



Our roots run deep.

2016 ANNUAL REPORT



**NORTH SHORE BANK**

Well north of your expectations.™



# A commitment to community

Community banks have a rich history of meeting the needs of the cities and towns in which they operate. Whether through their normal business functions or their many philanthropic endeavors, they are inseparably linked to, and reflective of, the areas in which they are rooted. They are part of the fiber that binds communities together.

At North Shore Bank, we have always been proud to carry the community bank standard. Chartered in May of 1888, our organization has steadily grown to include twelve branches across the North Shore, Merrimack Valley and now southern New Hampshire. Throughout our history, we have been unwaveringly committed to the area by helping consumers to realize their financial goals, meeting the needs of the business community, providing a rewarding workplace for employees, giving back by donating to social service and civic programs, and frankly, by making our shared communities better places to live and work. Of course, the success of this strategy has always depended on the success of North Shore Bank, and in this regard I am quite pleased to report that the company again delivered a strong financial performance in 2016.

Ending the year at \$789MM in assets, this represented a 6% increase from year-end 2015. Fueled by a \$63MM boost in net lending, an 11%

jump from 2015, this was largely attributable to our business lending efforts, which grew by more than \$50MM during the period. While all major commercial categories increased, there were sizable gains in the commercial real estate and construction and development lending portfolios.

We had another successful year providing residential financing, especially with our home equity line program. Having modified the product terms in April, and then aggressively promoting it throughout the spring and fall, the bank ultimately originated more than \$26MM in credit availability.

Our Equity Capital approached the \$85 million mark by the end of 2016, with a Tier One Leverage Capital ratio of 10.57%, placing North Shore Bank well above the regulatory standard required for well-capitalized banks. Net Operating Income was strong at \$3.4MM, and even with our substantial increase in lending activity, the bank's asset quality remained strong, with low levels of non-performing assets.

As in years past, the bank continued to actively support an extensive cross section of nonprofits across our entire market area. Contributing financially to more than 180 different organizations, we earmarked funds to groups serving the arts, education, health





and human services and municipalities, as well as a variety of social welfare groups. In addition, our weekly employee Jeans Day program continued strongly throughout the year, ultimately supporting a dozen local organizations and accounting for over \$15,000 in direct contributions. Most notably, since its inception in 2015, the program has resulted in over \$30,000 in employee donations.

Besides providing financial backing, throughout the year, North Shore Bank employees continued to serve on a variety of different local, regional and state-wide boards and committees, volunteering their time and considerable expertise. Ranging from community organizations to municipal planning boards to charitable associations, we're confident that their collective energy, commitment and ongoing advocacy have served the community well.

Of course, none of this is surprising to us. After all, we have long believed that our employees are our greatest asset at North Shore Bank. One hundred and seventy-five strong — all sharing a common sense of purpose and continually striving to exceed our customers' expectations — they are more committed than ever to the values that have endured over the years.

As we approach the start of our 130th year, it's hard not to be humbled. We fully recognize that we are just the latest in a long list of stewards whose cumulative legacy has been an impressive record of support for homeowners, individual savers, businesses and non-profits. This is not just our history; we're convinced that it's our future as well.

President and Chief Executive Officer  
North Shore Bank



# 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

## 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 — Assistant 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  
Joanne V. Donovan — Vice President  
Richard E. Felteau — Vice President  
Rosemary Garcia Frost — Vice President  
Peter F. Malinowski — Vice President  
Phillip P. Noto — Vice President  
Mary Beth O'Connell — Vice President  
Ross T. Caswell — Assistant Vice President  
Maureen E. Meletis — Assistant Vice President  
Lisa Scopa — 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

Elizabeth A. White — Vice President  
Diane M. Ayers — Assistant Vice President  
Suzanne L. O'Brien — Assistant Vice President  
Maria A. Silva — Assistant Vice President  
Mary Lou Da Silva — Sales & Service Manager  
Betzi De La Rocha — Sales & Service Manager  
Julieann Garland — Sales & Service Manager  
Jodi Houghton - Sales & Service Manager  
Geoffrey T. Leahy — Sales & Service Manager  
Aimee L. Martin — Sales & Service Manager  
Megan Shea-Pereira - Sales & Service Manager  
Thomas J. Sulick — Sales & Service Manager

### Risk Management

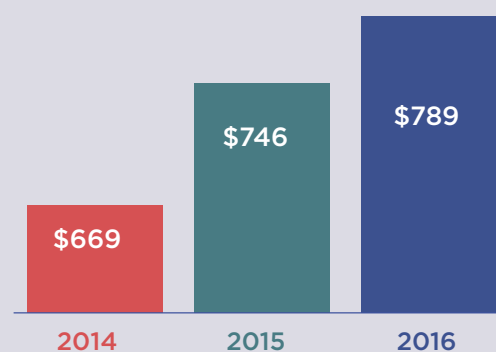
Robert R. Clay — Senior Vice President  
Kimberly A. Lovett — Vice President  
Linda S. LeBlanc — Assistant Vice President

# Consolidated Statement of Condition

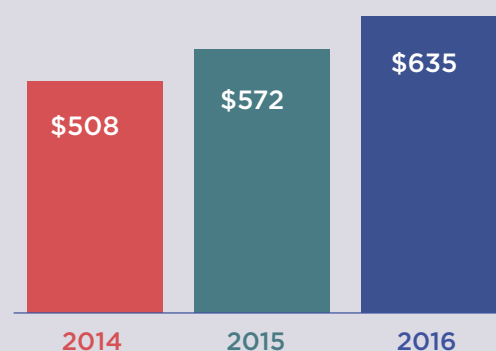
(dollars in thousands)

	December 31,	
	2016	2015
<b>Assets</b>		
Cash & Due From Banks	\$ 10,410	\$ 9,197
Securities	94,308	106,617
Overnight Investments	12,342	21,333
<b>Loans</b>		
Loans	635,130	571,630
Allowance for Loan Losses	(6,266)	(5,607)
Net Loans	628,864	566,023
Total Fixed Assets	13,625	14,367
Other Assets	29,476	28,478
<b>Total Assets</b>	<b>\$ 789,025</b>	<b>\$ 746,015</b>
<b>Liabilities</b>		
<b>Deposits</b>		
Demand Deposits	\$ 151,876	\$ 134,066
<b>Interest Bearing Balances</b>		
MMDA Accounts	138,720	140,171
Savings Accounts	120,961	119,453
Time Deposits	160,350	154,645
NOW Accounts	57,497	51,040
Total Interest Bearing	477,528	465,309
Total Deposits	629,404	599,375
Borrowed Funds	67,074	57,721
Repurchase Agreements	0	0
Other Liabilities	7,854	7,290
Total Liabilities	704,332	664,386
<b>Equity Capital</b>		
Total Equity Capital	84,693	81,629
<b>Total Liabilities and Equity Capital</b>	<b>\$ 789,025</b>	<b>\$ 746,015</b>

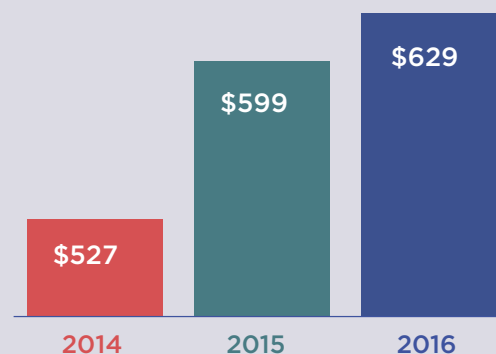
## Total Assets | in millions



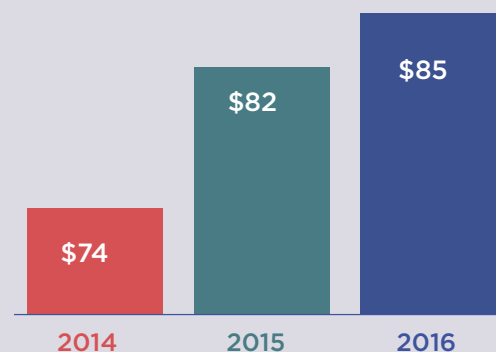
## Total Loans | in millions



## Total Deposits | in millions



## Equity Capital | in millions







# NORTH SHORE BANK

Well north of your expectations.™

Beverly | Danvers | Merrimac | Middleton | Newton, NH | Peabody | Salem | Saugus

[northshore-bank.com](http://northshore-bank.com) |     

Member FDIC Member SIF Equal Housing Lender 