

THE LOCAL ADVANTAGE<sup>SM</sup> ... LIVES RIGHT HERE.



2019 REPORT TO OUR COMMUNITY





## TO OUR CUSTOMERS, COMMUNITY AND EMPLOYEES:



“If you really want to know where to do your banking, ask a local.”

This is a premise that truly resonates with us at Savings Bank of Walpole. For more than 145 years now, we have taken very seriously the responsibilities that come with being our community's truly local bank. Today, as the only bank headquartered here in Cheshire County, we're not only deeply committed to serving our customers and community, we're incredibly grateful for the privilege of supporting—and being supported by—our amazing customers and our vibrant community.



# THERE ARE ADVANTAGES TO BANKING LOCAL.



THERE ARE ADVANTAGES TO BANKING LOCAL . . .  
Click on the thumbnails below to hear some local stories!



It's what we like to call the  
**SBW Local Advantage<sup>SM</sup>**

## What does that mean exactly?

It means we are driven by one objective: To meet the needs of this area—right here in the Monadnock Region. As a single market bank, **100% of our success is directly tied to the success of our customers and community.** That's why we offer products and services that are only in the best interest of our customers.

It means all our employees (including management), live and/or work here full-time, and we're the only bank in the area with a local Board.

It means as an SBW customer, you are served by people who have the authority to make quick, local decisions on your behalf

And it means your dollars are reinvested into helping local families, businesses and organizations; boosting this community's economy.

*Top photo by Betsy Zimmerli*

# FROM A FISCAL STANDPOINT, 2019 WAS A RECORD-SETTING YEAR.

## We experienced our

**highest levels** of assets, deposits, loans and capital

while earning a **net profit of \$3 million**—an impressive **increase from \$2.6 million in 2018** and, to date,

**the highest earnings in the Bank's 145 years.**

The Bank ended the year with **\$447 million in total assets**, up an impressive **\$36 million from 2018**.

Our support from New Hampshire Mutual Bancorp (NHMB) and our like-minded sister banks (Merrimack County Savings Bank and Meredith Village Savings Bank) provided real benefits in 2019. These included commercial loan participations that allowed us to make larger loans; investments in best-of-breed technology for the benefit of our customers; and access to additional human capital resources to advance the SBW experience for our customers, our community and our staff.



**MERRIMACK**  
COUNTY SAVINGS BANK

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**NEW HAMPSHIRE**  
MUTUAL BANCORP

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# THE YEAR 2019 INCLUDED MANY EXCITING EVENTS AND CHANGES FOR OUR BANK.



*Photo by Betsy Zimmerli*

**Our relationship with our sister banks,** Merrimack County Savings Bank (MCSB) and Meredith Village Savings Bank (MVSF), flourished in other ways, as well. Early in the year, SBW held our first-ever photo contest in conjunction with the Merrimack and MVSF and it proved to be a terrific way to connect with and engage local residents in our community. For SBW, the response was incredible—we received well over 1,000 entries, most of which were chosen to be showcased in future online and print marketing materials—as well as in our branches.

**In July, we celebrated the unveiling of our remodeled West Street Branch in Keene** by hosting a Community Days celebration. This weeklong series of “open house” events not only let us showcase our branch enhancements, but also provided an opportunity to support local nonprofits making donations and offering co-promotion opportunities to a different local organization each day for a week.

**In the fall, SBW Wealth Management officially joined forces with NHMB’s MillRiver Wealth Management**—along with another Keene-based firm, The New Hampshire Trust Company. The new, combined firm will be known as **NHTrust**, bringing together three of the Granite State’s most respected financial services providers to offer expert, localized trust and investment management services. For SBW Wealth Management customers, this is a win-win: Our current staff remains right here in Keene to provide the same local, personalized service—augmented by our state’s deepest team of experts with extensive knowledge of trust & estate planning, brokerage services, retirement planning and tax and charitable planning.





# DURING 2019, SAVINGS BANK OF WALPOLE SHOWED ITS SUPPORT FOR OUR LOCAL ECONOMY IN MANY WAYS.



**We continued to invest in our local branches and staff and we hired local vendors wherever possible**, spending over \$1.5 million locally on products and services. We also funded more than \$54 million in consumer and business loans right here in our community—including \$22 million in residential mortgages.

**Supporting and engaging with local organizations** that enhance the vibrancy of our community is something SBW takes great pride in doing. In 2019, our Bank donated over **\$230,000 to 213 organizations, institutions and events**. What's more, our staff showed additional support, **donating 600 hours of community service time** which they completed through SBW-coordinated activities with local partners—most

during work hours. Annually, SBW employees contribute more than **2,000 hours of community service** to local organizations and in 2019, a full **25% of our employees served on the boards** of local organizations.

**In terms of community initiatives, the Bank continued to support activities and events that showcased our community's lively spirit**, sponsoring one of the **Walldogs Magical History Tour's** 16 original outdoor public wall murals—*Keene Transportation Through the Years: Boston and Maine Railroad*. During the same weekend of the festival, SBW also hosted a Walldogs Magical History Tour coloring contest for kids, showcasing their entries in our Keene branches.



For the second year in a row, the Bank was proud to be a title sponsor of the **Clarence DeMar Marathon and Half Marathon**. Our staff had a lot of fun volunteering on race day, as this wonderful event continues to grow into a source of community pride.

During the holiday season, SBW once again partnered with Douglas Cuddle Toys and the Monadnock Radio Group/KNE-FM for the annual **Good Friends Holiday Campaign**, helping to raise approximately \$25,000 for *Monadnock Understands Childhood Hunger*.

The **SBW Local Advantage** at work . . .  
Our staff is made up of exceptional local individuals.  
*Click below to meet some of them.*





# PRODUCT INNOVATION FOR THE BENEFIT OF OUR CUSTOMERS AND OUR COMMUNITY.



While having a physical presence right here in our community is just one of the ways we provide a great banking experience for our customers, we're always looking for ways to innovate and offer new products that will make banking even better for our customers.



Last year, we introduced *SBW Local Advantage<sup>SM</sup> Business Banking*, a suite of business banking products designed to help local business owners.



We also introduced *SBW Nonprofit Advantage Checking* which offers local nonprofit organizations truly free checking along with many other business banking services, at reduced costs. By saving nonprofits money on banking fees, our hope is that they can spend more on the programs and services they offer to our community—and which benefit many.



# SBW 2019 FINANCIAL HIGHLIGHTS

**Loans grew by \$33.6 million, or 12.0%**

**Deposits increased \$30.7 million, or 8.2%**

**Net income of \$3.0 million is the highest result ever**

**Net interest income increased by \$1.4 million or 11.3%**

Savings Bank of Walpole ended the 2019 fiscal year with a **record-breaking year** of earnings, which will allow even greater reinvestment in our community. **Loans grew by \$33.6 million, or 12.0%**, enhanced by our ability to participate in commercial loans with our affiliate banks. **Deposits increased \$30.7 million, or 8.2%**, year to date. We are especially pleased that both of these growth metrics demonstrate the strength and relevance of the Bank in the eyes of our community.

**Net income of \$3.0 million** is the highest result ever experienced by the Bank. **Net interest income**, which is the excess of interest earned less interest paid and the foundation of the Bank's business model, **increased by \$1.4 million** or 11.3%. Our multi-year strategy to deploy funds into higher yielding assets, (mainly loans to our community's businesses and families) continues to work well and has put the Bank in a stronger earnings position than ever before.

While SBW continues to grow and increase its earnings, our Board and Management are committed to maintaining a sound balance sheet capable of achieving the Bank's long-term mission.



# 2019 FINANCIAL HIGHLIGHTS - BALANCE SHEET

\$ THOUSANDS

DECEMBER 31, 2019

DECEMBER 31, 2018

## ASSETS

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Cash and cash equivalents     | \$32,202         | \$12,005         |
| Securities available for sale | 87,071           | 103,894          |
| Net loans                     | 311,135          | 277,773          |
| Other assets                  | 16,735           | 17,074           |
| <b>Total Assets</b>           | <b>\$447,143</b> | <b>\$410,746</b> |

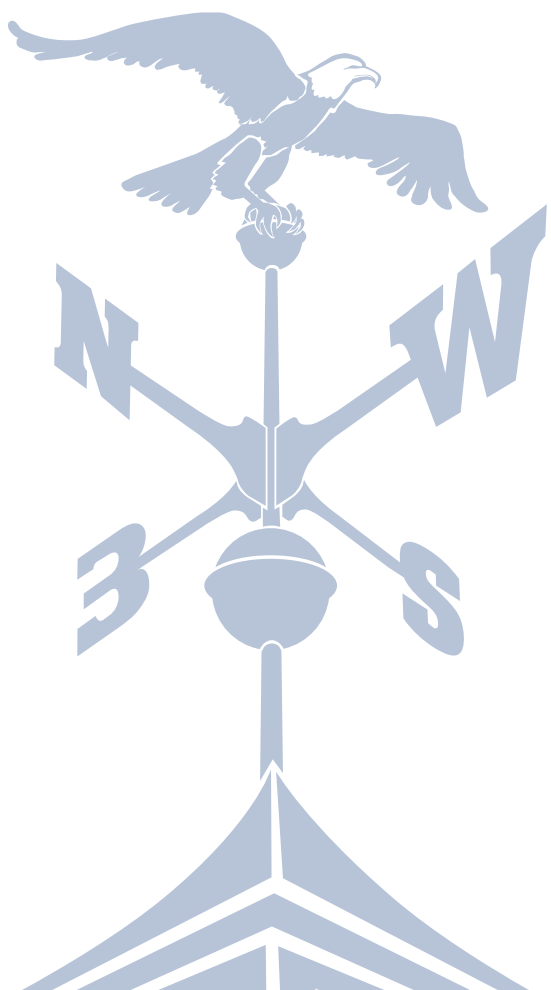
## LIABILITIES AND CAPITAL

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Deposits                 | \$407,517        | \$376,902        |
| Other liabilities        | 3,341            | 2,222            |
| <b>Total Liabilities</b> | <b>\$410,858</b> | <b>\$379,124</b> |

## CAPITAL

|   |                 |                 |
|---|-----------------|-----------------|
| Undivided profits                           | \$36,104        | \$33,214        |
| Accumulated other comprehensive gain/(loss) | 181             | (1,592)         |
| <b>Total Capital</b>                        | <b>\$36,285</b> | <b>\$31,622</b> |

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| <b>Total Liabilities and Capital</b> | <b>\$447,143</b> | <b>\$410,746</b> |
|--------------------------------------|------------------|------------------|



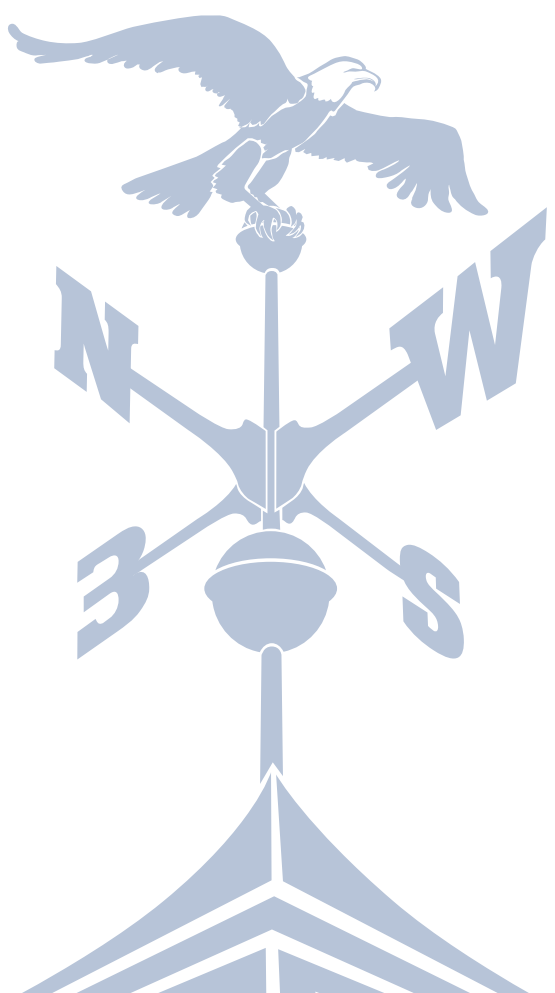


# 2019 FINANCIAL HIGHLIGHTS - INCOME STATEMENT

\$ THOUSANDS

DECEMBER 31, 2019

DECEMBER 31, 2018



|                                   |                 |                 |
|-----------------------------------|-----------------|-----------------|
| Interest and dividend income      | \$15,090        | \$13,258        |
| Interest expense                  | 1,370           | 909             |
| <b>Net interest income</b>        | <b>\$13,720</b> | <b>\$12,349</b> |
| Provision for loan loss           | \$282           | \$80            |
| Non-interest income               | \$3,216         | \$3,031         |
| Non-interest expenses             | 12,930          | 12,103          |
| <b>Income before income taxes</b> | <b>\$3,724</b>  | <b>\$3,197</b>  |
| Provision for income taxes        | \$760           | \$624           |
| <b>Net income</b>                 | <b>\$2,964</b>  | <b>\$2,573</b>  |

## KEY STATISTICS

|                                 |               |               |
|---------------------------------|---------------|---------------|
| Return on average assets        | 0.69%         | 0.64%         |
| Net interest margin             | 3.35%         | 3.20%         |
| Tier 1 leverage ratio           | 8.02%         | 8.10%         |
| <b>Total risk based capital</b> | <b>14.47%</b> | <b>14.51%</b> |



Savings Bank of Walpole's  
90 employees are an  
essential part of the  
*SBW Local Advantage.<sup>SM</sup>*

Finally, I'd be remiss if I didn't remind you of how fortunate we are to have a staff made up of exceptional local individuals. That's why we are focused on providing our people with a supportive work environment—one that encourages professional and personal growth—and makes people want to come to work for our Bank, our customers and our community. I'm proud to say that last summer, for the third consecutive year, we were honored to have been named to **American Banker Magazine's list of Best Banks to Work For** in the entire USA—and the only bank in New Hampshire to be included on the ABA's list.

At Savings Bank of Walpole, we truly believe in the advantages that a local bank such as ours brings to its home community . . . and we hope you do, too.

Thank you sincerely for your support.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark', written in a cursive style.

Mark Bodin, President

