



NSB NORTHFIELD
SAVINGS BANK

2014 ANNUAL REPORT TO THE COMMUNITY

NORTHFIELD MUTUAL HOLDING COMPANY AND NORTHFIELD SAVINGS BANK

“We embody a spirit of partnership with our many valued constituents.”

PRESIDENT'S MESSAGE



Thomas S. Leavitt, President & CEO

March 2015

Dear Friends,

Northfield Savings Bank (NSB) enjoyed another year of progress in 2014.

Our successful CEO transition gives me the privilege of addressing you in this report for the first time. On behalf of our Corporators, Board, management and staff,

I thank Tom Pelletier for his 16 years of exceptional

stewardship. Tom left our institution in healthy condition, with a solid outlook for growth.

Total assets and equity capital at year-end were \$794.7 million and \$99.8 million, rising \$40.6 million and \$8.0 million, respectively, over prior year levels. Our balance sheet is liquid and well capitalized. Net income for the year finished at a respectable \$4.8 million. Earnings fell below prior year levels as we invested in facilities, technology, and people.

We managed margin pressure in a persistent low interest rate environment while outperforming budget. This performance sustained our commitment to supporting Vermont non-profit organizations with 10% of our earnings again being invested through our “community dividend.”

Loans at year-end of \$556.4 million were supported by \$559.8 million of deposits, rising \$38.9 million and \$32.4 million, respectively, over prior year levels. Asset quality remained strong, with loan delinquencies notably below peer averages in a state and region that are performing well overall.

Through Infinex Investments, Inc.*, the broker/dealer offering securities on the premises of the Bank, Northfield Investment Services (NIS) turned in another solid year of helping customers prudently manage wealth. Financial assets under management finished at \$142.6 million, rising \$14.9 million over the prior year. Our NIS team now serves more than 1,600 clients with a comprehensive range of investment options.

NSB executive team appointments were announced during the fourth quarter. Chief Operating Officer Cheryl LaFrance, Chief Lending Officer Al Flory, Chief Financial Officer Cory Richardson, Chief Human Resources Officer Donna Austin-Hawley, and Corporate Secretary Janet Kinney assumed their new roles. These leaders join me, our Board, and our talented organization in serving our communities as Vermont’s premier mutual banking company.

We completed early in 2015 a significant upgrade of our electronic banking platform. Our staff worked tirelessly to prepare, implement, and support the new capabilities for our consumer and commercial customers. This is a major step in fortifying our commitment to advanced 24/7 banking access.

As we move into our new Operations Center mid-year 2015, we devote our efforts to vital customer care, operational reliability, financial soundness, effective risk management, corporate citizenship, and responsible governance. We are intently focused on what matters most to our depositors, borrowers, investment clients, and communities. We embody a spirit of partnership with our many valued constituents.

A special note of thanks to Nancy Pope. She concludes her terms as Board Chair and Trustee after 20 years of faithful service to our company. Nancy’s contributions have been formative and will long be appreciated.

Your continued support of Northfield Savings Bank is fundamental to our strength. We are grateful for your trust.

Sincerely,

A handwritten signature in blue ink that reads "Thomas S. Leavitt". The signature is fluid and cursive, with the first name being the most prominent.

Thomas S. Leavitt
President & CEO

FINANCIAL OVERVIEW

BALANCE SHEETS

As of December 31

(Dollars in thousands)

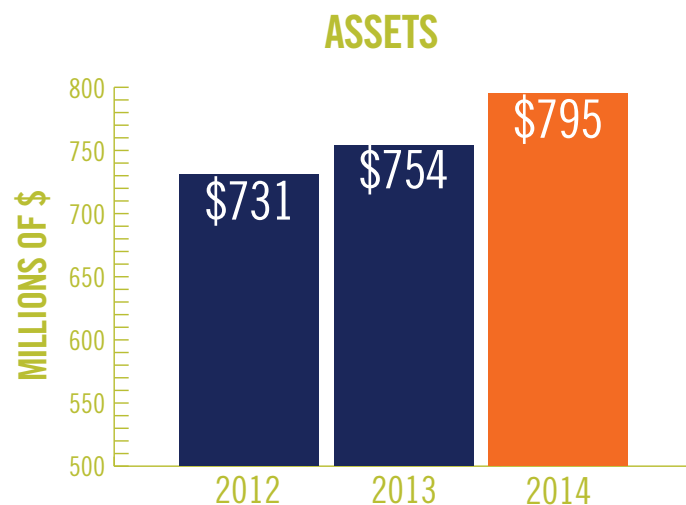
Assets

	2014	2013
Cash and Cash Equivalents	\$ 10,076	\$ 8,794
Investment Securities	181,646	182,758
Federal Home Loan Bank Stock	5,527	6,130
Residential Loans	261,826	241,242
Commercial Loans	238,592	223,747
Consumer Loans	56,024	52,536
Allowance for Loan Losses	(6,459)	(6,011)
Bank Premises and Equipment	13,208	10,370
Other Assets	34,260	34,577
Total Assets	\$ 794,700	\$ 754,143

Liabilities & Capital

Deposits	\$ 559,801	\$ 527,364
Customer Repurchase Agreements	40,873	43,251
Federal Home Loan Bank Borrowings	86,976	85,564
Other Liabilities	7,221	6,126
Equity Capital	99,829	91,838
Total Liabilities & Capital	\$ 794,700	\$ 754,143

The Bank had outstanding standby letters of credit of \$1,655,000 as of December 31, 2014 and \$1,485,000 as of December 31, 2013. Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party.

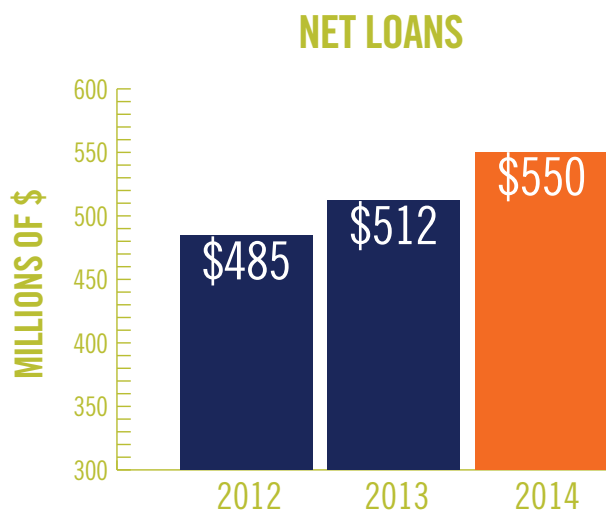


NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY

STATEMENTS OF EARNINGS

For Years Ended December 31

(Dollars in thousands)



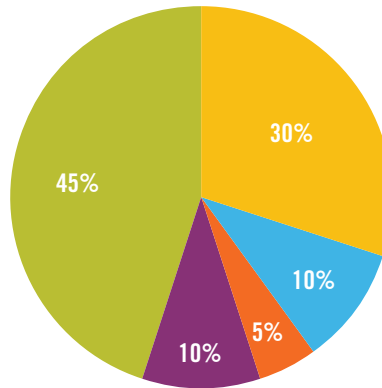
	2014	2013
Interest on Loans	\$ 22,847	\$ 22,112
Interest on Investments	3,706	3,754
Total Interest Income	26,553	25,866
Interest Paid on Deposits	2,877	3,126
Interest Paid on Borrowings	486	546
Total Interest Expense	3,363	3,672
Net Interest Income	23,190	22,194
Provision for Loan Losses	(560)	(150)
Other Operating Income	4,575	4,372
Security Gains	83	395
Operating Expenses	(20,840)	(19,487)
Earnings Before Income Taxes	6,448	7,324
Income Taxes	1,626	1,872
Net Income	\$ 4,822	\$ 5,452

COMMITMENT TO COMMUNITY

As one of just three dozen mutual institutions in Northern New England, Northfield Savings Bank does not pay a dividend to shareholders. Instead, NSB elects to pay a “community dividend” by distributing 10% of annual earnings to area non-profit organizations. To honor this commitment, NSB provides community support through its Community Giving Program, the NSB Foundation, a Northfield Savings Bank Scholarship (available through VSAC), and an internal employee matching program.

DONATIONS BY PROGRAM

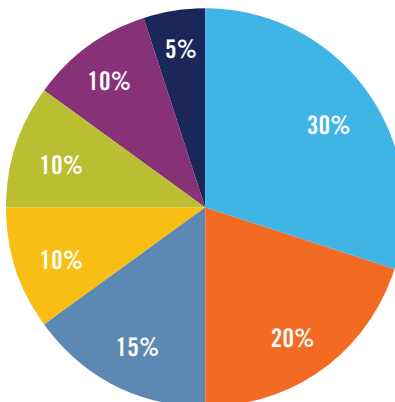
- Community Giving Program
- The NSB Foundation
- Employee Matching
- Scholarship Program
- Other



In 2014, donations totaled **\$481,000** and assisted over 250 local non-profits with approximate allocations within the areas of need below:

DONATIONS BY AREA OF NEED

- Human Services
- Programs for At-Risk Youth and Low/Moderate Income Families
- Education
- Arts and Culture
- Environmental
- Economic Development
- Other



As a mutual bank, Northfield Savings Bank does not pay a dividend to shareholders. Instead, NSB elects to pay a “community dividend.”

COMMUNITY BANKING

\$32.4
MILLION DEPOSIT GROWTH

ACCESS POINTS FOR OUR COMMUNITY BANKING CUSTOMERS:



47%
HAD AN NSB DEBIT CARD



42%
OF HOUSEHOLDS USED
ELECTRONIC BANKING
(AKA eNSB)

26%
OF HOUSEHOLDS RECEIVED
ELECTRONIC STATEMENTS
(AKA eSTATEMENTS)

23%
OF eNSB USERS USED eBILLPAY

RESIDENTIAL/MORTGAGE LENDING



600+

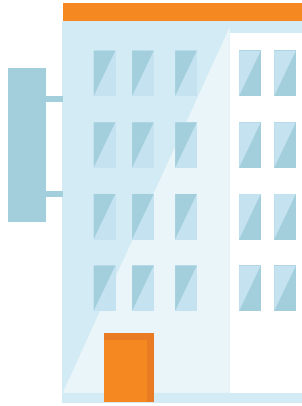
VERMONTERS
RECEIVED FINANCING
TOTALING
APPROXIMATELY

\$74
MILLION

75%
MORTGAGE
LOANS

25%
HOME EQUITY
LOANS

COMMERCIAL BANKING



190 BUSINESSES
RECEIVED FINANCING TOTALING
\$70,800,000

NORTHFIELD INVESTMENT SERVICES

12%
ASSETS UNDER MANAGEMENT

10%
TOTAL CLIENT GROWTH

NORTHFIELD MUTUAL HOLDING COMPANY

Directors

Nancy F. Pope, Chair	Jonathan M. Jamieson
J. Timothy Burke	John W. Lyon
Brian C. Eagan	Mary Alice McKenzie
Anne L. Gould	Robin C. Nicholson
Charles E. Haynes	Lauren D. Wobby
Brian C. Harwood	

Officers

Thomas S. Leavitt	<i>President</i>
Cory B. Richardson	<i>Treasurer</i>
Janet R. Kinney	<i>Secretary</i>

Corporators

Jon T. Anderson	James Hermanowski	Samantha Quinn
Meredith T. Augustoni	Stephen W. Hill	C. Paul Reed
Schuyler Barsch	Robert J. Holden	Thomas Robbins
Kim Bolduc	Jonathan M. Jamieson	Sandra A. Rousse
Anne E. Bourdon	F. Brian (Ted) Joslin	Paula Routly
J. Timothy Burke	Lisa L. Keysar	Mark W. Saba
Brian A. Button	Travis J. Kingsbury	Leslie A. Sanborn
Lilli B. Cain	Susan M. Klein	Liz Schlegel
Paul J. Carbonneau	Ky B. Koitzsch	Philip B. Scott
Nicole M. Carignan	Leo C. Laferriere	Steven M. Shea
Laura Carlsmith	Michael R. Lajeunesse	Marc E. Sherman
H. Wright Caswell	Jeffrey Larkin	Heather F. Shouldice
Edward J. Corrigan	Betty T. Lord	Linda W. St. Amour
Jon P. Cunningham	Kevin B. Lord	Fran Stoddard
Richard W. Darby	John W. Lyon	B. Thomas Sweet
Michael Diender	Mary Alice McKenzie	Wallace W. Tapia
Robert Dostis	Thomas Mehuron	Judith C. Tartaglia
Brian C. Eagan	Mary P. Miller	Charles W. Welch
Ted Elzey	Sue M. Minter	Donald E. Wells
Jennifer Emens-Butler	Eva M. Morse	David J. Whaley
Samuel C. FitzPatrick	Allyson H. Myers	James H. Wick
Yael Friedman	Robin C. Nicholson	Lauren D. Wobby
Karen Gillespie Korrow	Jeffrey R. Nick	Joseph L. Woodin
Anne L. Gould	Mary Hegarty Nowlan	Karen A. Zecchinelli
Sharon B. Gutwin	W. Dan Noyes	Nancy Zorn
L. Stephen Hackett	Adam C. Osha	
Stephanie T. Hainley	Marissa Parisi	
John J. Handy	Deborah A. Phillips	
Brian C. Harwood	Jeffrey M. Phillips	
Charles E. Haynes	David M. Pocius	
Timothy M. Heney	Nancy F. Pope	

NORTHFIELD SAVINGS BANK

Officers

Thomas S. Leavitt	<i>President and Chief Executive Officer</i>
Charles H. Abare	<i>Northfield Manager</i>
M. Kelly Andrews	<i>Waitsfield Manager</i>
Ian T. Arnold	<i>Vice President, Mortgage Banking</i>
Donna Austin-Hawley	<i>Senior Vice President, Chief Human Resources Officer</i>
Lori H. Belding	<i>Product Development Manager and CRA Officer</i>
Chad A. Bell	<i>Vice President, Investment Consultant</i>
Clay E. Bell	<i>Vice President, Investment Consultant</i>
Jill E. Bird	<i>Marketing Manager</i>
Donna M. Bohannon	<i>Bethel Manager</i>
Lori A. Bussiere	<i>Deposit Operations Manager</i>
Kimberly S. Chapin	<i>Human Resources Manager</i>
Megan L. Cicio	<i>Vice President, Commercial Services</i>
Karen L. Cox	<i>Essex Manager</i>
Tracy L. Davis	<i>College Street and Williston Road Manager</i>
Sherry L. Doane	<i>Vice President, Operations</i>
Joel E. Dubé	<i>Vice President, Commercial Banking</i>
Alfred J. Flory	<i>Senior Vice President, Chief Lending Officer</i>
Nubia Z. Fuller	<i>Montpelier Manager</i>
Donna M. Gerdes	<i>Collection Manager</i>
Mary E. Gleason	<i>Shelburne Road Manager</i>
Peter W. Goodell	<i>Vice President, Consumer Credit</i>
Julie H. Goodrich	<i>Retail Lending Manager</i>
Nicole B. Hayes	<i>Mortgage Originator</i>
Billi J. Higgins	<i>Loan Operations Manager</i>
Wendy C. Kellett	<i>Waterbury Manager</i>
Debra L. Kerin	<i>Barre Manager</i>
Janet R. Kinney	<i>Corporate Secretary</i>
Kathleen M. LaCross	<i>Vice President, Community Banking</i>
Cheryl A. LaFrance	<i>Senior Vice President, Chief Operating Officer</i>
Maryellen LaPerle	<i>Mortgage Originator</i>
Delora J. Livingston	<i>Randolph Manager</i>
Charlotte E. Magurn	<i>Assistant Corporate Secretary/Customer Service Representative</i>
Christine E. Martin	<i>Security Officer</i>
Stephen P. Mucha	<i>Vice President, Commercial Credit</i>
Richard B. Nelson	<i>Vice President, Information Technology</i>
Melissa A. Neun	<i>Vice President, Compliance and Bank Secrecy Officer</i>
Stephen J. Page	<i>Cash Management Specialist</i>
Lois J. Pigeon	<i>Taft Corners Manager</i>
Roger P. Pinan	<i>Mortgage Originator</i>
Wright C. Preston	<i>Vice President, Commercial Banking</i>
John P. Ravaschiere	<i>Vice President, Commercial Banking</i>
Cory B. Richardson	<i>Senior Vice President, Chief Financial Officer</i>
Gina R. Sargent	<i>Mortgage Underwriter</i>
Timothy D. Sargent	<i>Network Administrator</i>
Edward T. Sulva	<i>Vice President, Controller</i>
Paul H. Watson	<i>Vice President, Commercial Banking</i>
Ava I. Whitcomb	<i>Electronic Banking Manager</i>
Rosemarie White	<i>Vice President, Commercial Banking</i>
Debra L. Williams	<i>Training and Development Manager</i>

“Northfield Savings Bank has been instrumental in supporting us in the development of numerous commercial projects in Central Vermont since 1985. We enjoy working with the NSB team; commercial lenders we know, who live in the communities they serve and who are as committed to the Central Vermont community as we are.”

Bob Lord, Commercial Banking Customer, E.F. Wall & Associates

“We started working on securing home construction financing with a sketch and an idea. Our Mortgage Originator coached us through the entire process, connected us with professionals in the field, and offered gentle guidance. And when we finally closed, he was there celebrating the accomplishment with us. This is banking done right.”

Rebecca Dezan, Residential Mortgage Lending Customer

“Living in a smaller town, the beauty of somebody knowing exactly who I am, what I stand for, and my beliefs, makes me feel very important as a human being. I would recommend [Northfield Savings Bank] to everyone as their financial institution.”

Bob Illingworth, Community Banking Customer

