



## 2010 Annual Report





## **Corporate Profile**

Leader Bancorp, Inc. is the holding company for Leader Bank, N.A., an FDIC-insured community bank headquartered in Arlington, MA. Leader Bank opened for business on May 8, 2002 and serves our customers through our branches in Arlington, Belmont, Burlington and Cambridge and our loan production centers in Burlington and Needham.

## **Our Business**

Leader Bank, N.A. offers a complete suite of retail and commercial banking services, including competitive yielding deposit accounts and free online banking and bill payment to both individuals and businesses. Leader Bank also offers a range of residential and commercial lending services, including home equity lines of credit and small business loans. Through our website, [www.leaderbank.com](http://www.leaderbank.com), customers can logon to view their account balances, make transfers, download account statements and pay their bills.

## **Our Mission**

Leader Bank is committed to being the leading community based financial institution, providing customer-centric banking products and services. We are dedicated to offering our customers creative financial products and customized solutions that allow them to achieve financial prosperity for themselves, their families and their businesses. Our ultimate goal is to create life-long partnerships with our customers by making sure that we continue to be “A Step Ahead” bank for our customers, our communities, our employees and our shareholders.

## **Leader Bank “A Step Ahead” Bank for:**

### **Our Customers**

- To provide the highest level of individualized customer service
- To create innovative products designed for the needs of the communities we serve
- To find creative and customized solutions that address the individual financial issues and opportunities of each of our customers

### **Our Communities**

- To establish retail centers in communities that have a need for true community banking
- To be a leading corporate citizen by providing programs specifically designed to address the needs of the individual communities where we operate
- To create a true partnership with the people of the communities we serve

### **Our Employees**

- To be an employer of choice by creating a work environment that fosters excellence, creativity, and professional growth
- To challenge our employees to be the best they can be
- To give our employees the tools and training they need to help them fulfill their critical service mandate

### **Our Shareholders**

- To create a bank that gives them pride in their investment
- To always operate with the highest level of ethics, corporate governance and transparency
- To develop and execute strategies designed to create strong growth and profitability



## Chairman's Letter



### Dear Shareholders, Customers and Friends:

It gives me great pleasure to report that in 2010, despite record levels of home foreclosures and further decline in real estate values, Leader Bank remained profitable and strong as a community bank. We closed our single best year in Leader Bank's nine year history.

I am particularly proud of Leader Bank's accomplishments in 2010. Leader Bank:

- More than doubled net income from 2009.
- Grew core deposits to historically high levels as a percentage of total deposits.
- Maintained a strong liquidity and capital position.
- Improved our net interest margin and operating efficiencies in an extremely challenging market.
- Raised \$7.1 million in additional capital to payoff CPP/TARP funds to the U.S. Treasury.
- Established a formal strategy statement and five year growth plan.\*

We take great pride in the accomplishments that took place in 2010, as they occurred in the midst of a recovering recession and continuing uncertainty in the mortgage industry and credit markets. Leader Bank's achievements are a result of the dedication of our professional team members, who work hard every day to surpass our customers' expectations and keep the Bank "A Step Ahead". We sincerely appreciate the loyal customers of Leader Bank, who continue to provide us with the opportunity to serve them in their financial pursuits during a time of volatility and uncertainty.

While the first quarter of 2011 has shown early signs of an economic recovery, we do not expect to replicate our financial results in the upcoming year due to potentially rising interest rates and significant regulatory reform in the lending industry. Yet, we are optimistic about the Bank's future prospects, as we remain focused on developing the Leader Bank brand, growing our footprint into new communities and expanding existing relationships.

With the formation of Leader Bank in 2002, we set out to build a high performing, best-in-class institution by understanding our local markets, attracting top talent and investing in long-term relationships with clients. By holding true to that vision, Leader Bank has succeeded not only as a financial institution, but also as a top employer and active member of the communities that we serve.

Please accept my deepest thanks and appreciation for your commitment and participation in Leader Bank's continued success.



**Sushil K. Tuli**

*Chairman, President & CEO*

.....  
*\*Strategy Statement: To grow to \$750 million in assets by 2015 through a nine branch network with \$450 million in deposits and a \$1.5 billion mortgage origination and servicing platform by providing customers who value relationship banking with a responsive and a highly engaged staff.*  
 .....

Sincerely,

Sushil K. Tuli



# Financial Highlights



(IN THOUSANDS, EXCEPT ACCOUNTS)

<b>PERFORMANCE STATISTICS</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Total Assets	\$366,788	\$312,305	\$260,494
Total Deposits	\$234,921	\$211,753	\$180,652
Total Equity	\$37,365	\$28,579	\$24,787
Total Loan Portfolio	\$274,665	\$241,677	\$225,353
Total Loans Closed	\$1,605,320	\$943,324	\$251,223
Deposit Accounts	8,539	7,963	7,315
<b>EARNINGS</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Net Interest Income	\$11,095	\$8,150	\$6,248
Non Interest Income	\$14,203	\$8,299	\$2,021
Non Interest Expense	\$9,876	\$8,180	\$5,915
Income Before Taxes	\$14,309	\$6,732	\$2,001
Net Profit	\$8,514	\$4,004	\$1,188
<b>RATIO</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Return on Assets	2.53%	1.52%	0.54%
Return on Equity	25.36%	16.50%	6.95%
Net Interest Margin	3.44%	3.01%	2.75%
Efficiency Ratio	39.04%	49.46%	71.53%
<b>CAPITAL</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Equity Capital to Assets	10.19%	9.15%	9.52%
Core Capital (leverage)	9.81%	9.40%	10.07%
Tier 1 Risk-based Capital	13.85%	10.47%	11.94%
Total Risk-based Capital	19.46%	13.40%	15.59%

## Peer Group Comparative Performance

<b>PERFORMANCE METRICS</b>	<b>LEADER BANK <sup>(1)</sup></b>	<b>PEER GROUP AVERAGE</b>	<b>LEADER BANK PERCENTILE RANK</b>
Return on Assets	2.58%	0.50%	98
Return on Equity	25.26%	4.58%	98
Net Interest Margin	3.46%	3.84%	27
Non-Interest Income / Assets	4.20%	0.72%	97
Efficiency Ratio	38.38%	68.19%	98
<b>ASSET QUALITY METRICS</b>			
Net Loans / Assets	86.95%	66.82%	97
Non Performing Loans / Total Loans	0.23%	3.22%	94
Net Loss / Total Loans	0.12%	0.99%	90
<b>GROWTH METRICS</b>			
Net Loans & Leases	14.05%	-1.95%	92
Total Assets	17.11%	1.82%	93

(1) Leader Bank metrics are for Leader Bank, N.A., not Leader Bancorp, Inc.  
Source: FDIC

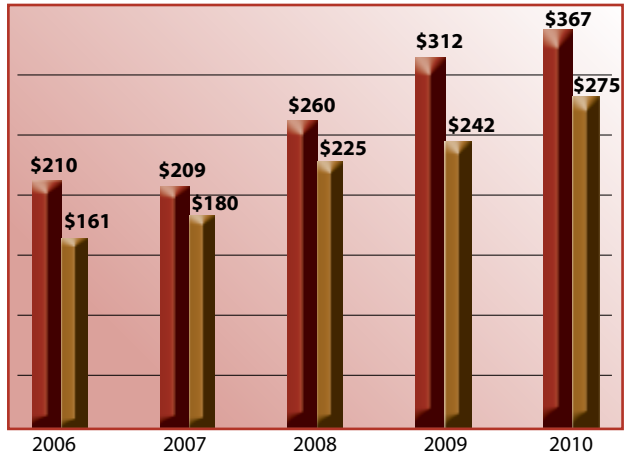


# Historical Growth



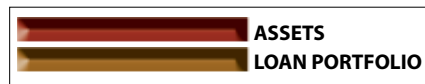
## Assets & Loan Portfolio

IN MILLIONS



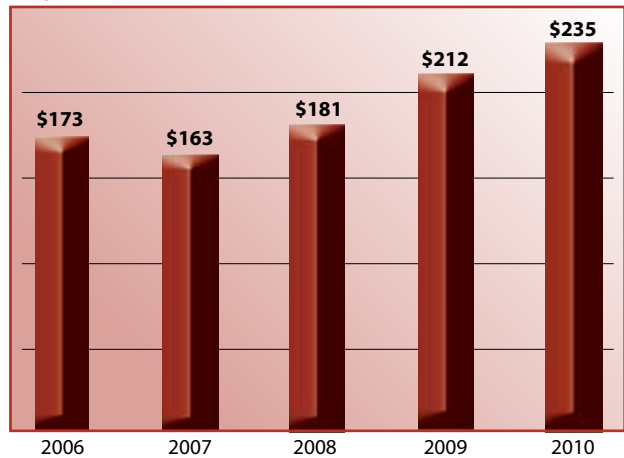
## Assets & Loans

Assets grew by \$55 million, or 17%, ending the year at \$367 million. This increase was principally attributed to the growth of the Bank's investment and loan portfolios. Total loans, comprised of residential 1 to 4 family real estate loans, home equity lines of credit, commercial real estate and small business loans, increased by \$33 million, or 14%, in 2010.



## Deposit Balances

IN MILLIONS

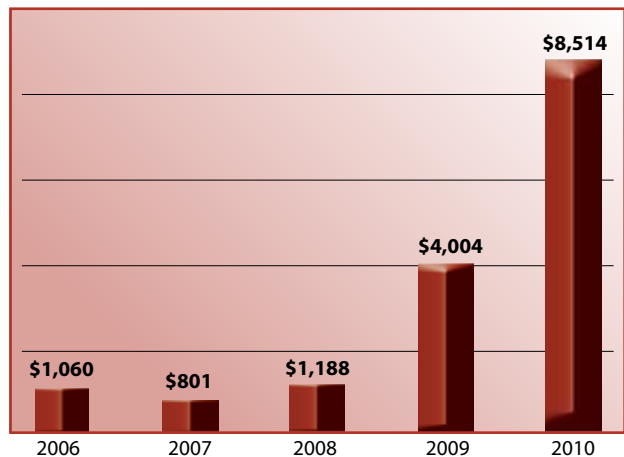


## Deposits

Deposits increased \$23 million, or 11% from the previous year, and continue to grow as the Leader Bank brand strengthens in Arlington, Belmont, Burlington, Cambridge and the neighboring communities. Community involvement, a high standard of personal service, and the flexibility to meet our customers' needs are the drivers for our growth and success.

## Net Income

IN THOUSANDS



## Net Income

Net income of \$8.5 million increased by \$4.5 million, or 113% from the previous year. The change was primarily due to a net gain on the sale of loans in the amount of \$14.6 million and improved net interest income, offset by higher non-interest expenses, provision for loan losses and income taxes.



# Financial Statements



## LEADER BANCORP, INC. CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, YEARS ENDED DECEMBER 31)

<b>ASSETS</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Cash and due from banks	\$16,311	\$12,398	\$6,017
Interest-bearing deposits	841	1,526	5,730
<b>CASH AND CASH EQUIVALENTS</b>	<b>17,152</b>	<b>13,924</b>	<b>11,747</b>
Securities held to maturity, at cost	12,000	10,000	8,600
Restricted equity securities, at cost	5,060	3,951	3,030
Loans held for sale	30,664	28,022	5,799
Loans, net	274,665	241,677	225,353
Mortgage servicing assets	6,832	2,176	168
Premises and equipment, net	3,239	2,618	1,913
Accrued interest receivable	1,107	1,042	1,110
Investor receivable	8,875	5,792	1,601
Prepaid FDIC Insurance	614	889	—
Other assets	6,580	2,214	1,173
<b>TOTAL ASSETS</b>	<b><u>\$366,788</u></b>	<b><u>\$312,305</u></b>	<b><u>\$260,494</u></b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>			
Deposits	\$234,921	\$211,753	\$180,652
Federal Home Loan Bank advances	72,504	61,949	47,323
Subordinate debt	12,100	6,000	6,000
Other Liabilities	9,898	4,024	1,732
<b>TOTAL LIABILITIES</b>	<b><u>329,423</u></b>	<b><u>283,726</u></b>	<b><u>235,707</u></b>
Stockholders' equity;			
Preferred stock \$1.00 par value; 500,000 shares authorized:			
Preferred stock, Series A, \$1.00 par value; 50,000 shares authorized; 5,830 shares issued (liquidation preference of \$5,830,000)	—	5,528	5,465
Preferred stock, Series B, \$1.00 par value; 10,000 shares authorized; 292 shares issued (liquidation preference of \$292,000)	—	324	330
Common stock, \$0.50 par value 10,000,000 shares authorized; 3,180,054, 2,579,384 and 2,572,884 issued and outstanding, respectively	1,590	1,290	1,286
Additional paid-in capital	20,102	13,236	13,168
Retained earnings	15,673	8,201	4,538
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b><u>37,365</u></b>	<b><u>28,579</u></b>	<b><u>24,787</u></b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b><u>\$366,788</u></b>	<b><u>\$312,305</u></b>	<b><u>\$260,494</u></b>





# Financial Statements



## LEADER BANCORP, INC. CONSOLIDATED STATEMENTS OF INCOME

(IN THOUSANDS, YEARS ENDED DECEMBER 31)

	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>INTEREST AND DIVIDEND INCOME</b>			
Interest and fees on loans	\$15,829	\$14,201	\$12,732
Interest and dividends on securities and CDs	518	545	591
Interest on interest-bearing deposits	29	39	210
<b>TOTAL INTEREST AND DIVIDEND INCOME</b>	<b>16,376</b>	<b>14,785</b>	<b>13,533</b>
<b>INTEREST EXPENSE</b>			
Interest on deposits	2,733	4,298	5,491
Interest on Federal Home Loan Bank Advances	2,226	2,058	1,622
Interest on subordinated debt	322	279	172
<b>TOTAL INTEREST EXPENSE</b>	<b>5,281</b>	<b>6,635</b>	<b>7,285</b>
<b>NET INTEREST INCOME</b>			
	<b>11,095</b>	<b>8,150</b>	<b>6,248</b>
Provision for loan losses	1,113	1,537	353
<b>NET INTEREST INCOME, AFTER PROVISION FOR LOAN LOSSES</b>	<b>9,982</b>	<b>6,613</b>	<b>5,895</b>
<b>NON INTEREST INCOME</b>			
Net gain on sale of loans	14,594	8,100	1,828
Net loan servicing costs	(780)	(330)	(10)
Miscellaneous	389	529	203
<b>TOTAL NON-INTEREST INCOME</b>	<b>14,203</b>	<b>8,299</b>	<b>2,021</b>
<b>NON INTEREST EXPENSE</b>			
Salaries and benefits	5,467	4,437	3,510
Occupancy and equipment	1,321	1,087	888
Professional services	701	593	356
Data processing	683	569	397
Advertising and marketing	249	115	149
FDIC insurance	321	493	119
Other general and administrative	1,134	886	496
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>9,876</b>	<b>8,180</b>	<b>5,915</b>
Income before income taxes	14,309	6,732	2,001
Provision for income taxes	5,795	2,728	813
<b>NET INCOME</b>	<b><u>\$8,514</u></b>	<b><u>\$4,004</u></b>	<b><u>\$1,188</u></b>

For an electronic version of the audited financial statement, please email [btaylor@leaderbank.com](mailto:btaylor@leaderbank.com)



## Community Commitment



### Leader Bank Supports the Arlington Housing Authority – Annual Walk for Affordable Housing

Each year, the Housing Corporation of Arlington (HCA) sponsors a Walk for Affordable Housing. This year, twenty representatives of Leader Bank volunteered to participate in the Annual Walk for Affordable Housing to show their support for the organization. The walk began at the Jason Russell House and consisted of a three mile stretch on Massachusetts Avenue between East Arlington and Arlington Center.

The Housing Corporation of Arlington provides and advocates for affordable housing for low- and moderate-income families and individuals in Arlington while promoting social and economic diversity. The Annual Walk for Affordable Housing helps raise funds and awareness for work done by the HCA to ensure that local communities remain diverse and stable.

Below are some of the organizations to which Leader Bank contributes:

- Akshaya Patra Foundation
- Alex's Team Foundation
- American Cancer Society
- American India Fund
- Arlington Catholic
- Arlington Center for the Arts
- Arlington Rotary
- Arlington Sons of Italy
- Belmont Center Business Association
- Boston Sargam
- Boston Symphony Orchestra
- Cambridge Community Television
- Cambridge Housing Assistance Fund
- Cambridge Rotary Educational Fund
- Cambridge YWCA
- Central Square Theatre
- Divinity's Splendour-Glow
- Dover Sherborn Youth Baseball
- Green Streets Initiative
- Hardy School PTO
- Housing Corp of Arlington
- India Development and Relief Fund
- Indian Association of Merrimack Valley
- Intercontinental Charities
- Islamic Center of Boston
- Knights of Columbus
- Minuteman Parent Assoc
- Mount Alvernia High School
- Right Turn, Inc.
- Rowley Youth Baseball
- Saint Agnes School Development Office
- Shop Arlington First
- Spaulding Rehab Center
- St. Thomas the Apostle Church
- Telugu Association of Greater Boston
- Visiting Nurse & Community Health

#### *Boston Community Capital*

Leader Bank made an investment of \$200,000 to help fund Boston Community Capital, Inc.'s Stabilizing Urban Neighborhoods (SUN) Initiative. Leader Bank's investment will help serve low to moderate income borrowers in the Bank's footprint, throughout Middlesex and Norfolk counties.

#### *Midas Collaborative*

Leader Bank made a \$5,000 donation to the Midas Collaborative, a network of community groups supporting financial education. The program's goal is to increase financial education throughout the state's high schools.

#### *MMBA Foundation*

Leader Bank made a \$1,000 donation in support of the Massachusetts Mortgage Bankers Foundation, Inc. and its philanthropic mission to provide grants towards the development of financial literacy and the promotion of affordable housing in Massachusetts.





## Customer Appreciation



Leader Bank hosts a BBQ at our Belmont Branch



Leader Bank employees, Helen Pereira and Farha Shaikh, participating in the Feast of the East at our East Arlington Branch.

At Leader Bank, we appreciate our customers (and sometimes we feed them too!) Whether it is a burger on a sizzling grill at our Belmont Branch or cotton candy at a Feast of the East celebration at our East Arlington Branch, our customers and community receive the red carpet treatment from Leader Bank.

We recognize that Leader Bank's success depends on the success of our customers, so we value opportunities to show them our appreciation for choosing Leader Bank.



# Commercial Lending



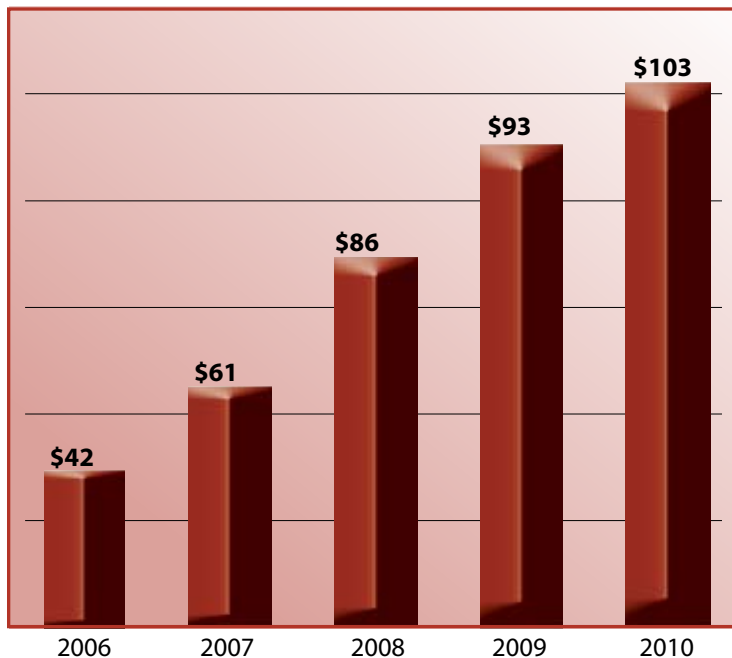
## Helping Businesses Prosper and Grow:

At Leader Bank, we help businesses grow by providing comprehensive financial solutions and fast, local decision making. What sets us apart is not what we do, but rather how we do it. Our experienced commercial lending team understands the day-to-day challenges that our customers face and has proven expertise in finding the best solutions for small and large businesses alike.

Because Leader Bank is a full service commercial bank, we also offer a variety of deposit products specifically for our business customers. The latest advances in technology, including remote deposit capture and business online banking, allow our customers the convenience of doing business from their office or at a conveniently located Leader Bank branch.

### Commercial Portfolio Balances

IN MILLIONS



*We loaned over \$20 million in 2010 to help local businesses and professionals achieve their financial goals. Since 2006, Leader Bank's commercial loan portfolio has grown by an average of 25% per year.*

#### *Leader Bank specializes in:*

- *Retail Properties*
- *Professional Office Buildings*
- *Community Service Facilities*
- *Mixed-Use Properties*
- *Multi-Unit Residential*

### 2010 Sample Commercial Lending Transactions

<b>BELMONT, MA</b> Multiple Properties  <b>\$5,225,000</b> REFINANCE  <b>March 2010</b>	<b>CAMBRIDGE, MA</b> 6 Unit Residential Property  <b>\$1,200,000</b> REFINANCE  <b>June 2010</b>	<b>CAMBRIDGE, MA</b> Elementary School  <b>\$980,000</b> REFINANCE  <b>March 2010</b>	<b>ALLSTON, MA</b> 8 Unit Residential Property  <b>\$850,000</b> REFINANCE  <b>July 2010</b>	<b>ARLINGTON, MA</b> Commercial Office Condo  <b>\$630,000</b> REFINANCE  <b>April 2010</b>
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## A Local Leader in Banking Services



From left to right: Webster O'Brien, Maria Chapien, and Matt Pierce

### Cambridge Montessori School, Inc.

Since 1963, Cambridge Montessori School, Inc. has been encouraging and educating children to be independent, caring, socially responsible citizens of their communities. Webster O'Brien, President of the Board of Trustees, was introduced to Leader Bank when the school was searching for a partner in its community to establish a lending and banking relationship. For Mr. O'Brien, it was important that they established a relationship with a local bank whose vision aligned with the Cambridge Montessori School's own commitment to the growth and development of local communities.

Webster O'Brien stated, "Cambridge Montessori School looked at a number of banking options in the Boston area but ultimately found that our goals were most clearly embodied at Leader Bank."

Leader Bank started its business relationship with Cambridge Montessori School in March 2010 when we

provided a commercial mortgage on the elementary school located at 129 Sherman Street in Cambridge. Less than two months later, the school decided to move its entire retail banking relationship to Leader Bank. Later in the year, Leader Bank also provided the school with a working capital line of credit for capital expenditures to help support the school's continued growth.

.....  
*"Cambridge Montessori School...ultimately found that our goals were most clearly embodied at Leader Bank."*

Webster O'Brien

.....  
Mr. Webster continued, "As a \$5 million, progressive educational institution, we value both change and continuity, and we now have a banking relationship that gives us both traditional business values and forward thinking. We are proud to be teamed with Leader Bank."





## Small Business Lending



### Supporting Small Businesses to Drive Our Economy and Create Local Jobs:

During these difficult economic times, Leader Bank has continued to lend money to local businesses. In 2010, Leader Bank provided over \$20 million in financing to help local businesses achieve their financial goals. Leader Bank offers a variety of lending products, including traditional business loans, Small Business Administration (SBA) commercial loans and owner occupied commercial real estate loans.

Because Leader Bank is a preferred lender of the SBA, we are able to offer our customers a competitive edge and the opportunity to prosper. The small businesses that Leader Bank finances help drive our economy by creating local jobs and enabling people to realize their dreams of small business entrepreneurship.



*For the fourth quarter of 2010, Leader Bank was named by the SBA as one of the Top 20 Small Business Lenders in Massachusetts.*

*Our SBA products include:*

- *SBA 7(a) and SBA 504*
- *Express Lines of Credit*
- *Term Loans*
- *Business Acquisition Loans*

Leader Bank employees Matt Pierce and Sushil K. Tuli receiving the "SBA Preferred Lender" award from Robert Nelson, the SBA District Director for Massachusetts.

#### 2010 Sample Small Business Lending Transactions

<p><b>BILLERICA, MA</b> Restaurant</p> <p><b>\$150,000</b> TERM LOAN SBA EXPRESS</p> <p><b>September 2010</b></p>	<p><b>READING, MA</b> Liquor Store</p> <p><b>\$100,000</b> LINE OF CREDIT SBA EXPRESS</p> <p><b>December 2010</b></p>	<p><b>FRAMINGHAM, MA</b> Law Office</p> <p><b>\$90,000</b> SBA LINE OF CREDIT</p> <p><b>August 2010</b></p>	<p><b>FRAMINGHAM, MA</b> Convenience Store</p> <p><b>\$60,000</b> ACQUISITION SBA EXPRESS</p> <p><b>August 2010</b></p>	<p><b>SOMERVILLE, MA</b> Healthcare</p> <p><b>\$56,250</b> ACQUISITION SBA TERM</p> <p><b>August 2010</b></p>
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From left to right: Matt Pierce, Pedro Alarcon, and Mark Orent

## **Pedro's Fine Latin Cuisine**

Pedro Alarcon is the owner and operator of Alarcon Family Enterprises LLC, which owns two restaurants in the local community. La Casa de Pedro, which serves Venezuelan and Latin American cuisine, has been operating in Watertown for more than 17 years. In 2010, Mr. Alarcon opened up his second restaurant, Pedro's Fine Latin Cuisine, located at 15 Middlesex Turnpike in Billerica. Mr. Alarcon has a deep passion for food, originating from his family's tradition of sharing delicious meals with friends.

Having enjoyed great success with his first venture, Mr. Alarcon turned to Leader Bank for acquisition financing once he decided to expand and open his second restaurant. Leader Bank provided Mr. Alarcon with a Small Business Administration (SBA) loan, and Pedro's Fine Latin

Cuisine had its grand opening in October 2010. In addition to making Mr. Alarcon's dream a reality, the opening of his second restaurant created 35 new jobs in the local community.

Upon opening the restaurant, Mr. Alarcon became one of the first business deposit customers to use Leader Bank's recently opened Burlington retail branch. Mr. Alarcon states, "Working with Leader Bank provides me with a peace of mind that I did not have with my previous institution. I am grateful to have been referred to them, as they have exceeded my expectations and provided well beyond that which was promised to me."





## *Personal Banking Retail Products*



At Leader Bank, helping our customers achieve their savings goals is an important part of our commitment to quality. We offer a variety of deposit and saving account alternatives that let individuals choose the account that best fits their lifestyle, personality, and financial goals. Among our many versatile products are the following:

- *Step Anywhere Relationship*

Leader Bank launched the “Step Anywhere Relationship” in 2010. The relationship includes a joint checking and savings account, both of which provide a number of ‘extra’ perks, such as ATM fee reimbursement. The checking account emphasizes Leader Bank’s commitment to FREE services, a concept that many others in the industry are no longer practicing. The attached savings account offers a rate that is substantially higher than that of the industry standard.

- *Certificate of Deposit*

At Leader Bank, we offer a variety of short term and long term certificates of deposit with competitive interest rates, designed to accommodate your particular investment goals.

- *A Step Ahead Money Market Account*

This Leader Bank product is a tiered money market account which requires a higher minimum balance and therefore offers higher interest rates. The more you save the more you earn! This account also offers access to funds through use of limited number of checks per month and/or telephone transfers.

- *Individual Retirement Account (IRA)*

Leader Bank offers a full range of retirement products for individual who are looking to set up long term saving plans. Our IRA account options include traditional IRAs, ROTH IRAs, Education IRAs, Simplified Employee Pension Plans (SEP IRAs) and Savings Incentive Match Plan for Employees (SIMPLE IRAs).

- *Direct Deposit*

With direct deposit, your payroll and/or social security checks as well as other regular payments are automatically deposited electronically into your checking, money market or savings account. The transaction is completed quickly, on schedule and at no cost to you.

- *Safe Deposit Boxes*

Leader Bank offers a variety of different sized safe deposit boxes at our Belmont Branch, located at 363 Pleasant in Belmont. With this product, it is easy to enjoy the convenience, safety and security that Leader Bank has to offer.



## Retail Products for Business Customers



Being a small business ourselves, Leader Bank understands how important it is for local companies and organizations to have a financial institution that makes banking both cost effective and convenient. To guarantee your satisfaction, Leader Bank offers a wide variety of business banking products, including the following:



### *Totally FREE Business Checking Accounts*

#### *Business Money Market Accounts*

#### *Free Non-Profit Interest Checking*

#### *In Addition, Every New Business Checking Account Includes:*

- Free Debit Card
- Free Internet Banking & Bill Payment
- Free Telephone Banking
- Free Return Check Images



#### *Remote Deposit Capture*

Deposit checks without leaving your office! Leader Easy Deposit offers improved funds availability and faster return check notification. Deposit checks into your account easily and conveniently from the comfort of your own business, without ever having to make a trip to the Bank.



#### *eStatements*

Our online banking platform now includes eStatements, a convenient and secure way for our customers to receive monthly statements. Enrollment in the program ensures that statements will never be misplaced and confidential information remains secure at all times.



#### *Leader eBusiness*

Leader eBusiness is an online banking system for businesses that offer 24/7 real-time account access. Leader eBusiness allows you to transfer funds, initiate stop payments and wire transfers, view check images and statements, originate ACH transactions and more. To make the process even more convenient, the eBusiness system also allows you to grant full or limited use of the system to your company employees.



#### *Bankcard Processing*

Accept Visa, MasterCard, Discover and American Express payment from anywhere with an internet connection!



## 2010 Milestones



### Burlington Branch Opening

In September, Leader Bank opened its fifth retail branch location, converting the Burlington mortgage production center into a full-service branch and a mortgage center. The retail branch offers products and services to individuals and small businesses in the Burlington area.



Burlington Branch Location opened September 2010

### Record Residential Lending

Leader Bank set a company record for residential lending, closing nearly \$1.6 billion in mortgages. We ended the year as the 7th largest lender in Massachusetts, helping almost 5,000 customers purchase homes or improve their financial situation through refinancing.

### Capital Raise & CPP/TARP Repayment

In August, Leader Bancorp, Inc. raised \$7.1 million in new equity. The majority of the capital raised was used to repay funds borrowed from the U.S. Treasury under the Capital Purchase Program (CPP).

### Boston Globe's Top 100 Places to Work

For 2010, Leader Bank's ranking rose to 22nd among Small Businesses, up from 40th in 2009.



### SBA Preferred Lender Status

Leader Bank was granted the Preferred Lender Program designation by the Small Business Association in August of 2010. This is the highest designation that the SBA grants, reserved only for top tier banks like Leader Bank. The designation allows Leader Bank to offer the full range of SBA products, as well as a streamlined process and faster turnaround time – all extremely valuable to our small business customers.



## A Look Ahead to 2011

Leader Bank has big plans for 2011, building on the success of 2010, including the following developments:

- **Opening a new retail branch in Arlington Heights.** This will be the sixth retail branch for Leader Bank and the third branch in the Arlington area. It will allow us to better serve our customers, not only in Arlington but also in the surrounding communities.
- **Expanding our commercial and small business lending.** With our preferred lender status and our growing reputation for commercial lending, we are poised to increase our small business and commercial lending in 2011, supporting the businesses that make up the fabric of our communities.
- **Maintaining our commitment to residential lending.** We plan to retain our position as a top 10 residential lender in Massachusetts, as we look to grow our market share – especially among first time homebuyers and low-to-moderate income borrowers.



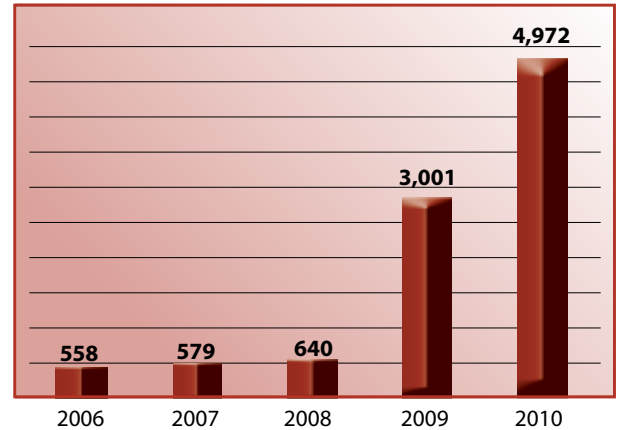
# Residential Lending



Leader Bank remains a very competitive force within the residential mortgage industry. Our knowledgeable mortgage loan officers are ready to assist customers with their financing needs. We offer a comprehensive portfolio of mortgage products, including conventional loans, jumbo loans, second liens, FHA loans, VA loans, and construction loans.

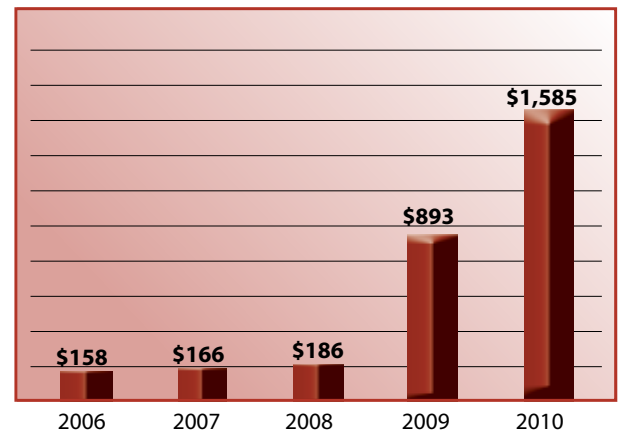


## Total Number of Closed Loans



## Closed Loans (\$)

IN MILLIONS



*Our growing team of mortgage loan officers closed \$1.6 billion in new residential loans, representing 4,972 homeowners, thus making us the 7th largest residential mortgage lender in Massachusetts.*

## Sales Managers & Residential Lending Managers



**James Shanahan**  
Vice President,  
Branch Manager



**David Kurzman**  
Vice President,  
Branch Manager



**Vincent Hayes**  
Vice President,  
Branch Manager



**Daniel Lionetta**  
Vice President,  
Branch Manager



**Patrick Boyaggi**  
Vice President,  
Business  
Development and  
Lending





## Senior Management



### Senior Management

**Sushil K. Tuli**

President and Chief Executive Officer

**Sushil K. Tuli** has served as the President, Chief Executive Officer and Chairman of the Board of Leader Bank since its formation in 2002 and Leader Bancorp, Inc. since its formation in 2006.

**John A. Fanciullo**

Executive Vice President

**John A. Fanciullo**, who is Leader Bank's Executive Vice President of Operations, joined the Bank in 2006. Mr. Fanciullo manages all operational, compliance and information technology activities for Leader Bank.

**Brian R. Taylor**

Senior Vice President and Chief Financial Officer

**Brian R. Taylor** is the Chief Financial Officer for Leader Bank. Mr. Taylor, CPA, has more than 15 years of experience in the financial services industry. As the CFO, Mr. Taylor manages all financial operations at Leader Bank.

### Standing from left to right

**Kevin M. Cuff**

Vice President, Residential Lending Compliance and Director, Community Investment

**Patrick Boyaggi**

Vice President, Business Development and Lending

**Jay Tuli**

Vice President, Business Development

**Matthew Pierce**

Vice President, Commercial Lending

**Art McGill**

Vice President, Business Development

**Kenneth Masterson**

Vice President, Loan Servicing





## *Board of Directors*



Board of Directors from left to right: V.G. Narayanan, Eric Silverman, Sushil Tuli, and James McKenna

**Sushil K. Tuli** has served as the President, Chief Executive Officer and Chairman of the Board of Leader Bank since its formation in 2002 and Leader Bancorp, Inc. since its formation in 2006. Mr. Tuli is Chairman and sole owner of Leader Mortgage Company, which was formed in 1986.

**Priscilla H. Douglas** is the founder and principal of PHDouglas & Associates, a consulting firm that coaches individuals and executive teams to be more skillful leaders by working collaboratively and strategically.

**Christopher Marquis** was appointed to the Board of Directors in December as Leader Bank's newest Director. Dr. Marquis is an Associate Professor in the Organizational Behavior unit at the Harvard Business School.

**James M. McKenna** serves as the Town Manager of Winthrop, MA. He previously served as Chief of Operations for the City of Gloucester, MA and as Town Administrator for the Town of Dover, MA.

**V.G. Narayanan** is the Chair of the Accounting and Management unit and the Thomas D. Casserly, Jr. Professor of Business Administration at the Harvard Business School.

**Peter Palandjian** joined to the Board of Directors in October 2010. Mr. Palandjian is the Chairman & Chief Executive Officer of Intercontinental Real Estate Corporation.

**Eric Silverman** is an active entrepreneur and investor in a number of businesses. He is a Founder and General Partner of Eastham Capital, a private real estate investment business based in Needham, MA.



**Priscilla H. Douglas**



**Christopher Marquis**



**Peter Palandjian**

## Contact Us:



From left to right: Mark Orent, Robert Halls, Mackenzie Bigelow, Paul Varghese and Bret Schofield

### East Arlington Branch

**Bret Schofield**, Branch Manager  
141 Massachusetts Avenue  
Arlington, MA 02474  
Tel: 781-641-3900  
Fax: 781-646-2857  
Open: Mon-Wed: 8:30 am - 4:00 pm  
Thurs-Fri: 8:30 am - 5:30 pm  
Sat: 9:00 am - 1:00 pm

### Central Square Branch

**Mark Orent**, Branch Manager  
675 Massachusetts Avenue  
Cambridge, MA 02139  
Tel: 617-497-2500  
Fax: 617-497-2503  
Open: Mon-Wed: 8:30 am - 4:00 pm  
Thurs: 8:00 am - 8:00 pm  
Fri: 8:30 am - 6:00 pm  
Sat: 9:00 am - 1:00 pm

### Burlington Branch

**Paul Varghese**, Branch Manager  
50 Mall Road, Suite 110  
Burlington, MA 01803  
Tel: 781-221-1700  
Fax: 781-272-4467  
Open: Mon-Fri: 8:30 am - 6:00 pm  
Sat: 9:00 am - 1:00 pm

### Arlington Center Branch

**Robert Halls, Jr.**, Branch Manager  
449 Massachusetts Avenue  
Arlington, MA 02474  
Tel: 781-641-0020  
Fax: 781-648-3054  
Open: Mon-Wed: 8:30 am - 4:00 pm  
Thurs: 8:00 am - 8:00 pm  
Fri: 8:30 am - 6:00 pm  
Sat: 9:00 am - 1:00 pm

### Belmont Branch

**Mackenzie Bigelow**, Branch Manager  
363 Pleasant Street  
Belmont, MA 02478  
Tel: 617-489-5100  
Fax: 617-484-0492  
Open: Mon-Wed: 8:30 am - 4:00 pm  
Thurs-Fri: 8:30 am - 6:00 pm  
Sat: 9:00 am - 1:00 pm

### Corporate Office

**Leader Bank, NA**  
180 Massachusetts Avenue  
Arlington, MA 02474  
Tel: 781-646-3900  
Fax: 781-646-3910  
Office Hours:  
Mon-Fri: 8:30 am to 6:00 pm



**Jorge Flores | East Arlington**  
Business Banking Officer



**Paul Mitchell | Belmont**  
Business Banking Officer

Your deposits are insured at Leader Bank, a member of the FDIC. All deposits in a "non-interest bearing transaction account" are insured in full by the FDIC until December 31, 2012. This unlimited coverage is in addition to the \$250,000 coverage under the general deposit insurance rules.

