that 200 diverse individuals can come together with a common sense of purpose and continually strive to be *well north of expectations*.



Kevin M. Tierney, Sr.  
President and Chief Executive Officer  
North Shore Bank



# Financial Highlights

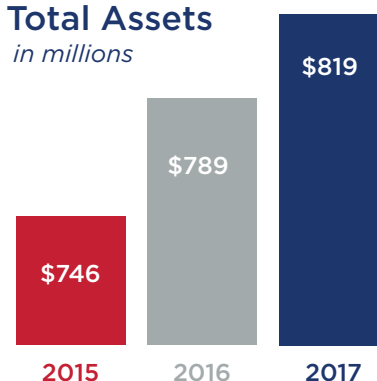
## Consolidated Statement of Condition

(dollars in thousands)

|   | December 31,      |                   |
|---|-------------------|-------------------|
|   | 2017              | 2016              |
| <b>Assets</b>                               |                   |                   |
| Cash & Due From Banks                       | \$ 9,430          | \$ 10,410         |
| Securities                                  | 94,770            | 94,308            |
| Overnight Investments                       | 1,794             | 12,342            |
| <b>Loans</b>                                |                   |                   |
| Loans                                       | 679,554           | 635,130           |
| Allowance for Loan Losses                   | (7,298)           | (6,266)           |
| Net Loans                                   | 672,256           | 628,864           |
| Fixed Assets                                | 12,937            | 13,625            |
| Other Assets                                | 27,918            | 29,476            |
| <b>Total Assets</b>                         | <b>\$ 819,105</b> | <b>\$ 789,025</b> |
| <b>Liabilities</b>                          |                   |                   |
| <b>Deposits</b>                             |                   |                   |
| Demand Deposits                             | \$ 157,427        | \$ 151,876        |
| <b>Interest-Bearing Balances</b>            |                   |                   |
| MMDA Accounts                               | 136,908           | 138,720           |
| Savings Accounts                            | 126,306           | 120,961           |
| Time Deposits                               | 168,023           | 160,350           |
| NOW Accounts                                | 64,410            | 57,497            |
| Total Interest-Bearing                      | 495,647           | 477,528           |
| Total Deposits                              | 653,074           | 629,404           |
| Borrowed Funds                              | 71,783            | 67,074            |
| Other Liabilities                           | 6,038             | 7,854             |
| Total Liabilities                           | 730,895           | 704,332           |
| <b>Equity Capital</b>                       |                   |                   |
| Equity Capital                              | 88,210            | 84,693            |
| <b>Total Liabilities and Equity Capital</b> | <b>\$ 819,105</b> | <b>\$ 789,025</b> |

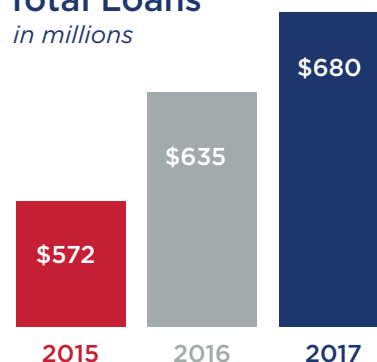
## Total Assets

in millions



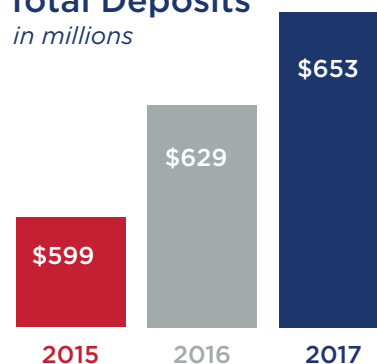
## Total Loans

in millions



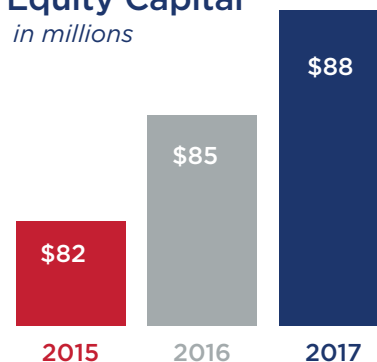
## Total Deposits

in millions



## Equity Capital

in millions



# Board of Directors

Jonathan N. Bursaw – Chairman of the Board  
David L. Ankeles  
Luis L. Azevedo  
Benoit J. Brodeur, Jr.  
Gary F. Cowles  
Timothy F. Clarke  
Bradley R. Gauthier

Charles E. Holden  
Cynthia McGurren  
Pamela Casey O'Brien  
Monique Pelletier  
Dr. Samuel Penta  
Kevin M. Tierney, Sr. — President & CEO  
Richard A. Yagjian

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# North Shore Bank Officers

## Executive

Kevin M. Tierney, Sr. – President & CEO

## Finance

George J. Sophinos – SVP & Chief Financial Officer  
Dorothy M. Roth – Vice President  
Amanda P. Yim – Assistant Vice President  
Susan T. Inserra – Assistant Treasurer

## Human Resources

Beth A. Tichy – Senior Vice President  
Liseth Flores – Vice President  
Carol Varone – Assistant Vice President

## Lending

Michael D. Brown – SVP & Chief Lending Officer  
Peter D. Fenn – Senior Vice President  
Steven C. Pettengill – Senior Vice President  
Jerome J. Salerno – Senior Vice President  
Sherry M. Ambrose – Vice President  
Ross T. Caswell – Vice President  
Joanne V. Donovan – Vice President  
Richard E. Felteau – Vice President  
Mark D. Drew – Vice President  
Rosemary Garcia Frost – Vice President  
Maureen E. Meletis – Vice President  
Phillip P. Noto – Vice President  
Mary Beth O'Connell – Vice President  
Daniel P. Giuliani – Assistant Vice President  
Lisa Scopa – Assistant Vice President  
Reena Scott – Assistant Vice President  
Sean P. Driscoll – Commercial Loan Officer  
Lisa F. Chochrek – Appraisal Officer

## Marketing

David A. Munroe – Vice President  
Christopher G. Pesce – Vice President

## Operations & Information Technology

Susan Cheever Shea – SVP & Chief Operations Officer  
Judith F. Doherty – Vice President  
Gary A. Frost – Vice President  
Debbra A. Knight – Vice President  
Sheryl A. Pompei – Vice President  
Daniel S. Ruane – Vice President

## Retail Banking

Joseph J. Bartolotta – SVP & Chief Customer Officer  
Elizabeth A. White – Vice President  
Diane M. Ayers – Assistant Vice President  
Geoffrey T. Leahy – Assistant Vice President  
Suzanne L. O'Brien – Assistant Vice President  
Maria A. Silva – Assistant Vice President  
Mary Lou DaSilva – Sales & Service Manager  
Betzi De La Rocha – Sales & Service Manager  
Julieann Garland – Sales & Service Manager  
Jodi Houghton – Sales & Service Manager  
Aimee L. Martin – Sales & Service Manager  
Christopher R. Palovich – Sales & Service Manager  
Megan Shea-Pereira – Sales & Service Manager  
Thomas J. Sulick – Sales & Service Manager

## Risk Management

Robert R. Clay – Senior Vice President  
Kimberly A. Lovett – Vice President  
Linda S. LeBlanc – Assistant Vice President



# NORTH SHORE BANK

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