



2019



# MESSAGE FROM THE CHAIRMAN



Dear Friends,

On behalf of Needham Bank’s Board of Directors, I can report that your bank continued to evolve to meet the current and emerging needs of our customers and the communities we so proudly serve.

Under the leadership of President and Chief Executive Officer Joe Campanelli and Executive Vice President and Chief Operating Officer Sal Rinaldi, the bank expanded the suite of products available, while also creating a more robust technology platform to make banking more convenient and accessible.

A Board’s primary responsibilities revolve around governance issues – reviewing management’s strategic planning process; monitoring the bank’s succession planning activities; and overseeing the audit process to ensure the bank’s financial stability.

The Board is satisfied with the bank’s progress in each of these areas. Management presented a bold strategic plan that addresses a rapidly changing financial services landscape, yet adheres to the community values that have been a hallmark of Needham Bank for 127 years. Management also strengthened the executive team through strategic hiring and continued to exercise fiscal prudence, maintaining a high level of Tier 1 capital.

As Needham Bank continues to grow and expand, it is important that we have processes in place to manage risk and safeguard our customers’ deposits, as well as their personal information. With that in mind, management moved to re-engineer processes to more accurately measure risk; to more closely monitor performance of our individual lines of business; and to meet the additional regulatory requirements of a growing institution.

As our business clients have expanded their reach beyond Needham, we’ve added branches so we can continue to serve their needs. This also allows us to serve the deposit needs of the many borrowers we already serve throughout the greater Boston area.

In 2018, we addressed the need to become more active as a lender in Boston and in some of the city’s surrounding suburbs. We reached out to important minority communities and met relevant

Community Reinvestment Act (CRA) requirements. We also constituted a special Board committee to monitor the bank’s CRA progress.

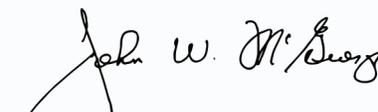
Additionally, the Board authorized management to explore the possibility of opening a branch office in Greater Boston to better serve current and future customers.

What does your Board believe accounts for the bank’s success? In our view, it all comes back to never losing sight of our guiding principles, values and mission when we were founded as a mutual bank in 1892 to serve the community. Helping to build communities – helping them grow and prosper in a responsible, sustainable manner – is indeed the very essence of who we are.

Toward that end, in fiscal 2019 we partnered with more than 300 community non-profits, donating over \$600,000 and over 2,500 volunteer hours to support health and human services, arts, education, affordable housing and community development. We believe that volunteerism and community support is the heart of what we do.

We owe our success to the fact that the bank has always operated under two guiding principles – rock-solid financial stability and a relentless focus on customer service. The bank always maintained strong capitalization and we have a well-known passion for serving customers, striving to help them achieve their financial goals.

In that regard, I want to take this opportunity, on behalf of the entire Board of Directors, to thank our Advisory Council, our management team, employees, and customers for contributing so much to the bank’s success this past year. It is with great confidence that we look to the future.



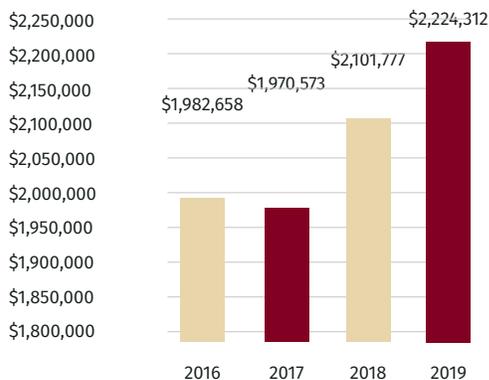
Jack McGeorge  
Chairman of the Board

# MESSAGE FROM THE CEO

These are exciting times at Needham Bank.

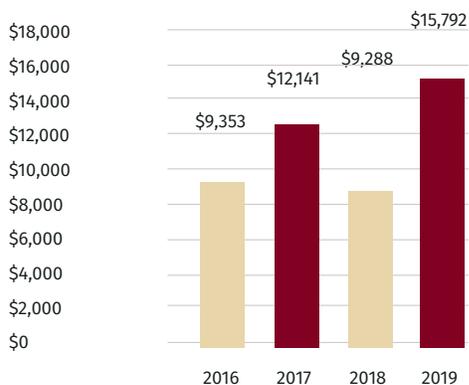
The bank is growing, highly profitable and well capitalized. As of March 31, 2019, we ended our fiscal year with \$2.2 billion in assets, a 6% increase over the previous fiscal year.

## TOTAL ASSETS (IN '000)



We reported record income of \$15.8 million, a 70% increase over 2018, while continuing to invest in technology, training and people. Total capital increased 7% to \$279 million, and total capital to assets was 12.7% which puts us among the best capitalized banks in our peer group.

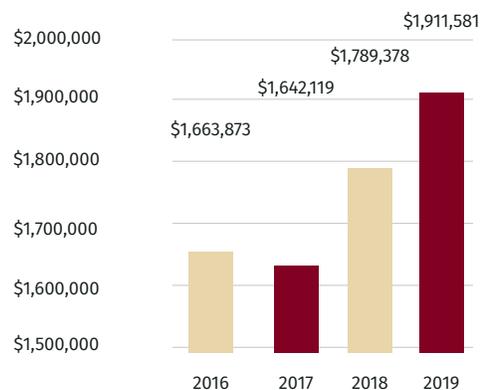
## NET INCOME (IN '000)



Total loans grew to \$1.9 billion, a 7% increase over the prior fiscal year-end. Non-performing assets as a percent to total average assets was 0.97%, compared to a peer average in the Northeast

of 0.59%. Needham Bank continues to be a recognized leader in financing residential and commercial construction; this past year we maintained a robust residential mortgage portfolio and redoubled our effort to significantly increase our financing of area small- and mid-sized businesses. We continue to diversify our loan portfolio, and in 2019 commercial loans comprised 52% of the portfolio, compared to 45% in 2018. We now offer a full array of consumer loans to round out our loan portfolio, including auto loans. Needham Bank is popularly known as “The Builders Bank,” and while we will not move away from that heritage, we want to expand upon it.

## TOTAL LOANS & LEASES (IN '000)



Total deposits grew 12% to \$1.6 billion at fiscal year-end 2019, as we launched a new cash management suite of services and improved outreach to area businesses and municipalities. Despite fierce competition for deposits in our market and two rate hikes by the Fed, we maintained our net interest margin at 2.98% for the 2019 fiscal year compared to 3.03% in 2018.

We've been able to acquire consumer and business checking customers who want to do all of their banking with us. Year-over-year, consumer checking and business checking balances increased 6% and 17% respectively, without the need to pay new customer acquisition incentives – making us an outlier in the industry.

## WHAT MAKES NEEDHAM BANK SO DIFFERENT?

The financial services sector is experiencing a period of unprecedented change. New technologies and an ever-growing demand for convenience are reshaping the banking landscape – and I am pleased to report that your bank has positioned itself to be at the forefront of this rapid evolution.

Customers today also expect their bank to be a leader in terms of the overall customer experience – an area where most big banks fall short. According to a recent McKinsey report, even among the best Big Bank performers, “only one-half to two-thirds of customers rate their experience as excellent”.

No wonder so many of our new depositors come from big banks.

There is also much written about new players, like Amazon and Apple, who are beginning to enter the financial services arena. Their mission is to generate profits on the backs of their customers to benefit shareholders. These mega-players can best be characterized as high-tech and zero-touch – swooping in from 3,000 miles away from places like Cupertino and Seattle.

Put simply, these new entities exist in the Cloud – Needham Bank, on the other hand, exists here on the ground, serving and investing in the cities and towns we know and love. The money you entrust with us is invested locally, building or renovating homes, fueling new businesses and creating economic benefit for all. We also participate in all manner of community charitable and philanthropic activities.

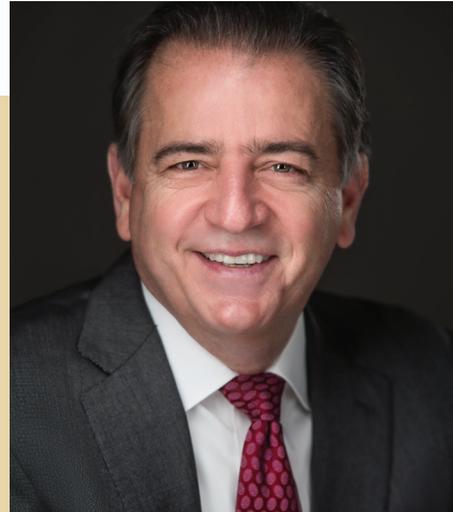
In short, banking locally creates a virtuous circle, keeping vital economic resources circulating within the community.

At Needham Bank, as in the past 127 years, we are intent on keeping this mutually beneficial cycle robust.

Thanks to significant investments in technology, enabling new banking applications - plus the addition of a full suite of banking products - there is no need to go to a Big Bank behemoth or a faceless FinTech. At today’s Needham Bank we combine high-tech with high-touch – bringing our customers the best of both worlds.

We are also investing in people, building a more responsive and accountable culture, while at the same time holding fast to our core values. We have put significantly more robust processes in place to reduce our risk profile, including enhancing areas like cyber security and fraud detection to protect the privacy and security of our customers.

Another significant accomplishment has been our ability to reduce the average age of our customers to less than 50. This is no small feat for a community bank, as most have a client base with an average age of 60 or better.



Looking ahead, we are excited by the prospect of expanding our branch network to include markets in Greater Boston and surrounding communities. We have experienced tremendous success in recent years in terms of providing financing for new construction projects in the Greater Boston Metropolitan area. We would like to provide these valued customers with the same great level of service that has been our hallmark for decades in Needham and MetroWest.

We will do all of these things while still offering the kind of personal customer service and community support one simply cannot find at financial institutions headquartered in glass towers in distant places. As always, our people will make the difference as they embrace change and move our communities confidently into the future.

For all of these reasons and more I ask- can we be your bank?



Joseph P. Campanelli  
President & Chief Executive Officer

# OUR COMPANY

## A PROUD HISTORY

Needham Bank's beginnings in 1892 were quite modest - we opened as Needham Cooperative Bank in a single room at the corner of Chestnut Street and Great Plain Avenue. **Needham at the time had a population of just over 3,000; Wellesley 3,600; Dedham 7,127.**

### OUR TIMING MIGHT HAVE BEEN BETTER -

A year after opening came the Panic of 1893, America's greatest financial crisis up to that time. Needham Bank persevered. Indeed, no matter the challenge, be it the Great Depression of the 1930s, two World Wars, the Financial Crisis of 2007-8, or the Great Recession of 2008-12, Needham Bank has not only remained solid, but has always emerged stronger than before.

Needham and Needham Bank actually came through the Great Depression in better shape than most towns and financial institutions. The town's population grew by 50% during the 1930s and the bank stayed open and remained fully functioning at a time when thousands of others were failing and closing their doors.

During World War II the bank did its bit for the nation by selling Series "E" War Bonds to support our soldiers in uniform. The bonds, which matured in 40 years, were still being redeemed into the 1980s and 1990s.

New branches of the bank were opened in Medfield (1962) and Wellesley (1978).

For many years Needham Bank was closely identified with Robert "Bob" Day, who served as the bank's President and CEO from 1972 to 2006.

It was under Bob Day's leadership that locals began referencing Needham Bank as "The Builder's Bank," in recognition of just how well Day catered to the needs of the area's builders and contractors.

Among other things, Day would show up every weekday at 6:30am so that he could open the bank's doors by 7am, allowing busy contractors to get to their building sites as early as possible.

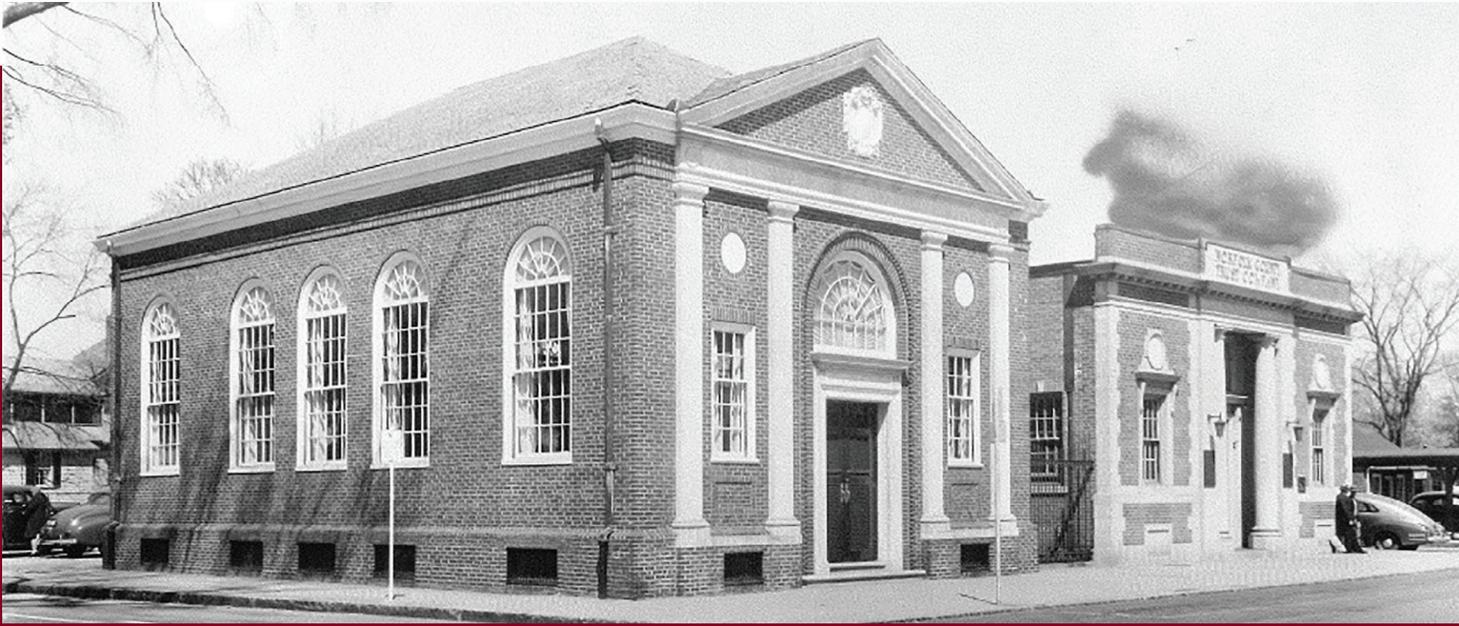
Day, who had served as Needham's Town Assessor from 1959 to 1969, was also legendary for his ability to personally size up properties in the area in terms of loan suitability. In the rare cases when he didn't know the property, he went out to size it up himself.

Also during Day's tenure, in 1986, deposits became insured by the Federal Deposit Insurance Corporation (FDIC). The limit per depositor was \$100,000. Today, the FDIC insures up to \$250,000 per depositor with balances over that insured in full by the Share Insurance Fund.

On the occasion of his 100th birthday in 2012 it was written that Bob Day "saw Needham go from a sleepy town to a bustling suburb" - and Needham Bank played a central role in that transition.

The bank itself underwent a significant transition in 2006 when Jack McGeorge assumed the position of President and CEO. The transplanted Texan had been with the bank for more than 30 years and was determined to build on the success of his predecessor.

He moved quickly to acquire the smaller Dedham Cooperative Bank in 2007 - and also officially changed the name of the combined banks to Needham Bank, dropping "Cooperative" from both. Soon after, in 2008, Needham Bank's primary regulatory oversight transitioned from the Commonwealth of Massachusetts to the Federal Reserve Board. This move coincided with a time of unexpected stress in financial circles.



The advent of the World Financial Crisis in 2007-08 and the subsequent Great Recession threatened to bring lending to a halt. However, Needham Bank, thanks to a rock-solid capital position, was one of the very few institutions willing and able to step in and provide financing. This not only enhanced the bank's reputation in MetroWest, but also in and around the City of Boston. Construction projects in the region went forward with Needham Bank financing, contributing to employment and the eventual economic recovery.

By 2009 the bank's total assets reached \$1 billion.

Needham Bank established itself during this period as a "high-touch/high-tech" institution, rolling out innovative products and services including remote check deposit and other digital apps, while continuing to offer the very highest level of personalized in-bank service.

New branches were established in Dover (2014); Ashland and Millis (2015) and Natick (2016) and the one-room operation in Needham has blossomed into a comprehensive financial services campus, with a loan center, an operations center and a beautifully refurbished main branch building.

In 2015 Jack McGeorge retired as President and CEO, handing over the reins to Mark Whalen, who presided over much of the branch expansion and continued the bank's implementation of technology solutions to make banking more convenient.

In 2017 the bank reached \$2 billion in assets, which meant that it technically was no longer classified as "small" by regulators.

In 2017 Mark Whalen retired and Joseph P. Campanelli became President and CEO. Campanelli, who had a long and distinguished banking career prior to joining Needham Bank, is committed to taking the company to new heights. The bank is introducing a credit card to compliment its debit card; it now offers auto loans; and has become active in issuing SBA loans.

The bank has also revamped and strengthened its privacy and cyber-security measures and re-engineered and streamlined internal processes – all with the aim of better serving customers. It is also looking to open a branch in Boston or nearby.

In short, the "Builders Bank" is becoming the "Builders Bank – Plus". Needham Bank is proud of its heritage, but looking ahead with confidence to the future.

Much of course has changed in 127 years. Needham alone now has a population nearly ten times greater than in 1892, approaching 30,000. Our assessment area contains several million people. Thanks to electronic banking, we now have customers as far away as Hawaii and Alaska.

But at our core, we remain what we have always been – a bank dedicated to building local communities through a virtuous circle of reinvestment.

# IN THE COMMUNITY

*It is through collective, volunteer action that the true character of a community shines. That is why at Needham Bank, community involvement isn't just something we do; it is who we are.*

We see it as our responsibility and privilege to support as many non-profit community organizations as we possibly can – more than 300 during the past year alone. That spirit of giving back to the community at Needham Bank permeates throughout the entire organization.

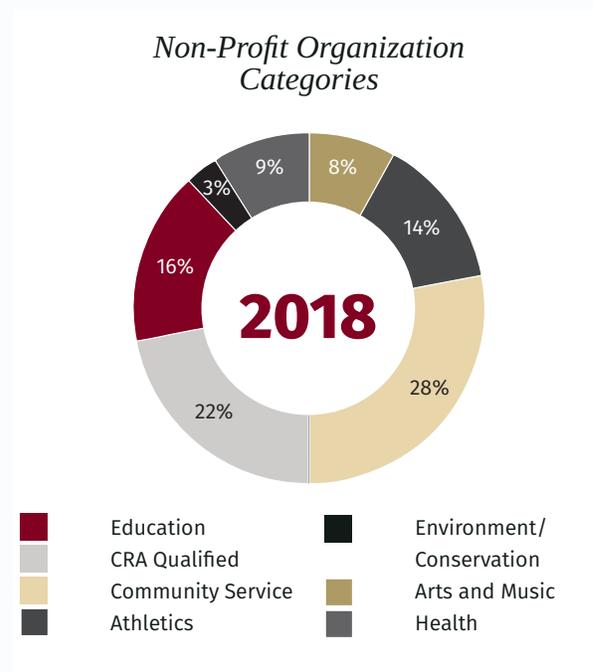
For example, our employees in 2018 provided a total of 2,500 volunteer hours to organizations in Eastern Massachusetts. We have a relatively small workforce – just over 200 individuals – but they all have big hearts and strive to give back to the communities they love.

At Needham Bank we subscribe to a simple concept: If we all cooperate and lend a helping hand, we can live and work in harmony and foster prosperity. We have long recognized that community development doesn't just happen – it must be carefully nurtured. This is why we strive to work with so many of the organizations in each of our communities in a way that is fundamentally different from larger banks.

We remain committed to lending support that goes beyond simply writing a check and believe that by connecting directly with local “difference-makers,” we can better celebrate the amazing work of our partnership organizations.

Whether it is supporting local farmers’ markets, youth sports teams, or activities for the elderly, chances are Needham Bank will be there.

## WE DO THIS IN MANY WAYS.



We recently participated in Needham High School's Life Skills Conference, a three-day event which saw community members teaching a range of essential skills to the school's senior class, preparing them to navigate the world outside the classroom.



Needham Bank also provided the initial funding to help establish the Dover Neighbors' Fund, a 501(c)(3) non-profit organization to benefit Dover residents who temporarily fall on hard times and may need a helping hand.

We worked with the Medfield Food Cupboard to help ensure those in need of groceries for their families would not go hungry.

And we were proud to provide commemorative jackets to two state championship teams, the Wellesley High School Girls' Golf Team and the Needham High School Girls' Lacrosse Team, giving them something they can keep for a lifetime.

Again, these are just a few of the ways we try to give back.

As we watch these organizations truly make their mark and become hallmarks of their respective communities, we too have been growing as a bank. That growth provides us the opportunity to become involved with communities beyond our legacy branch footprint. In doing so, we've witnessed first-hand the opportunity gap which exists between students in predominantly urban areas as compared to those in the suburban areas.

As such, we've made a concerted effort to invest in backing organizations that are continuously working to provide unique educational opportunities better to position our young neighbors to succeed in life.

Our work with METCO, the Metropolitan Council for Educational Opportunity, is a good example of this. This long-established organization is dedicated to positive interchange between urban and suburban student populations. Four years ago, the programs serving our immediate geographic area faced looming budget cuts. Needham Bank proudly stepped into the breach to counter the state's decision to freeze funding, and the program has successfully been continued where available in our branch towns.

Similarly, we've extended our support to include organizations like Tenacity and Horizons at Dedham Country Day School. Tenacity operates in partnership with Boston Public Schools to provide a safe, educational, and fun summer tennis program for youth ages 6-16; all free of charge to the families participating.

In Dedham, Horizons offers a similar program that is dedicated to providing brighter academic futures for children from low-income families.

Of course what allows us to do all of this is the support of our customers – those of you who bank with us. You entrust us with your finances and we, in turn, invest back into the community.

# BUSINESS BANKING

**NEEDHAM BANK** continues to service area builders as the “Builder’s Bank,” a legacy we are proud to continue while building a robust suite of business products and services that lets us provide scalable solutions to businesses of all sizes. This includes commercial real estate loans, commercial loans and lines of credit, commercial deposit accounts and our cash management suite to help make managing and moving money fast and easy.

At Needham Bank, we recognize that a thriving local business sector is integral to the economic health and well-being of the communities we serve. For that reason, our business banking products exemplify a perfect combination of big bank technology, private bank service and community bank values. We understand the many challenges facing areas businesses today and offer a full array of solutions to help your company now and into the future.

Unlike those at many larger institutions, our business banking professionals are not transaction-driven – they are focused on establishing long-term relationships. They will become your trusted advisors, dedicated to helping you navigate a path to greater growth and success.

## COMMERCIAL REAL ESTATE

Needham Bank has long been the construction lender of choice in the MetroWest area, but in recent years the bank has played an increasingly prominent role in financing a wide variety of projects in Boston; surrounding suburbs; and on the Cape and Islands.

In addition to funding schools, multi-use corporate sites, hotels, senior and assisted living projects, and condominium and rental properties; we have leveraged our sterling reputation and expertise to be the lead bank on projects whose size and complexity are often reserved only for the big banks.

Project locations are as varied as Boston’s Newbury Street in the city’s Back Bay neighborhood, the construction of a hotel and conference center in Saugus and a new hotel in Edgartown on Martha’s Vineyard.

This record of sustained success can be traced to the fact that Needham Bank has always maintained a strong balance sheet and stellar tier one capital ratio and has been able – and willing – to take on prudent risk and lend during periods of economic uncertainty.

Experience and reliability are crucial components to being a successful commercial real estate and construction lender. One of the central reasons we are considered “The Builder’s Bank” is that our Credit Committee meets at least twice each week and our Security Committee meets daily. That means our builders get their site inspections completed and funds disbursed faster.

We also provide our clients with direct 24/7 access to their loan officer as well as direct access to the executive team and our senior managers. In short, we offer a level of personalized service, responsiveness and accessibility that most other institutions simply cannot match. Savvy builders and investors see the

value in this and that has allowed us to form lasting, long-term relationships.

We treat each of our borrowers with the respect and responsiveness they deserve. We understand that our success is driven by theirs. While the challenges of providing working capital and other financial services to builders, land developers, and contractors are nothing new to us, we are also aware that construction – much like banking – changes. We rely on the bilateral relationships we’ve built with our builders to continuously adapt to the realities of today’s market.

Our willingness to evolve has led to the development of our capabilities in commercial real estate, financing for investment properties, including non-owner occupied office buildings, industrial parks, retail space, as well as apartment and mixed use properties. We continue to grow with our clients, to the point that we are one of the largest mutual bank construction lenders in New England.



## THE BELGRADE GROUP

*Mike Barsamian, President and CEO*

Mike Barsamian is the proud owner of a giant orange dinosaur.

The affable West Roxbury entrepreneur and CEO of the Belgrade Group, didn't exactly set out to acquire the iconic fiberglass T-Rex, located adjacent to Route 1 in Saugus. Beginning in the 1960s, it had marked the entrance to a local recreation complex that included miniature golf, batting cages and soft-serve ice cream – a much-loved but tired complex his Belgrade Group recently purchased for redevelopment.

"It turns out everybody in the area knew and loved that dinosaur," says Barsamian, whose company is constructing Essex Landing, an apartment, hotel and retail complex, on the site. "So we decided to keep it."

Mike Barsamian is an entrepreneur's entrepreneur. In addition to his land development activities, his Belgrade Group also owns and operates 20 health and beauty salons under five brand-names, including Lord's & Lady's Hair Salon, Green Tangerine Spa & Salon and James Joseph Salon, the latter with a location on Boston's upscale Newbury Street.

All of this keeps Barsamian pretty busy. It also requires a good banking relationship.

"Our ability to move quickly on the property in Saugus is all

because of Needham Bank," says Barsamian. "They had the foresight and confidence to loan us the money needed in a timely fashion."

He says he prefers working with a smaller, community-oriented institution to a big bank.

"With a big bank, you typically don't get to meet with the President and discuss your business," says Barsamian. "With Needham Bank I got to sit down with (President & CEO) Joe Campanelli and discuss what we were trying to accomplish and our business case. It made all the difference."

The transaction was significant – 14 acres of prime real estate and a project that needed \$55 million in financing. But it demonstrates that, given the right criteria and circumstances, a well-capitalized Needham Bank is quite willing and able to take on large projects.

"In my experience, you need two things to borrow from a bank: character and collateral," says Barsamian. "Needham Bank takes the time to assess a company's character and that of its management. That creates trust and a true partnership."

And while he believes his business will only end up acquiring one orange dinosaur, Barsamian says he is confident his relationship with Needham Bank will be a lasting one.

*"That creates trust and a true partnership."*

## COMMERCIAL LOANS AND LINES OF CREDIT

Are you looking to grow your business? Perhaps you wish to expand your geographic reach or production capability? Refurbish a retail location or build a distribution center? No matter your need, Needham Bank stands ready to help bring your business strategy to life. With assets in excess of \$2 billion, an excellent capital ratio, and an experienced and knowledgeable team of commercial bankers, Needham Bank is becoming the partner of choice for Greater Boston and MetroWest area businesses seeking to expand and grow. We have both the lending capacity – in excess of \$25 million for qualified applicants - and the expertise to serve as an attractive alternative to other, often impersonal, lending institutions. We regularly provide working capital lines of credit, equipment loans, and commercial mortgages along with a broad suite of SBA solutions to area businesses.

We recognize that when a business succeeds it benefits the community as a whole by providing employment opportunities, local sourcing and local tax revenue. That is the very essence of a community bank. We invest locally which benefits us all.

What type of businesses does Needham Bank support and what services do we offer clients?

The scope is wide. We lend to local manufacturers to help them expand their plants or to buy new equipment; we help emerging and established companies in the bio-medical, high-tech and professional service industries; we lend to retail and consumer goods companies; to landscaping firms (to help them acquire equipment and better serve their customers) and real estate firms – the list is almost endless.

We develop lasting and meaningful relationships with our clients, getting to know your business, goals and operation. We make our lending decisions based on the individual, the company and the business case, not by using a computer-generated formula or a cookie-cutter approach. At Needham Bank, you'll always be treated as a person, not as the outcome of an algorithm.

## BUSINESS DEPOSIT ACCOUNTS

Needham Bank offers a range of business checking and savings accounts, including business money market accounts, business CDs and retirement accounts. Our business checking accounts carry no monthly fees, no minimum balance requirements and include private banking services along with a top rated online and mobile banking suite.

Contrast this with the big banks. Many of our business customers come to us from other banks. They tell us that they are tired of slow response time and a dizzying array of fees and charges. Our customers are pleased to find they are not nickel-and-dimed to death for depositing or withdrawing their own money. Our deposit

solutions are focused on accessibility and convenience, not fee income.

At Needham Bank, you will be served promptly by an experienced, high level team, individuals who make it their job to get to know you on a first-name basis; are readily accessible; and truly understand your business.

## CASH MANAGEMENT SUITE

We understand that your cash management needs aren't driven by the size of your organization or revenue but rather by the complexity of your daily operation. We proudly offer a full cash management suite of services for businesses of almost any size or complexity. From large manufacturers to corner coffee shops – and everything in between, including medical practices, CPA firms, real estate companies, landscapers, and hospitality providers - we provide long-term, sustainable solutions that can evolve as your needs grow or change.

Our Cash Management Services include:

- Automated Clearing House (ACH) Origination
- Wholesale and Retail Lockbox
- Account Reconciliation
- Remote Check Deposit, to save you time when you need to make a deposit
- Wire Transfer Services- move money easily with incoming and outgoing foreign or domestic wires on a one-time or recurring basis
- Positive Pay- a service to ensure that we honor only those checks that were written from your account and identify potential fraud before it occurs
- ACH Positive Pay–manage ACH debits and credits posting to your account so that you can protect your business from fraud
- Zero Balance and Target Balance Sweep Accounts– we'll sweep excess funds from your Zero Balance account to ensure you earn the best possible rates on your funds
- A top rated mobile app that lets you deposit checks and approve wires and ACH transactions wherever and whenever it's convenient for you
- DirectConnect and WebConnect QuickBooks integration to make tax time a little easier
- The ability to set up users with custom roles and limits, so you can provide the right level of access and authorities to your employees



## PEGASUS LUXURY HOMES

*Koby Kempel, Chief Executive Officer*

The year 2008 was not a great time to be in the business of restoring and selling luxury homes. The nation's banking system was in crisis and what became known as the Great Recession was just getting underway.

Pegasus Luxury Homes, an up-and-coming Massachusetts-based development and restoration company, had only been in existence a few short years, but was already making a name for itself. Its team of renowned architects, designers and project managers, many trained at Harvard, were committed to excellence in every aspect of their work.

And it showed. Their heritage building restorations, in particular, were admired for their craftsmanship and attention to detail. Of course such high-quality work costs money. Development, including restoration, requires financing.

According to Pegasus Luxury Homes CEO Koby Kempel, this is where Needham Bank came into the picture.

"I had a chance to meet with Jack McGeorge, who was Needham Bank's President at the time," recalls Kempel. "I shared all of our project data and he saw the value in what we were doing and that was the beginning of a long-standing relationship."

McGeorge agreed with Kempel that the Boston-area economy was likely to fare better than other regions of the country, due in part to the many schools, hospitals and medical research facilities clustered in the region.

This proved to be the case – and Pegasus not only rode out the Recession, but flourished.

Operating in the premier neighborhoods on Boston's periphery, the firm has constructed and restored over 40 luxury homes according to stringent district preservation guidelines.

As a result, the company has earned a stellar reputation with municipalities, suppliers and satisfied homeowners alike – and a slew of awards, including Preservation Awards from Cambridge and Brookline. Their work has also been featured in the Wall Street Journal.

Through it all, Needham Bank has been there.

"They're a wonderful bank to work with," says Kempel. "They don't just look at the bottom line; they create a relationship long-term. And their customer service is not just a slogan – it is something they deliver. We couldn't be happier."

*"They're a wonderful bank to work with."*



## GEORGE & KEN'S COLLISION

*Carrie and Dan Savary, Owners*

Carrie and Dan Savary have had savings accounts with Needham Bank since they were kids. So when they took the proverbial wheel at George and Ken's Collision a few years ago, taking over the ownership, it seemed a natural next step to shift the business account to Needham Bank as well.

"We like the fact that the bank is local and that everyone we deal with is nice," says Carrie. "They have lots of branches, not just in Needham, but in the MetroWest area. And they also have good online banking. It's a perfect fit."

For over 40 years, George and Ken's Collision has offered fully licensed, fully bonded and fully insured complete collision work. They have maintained a stellar reputation – and Carrie and Dan intend to keep it that way.

So, while no one wants to end up in a fender-bender or need body work, George and Ken's is known for being friendly, knowledgeable and for employing a skilled work staff. Recently recognized as a Tesla Approved Body Shop, the team also keeps up on the latest and greatest in the automotive landscape. Foreign or domestic, SUV, sedan, cross-over or pickup, Needham-area vehicle owners know to head to 238 Chestnut Street to put things right.

Of course running a body shop in the 21st century isn't just

about bending steel – there is a lot of technology involved and the materials to be worked on often include aluminum, composites and polyurethane.

That takes investment and training – and Needham Bank is pleased to provide financing.

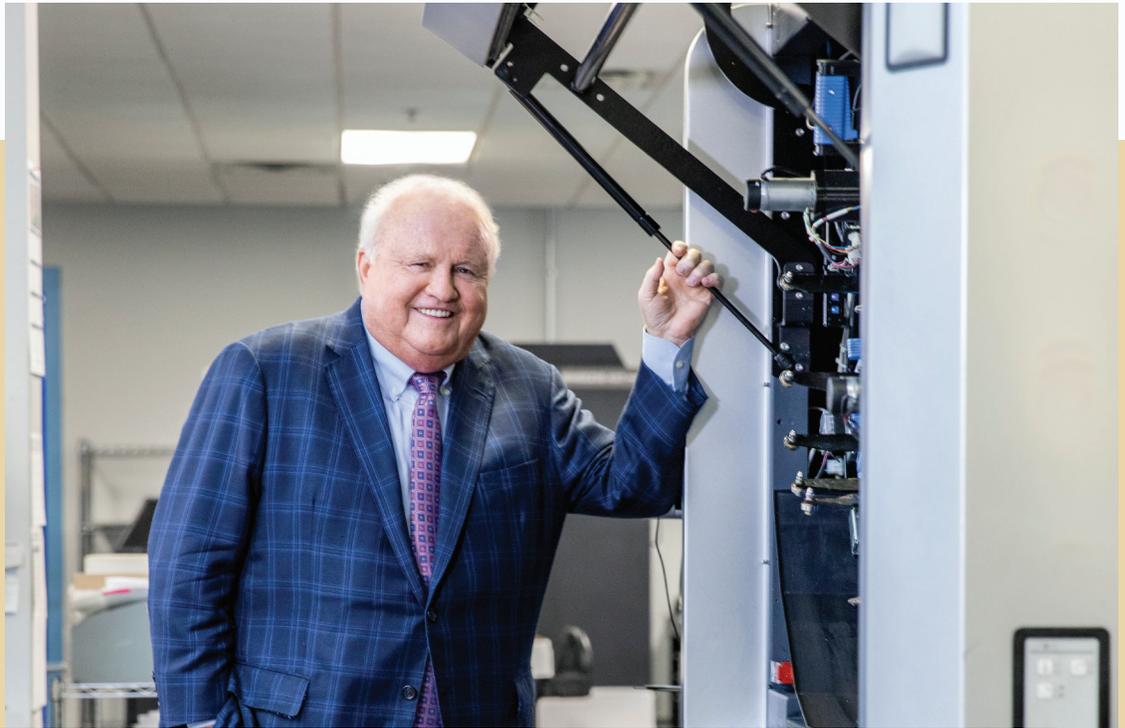
More recently the couple had an opportunity to expand. A body shop in Norfolk came up for sale. They wanted to move on it – but needed additional financing to do so.

According to Carrie, Needham Bank's Senior Vice President for Commercial and Industrial Lending, Michael Semizoglou, was right there to help.

"Michael arranged an SBA Small Business Loan and extended a line of credit and we were able to move quickly to secure the business," she related. "The bank has been very good to us as we look to grow and expand."

And that is a typical Needham Bank story – fast, friendly service delivered smoothly by knowledgeable bankers. Unlike with some big banks, there are no pot-holes on the road to obtaining a small business loan – or any other banking service.

*"The bank has been very good to us as we look to grow and expand."*



## THE REGAL PRESS, INC.

### *Bill Duffey, Founder*

The printing industry has undergone tremendous change in recent years. Many printers that have been slow to respond to the advent of new technology have failed. Those few that have adapted quickly to shifting customer requirements have prospered. Norwood's Regal Press, Inc. is one of those companies that have adapted and found success.

Bill Duffey founded Regal over four decades ago. His goal was not just to provide fine quality printed materials, but end-to-end corporate identity management.

Regal is able to ensure the highest level of brand consistency due to its centralized production workflow.

For example, when you go into a hotel room at a Hilton, all of the printed products – from the memo pad next to the phone to the “Do Not Disturb” sign on the doorknob – were designed and printed by Regal. The same is true of all of the collateral material used by Met Life, National Car Rental and dozens of other companies. Currently, Regal is assisting MasterCard International with its corporate brand identity change.

Duffey has kept his company successful by constantly investing in new technology and in upgrading the skills of his employees.

He has also upgraded his banking relationship after being on a bit of a banking merry-go-round.

“I was originally with Brown Brothers Harriman,” recalls Duffey. “They changed their business model and shifted our account to GE Capital. GE then got out of the sector so I went with a Connecticut bank. And then everybody I knew at the bank suddenly retired! That’s when I switched to Needham Bank.”

That was two years ago. Duffey couldn’t be happier.

“What I like most about Needham Bank is that they take a personal interest in all that we do,” says Duffey. “You can just pick up the phone and reach someone at a high level. The Senior Management often visits Regal to discuss clients, prospects and new equipment. We have a great one-to-one relationship with CEO Joe Campanelli and his staff.”

Bill Duffey wants to see his company continue to grow – and believes that in Needham Bank he now has the right financial partner to do so.

And as for those “Do Not Disturb” signs at Hilton Hotels? “Please take them as souvenirs – we’re happy to print more,” he says with a wry smile.

*“What I like most about Needham Bank is that they take a personal interest in all that we do.”*



## WELLESLEY COUNTRY CLUB

*Chris Gustus, CFO/COO*

When people hear the name Wellesley Country Club, their first thoughts are of golf, swimming, tennis, fine dining and all of the other activities available at one of New England's finest family-oriented membership organizations.

But underpinning all of that is a management team that caters to the club's 760 families and 2,300 members. Founded in 1910, the club constantly seeks to renew itself to stay not just relevant, but best-in-class.

"Within the past dozen years, the club took out loans which combined with our capital reserve cash funded new enhanced facilities, including a new clubhouse," says Chris Gustus the club's Chief Financial Officer and Chief Operating Officer, "Best-in-class to us is not just about investment in facilities but also the club's operations, including strong financial management. When the club decided to re-finance the loans, we were fortunate to receive several attractive proposals and the management team was pleased when the Board agreed with our recommendation that Needham Bank stood out."

Another thing the club appreciates is the bank's flexibility and its willingness to take the time to understand how a country club's finances actually work.

"There is a seasonal nature to our operations. Our members pay their dues from April to October; our busiest period for member visits covers roughly the same span, particularly around golf," says Gustus. "Needham Bank recognizes that this creates an uneven cash stream and allowed us to establish a line of credit to deal with this reality."

The bank has also let the club know that it stands ready to support future projects through conditional loans – a big plus for a club that wants to remain among the very top in terms of facilities.

"I can't stress enough how great their service is and how hard they work to help us be successful," says Gustus.

*"They are a true partner for us."*



## CHARLES RIVER SCHOOL

*David Riedell, Director of Finance*

Charles River School (CRS) has been on the move since its founding in Needham in 1911.

The leading independent school literally moved upriver, to Dover, in 1917. But, more importantly, throughout its history CRS has consistently provided students with a progressive learning environment that educates the whole child.

Serving Pre-Kindergarten through Grade 8, CRS has approximately 170 students and honors the pursuit of academic excellence and the joy of childhood.

It is also a school that, in the words of Gretchen Larkin, Head of School, “Delivers 21st century skills while igniting curiosity, encouraging creativity, and cultivating intellectual engagement in our students.”

Like many organizations, CRS recently needed to renew its campus resources to provide its students with state-of-the-art learning spaces. In particular, the school saw an opportunity to build a new middle school and science laboratory.

That’s when the school’s Director of Finance, David Riedell, turned to Needham Bank for bridge financing.

“We knew Needham Bank was community-oriented, and they had just opened a branch in Dover. When it came time to move forward on a construction project, Needham Bank was at the top of our list,” said Riedell.

Since partnering with Needham Bank, CRS has constructed a new 13,000-square-foot facility on their campus facing Dover Town Center.

“The new building is a true reflection of the innovative teaching and learning that happens in the classrooms,” says Riedell. “Now, when people drive by the new facility on Centre Street, they see the building and know that it represents the world-class education CRS delivers to its students.”

“Needham Bank provided a combination of the right terms and conditions; the convenience of a branch close by; and the fact that they are proactive,” says Riedell. “They come to us saying, ‘What can we do to help you?’”

*“At the end of the day, we feel very grateful to have Needham Bank as a partner.”*

# PERSONAL BANKING

## YOU COULD CALL IT THE GREAT BANKING MIGRATION.

Over the past several years thousands of MetroWest residents have opened checking and other accounts at Needham Bank. Some are young Millennials opening their very first account; but many more are individuals fleeing big banks, looking for a more personalized approach and a direct connection to the communities they love.

The numbers are impressive – in just three years the total number of consumer checking accounts has grown by 48%, and consumer checking balances increased 43%.

How did this happen?

We reached out to our communities and asked this very simple question: **Can we be your bank?**

The response has been nothing short of phenomenal.

Why is this so important? Deposits in a community bank stay in the community. Our capital is invested in local housing; in construction, rehabilitation and renovation; in small- and medium-size businesses; and in a wide spectrum of local charities, including sporting, recreation and social service clubs, farmers markets and other grassroots organizations.

We like to call this ability to reinvest in the communities we serve a virtuous circle – one that keeps the local economy strong; downtown businesses vibrant; and our young people hopeful for the future.

They, like all of our customers, appreciate that we give them a wide range of choices when it comes to meeting their banking needs, from visiting one of our branches to accessing us online or via a mobile app on their smartphone.

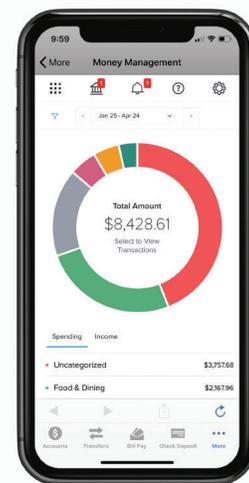
Banking is rapidly evolving, with a proliferation of useful technology innovations, but our core value, superb customer service, remains. Indeed, it is this blend of the kind of convenience-oriented technology one might normally associate with far larger institutions and the boutique-like personalized service one might expect at a private bank that truly sets Needham Bank apart.

This “high-touch/high-tech” philosophy is all about letting our customers choose what works best for them.

For those who prefer to bank remotely, we offer a top rated mobile app and associated technologies that include biometric

login, smart watch compatibility, mobile deposit and account to account transfers, to name just a few. For those seeking the convenience of self-service, almost all banking can be done via the NB Mobile app. In fact, we have customers from 47 states who bank with us through NB Mobile.

**+62%**  
**NB MOBILE**  
**APP USERS**  
**FROM FY 2017**



**We also continue to reimburse customers for any fees when they use a Needham Bank Debit Card to obtain cash at any ATM around the world.**

For those who prefer an in-bank experience and the knowledge and attentiveness of our professional staff, there is the added convenience of additional branches thanks to our geographic expansion over the past few years. Our expanding footprint means we are now often just steps (or a short drive) away in more communities than ever before.

Emblematic of our customer-centric approach to personal banking is our no-fee, no-hassle checking.

Most banks nickel-and-dime their customers to death with bank fees. They also have onerous terms and conditions. Not so at Needham Bank. We like to keep things simple – and free.

How can we do all of this?

Larger banks have to answer to shareholders on Wall Street who pressure management for ever-greater returns. They have office towers to maintain in places like Charlotte, London, Madrid and Toronto. We, on the other hand, are a mutual bank, beholden only to you, the customer.



## FARMHOUSE AND BUTTERCUP

### *Dora Tavel-Sanchez Luz, Proprietress*

The restaurant business is not for everyone. The hours are long; the competition is fierce; and you have to prove yourself every single day.

Husband and wife team Dora Tavel-Sanchez and Gabriel Sanchez Luz know all of this. When the couple came to Needham six years ago, they had already worked at restaurants in LA, New York City and Boston.

In Needham they opened The Farmhouse, a cozy, farm-to-table restaurant which sources organic and local ingredients. It is soon obvious to anyone who enters that they and their staff are passionate about food, libations and caring for their guests.

The space is unpretentious – surroundings from reclaimed wood from torn-down New England barns set the tone – but the attention to service is second to none.

Encouraged by their success in Needham, Dora and Gabriel decided to set their sights on establishing a second restaurant, this time in Natick.

At about the same time, they switched all of their banking business to Needham Bank.

“We were impressed by the bank’s community involvement,” says Dora. “They are very approachable and extremely hands-on. So when it came time to expand, Needham Bank was a natural financing choice for us.”

In May 2018, Buttercup Restaurant was launched. Dora now takes the lead with Buttercup; Gabriel with The Farmhouse. They collaborate on menu planning and food procurement – as Dora puts it, “We’re together, even when we’re not together.”

According to Dora, what makes the relationship with Needham Bank special is their responsiveness and their commitment to the community.

“When they give you their word, they follow through on it,” she says. “And having a branch close to us in Natick has been great – their staff have been very helpful.”

In addition, the bank has chosen The Farmhouse several times for their own customer appreciation events.

“Again, this is all about supporting local businesses,” says Dora.

*“We could not be more pleased with our relationship with the bank.”*

# RESIDENTIAL LENDING

Why do so many area residents turn to Needham Bank when thinking about a mortgage?

The answer is simple – our experienced staff members provide excellent customer service and an approach tailored to your individual needs. When it comes to understanding credit, there is no substitute for deep knowledge and experience.

At Needham Bank we recognize that each applicant is different and deserves personalized attention – an approach that goes beyond the computer-generated assessments most banks provide. We also understand that for most individuals, buying a home and obtaining a mortgage is the single biggest financial transaction of a lifetime.

Our objective is to make the process as easy and stress-free as possible. That is why, from the start of the application process to closing, we strive for consistency, transparent communication and, most critically, timeliness.

Timeliness is especially important to many seeking a mortgage, as they do not want to experience delays that can interfere with closing – or terminate the transaction.

Unlike many banks and lending institutions, we offer one point of contact, from application to closing, rather than pushing our customers onto annoying 1-800 pool lines. In addition, your loan officer and all of the lending decision-makers are housed in the same office, in close proximity to one another. This also acts to speed up the process.

At Needham Bank we are always innovating to respond to changes in the marketplace. For example, as compared to past decades, there is considerably less buildable land available in the MetroWest region. While some homes are still being built on open lots, in many cases expansion or significant remodeling of an existing home can be the best solution.

Our construction-to-permanent lending product is an excellent example of how Needham Bank innovates to tailor loans to fit specific needs. In this instance, we provide flexibility – a customer may still wish to build a home on an open lot; or they may wish to obtain a mortgage on a home only partially constructed; or they may wish to significantly expand and remodel an existing residence. In most cases, this requires two loans; one to finance the land purchase and/or construction; the second necessitated by the conversion of the first to a conventional mortgage.

Needham Bank allows this conversion to take place seamlessly,

with no additional closing costs or fees, with the additional benefit of a locked-in interest rate.

As we service more customers from the areas surrounding Boston, we have adapted our lending products even further to accommodate the changing landscape and demographic of our borrowers.

Our Community Loan Program has been designed to provide purchase opportunities for borrowers who may earn below the median income of their area or don't have an established credit profile. Because we know the importance of owning a home, we are proud to offer tailored solutions that make this milestone more attainable for our neighbors.

It is important to note that most of our residential lending business comes through referrals from delighted Needham Bank mortgage customers and from the many local builders, realtors, lawyers, accountants and others who have direct knowledge of our capabilities. We appreciate this vote of confidence and strive to retain that trust every single day, in each and every relationship.



## TOM TOMASIAN, REALTOR

*Keller Williams Realty*

Thomas Tomasian is by no means your run-of-the-mill real estate professional. But he is a runner.

The Boston native has six Boston Marathons under his belt. He began participating in the Patriots Day race on the first anniversary of the Marathon bombing, raising money to help the victims. He has run – and raised money for charity – every year since.

Ask his clients and they'll tell you that dedication pretty much sums up Tomasian's approach as a Realtor for the Commonwealth Living Group at Keller Williams Real Estate – he is someone who goes the extra mile.

Tomasian is somewhat unique in his profession, in the sense that he spent a significant amount of his career on the mortgage origination side of the table in New York before returning to New England and real estate in 2006.

"I think having spent a number of years in the mortgage business gives me a different perspective," says Tomasian. "It allows me to help my clients better assess their financing options."

Tomasian says that experience has also led him to recommend Needham Bank to help get his clients into the home of their dreams.

"In my experience the bigger banks offer cookie-cutter mortgage financing," he says. "Needham Bank offers a complete portfolio of options, which differentiates them from the competition."

According to Tomasian, Needham Bank offers excellent customer service and very competitive rates, a rare combination in his experience.

"In many circumstances Needham Bank allows me to get a first-time buyer into a home by offering longer terms with lower monthly payments," says Tomasian. "They are willing to work with all kinds of buyers, from individuals with moderate income, to those with significant means."

Tomasian also appreciates the fact that the bank is quick to produce pre-approval letters and has personnel available virtually 24/7.

"I know I can call my guy at Needham Bank, Chris Gleason, at any time and he will be there to help," says Tomasian. "This quick access is critical in the Greater Boston market, where housing supply is tight and you often have to move fast."

Put another way, sometimes you have to sprint to win the race.

"In my business, I like to say it takes a village to close a home sale. You need lawyers, inspectors, appraisers, but most especially you need a good lender," says Tomasian.

*"...And Needham Bank is a great lender."*

# FINANCIAL STATEMENT

Statement of Condition (in thousands)	March 31, 2019	March 31, 2018
<b>Assets</b>		
Cash and due from Banks	\$11,727	\$11,849
Federal funds sold	7,707	8,597
Total cash and cash equivalents	\$19,434	\$20,446
Investment securities		
Available for sale, at fair value	208,816	211,122
Loans held for sale, at fair value	-	213,181
Loans receivable, net	1,911,581	1,576,197
Accrued interest receivable	6,816	5,794
Other real estate owned, net	1,480	-
Banking premises and equipment, net	30,090	30,174
Co-operative Central Bank Reserve Fund	3,014	3,014
Federal Home Loan Bank stock	17,987	21,261
Federal Reserve Bank stock	4,511	4,191
Non-public investments	1,924	1,830
Bank owned life insurance	3,565	3,482
Prepaid expenses and other assets	10,127	5,144
Income taxes receivable	249	1,227
Deferred income tax asset	4,967	5,941
<b>Total Assets</b>	<b>\$2,224,561</b>	<b>\$2,103,004</b>
<b>Liabilities and Surplus</b>		
Deposits	\$1,621,142	\$1,451,317
Mortgagors' escrow accounts	2,495	3,113
Borrowings	309,463	377,660
Accrued expenses and other liabilities	7,865	5,571
Accrued retirement liabilities	4,310	3,967
Total liabilities	\$1,945,275	\$1,841,628
Commitments and Contingencies		
Surplus:		
Undivided earnings	280,425	264,633
Accumulated other comprehensive loss	(1,139)	(3,257)
	\$279,286	\$261,376
	<b>\$2,224,561</b>	<b>\$2,103,004</b>

Statement of Operation (in thousands)	March 31, 2019	March 31, 2018
<b>Interest and Dividend Income</b>		
Interest and fees on loans	\$79,760	\$71,272
Interest and dividends on investments and cash equivalents	6,423	5,880
	\$86,183	\$77,152
<b>Interest expense</b>		
Interest on deposits	16,793	11,972
Interest on borrowed funds	7,174	4,531
	\$23,967	\$16,503
<b>Net Interest Income</b>	\$62,216	\$60,649
Provision for loan losses	625	-
<b>Net Interest Income after Loan Loss provision</b>	\$61,591	\$60,649
<b>Other Income (Losses)</b>		
Customer service fees	1,702	1,451
Increase in cash surrender value of BOLI, net of split dollar expense	82	70
Gain on loans sold	799	1,151
Fair value adjustment on loans held for sale	-	(1,792)
Loss on disposals of banking premises and equipment	-	(2)
Miscellaneous	714	255
	\$3,297	\$1,133
<b>Operating Expenses</b>		
Salaries and employee benefits	26,805	28,718
Professional service fees	4,545	3,824
Occupancy and equipment expenses	4,334	4,053
Data processing expenses	3,014	2,877
Charitable contributions	329	485
FDIC and state insurance assessments	963	817
OREO and foreclosure and losses, net	63	72
General and administrative expenses	3,124	2,471
	\$43,177	\$43,317
<b>Income before taxes</b>	21,711	18,465
<b>Income taxes</b>		
Current and deferred	5,919	6,830
Effect of tax rate change	-	2,347
	5,919	9,177
<b>Net income</b>	\$15,792	\$9,288

Based on Audited Consolidated Financial Statements.

Audited-Published in accordance with Provisions of Massachusetts General Laws, Chapter 170, Section 18.

# THE BOARD OF DIRECTORS



## BACK ROW:

**JACK BUCKLEY**  
Broker/Owner  
Jack Buckley Realty

**ROBERT CICERONE**  
Associate Professor  
Bridgewater State University

**CHRISTOPHER LYNCH**  
President  
Marshall Resources

**PAULA MCLAUGHLIN**  
Director of Advancement  
Hale Reservation

**LENNOX CHASE**  
Founder and Owner  
Chase Legal Services

**WILLIAM DARCEY**  
President, CEO  
Provider Insurance Group

**RICHARD QUINCY**  
President  
Quincy & Co.

**ARTHUR HOWE**  
President  
Howe Associates/  
Marketing Design

## FRONT ROW:

**THOMAS MCINERNEY**  
Owner  
Relaxin Custom  
Embroidery

**MARK WHALEN**  
Retired CEO  
Needham Bank

**JACK MCGEORGE**  
Chairman of the Board

**JOSEPH P. CAMPANELLI**  
President and CEO

**FRANK ORFANELLO**  
Operating Partner  
One Rock Capital Partners

**WILLIAM DAY**  
Retired Executive Vice President

# THE ADVISORY COUNCIL



## BACK ROW:

**KELLY MCDERMOTT**  
*Marketing Consultant*

**SEANA GAHERIN**  
*Owner  
Dunn Gaherin Inc.*

**JANELLE WOODS-MCNISH**  
*Director of Giving and Service  
Harvard Pilgrim Health Care  
Foundation*

**RYAN BARRETT**  
*Founder & Chief Executive  
Officer  
ORAM Corporate Advisors*

**CHRISTOPHER KELLY**  
*Principal  
Insight Partners, Inc.*

**JOHN ANTONUCCI**  
*Superintendent  
Duxbury Public  
Schools*

**MARY CRANE**  
*Owner  
Mary Crane Properties*

## FRONT ROW:

**KRISTEN ATWOOD**  
*Founder  
Ripples of Hope*

**ERIC MORSE**  
*Executive Vice  
President  
Needham Bank*

**TIM NUGENT**  
*Owner  
The Incentive Group*

**ALISON BORRELLI**  
*Realtor  
Century 21 Commonwealth*

# OUR BRANCHES



## ASHLAND

41 Front Street  
Ashland, MA 01721  
Tel: 508-881-1088



## DEDHAM

402 Washington Street  
Dedham, MA 02026  
Tel: 781-326-0700



## DOVER

60 Centre Street  
Dover, MA 02030  
Tel: 781-247-6825



## MEDFIELD

520 Main Street  
Medfield, MA 02052  
Tel: 508-359-4442



## MILLIS

857 Main Street  
Millis, MA 02054  
Tel: 508-376-8759



## NATICK

17 West Central Street  
Natick, MA 01760  
Tel: 508-647-4999



## NEEDHAM

1063 Great Plain Avenue  
Needham, MA 02492  
Tel: 781-444-2100



## WELLESLEY

458 Washington Street  
Wellesley, MA 02482  
Tel: 781-237-0210



## WESTWOOD

341 Washington Street  
Westwood, MA 02090  
Tel: 781-329-0216



[www.NeedhamBank.com](http://www.NeedhamBank.com)