

Celebrating our past.
Shaping the future.
125 years with Federal Savings Bank

The Seacoast's own
community bank



FEDERAL SAVINGS
BANK

Fulfilling our pledge to Seacoast families and businesses since 1890



With another year come and gone, we are pleased to report that 2014 was a successful year for the people and communities we serve, and a successful year for Federal Savings Bank. With the economy continuing to show signs of improvement, we experienced growth in a number of key areas, including asset growth of 5.8%.

Speaking of significant years, 1890 was a year of many firsts and new starts. Idaho and Wyoming joined the United States. The world welcomed Dwight Eisenhower, Groucho Marx, Agatha Christie, and believe it or not, a baby who would go on to collect interesting facts named Robert Ripley. And here's an interesting fact for you: In Dover, New Hampshire, the year 1890 saw the dawn of a new era in banking, as a group of local citizens banded together in the old Cocheco Hose Company building to support their community by forming the Dover Cooperative Savings Fund and Loan Association.

A few name changes and changes of location later—including the Walker block seen on the cover—and here we are, as Federal Savings Bank celebrates its 125th year as the “The Seacoast’s own community bank,” serving customers with pride, and giving back to the many communities where we work and live.

Now, 1890 was a different time for the Seacoast—for instance, towns were just completing their water systems. The textile industry was still running strong, and automobiles and electric light were still a ways off. Dover itself was trying to rebound from disastrous fires that had claimed the city stable, municipal building, and Sawyer school. The arrival of a bank dedicated to serving local people and strengthening the community came at just the right time.

While much has changed over the past 125 years, we're proud to say that some things have stayed very much the same, chief among them the quality of the people who work here. We wouldn't be here today if not for the tireless efforts of generations of tellers, lenders, and others doing everything they can to make life better for each and every customer, and for the towns we call home. You can see that community spirit and work ethic in our commercial lenders, whose experience and deep understanding of the Seacoast economy allows us to make fast, local loan decisions. This, in turn, helps our business customers realize their most ambitious goals. I would also like to salute our Board of Directors, each of whom is fully committed to FSB and the Seacoast communities we serve.

Giving back to our communities is a goal we set for ourselves each year. In 2014, we contributed time and money to nearly 100 worthy local organizations that make life better for all of us. We were proud to support the Seacoast's first outdoor community ice skating rink, contributed to the establishment of a new endowment at UNH for law students pursuing public policy, and started our Casual for Our Community program, dressing down on Fridays to raise money for nonprofits. To further solidify our commitment to the community, we will be officially launching the Federal Savings Bank Charitable Foundation later this year.

2014 also saw us continue our commitment to technology to help make banking easier for our customers, from our new Twitter feed to mobile deposit to online account opening. We also debuted our new tag line, “The Seacoast’s own community bank,” which is designed to affirm our commitment to the Seacoast communities we serve. The line may be new, but the statement has been true since 1890.

Here at Federal Savings Bank, we are thrilled to be such a longstanding part of our area's history, and we look forward to helping our customers make history of their own for many years to come. On behalf of our Board of Directors, management, and staff, I thank you.

A handwritten signature in black ink, appearing to read "James J. O'Neill, Jr." with a stylized flourish at the end.

James J. O'Neill, Jr.
President and Chief Executive Officer

125 years and counting...

1890

First meeting of the Dover Cooperative Savings Fund and Loan Association held at the Cocheco Hose Company on First Street in Dover

The Bank's first business transaction takes place for the construction of a house at Garrison Hill on Central Avenue



Photo courtesy of the Dover Public Library

1900

New home loans help families achieve homeownership dreams

1902

Renamed Dover Cooperative Bank

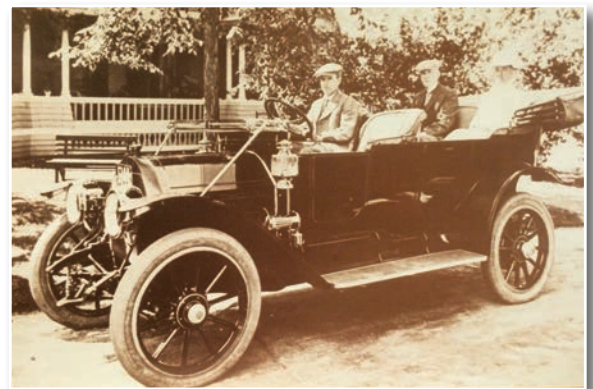
1906

Bank moves from Masonic Temple to Walker Block



1920

The 'Roaring Twenties' brings an era of easy times; the Bank offers a wide range of consumer loans including auto and home improvement



1930

Assets reach \$700,000

125 years and counting...

1940

The Bank celebrates 50 years of service to the Seacoast



1954

Extensive interior and exterior remodeling of the Walker Block building is completed, resulting in a more modern appearance



1955

Renamed Dover Federal Savings and Loan Association (under Federal charter)



1972

Acclaimed as the "newest, most modern financial center," the 633 Central Avenue office opens



1974

Barrington office opens on Route 125



1979

Durham office opens in the Durham Shopping Plaza

2014 Committed to Community

As a mutual institution, Federal Savings Bank exists to reinvest our profits in the community through loans to small businesses, residential loans to homeowners, and donations to nonprofit organizations that work to improve economic vitality for our friends and neighbors. Throughout 2014 we continued to emphasize the core values outlined in our mission that have enabled us to positively impact the communities we have served for the past 125 years.



Helping to bring outdoor ice skating to the heart of Portsmouth for the first time.

Puddle Dock Pond at Strawberry Banke Museum

With cold toes and warm hearts, Federal Savings Bank enthusiastically supported the development of the Seacoast's first outdoor community ice skating rink, Puddle Dock Pond, through a \$25,000 donation. Located on the historic grounds of Strawberry Banke Museum, Puddle Dock Pond has added incredible value to the Portsmouth community and will help grow the Seacoast for years to come.

The Warren Rudman Center for Justice, Leadership and Public Policy at UNH

In 2014, Federal Savings Bank contributed \$10,000 to the Warren Rudman Center for Justice, Leadership and Public Policy at the University of New Hampshire. Funds were raised to establish a \$1 million endowment for entering law students who are interested in public policy. The Rudman Fellows are granted tuition exemptions, scholarships, and a post-year fellowship. FSB believes in investing in the next generation of leaders who are committed to public service and positively impacting Seacoast communities.



Dressing down on Fridays for a number of worthy causes, including the Cochecho Valley Humane Society.

Casual for Our Community

Philanthropy has been a part of Federal Savings Bank's culture since our beginnings in 1890. The Bank is proud to employ individuals who support and believe in our mission and actively work to make the Seacoast a better place. In this spirit, Federal Savings Bank launched a new program, Casual for Our Community, which was designed to give its employees another opportunity to help make a difference. Employees wear jeans every Friday for a donation. Each quarter, a local nonprofit organization, chosen by the employees, receives a Casual for Our Community donation. In 2014, Federal Savings Bank employees donated over \$4,000 to Dover Children's Home, Cochecho Valley Humane Society, End 68 Hours of Hunger, and Amy's Treat.

Statement of Condition

(in thousands) for the Period Ending December 31, 2014

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Cash on Hand & In Banks	\$4,166	\$3,894
Investments & Securities	\$41,229	\$31,681
Loans		
Residential Loans	\$146,386	\$146,243
Commercial Loans	\$90,058	\$85,281
Consumer Loans	\$12,996	\$12,299
Less Reserve for Loan Losses	(\$2,793)	(\$2,919)
Net Loans	<u>\$246,647</u>	<u>\$240,904</u>
Land, Building and Equipment	\$4,314	\$3,672
Net Other Assets	\$6,696	\$6,401
Total Assets	<u><u>\$303,052</u></u>	<u><u>\$286,552</u></u>
Liabilities & Capital	2014	2013
Deposit & Escrow Accounts	\$182,668	\$186,522
Total Borrowings	\$88,398	\$68,458
Other Liabilities	\$2,911	\$3,548
Total Liabilities	<u>\$273,977</u>	<u>\$258,528</u>
Total Capital	<u>\$29,075</u>	<u>\$28,024</u>
Total Liabilities & Capital	<u>\$303,052</u>	<u>\$286,552</u>

Income Statement

(in thousands) for the Period Ending December 31, 2014

<u>Income</u>	<u>2014</u>	<u>2013</u>
Interest Income on Loans & Investments	\$10,982	\$11,074
Interest Expense on Deposits & Borrowings	\$911	\$1,047
Net Interest Income	<u>\$10,071</u>	<u>\$10,027</u>
Provision for Loan Losses	\$0	\$40
Adjusted Net Interest Income	<u>\$10,071</u>	<u>\$9,987</u>
Total Non-Interest Income	\$1,562	\$1,532
Total Non-Interest Expense	\$10,086	\$9,506
Income Before Taxes	<u>\$1,547</u>	<u>\$2,013</u>
Income Tax Expense	\$488	\$702
Net Income	<u><u>\$1,059</u></u>	<u><u>\$1,311</u></u>

125 years and counting...

1983

Renamed Federal Savings Bank



1986

First FSB ATM opens



1987

Portsmouth office (at One Market Square in downtown Portsmouth) opens



1992

Bank becomes an active SBA (Small Business Administration) approved lender

1993

Record earnings reported, with assets totaling \$82 million

1996

Portsmouth office opens on Woodbury Avenue



2000

Online Banking debuts

2003

Online Bill Payment launches

2007

Electronic Statements introduced

2009

Rochester office opens; FSB is the first Seacoast-based bank to adopt “dialogue banking” branch design

Commitment to the Next Generation

As a community partner, Federal Savings Bank believes in investing in organizations and projects that will have a progressively positive impact on the economic well-being of our communities. Our dedication to improving the quality of life for people and businesses in the greater Seacoast area is demonstrated by our longstanding support of local business growth and education and housing initiatives.

Our primary focus is to contribute to the economic vitality and development of our region by reinvesting our resources through local lending and donations to nonprofit organizations. We are proud to partner with organizations like the Community Action Partnership of Strafford County and the New Hampshire Community Loan Fund, both of which offer programs for low to moderate income families to help them achieve financial independence; and the Seacoast Educational Endowment of Dover, which provides grants to local educators. As “The Seacoast’s own community bank,” Federal Savings Bank is committed to fulfilling its mission of improving the Seacoast community and will continue to help build a stronger Seacoast for the next 125 years.



Financial Literacy

As part of our mission to positively impact the communities we serve, Federal Savings Bank is proud to offer a financial literacy education program.

Designed to help build positive banking relationships and enhance the local economy, the financial literacy program focuses on various aspects of banking including basic savings, creating and achieving financial goals, financial management, and credit. FSB has worked with Somersworth Middle School, Barrington Middle School, St. Thomas Aquinas, and Dover Adult Learning Center.



Technology

Throughout our 125-year history, Federal Savings Bank has remained focused on providing our customers with products and services that make banking with us more convenient. In 2014, we launched the mobile deposit and online account opening products, expanded our social media presence, and joined the Allpoint ATM network, which provides customers with free access to over 55,000 ATMs worldwide. While technology continues to evolve, we remain committed to providing a high quality, personal banking experience and look forward to serving the next generation of customers.

2010

Facebook page launches,
with Twitter and YouTube
to follow



2014 Donations

In 2014, Federal Savings Bank donated over \$150,000 to over 90 organizations throughout the Seacoast area, helping to improve the quality of life in the communities we serve.

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|--|--|---|---|
| ALS Association Northern New England | Dover Main Street | Greater Portsmouth Chamber of Commerce | Richie McFarland Children's Center |
| American Legion Dover Post | Dover Police Charities | Greater Rochester Chamber of Commerce | Rochester Main Street |
| Amy's Treat | Dover Rotary Charities | Greater Somersworth Chamber of Commerce | Rochester Opera House |
| Angels Walk for Wishes | Dover SEED | Homeless Center of Strafford County | Rochester Rotary Charities |
| Barrington Public Library | Dover Soccer Association | Homeschool Theatre Guild | Saint Mary Academy |
| Berwick Youth Association | Dover Youth Baseball League | Horne Street School PTA | SCORE |
| Big Brothers Big Sisters of the Greater Seacoast | Dover Youth Softball League | Huntington's Disease Society of America | Seacoast Board of Realtors |
| Breathe NH | Durham Bobcat Bolt | Kiwanis Club of Dover | SENH Habitat for Humanity |
| Caring & Sharing | Durham Police Officers Union | Krepfels Center | Six03 |
| CASA of NH | End 68 Hours of Hunger | Madbury Firefighter Auction | Spaulding High School |
| Children's Museum of NH | Families First | Make a Wish NH | Special Olympics of NH |
| Cochecho Challenge | Friends Forever | Monarch School of New England | St. Elizabeth Seton School |
| Cocheco Valley Humane Society | Friends of Childlight Montessori | NAMI Walks | Strafford County Board of Realtors |
| Community Action Partnership of Strafford County | Friends of Dover Recreation | New England Language Center | Strawbery Banke Museum |
| Community Child Care Center | Friends of Rwandan Genocide Survivors | Newington Public School | The Melanoma Foundation of New England |
| Cornerstone VNA | Friends of Ryan Menter | NH Jumpstart Coalition | UNH Alternative Spring Break |
| Cross Roads House | Frisbie Memorial Hospital | NH Public Television | United Way of the Greater Seacoast |
| Daniel Webster Boy Scouts | Gardens of New England | Northeastern Ballet Theatre | Veterans Count |
| Dover Children's Center | Granite State Women's Society | Oyster River Alumni Association | Wentworth Douglass Hospital & Health Foundation |
| Dover Children's Fire Safety Festival | Great Bay Durham Rotary | Oyster River Parents of Preschoolers | Workforce Housing Coalition |
| Dover Children's Home | Great Bay Kids | Prescott Park Arts Festival | YMCA Granite Manchester |
| Dover High School | Great Bay Stewards | | YMCA Strafford County |
| | Greater Barrington Chamber of Commerce | | Zebra Crossings |
| | Greater Dover Chamber of Commerce | | |

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Chairman

Patricia Barbour
Vice Chairman

James Schulte
2014 Chairman

Michael Bolduc
Thomas "TJ" Jean
Dana C. Lynch
James J. O'Neill, Jr.
Janet Sylvester



James Jalbert



Patricia Barbour



James Schulte

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Executive Vice President & CFO

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Chief Lending Officer*

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*Vice President,
Information Technology*

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Commercial Lending*

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Loan Operations Officer*

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Work-Out Officer*

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Branch Administrator*

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Marketing & Public Relations*

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*Assistant Vice President,
Business Development*

Jennifer Stauffis
*Assistant Vice President,
Controller*

Eric Cournoyer
Retail Loan Officer

Keely Maguire
Retail Loan Officer

Donna McGurran
Loan Officer

2011

Durham office remodeled to reflect “dialogue banking” branch design



2013

Mobile Banking debuts



2014

Mobile Deposit introduced

Dover office remodeled to reflect “dialogue banking” branch design

New tagline “The Seacoast’s own community bank” introduced to reflect ongoing commitment to the community

The Seacoast’s own
community bank



FEDERAL SAVINGS
BANK

Branch Locations & Hours

Dover, NH

633 Central Ave.*
Dover, NH 03820
603-742-4680
FAX 603-742-7905

Lobby:

Monday - Friday:
9:00am - 5:00pm
Saturday:
8:30am - 12:30pm

Drive-up:

Monday - Thursday:
8:00am - 5:00pm
Friday:
8:00am - 6:00pm
Saturday:
8:30am - 12:30pm

Durham, NH

7A Mill Rd.*
Durham, NH 03824
603-868-1111
FAX 603-868-5107

Lobby:

Monday - Friday:
9:00am - 5:00pm
Saturday:
8:30am - 12:30pm

Barrington, NH

6 Eastern Ave.*
Barrington, NH 03825
603-664-9327
FAX 603-664-9109

Lobby:

Monday - Friday:
9:00am - 5:00pm
Saturday:
8:30am - 12:30pm

Drive-up:

Monday - Thursday:
8:30am - 5:00pm
Friday:
8:30am - 6:00pm
Saturday:
8:30am - 12:30pm

Portsmouth, NH

1650 Woodbury Ave.*
Portsmouth, NH 03801
603-431-2212
FAX 603-436-6095

Lobby:

Monday - Friday:
9:00am - 5:00pm
Saturday:
8:30am - 12:30pm

Drive-up:

Monday - Thursday:
8:30am - 5:00pm
Friday:
8:30am - 6:00pm
Saturday:
8:30am - 12:30pm

One Market Square*

(ATM only)

Rochester, NH

17 Wakefield St.*
Rochester, NH 03867
603-332-3740
FAX 603-332-3974

Lobby:

Monday - Friday:
9:00am - 5:00pm
Saturday:
8:30am - 12:30pm

Drive-up:

Monday - Thursday:
8:00am - 5:00pm
Friday:
8:00am - 6:00pm
Saturday:
8:30am - 12:30pm

*ATM Locations Toll-free

1-800-462-2265



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