While highlighting milestones and achievements that occurred in the immediate past year, this report also provides a broader perspective. Specifically, it details key areas of progress over the past five years. In many ways, and in the face of considerable headwinds, 2017 marked a continuation of these positive trends. This is thanks to the consistent effort delivered by the incredibly talented, passionate, and compassionate GSB employees, sound governance provided by the Board of Trustees, and the advocacy and advisory services provided by the Board of Corporators.

Perhaps most importantly, it is also thanks to our clients who subscribe to the Bank’s distinct value proposition and entrust it to deliver comprehensive financial solutions to meet their evolving needs.

“In the last five years, aggregate donations and volunteer hours invested in the community were nearly $1.5 million and over 67,000 hours respectively. That’s a real community benefit.”
—Tim Geelan, President & CEO

WELCOME

FIVE YEAR LOOKBACK (AS OF 12/31/17)
State and Peer data on a consolidated basis as reported by BankRegData.com

• The Bank surpassed the $700 million asset mark in 2017. Since 2012, assets have increased 36.7%, or $199.4 million. That is the #12 growth rate in the State and #4 in the local peer group, which consists of 19 banks including GSB and a mixture of public and mutual institutions.

• Though loan production fell slightly short of assertive budgeted expectations in 2017, total loans have grown 58.2% or $201.8 million over the last five years. On a percentage basis, this placed GSB at #14 out of all 40 banks in the State and #5 in its local peer group. The four institutions that outpaced GSB are public and growth at two of them was fueled by acquisitions.

• Deposits grew $120.3 million or 26.7%. This was #18 in the State and #9 in the local peer group.

• Equity growth was especially gratifying. It improved $19.5 million to $91.8 million over the period, or 27.0%. Although the Bank has been in business for 142 years, nearly a quarter of its equity growth came in the last sixty months.

• GSB Wealth Management gross revenue improved 123.8% and net income increased 180.4% since 2012. Assets under management (AUM) ended at $228.4 million, an improvement of 111.4% over 12/31/2012. Leadership views GSB Wealth as a cornerstone to financial service delivery. I’m happy to report that it became a wholly owned subsidiary of the Bank as of January 1, 2018.

• Community Commitment: 2017 donations, including the employee match program and excluding tax credits totaled $276,000; a 58% increase over 2012. Bank employees served on 60 nonprofit boards, a 33% increase over 2012. Hours dedicated to community initiatives expanded to 12,250 (the equivalent of 306 work weeks or full-time jobs for nearly six people). Aggregate donations and volunteer hours invested in the community since 2012 were nearly $1.5 million and over 67,000 hours, respectively. This speaks volumes to the Bank’s commitment to serving as a primary catalyst for economic and social improvement.

These impressive results were in lockstep with the Bank’s long-term Strategic Plan.

KEY 2017 HIGHLIGHTS
Product & Service Enhancements:
• Driven by Lean Six Sigma process improvement, loan commitments for residential first mortgages are now delivered within 48 hours of receipt of a completed application and the average time to be “ready to close” improved from 78 to 27 days.

• GSB partnered with Buzz Points to add a local rewards program, enhancing benefits to debit card owners as well as locally-based businesses.

• Visa Checkout was added allowing clients to simplify online merchandise checkouts.

• The Bank enhanced its fraud protection platform to the benefit of clients and the Bank.

• Commercial Cash Management services were added, including new Wealth software, allowing GSB to better track, report, and present meaningful data to business customers.

2018 promises to deliver a fresh set of challenges and opportunities. The Bank is well positioned to deal with both.

FROM OUR CEO

Timothy P. Geelan
President & CEO
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COMMUNITY BANK 2

COMMUNITY BANK 2
COMMERCIAL BANKING

ESANA PLASTIC SURGERY CENTER OPENS NEW LOCATION IN GUILFORD

Esana Plastic Surgery Center and MedSpa was established in 2006 with locations in New Haven and, most recently, Guilford. A team of caring, qualified providers is led by board-certified plastic surgeons Javier Davila, MD and Deborah Pan, MD — the first female plastic surgeon in New Haven.

Esana offers a full range of plastic surgery and non-surgical procedures based on a philosophy that centers on maintaining a patient’s natural appearance with the goal of positively transforming lives. Through patient-centered care that focuses on respect, education and compassion, it is no wonder that Dr. Pan and her team have won national awards and continue to receive positive reviews for leading edge technology and patient satisfaction.

“When looking for financing options for the development of our second surgical center and spa along the Connecticut shoreline, Guilford Savings Bank (GSB) came to my attention,” shares Dr. Pan. “Esana Plastic Surgery Center opened a new location in Guilford, it made all the difference that the team at GSB was very approachable, respected my vision. They helped me transform a property from retail space to a space of health and healing.”

Esana’s Guilford location is now open and the $1.6 million project, with extensive construction, reimagined a 4,175 sq. ft. furniture showroom into a showcase surgical center that will impact countless lives.

“Began practicing in 2003 and a few years later I became determined to offer more comprehensive services to my patients — that was when Esana was established,” confirms Dr. Pan. “Esana is an original word and theme, one that we created to capture the essence of relaxation and comfort that we hope to convey to all our patients.” — Dr. Pan

To hear more about Dr. Pan and her unique story, visit gsb-yourbank.com/ESANA

COMMERCIAL BANKING

RENOVATED TAVERN & COMMERCIAL SPACE IN CENTERBOOK

Scotch Plains is open for business! In what was the old Oliver’s Tavern at 124 Westbrook Road in Centerbrook, owner Frank Autorino has brought a spectacular restaurant and sports bar to the area. GSB financed the extensive renovation of the 10,277 sq. ft. restaurant, as well as 6,630 sq. ft. of professional office space.

REVITALIZED SHOPPING CENTER IN EAST LYME

Guilford Savings Bank recently completed financing for the 60,000 square foot Flanders Plaza Shopping Center adjacent to I-95 in East Lyme. The plaza holds CVS, IGA Tri-Town Foods, and other retailers and offices.

GSB acted as the lead bank on the $10,850,000 commercial loan, with participation from Dime Bank of Norwich.

RENEWED AS AN ATTRACTION

While our checking account options are paired with our expert commercial lenders, it’s no wonder that clients like Dr. Pan (featured here) consider us trusted partners in growing and developing a thriving business.

“Whether a business or a regional employer, GSB seeks to be the bank of choice — a community business bank,” shares Bette-Lou Rush, SVP, Commercial Cash & Deposit Product Manager.

COMMUNITY BANK 4
GETTING CLOSER TO CLOSING: EXPEDITING OUR RESIDENTIAL LENDING PROCESS

“We are a community bank with an outstanding reputation for customer satisfaction,” stated Lyle Fulton, EVP, Chief Lending Officer. “So, when customers were unhappy about a residential mortgage or HELOC process averaging 75 days, we took immediate action to streamline and eliminate delays. This Lean Six Sigma process saw the average time for a loan to close reduced to under 30 days.”

The GSB lending team turned to the well-known, Lean Six Sigma discipline — a data driven approach that relies on a collaborative team effort to improve performance by systematically removing waste and reducing variation.

“Our team went through the Lean Six Sigma process in five key stages,” continues Fulton. “We defined, measured, analyzed, improved, and initiated controls to assure we maintained our progress.”

To define and understand the issues, the lending team gathered critical quality factors from customers, which became the basis for all decisions going forward — it’s all about hearing the voice of the customer. Once we identified the quality factors, we mapped and measured the current time it was taking to complete tasks in the closing process — identifying defects in our process. Following this, we were now prepared to analyze the data using a statistical approach to help us determine which “levers to pull” that would have the most impact in changing our process.

Once the team agreed to the needed changes, improvements were put into place and we revisited the measurement state to ensure that engaged changes to the process were correct and effective. Finally, we controlled any backsliding by putting new systems in place, preventing the process from reverting to its previous form.

Did we get the results desired?

We have been able to break down all the communication silos that existed between the front and back offices — encouraging open and free dialogue to address any issues. We have removed the heavy load of paperwork from the Mortgage Lending Officers (MLO) and charged our processors to take this on — engaging more actively with our customers. We have reworked our system to make our back office more efficient, and we have a more robust reporting system that allows us to track where the loan is in the pipeline.

What used to involve 700 steps is now down to about 200, and the number is still being whittled. The project will be fully implemented on August 1.

The team in Operations is no longer looking at processes like we used to. In every aspect, we challenge the way we do things to see if there is a better, more efficient, user-friendly, make-the-customer-happy way of getting the job done. Every employee is encouraged to offer ideas and suggestions.

RESIDENTIAL LOANS

GSB launched Buzz Points with a splash on October 3, 2017 and closed out the year with 431 customers enrolled, 10 local businesses participating in the Preferred Merchant option, and 3 nonprofit organizations. Plans are underway to expand the participation of nonprofit organizations, starting with those working with basic needs. Future plans include adding more retail businesses, restaurants, and additional nonprofit organizations. Local is the foundation of Buzz Points. Like GSB, the program builds stronger communities while engaging and rewarding customers.
DURING 2017 ASSETS UNDER MANAGEMENT GREW FROM $205 MILLION TO $231 MILLION

GSB Wealth advisors provide sound investment advice with the goal of preserving and increasing client wealth. We employ a fee-based model rather than a commission-based approach. This ensures alignment with the interests of clients by virtue of putting all parties on the same side of the table. We serve high net worth clients as well as families that are on their way to getting there.

Strategically, we recognize the expected massive wealth transfer to the next generation, and our advisors are positioned to guide clients through what could be a difficult and challenging process. Our goal is to preserve and increase client wealth by providing comprehensive financial planning that encompasses investment advisory and banking services.

Whether the need is retirement planning or more established capital preservation, we believe we offer a vital alternative to larger wirehouses or big financial institutions for consumers seeking a truly customized and personalized approach to their investment needs.

We envision a relationship between the customer and our community bank that seamlessly evolves to meet growing and changing needs — from a customer’s first checking and savings account to home ownership and asset management. Our bankers are a united team, anticipating financial needs and stepping in to refer customers to the right internal resource at the right time.

“Wealth Management”

“Simple can be harder than complex.” Great innovators like Steve Jobs and Leonardo da Vinci knew the time it took to get their work to a point of sophistication so great, it was simple. This year, we adopted their approach and focused on making everything you do simpler so you can focus on what matters most.

When it comes to staying on top of your finances, knowing your balance is the key to success. In 2017, we expanded our Quick Balance functionality with a widget that lets you check your balance without launching our app. This led to tens of thousands of balance checks per month.

We’ve also simplified the way you use web-based online banking with our refreshed user experience. Now, online banking works with ease across all device sizes, adjusting to fit beautifully on any screen. If you prefer to use mobile, we improved Bill Pay’s functionality so that you can manage even more of your finances on the go.

As we head into the new year, we have something even bigger in store: a fully redesigned money management tool to improve the way you see your financial picture. With intuitive budgeting, straightforward spending categorization, and one-step account aggregation, seeing your finances across all the places you bank will become painless.

Achieving simplicity isn’t easy, but we’re committed to building digital products that make banking as effortless as possible.

*GSB Wealth Management, LLC is a separate subsidiary of The Guilford Savings Bank. GSB Wealth Management, LLC is a registered investment advisor and makes investment recommendations that involve products that are not Bank deposits, are not guaranteed by the Bank, not FDIC insured and involve investment risks, including the possible loss of principal.
No matter how big the pencil or how sharp, it’s not possible for local schools to make ends meet given our current budget crisis. Aware of this impossible situation, and equally aware that educators were paying out-of-pocket to fill the gap, Guilford Savings Bank stepped up to help students, schools and educators with some Special Deliveries.

"Historically, teachers have spent $500 in personal money every school year to see that their students have the supplies needed to learn. Recent spending cuts have doubled this out-of-pocket contribution to an average of $1,000 per teacher," shared Tim Geelan, President & CEO. "As a community bank, we could not witness this situation and not engage. We took a look at the dollars we were spending on printing our annual calendar and, with the support of our customers, we put these dollars to better use in the classroom."

Soon after the start of the school year, Special Deliveries from GSB to elementary schools began rolling out. Filled with materials purchased locally, the GSB van was converted into a mobile supply closet, surprising teachers and students across our region.

“We did our research,” said Renee Pallenberg, SVP, Retail Banking & Marketing Officer. “We identified the 20 most needed items for classrooms and we bought them in abundance. From copy paper to finger paints, our goal was to help our teachers and students have a successful year.” Reactions have been unanimously positive.

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"Thank you for the helpful school supplies. It was very nice of you to think about our school," wrote Emme, a student from Old Saybrook. "We will use the supplies to draw with. My favorite thing was the giant pencil. I liked the giant pencil the best because it was giant and the eraser was so cool!"

"The pencils were a big hit with both teachers and students," concluded Tim. "One young girl proudly printing our annual calendar and, with the support of our customers, we put these dollars to better use in the classroom."

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stated that because the pencil really worked she was going to use it to write us a note of thanks. But... she didn’t need an eraser, because she didn’t make mistakes. Clearly, in launching our special deliveries, we got it 100% correct, as well. Thank you to the schools, administrators, teachers and students for your warm welcomes and great notes of appreciation."
COMMUNITY IMPACT

- Restoration of Hill’s Academy, Essex Historical Society
- GSBI Volunteers for Guilford Youth Mentoring
- Daniel Hand High School Robotics Team
- GSBI Volunteers at Habitat for Humanity
- "Cycle Against Cancer" in Old Saybrook

$22,000
IN HIGHER EDUCATION
SCHOLARSHIPS ANNUALLY

$15,000
EMPLOYEE CONTRIBUTIONS
MATCHED BY THE BANK

$40,000
DONATED TO LOCAL
COMMUNITY FOUNDATIONS

$276,000
DONATED
to the local community in 2017

12,250
VOLUNTEER
HOURS

60 NON-PROFIT
BOARDS OF
DIRECTORS

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$276,000 DONATED to the local community in 2017

60 NON-PROFIT BOARDS OF DIRECTORS

12,250 VOLUNTEER HOURS
A warm thank you to Margaret Livingston in order. After nearly forty years of dedicated service to the Bank — rising to the helm as one of a very few female CEOs in the banking realm and more recently, serving as a Trustee and Corporator — Margaret has decided to call it a career. Margaret was (and remains) a staunch advocate for community banking and Guilford Savings Bank. Some said she bled GSB green! Her fingerprints are all over past Bank achievements and she was instrumental in helping to set the foundation for future success. She led with passion, compassion, and integrity. In short, she was the epitome of what community banking is all about — Main Street, not Wall Street. We thank her for the fine example she set and for the positive difference she made in the lives of countless clients and communities served.” — Tim Geelan, President & CEO

Christine Beirne: New Leader in Banking — CBA & CT Banking Magazine

Victoria Magin: Peak Award — Guilford Saving Bank

2017 Bauer Financial Sustained Superiority Award — For the 28th consecutive year!

Employee Recognition & Growth

• Janet Sandella and Victoria Magin were recipients of the Bank’s coveted PEAK Award.

• Keira Cervoni and Mark Muszynski graduated from the Connecticut School of Finance and Management (CSFM).

• Dave Finnerty received an ICBA NextGen Scholarship to the Barrett Graduate School of Banking for the spring 2018 semester.

• Kathy Duncan, Byron Marzajewski, Michael Paz, Kris Crusca, Alkqpal Patrino, and Randy Osanov are enrolled at CSFM.

• Kyle Eagleson and Renee Pallenberg are enrolled at the Stavner Graduate School of Banking.

• Four employees utilized the Bank’s tuition reimbursement benefit to complete college programs (two bachelor’s and two master’s degrees).

• Internal promotions were bestowed upon eleven employees.

• Seven employees celebrated 5-year anniversaries with GSB. Other significant milestones: Lisa LeMonte (10), Dawn DiGianni and Janet Sandella (20), Deborah Cooperholt and Sandra Mckibben (25), Renee Pallenberg (30), and Kathleen Archer (35).

Renee Pallenberg: Woman of Fire — Commercial Record

Mark Muszynski & Keira Cervoni: 2017 Graduates — Connecticut School of Finance & Management

Janet Sandella: Peak Award — Guilford Saving Bank

2017 Bauer Financial Sustained Superiority Award — For the 28th consecutive year!
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OUR VISION:
Guided by our values and an unwavering commitment to improve the lives of those served, we endeavor to be the preeminent independent community bank in Connecticut.

OUR MISSION:
To provide comprehensive financial solutions to individuals, families, and businesses predicated upon building mutually beneficial, strong, and lasting relationships.

INDEPENDENCE:
Remaining a strong, mutual financial institution engaged with the community we serve.

COMMITMENT:
Through meaningful philanthropy of financial resources and human resources, we are catalysts in improving the quality of life for our neighbors.

TEAM DEVELOPMENT:
Recruitment, retention and reward of a strong and compassionate team through a culture that encourages empowerment and growth.

RELATIONSHIPS:
With integrity and earned trust, we build long-standing relationships as a result of consistent, service excellence.

CREATIVITY:
Through shared ideas, continuous improvement and leadership, we invite new thinking that responds to and anticipates needs.

STEWARDSHIP:
Aware we are a community institution, not only a financial institution, we invest wisely in ourselves, others and tomorrow.

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VISON
MISSION
CORE VALUES